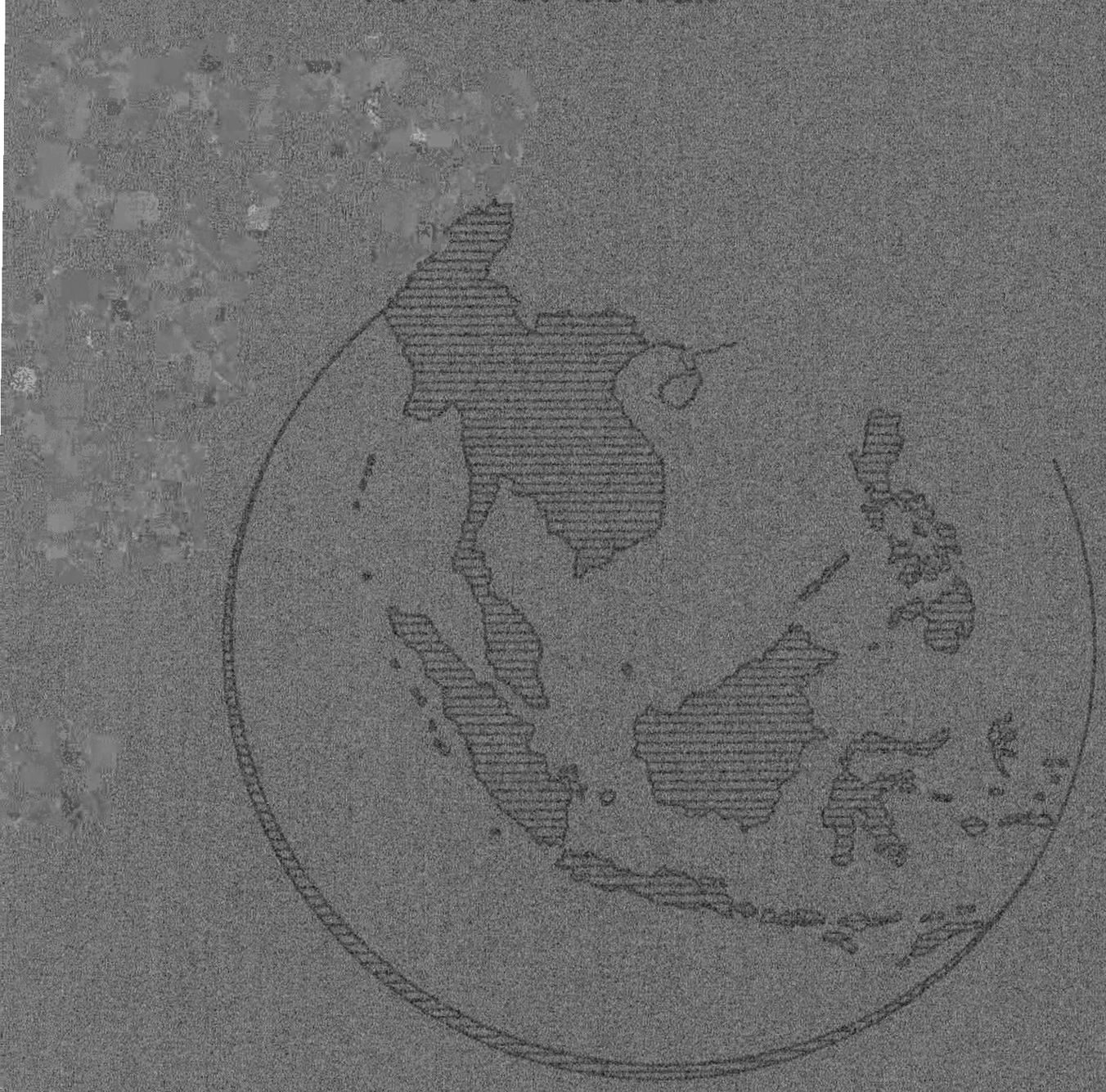
INDONESIANISASI

Politics in a Changing Economy, 1940-1955

JOHN O. SUTTER



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Volume IV

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INDONESIANISASI

Politics in a Changing Economy, 1940-1955

Volume IV

Sovereign Indonesia Strives for a National Economy:

Political Attitudes Towards the Economy, Foreign Investment

andoNationalization

(with Glossary and Appendices)

Data Paper Number 36-IV
Southeast Asia Program
Department of Far Eastern Studies
Cornell University, Ithaca, New York
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The RIS Period

On his return from The Hague in mid-November 1949, Prime Minister Mohammad Hatta had declared that the economic policy of RIS would be directed towards promoting the prosperity of the people, social security and better wages for the workers, expansion of production so as to make Indonesia self-supporting in food, and the establishment of new industries.[1] A month later when he established the RIS Cabinet, he announced a program with an economic plank (Point 4) which had many of the same points and promised Government supervision over economic activities so that they would be directed at prosperity for all the people.[2]

As RIS Prime Minister, Hatta undertook a task probably as great as any ever shouldered by an Indonesian leader. He took over a new state that hadomany political and geographicosplits (and called for unification), a people who had endured many years of suffering (and required a moral reorientation for the responsibilitiesothat lay ahead), and an economy that had been chronically fractured (and demanded rehabilitation). As a prerequisite to the speedy restoration of production of materials both for domestic consumption and for sale abroad in order that badly needed goods might be imported, the RIS Government had already undertaken to restore alien properties to their lawful owners in keeping both with previous unilateral declarations and bilateral agreements. However, at the outset

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1. Press interview, Bangkok, 13 Nov. 1949.
2. Cf. A. K. Pringgodigdo (ed.), Kabinet-kabinet Republic Indonesia, (Djakarta: Kementerian Penerangan 1955), p.44. The program did not specify food or industries.

the new Government was confronted in attempting to implement its economic policy not only with a disorganized economic apparatus, but also with two separate sets of economic institutions and legislation inherited from its predecessors.

As a result of a Cabinet decision on 8 February, an important step to bring order out of economic disorganization and to rationalize the country's economic administration took place. A Dewan Keuangan dan Perekonomian (Financial and Economic Council) was set up headed by the Prime Minister and consisting of those ministers most closely concerned with economic matters. The Council was to coordinate policy in the financial and economic sectors by requiring every minister to consult with it before taking economic measures or important action which would affect the State's finances.[3]

It fell to President Soekarno to make the first official references to the economic structure of the newly unified nation and to foreign investment in the speech opening the RIS Parliament on 15 February 1950. Following a listing of the Government's seven-point program, he declared that the Government would attempt to lay the foundations for the development of

3. "Putusan Presiden RIS No. 93", 28 Feb. 1950. Members originally consisted of the Ministers of Finance, of Prosperity, of Communications, Power, and Public Works, of Labor, and of Social Affairs.

After the formation of the Unitary Republic, the Council was expanded by providing (in place of the Minister of Prosperity) for Ministers of Trade and Industry (later Economic Affairs) and of Agriculture and Animal Husbandry; (in place of the consolidated ministry) for separate Ministers of Communications and Transportation and of Power, Public Works, and Construction; and a place for the Minister of Foreign Affairs. "Putusan Presiden R.I. No. 50", 11 Nov. 1950. The names of several of the newly organized ministries were subsequently simplified.

For a listing of ministers directly concerned with economic matters, see Appendix P.

prosperity for the people by emphasizing cooperation as the basis of the people's economy, and transmigration and industrialization in order to even out the spread of population and prosperity. Concerning private business, he said:

> Private enterprises, if given broad freedom to act within the limits of social responsibility to the workers and the people, will be able to make no little contribution to lightening the burden of the Government by employing surplus personnel from it in their businesses.
>
> Thus, even more clearly, how important it is to have security and order throughout Indonesia so that businessmen, both national (which does not yet mean very much) and alien, are not unwilling to invest their enterprise in Indonesia.
>
> In the first phase after the transfer of sovereignty to the Indonesian nation, the interests of the state and of alien business still largely run parallel. Antagonism between the state's interests and those of alien business will begin to be more apparent when Indonesian nationals are gradually able to form national capital themselves. At present our state still needs assistance from foreign capital, if we do not want a drop in the standard of living for all sectors of our society.
>
> If this can be realized by our people, and if there is good will on the part of both parties, labor and farmers--Indonesian nationals--on the one hand, and alien management on the other, a working peace can be achieved for the future, which is very important for the rehabilitation of the state.[4]

In the few months which elapsed before the RIS debates over a new constitution, the subjects of nationalization and the role of foreign investment were forced to take a back seat to more pressing political matters. However, on a few occasions certain left-wing members of the RIS House of Representatives, while ignoring President Soekarno's advice cited above, broached these subjects. One of the principal proponents of nationalization, Mr. IWA Kusuma Sumahtri (non-party), complained that

4. Ichtisar Parlemen 1950, No. 1, pp. 7-8.

nationalization of vital enterprises had not yet taken place and that the operations of mixed enterprises were frustrated, for only half of their capital was in Government hands while management remained in alien hands.[5] Peris Pardede (P.K.I.) complained that because the RIS Government recognized, guaranteed, and extended the life of "alien giant capital enterprises" in Indonesia, the Indonesian people could not realize their right to a livelihood. One of the leading Communist theorists of Indonesia Ir. Sakirman (P.B.I.) complained that the "ties of alien capital" hindered the attaining of what he termed the transitional or "people's democracy" stage between a semi-colonial society and socialism. Citing Communist China as an example of a "democratic" society, Sakirman felt it was too early to demand the creation of a socialist society. In the "democratic" society that he envisaged, after the Round Table Conference Agreement had been "corrected", national capitalism could be allowed to grow so long as it did not injure the interests of the labor class and interfere with the progress of the labor movement.[6] Thus Pardede was still following the older, more orthodox line of the P.K.I., which reappeared under Alimin's and Ngadiman's leadership in December 1949, and which regarding the private enterprise sector emphasized simply attacks on "giant alien capital". The more refined Maoist line, which also gave limited assurances to "national capital" during the pre-"socialist" stage and which was thus heralded by

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5. Speech, 8 June, I.P. 1950, p. 240.

6. Speeches, 15 June, I.P. 1950, pp. 252-256. As an example of the "democratic" policy of the Government of Communist China, Sakirman pictured five kinds of economic systems which existed: (1) the socialist, in which all vital enterprises had to be owned and controlled by the government; (2) the "capitalist", in which private capital associated with state capital; (3) the semi-socialist, based on collectivism; (4) the individual; and (5) handicraft.

Sakirman, would be that adopted and maintained by the enlarged P.K.I. of Muso which showed signs of reemerging when a month later the P.K.I. declared that its goal was a People's Republic of Indonesia."[7]

Prime Minister Hatta explained that it was not then possible to carry out nationalization because the Government did not then have the money and was still borrowing from abroad. Moreover, even if it did have money, the new loans would be better used to start new enterprises rather than to nationalize estates which were susceptible to business cycles. In such a way the livelihood of labor would be guaranteed and increased production would raise the prosperity of the people. Concerning mixed enterprises (which Iwa had referred to as half Government-owned and half alien-owned, but for which Hatta used the"ratio 51-49), Hatta declared that the matter of alien management could not for the present be avoided since there was still a shortage of trained Indonesian personnel. However, while Indonesian replacements were being trained, there was no cause to worry about the alien personnel, for they operated under Government supervision. Mr. Iwa in turn suggested that although all vital enterprises"could not then be nationalized, a few, such as electricity and gas companies--which Indonesians had been able to operate during the Japanese and Revolutionary periods--could be, since only equipment and not personnel was lacking. Hatta replied that the nationalization of such enterprises as well as railroads was already part of the Government's plans, and money for such purposes was being sought.[9]

---

7. Sakirman"s remarks were partly anticipated by the 1948 National Program a majority of whose draftsmen were Communists, and by Muso's advice. See Chapter XV. For his earlier views on the stages to socialism, see Chapter XIV. Cf. C.C.P.K.I. letter to RIS Senate, read 27 July, I.P. 1950, p. 326.

8. Statement, 19 June, I.P. 1950, pp. 253-254. In the 4th edition of Beberapa Fasal Ekonomi (1950), Hatta included a version of his "Ekonomi Indonesia di Masa Datang" speech, modified by the warning that funds might be put to more productive uses than in Nationalization (p.160).

9. Remarks, 19 June, I.P. 1950, p. 259.

Subsequently, other members of Parliament showed confusion over government policy in the econom.. Ir. TAN Boen An (East Java) asked the Government to explain whether it was operating an economic policy based on a "guided economy" or on "free enterprise", since he thought certain import regulations indicated a step in the direction of a liberal economy. Minister of Prosperity Djuanda on 25 July denied emphatically that the Government aimed at a "liberal" economic policy. Recognizing that there were signs of both a guided economy and of free enterprise, he declared that the Government's actions aimed to bring about immediately a "national economy which is independent." Thus these measures were intended to speed up the development of various sectors of the Indonesian economy without the delay which would otherwise occur.[10]

Preparations for Indonesianization of personnel following adequate training was a matter which constantly drew the attention of cabinets from the RIS period on. Consequently, when the large Dutch trading concern, Borsumij, was one of the first private companies to announce plans for sending Indonesian personnel abroad to study commerce, Minister Djuanda made an appropriate expression of approval. Although such procedure was precisely in line with the obligations of alien enterprises, it evoked a sign of super-sensitivity among certain groups of the population who felt that the sending of such trainees abroad should be the sole prerogative of the Government, despite the fact that the private companies were in a better

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10. RIS Dewan Perwakilan Rakjat, Pertanjaan Anggota dan Djawaban Pemerintah, II, p. 81. The liberal economic measure referred to by Tan was the "free-list" regulation for important goods, which was intended to increase such imports so that domestic prices to the consumers would fall.

position to finance the studies of their trainees than was the Government.[11]

Halim Cabinet

Meanwhile, in the major constituent state of RIS, the Republic of Indonesia at Jogjakarta, the cabinet of Dr. A. Halim (non-party) was installed on 21 January 1950. Point 2 of its seven-point program called for "continuing the implementation" of Articles 27 (2) and 33 of its Constitution and carrying out a labor and farmers' program based on these articles.[12] Since RIS had jurisdiction over the more highly developed business sectors, the Republic at Jogjakarta was not initially in a position to make policy statements involving them. It was primarily an agrarian state. Thus since the old Ministry of Prosperity had been very large, a separate Ministry of Agriculture was split from it, and the rest became a Ministry for Trade and Industry.[13] Similarly, because of an anticipated increase in labor problems as alien businesses returned, besides a Ministry of Social Affairs, a separate Ministry of Labor was established from the old combined office.[14]

The fact that Indonesians would be confronted by alien business received much emphasis in Halim's explanation of his government's program. Thus, the presence of alien business--which was reportedly coming in on the basis of the Round Table Conference Agreement and because it was needed for reconstruction--along with the necessity for reconstruction, itself, were called the two leading factors in determining the government's labor policy.

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11. Cf. Remarks by Djaswadi Soeprapto (East Java), ibid., p. 89. Djaswadi subsequently became an active member in the P.N.I. faction.
12. Kabinet-kabinet Republik Indonesia, p. 44.
13. "Peraturan Pemerintah R.I. 1950 No. 8."
14. Statement by Prime Minister Halim before the K.N.I.P. Working Body, Feb. 1950, Kabinet Republik Indonesia, pp. 55-56. (This work should not be confused with that cited in note 12.)

It was the job of the Government, Halim declared, to guard against disputes arising between manpower and capital which might injure the state, and to make sure that capital was used by the Republic and not the reverse. Similarly, while the Government was interested in seeing that production on estates restored to alien businesses was increased, its policy was to protect and assist the smallholder cultivator of export produce in order that a "national capital" might be formed, which would be able to compete with alien capital since smallholder production costs were cheaper. In determining a policy for trade and industry based on Art.33 of the Constitution, Halim noted two "problems": (1) the existence of alien investment of a capitalist form, and (2) "liberalistic" trade, which flowed smoothly since the economic blockade had been abolished. Confronted with these, the Government proposed to provide leadership in the two fields through licensing regulations and to guide "national initiative" in the direction of capital formation. Since sixty percent of the means of production had been destroyed through the scorched-earth tactics resulting from the Second Military Action, it was necessary to "activate" (not just increase) production, he concluded.[15]

The debates over the Government's program brought out emphatic opinions on the subjects of nationalization and foreign investment by several members of the KNIP Working Committee, who would retain most such attitudes in later years. Asrarudin (Partai Buruh) declared that implementation of Art. 33 had to be accompanied by nationalization of enterprises important for the State. SUDIJONO Djojoprajitno (Partai Murba) called on the Government to urge the

15. Ibid., pp. 61-62, 66-69. "National" as used here refers to the indigenous Indonesian citizens.

RIS Government to undertake such nationalization. DJAETOEN Dirdjovijoto (P.K.I.) asserted that Art. 33 would be fulfilled if the Government opened up factories, estates, and mines under its own ownership.[16]

Prime Minister Halim replied that where "necessary and possible" the Government would undertake nationalization and even open new factories itself. However, it considered the analyses of the three speakers to be too dogmatic, for nationalization was not the only way to implement Art. 33. Another way was to build up "national income", not only by developing smallholder farms but also by organizing national trade and industrial enterprises, so that together with State capital--or, where necessary, replacing State capital--it could exploit the country's natural riches in the interests of the State and people.[17]

The Government's reply partly met the proposals of BEBASA Daeng Lalo (Sulawesi), who, deploring that allegedly ninety percent of the economy of Indonesia was in alien hands as a result of "historical rights", called for more Government attention to enterprises of the (Indonesian) people and to the formation of national capital. SIDIK Djojosoekarto (P.N.I.), while terming the Halim Government's program progressive and revolutionary, warned that because of the existence of RIS, foreigners would keep interfering so that there was a possibility that "national capitalism"

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16. Speeches, 11 and 13 Feb. 1950, Kabinet R.I., pp. 95, 105-107.
In January 1950 Partai Murba adopted an urgency program which identified vital enterprises as "transport, communications, gas, electricity, and water companies, mines, factories, and estates." It also called for nationalizing banks and rejecting the entry of foreign capital. Kepartaian di Indonesia, p. 325.

17. Government Reply, 16 Feb., Kabinet R.I., pp. 122 ff.

would arise in Indonesia. Since he felt that national capitalism was no less dangerous than alien capitalism, and that the status of labor and farmers in Indonesia was quite weak, he regretted that there were no representatives of the P.K.I., Murba, and P.S.I.I. in the cabinet, whose principles he felt to be the same as those of the P.N.I. in the matter of confronting capitalism. Sudijono declared that his party could be in opposition because as a result of the existence of RIS, the "constellation" of the Republic had changed from one of "state capitalism" to "national capitalism". On the other hand, Mr. Luat Siregar (P.K.I., Sumatra) called for a "real" labor policy in order to face up to "giant capital".[18]

In reply to some of these points, Halim announced that the Government did not recognize "historical rights", and that all manpower, experience, and skill within the community really wanting to help the Government would be used". He also declared his agreement with Sidik that there was only one kind of capitalism". In dealing with this problem while attempting to get capital and the maximum possible benefit from it, the Government intended to stick firmly to Article 33 of the Constitution,[19] he asserted.

During the second round of debates, Mr. R.A.A. Soehardi (Partai Katholik)[20] asked about the Government's stand on medium-scale industry,

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18. Speeches, 11, 13 Feb. 1950, Kabinet R.I., I, 97-99, 104-105. Another perennial opponent to foreign capital, Rasuna Said (Sumatra), urged that the future Indonesia not become a field of operations for foreign capital.

19. Government Reply, 16 Feb. 1950, Kabinet R.I., pp. 126-127.

20. The program of the Partai Katholik, which was amalgamated not long before the transfer of sovereignty, urged that enterprises vital for the state and for the livelihood of all the people be nationalized as quickly as possible; that a national economy which guaranteed the prosperity of the people be quickly organized;" that the Government protect the farmer, among others," in the matter of rental of land to estates, and protect small businessmen and small enterprises; and that the Government aid in the development of industries in Indonesia. Kepartaian di Indonesia (1951), pp. 105-106.

since it had said that it preferred that large industries be rebuilt under the ownership of the State or the autonomous region or by mixed capital, and only turned over to national initiative under Government supervision if the Government itself was still unable to handle the management. Halim answered that concerning industries which were not so important for the State nor controlled the necessities for the common man (i.e., those not covered by Sec. 2 of Art. 33), it was only proper that private enterprise be given as much freedom as possible to develop.[21]

Sudijono, who would continue to be his party's loudest trumpet for nationalization, persisted in returning to the subject, and with reference to the Government's statement about nationalization not being the only way to improve the economy, he averred that an even better way was "socialization." He declared that since the Government had already carried out nationalization of the railroads and other enterprises in implementing Articles 27 (2) and 33, the term "continuing the implementation" of these articles as mentioned in Point 2 of its program had to mean that nationalization of other enterprises would follow. However, Halim corrected Sudijono's views, declaring that what had happened towards enterprises like the railroads and electricity companies during the Revolutionary period was not intended as nationalization but as a continuation of operations on behalf of the people and State, and that an indication of which enterprises were to be nationalized would be given later.[22]

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21. Government Replies, 16 and 18 Feb. 1950, Kabinet R.I., pp. 127-128, 142.

22. Remarks, 17-18 Feb. 1950, Kabinet R.I., pp. 138-141.

A month before the Republic at Jogjakarta was absorbed in the Unitary Republic, the Halim Government gave its views on the financial-economic policy to be followed by the successor government. It called for a national economy aiming at happiness for all classes in the society so that for each group or individual there would be a balance between income and expenditures for basic consumer goods. Concerning capital, especially foreign capital, it was hoped that established enterprises would be so reorganized that a community of interests between the businessmen, labor, and farmers would result. Moreover, it proposed that terms made for new investment take into consideration the economic basis of the State and that provisions be made so that capital flight could be turned into capital for use in National reconstruction. Concerning vital production and transport enterprises, it called for control, coordination, and supervision. The "most important vital enterprises," including the railways, sea transportation, electricity, and cement factories, it proposed should be operated by the Government itself, by establishing them, nationalizing them, or operating joint enterprises. Finally, it called for "purposeful protection" for Indonesian national businessmen within the framework of the national economy, by providing capital assistance and strengthening their organizations.[23]

During the Republic's last months at Jogjakarta, left-wing politicians (whether "nationalist", "religious", or "communist") had inveighed against both foreign capital and "national capitalists." Their attack on the former

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23. Tindjauan Pemerintah R.I. atas Usul-usul Panitya Bersama RIS dan R.I., pp. 4-5.

would remain consistent and chronic. Curiously enough, however, changed circumstances would make them see the latter in a different light in later years. In contrast to their somewhat xenophobic and dogmatic views was this "Last Testament" of the Republican Government itself. This not only had advocated a mixed economy in which diversity was encouraged and Indonesian businessmen could develop. It also championed mutual understanding (a community of interests) with the foreign businessman.

The 1950 Constitution

As one constituent state of RIS after another was absorbed by the Republic during the early months after the transfer of sovereignty, a consensus was reached that the federal republic would be converted into a unitary republic. Negotiations between the Governments of RIS and of the Republic at Jogjakarta led to a charter of agreement signed by the two prime ministers on 19 May 1950, which provided for the setting up of a joint committee whose task would include changing the RIS Constitution into a new provisional constitution for the unitary state. Reflecting the Republic's allegiance to Articles 27 and 33 of its old constitution, it was agreed that these would be included in the new one. In an attempt to define better the nature of property rights, it was also provided that the new constitution would contain an article the gist of which would be "the right of property is a social function."[24]

The Joint Committee chaired by RIS Minister of Justice Soepomo (PIR) and the Republic's Deputy Prime Minister Abdul Hakim (Masjumi) worked on the draft constitution during June. By 20 July the two governments had

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24. "Piagam--Persetudjuan Pemerintah RIS dan Pemerintah Republik Indonesia."

approved it with a few changes and had submitted it to their respective legislative bodies.[25]

Although the legislative bodies were requested to accept the draft constitution without changes, several of the articles having a bearing on the economy (see Appendix Q) evoked differences of opinion, especially in the largest legislative body, the RIS House of Representatives. Thus took place the most widespread debate of the RIS period, which covered the general subject of the economy, foreign investment, and nationalization. The peculiar wording of Sec. 3 of Art. 26 drew comment. The Joint Committee had inserted the word "also" in the phrase contained in the 19 May Charter in order to make it more intelligible, thus: "The right of property is also a social function."[26] However, the original wording was restored in the Government draft, undoubtedly because Prime Minister Hatta favored it. The clarification of the text of the new Constitution explained the section to mean:

> The social function of property rights is primary and means that property may not be used or left to injure the community.[27]

Still, in view of the references to property in the two preceding

25. Soepomo, Undang-undang Dasar Sementara Republik Indonesia dengan Sekedar Tjatatan dan Keterangan, (Djakarta: Noordhoff-Kolff, 1950, pp. 4-5; Kahin, Nationalism and Revolution in Indonesia, pp. 461-463.

Ir. Sakirman, one of the seven RIS members on the Joint Committee, withdrew allegedly because the prior joint charter had implied that Indonesia had to be tied to the R.T.C. Agreement and thus to alien capital. Speech, 15 June, I.P. 1950, p. 256.

26. I.P. 1950, p. 390. The wording in the 19 May Charter and subsequently retained in the Constitution was: "Hak milik itu adalah suatu funksi sosial." The phrase was derived from Art. 153 (3) of the Weimar Constitution (1919) and Art. 42 (2) of the Italian Constitution (1947). Soepomo, op. cit., p.6.

27. "Pendjelasan" in Rentjana Undang-undang Dasar Sementara Republik Indonesia, p. 49.

sections of Article 26, B. Sahetapy Engel (NIT)--who had been a member of the joint drafting committee--insisted that "also" be restored. I.J. Kasimo (Partai Katholik) proposed that the question be solved by using the wording: "The right of property has a social function."[28] Nevertheless, in the Government's Replies presented by Prime Minister Hatta, no further change was made, for the existing wording was believed to mean the same as that proposed by Kasimo. Hatta further explained that property was not a "power" but a "social obligation" and that if an owner of property did not use it in the public interest when the community so required, the government was entitled to use the property for public purposes.[29]

Article 33 of the 1945 Constitution had, of course, been transplanted as Article 38 in the new constitution of the unitary state.

The clarification for Art. 38 read:

> This article implies inter alia that allocommodities which are produced either by agricultural or industrial production are primarily to be used to fulfill the basic needs of the people; in this matter it should be emphasized that by "branches of production" is meant not just production in the sense of bringing commodities into existence, but also transportation, distribution, and trade--both domestic and foreign; the meaning of "is controlled" includes the idea of regulating and/or organizing, principally in order to improve and increase production, paying special attention to the cooperative structure.[30]

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28. Speakes, 12 Aug., I.P. 1950, pp. 371-373. Kasimo rejected the assertion of a member that Art. 26 would enable the Government to carry out a "liberalistic" policy. The stress on "has" was given by the speaker.
29. Soepomo, op.cit., p. 33.
30. "Pendjelasan", op.cit.

Although this was satisfactory to most members, the Communists and their followers had qualms that it might be vitiated by the R.T.C. Agreement still in effect, which they considered to be contrary to the articles. Consequently, Teuku Jusuf Muda Dalam (P.K.I.) introduced an amendment which would add a new sentence at the end of Art. 38 to provide that the implementation of the preceding sections would be guaranteed by statute, and change the transitional provisions of the constitution to provide that all treaties and other international agreements contrary to the constitution would be void.[30a] No amendments, of course, were accepted.

Some members observed that the text of Article 38 was somewhat ambiguous. There was a recommendation that "branches of production" be replaced by "production enterprises", and Dr. D.tS. Diapari (Bandjar) introduced an amendment to simplify the article so that it would read: "The economy is organized as a National economy which guarantees the prosperity of the people in general and is administered as a joint endeavor based on the principle of kekeluargaan."[31]

On the other hand a bit of caution was recommended by I.B.P. Manuaba (P.N.I. from Bali), who suggested that there be a clear understanding of what was meant by "production important for the State" (Sect 2) so that in

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30a. Speeches 8,9,12. 14 Augt, I.P. 1950, pp. 356-357, 363-364, 372-373, 378-379, resp. Co-sponsors of the motion were Ahem Erningpradja (Sarbupri) and Nj. Mudikdio (Partai Sosialis). Sakirman and Dr. Adjidarmo (B.T.I.) spoke in favor of the measures proposed by the amendment. Muda Dalam also complained that although the Constitution recognized the social function of property, words did not change the fact that giant "colonial" companies oppressed the weak.

31. I.P. 1950, pp. 390, 502-503. Co-sponsors were Iwa and Siauw. The amendment also proposed that the social guarantees to persons and their families in Articles 28 (4) and 37 (1) be extended to their householdst

the future the authorities might not violate it."[32]

The joint drafting committee had originally included basic regulations concerning "imports, exports, and transit trade" in Article 88. In reply to a query about why the phrase had been dropped, the Government declared that it had been unacceptable because state economic affairs were not concerned only with the three sectors specified and because it would have weakened Article 38, which was the basis for the economy of the State.[33]

The debates over the Constitution also brought out certain political attitudes on the nature of the economy in general. At the 4th P.N.I. Congress held in Jogjakarta in early May 1950 the first point in the Social-Economic Section of the Political Struggle Program then adopted read : "Lay the bases of a socialist economy (nationalization of vital enterprises)." The party gave special attention to labor in a separate Labor Program and declared that it felt that the Government must pioneer in "democratizing" the life of laborers. It also demanded that labor be recognized as the principal factor in the production process and entitled to participate in determining the course of production by: (a) being represented on Management Boards in state enterprises; (b) having representation on "Industrial Councils" which supervise the course of production in private or mixed enterprises; and (c) establishing collective and cooperative projects within labor itself. A farmers' pro-

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32. Speech, 8 Aug., I.P. 1950, p. 357. Manuaba (who was to become the chairman of "Petani", the P.N.I. farmers affiliate) also reported some anxiety that some future executor of the "social function" clause--Art. 26 (3)--might by acting arbitrarily, exceed the bonds of justice, especially in regions distant from the center.

In the Senate, Sarino Mangunpranoto (Central Java/P.N.I.) similarly worried that an irresponsible person might misuse Art. 38 (2). Speech, 14 Aug., I.P. 1950, p. 384.

33. I.P. 1950, p. 394; Soepomo, op.cit., pp. 42-43.

gram was also approved.[34] Hanafi Sophiaan introduced these program features during the debates on the Constitution, and declared that the P.N.I. then felt that all vital enterprises had to become state property, giving compensation where necessary to the owner. "Vital enterprises" were defined as land, sea, and air transport, communications, electricity, gas, water, and mines. Furthermore, it was declared again that the production and distribution of basic consumer goods should be controlled and supervised by the State.[35]

The Partai Buruh had announced its urgency program on 8 February 1950. Accordingly, its Secretary General, Mustapha, used the debates as an opportunity to urge on the future Government of the unitary state some of the principles of that program. These included striving for: (1) a distribution of basic consumer goods and tools of work; (2) Government supervision and coordination of all production; and (3) a statute on collective work contracts and an economic voice (for labor) in all enterprises.[36]

Ir. Sakirman used a reference to Art. 33 of the 1945 Constitution as a point of departure for the ideal economy which he envisaged in the future. He saw as the goal of Indonesia's national revolution, which was still going on and which had to be led by the labor class (he was then head of the rump P.B.I.), a state in which enterprises were state property and operated according to a specific plan with the goal of increasing

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34. Kepartaian di Indonesia, pp. 118-121.

35. Speech 8 Aug., I.P. 1950, pp. 347-350. These last named principles were essentially a reediting of those in the urgency program of its 1945 predecessor, Serindo. Following the 4th Congress a number of businessmen and dissatisfied politicians left the P.N.I. and set up the P.N.I.-Merdeka (see below).

36. Kepartaian di Indonesia, p. 338; Speech, 9 Aug., I.P. 1950, pp. 363-364.

production. To achieve this, he felt that in each enterprise should be formed a managerial board consisting of representatives of labor and farmer "mass organizations", representatives of consumers, technical personnel, and administrative personnel "elected in a democratic manner by Parliament. As labor and farm personnel obtained technical and administrative training, the enterprises would eventually be led by "representatives of mass organizations." On the other hand, Sakirman curiously warned that any monopoly economic organization--an official one of the state as well as a private one--would injure the national economy."[37]

Adjidarmo (B.T.I., ex-P.K.I.-Muso) called for a democratic national economy free from the influence of alien imperialists, and Werdojo(SOBSI) called on the unitary state "to be anti-imperialist and to clean out all colonial vestiges in the economy. Muda Dalam deplored the "waterproof" guarantees for enterprises of "alien giant capital" carried over from the RIS Constitution, which he felt checked nationalization since it would be difficult to obtain money for compensation. Thus, he concluded, Indonesia had returned to the liberal economy of the colonial period in the sense that "colonial" estates could still carry out "economic drainage"! Even Mr. Mohammad Dalijono (an officer of S.T.I.I., who was associated with Masjumi) objected to what he thought was then a "half and half" economy--half guided and half liberal.[38]

The Government had announced before the debates "that with the existence of Articles 37 and 38 the economy of the State was not based on

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37. Speech, 9 Aug., I.P. 1950, p. 363. To prevent corruption or bureaucracy in an enterprise, Sakirman recommended a "free control system"--no "secrets and opportunity for "representatives of the people" to supervise the operations.

38. Speeches, 8 and 9 Aug., I.P. 1950, pp. 352-353, 356-357, 364.

a liberal economy as some had feared after a first glance at the text, but rather was opposed to liberalism.. When Muda Dalam and Adjidarmo continued their agitation against the R.T.C. Agreement, Prime Minister Hatta assured them that anything concerning financial and economic matters in that agreement would not obstruct Indonesia from operating an economy according to an organized plan in harmony with the Constitution.[39]

Representatives of the three racial minorities introduced complaints about favoritism towards so-called indigenous citizens. Siauw used the occasion to continue his attack on the racially discriminatory "indigenous policy", the origins of which he ascribed to the Inter-Indonesian Economic Conference at the end of 1949, and to initiate his periodical comparisons of the treatment of indigenous and Chinese businessmen to that of the favored child and the stepchild. J.B.A.F. Mayor Polak (European Minority) complained that Indonesian property rights were not only protected from the foreigner (which he approved) but also from the peranakan citizen. And Mr. Hamid Algadrie (Arab Minority), speaking for all minorities with a weak status, asked the Government outright whether it considered the "economically weak" group identical with the indigenous Indonesians and whether it would protect a peranakan citizen laborer against management.[40]

In reply, Hatta declared that in economic matters the Government knew only the "Indonesian" group--which covered all citizens--and the alien group. It was only a coincidence, he explained, that most of the economically weak group, which received protection, were indigenous Indonesian

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39. I.P. 1950, pp. 377, 390; Soepomo, op.cit., p. 42.
40. Speeches, 8, 10, and 15 Aug., I.P. 1950, pp. 353, 365, 371, 374.

citizens. As evidence of the assertion that the economically weak group comprised all Indonesian citizens and was not identical with the indigenous Indonesian group, he cited protection in the social and labor fields which did not differentiate between indigenous and new citizens.[41]

Despite the several questions raised on both economic and non-economic matters and the several amendments proposed, the three houses by sizeable majorities approved the new provisional constitution for the Unitary Republic without change, and on 15 August 1950, when promulgated by RIS Minister of Justice Soepomo, it went into effect.

Natsir Cabinet

The first cabinet of the Unitary Republic was headed by Mohammad Natsir. Minister of Finance Sjafruddin (Masjumi) retained his RIS portfolio, Ir. Djuanda (non-party) moved over to head the Ministry of Communications and Transportation, and the 33-year old Dr. Sumitro Djojohadikusumo (P.S.I.) took over the Ministry of Trade and Industry. In the Government reorganization, the two giant RIS ministries operating in the economic sector, the Ministry of Communications, Power, and Public Works and the Ministry of Prosperity, were each split in two; thus the scope of the tasks of Ministers Djuanda and Sumitro was not so great as that of their predecessors.

The composition of the Natsir Cabinet, which was principally a Masjumi cabinet, and especially the retention of Sjafruddin and Djuanda assured that the general tone of economic policy set by the Hatta RIS Cabinet would be continued. Point 4 of the new cabinet's program read:

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41. Statement, 14 Aug., I.P. 1950, pp. 376-377.

> To develop and strengthen the People's economy as the basis for realizing a sound National economy; to bring about harmony between labor and management.[42]

On 21 September 1950, Prime Minister Natsir explained his government's program to the new and enlarged Parliament. His Cabinet was the first expressly to indicate a "national economy" as an ultimate goal. To aim at such an economy, he declared, meant to change completely the economic structure, which depended strongly on exports, and to broaden industrial and agricultural production. Realizing such changes from a colonial economy could not be achieved in merely one or two years, he warned, and both hard work and patience were necessary.[43]

The Government's economic policy was declared to be aimed at ending disparity and gradually achieving a balance between the economic capacity of the Indonesian people, who were mostly small producers and merchants, and that of other groups in the community. Noting that some groups felt that political independence automatically would bring prosperity to the people, to avoid disappointments later, the Government reminded them that economic progress in the first instance would depend on the activity of the members of the community themselves. Yet the Government asserted that it was its duty first to support existing commercial and industrial activity by Indonesian nationals so that they would be enabled to strive for a better status within a short time. Although lack of capital had often been mentioned as the principal cause of the economic backwardness of the Indonesian people, more important for attaining a responsible position were knowledge, comprehension, and organizing ability. Consequently, the

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42. Kabinet-kabinet Republik Indonesia, p. 45.
43. Risalah Perundingan 1950, pp. 343-344.

Government announced that it would promote training for commerce and industry. However, since school learning was insufficient for acquiring entrepreneurial skills, and since proper practical experience was also necessary, the Government emphasized that existing large enterprises should train Indonesian employees and make available definite opportunities for them to take a proper part in technical operations, administration, and the top management. A company policy incorporating these features, it explained, would be actually based on self-interest both from the commercial standpoint and from the point of clearing the political-psychological atmosphere.[44]

Concerning foreign capital, the Government declared bluntly that should it be thought that by throwing foreign capital and manpower out of Indonesia--either crudely or with finesse--Indonesia immediately would be able to form a healthy national economy, it would mean "picking the fruit at the moment it emerges from the blossom". Instead, in order to improve the standard of living of the people within a reasonably short time, it was necessary to attract foreign capital into several fields. Consequently, the Government would carefully study to decide which fields would be open to such companies and to determine which conditions would be placed on the capital concerned. Such investigations would cover the form of enterprise, limits on transfers, and participation by Indonesians in management and capital, and also proper guarantees to the investments in return. Meanwhile, existing enterprises owned by aliens--like all large enterprises--besides being required to provide training opportunities for Indonesian

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44. Ibid., pp. 345-353.

personnel up to the top-mosttlevels, wouldtalso be expected to allow participation by private Indonesian capital or by capital tor credits provided by the Government (depending on the condition of the State's finances).[45]

To carry out long-term economic policy for the Government, it announced its intention to set up a State Planning Board (Dewan Perantjang Negara), which would be developed from the planning section of the RIS Ministry of Prosperity.[46]

The debates over the Natsir Cabinet program was the first opportunity fortmost members of the new Parliament to air their political and economic beliefs in a public forum virtually without restriction. Ninety-five availed themselves of this opportunity. However, since few members supporting the Government customarily took time to express their views, such debates were usually more representative of opposition viewpoints. Some members were primarily spokesmen for their parties and were concerned with presenting the party position on specific matters. Otherst both party-members and independentst aired their personal convictions, and sometimes in the case of the former, pains were not taken to cleave strictly to the party line. For a few, these particular debates were only one more occasion in a long series of repeating over and over again sometimes a personal, but most frequently an established party line. From the welter of opinions expressed, an attempt shall be made to sift out those which had bearing on the nature of the ideal economy, nationalization, and the position of foreign capital, in general,tspecific issues involving particular economic

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45. Ibid., pp. 344, 357. Cf. "Economic Urgency Program" and "Industrialization and Foreign Investment", Chapter XIX.

46. R.P. 1950, p. 357. The State Planning Board had been discussed by the joint committee to draft the new Constitution. It did not materialize, however, until the Sukiman Cabinet.

sectors having already been broached in the preceding chapters.

The member of Masjumi most vocal on economic matters was Abubakar Alawi ACHSIEN, one of the members of Parliament with the most business experience. In regard to the Government warning against expecting the colonial economy to be changed in a year or two, he declared that few changes desired by Indonesian businessmen were taking place at all because the old Dutch economic policy seemed to be followed still and existing regulations favored large corporations. Achsien was one of the first to air a suspicion that there were "mice who lined their pockets" in the Ministry of Trade and Industry (the principal Government agency operating in the economic field)—a charge which over the succeeding years would grow more loud and frequent. Finally, concerning the role of foreign capital, Achsien perceived some inconsistency in the Government's seeking foreign loans for its own economic purposes, while limiting the opportunity for Indonesian businessmen to utilize alien capital in their businesses. Thus he advocated broad freedom to diligent and honest businessmen on the one hand, and training, pioneering, and promotion by the Government on the other.[47]

Dalijono (a somewhat maverick Masjumi member) thought the Government's program appeared to be extracted from the old colonial government and regretted that it did not use Article 33 of the 1945 Constitution. Referring to the resolutions of the All-Indonesia Farmers' Conference of a year earlier, he called for changing the liberal economy based on large

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47. Speech, 29 Sept., R.P. 1950, pp. 895-904; cf. "Benteng Importers" in Chapter XXIV. Achsien also urged that Indonesian embassies provide economic and commercial information for Indonesian companies.

capital into a "controlled" economy based on gotong-rojong and small capital.[48] On the other hand, Dr. Sukiman, Masjumi faction chairman, accepted Point 4 of the Government's program, which he felt implied a planned economy to break the control of foreign capital, while advocating that if possible even more radical steps be taken on behalf of the common people.[49]

Soemartojo (P.S.I.) cited the definition made by the Halim Government a month before the Unitary State was formed and the RIS Government's Clarification of Article 38 of the Constitution for the meaning of a national economy. To him laying the foundation for such an economy included opening as broad opportunities as possible for Indonesians to participate in the productive process, revising the status of existing industries and estates (especially concerning contract and transfer provisions and relations between entrepreneurs, labor, and farmers), and determining conditions for new investment. Since a national economy necessitated large-scale construction for which much capital was required, he did not consider it wise to depend only on national capital, regardless of whether the term referred to indigenous or all citizens.[50]

The third major party supporting the Natsir Cabinet was PIR. Mr. Harmani probably voiced the feelings of many in his party when he suggested several measures for developing the people's economy. First, he called for nationalizing what was important for the people's welfare and what would

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48. Speech, 30 Sept., R.P. 1950, pp. 931, 936ff. The economy proposed by Dalijono was literally a "bridled" one.

49. Speech, 4 Oct., R.P. 1950, p. 1455.

50. Speech, 4 Oct., R.P. 1950, pp. 1576-1582. Since many erfpacht were to expire in the next several years, Soemartojo called for revising the agrarian laws, using the findings of the old Agrarian Commission.

not require very much in compensation, citing water and electricity systems as examples. In addition, he suggested it might be possible to nationalize transport companies. Harmani (who had been an officer in the Batik Trading Company until mid-1950) also called for stimulating import and export trade by Indonesians and assisting and protecting Indonesian merchants so that they could sell directly to the consuming public, including farmers. He urged, too, that the formation of mixed enterprises between alien capital and Indonesians be stimulated, but principally through converting old industries rather than setting up new ones. Since few workers or farmers had the money to buy stock, he recommended that the Government help them out by having the B.N.I. extend credits for purchasing stock. Finally, he proposed that a permanent labor relations board be established in which management and labor could negotiate under Government supervision.[51]

Mr. Tadjuddin Noor (PIR faction chairman), who was to play a leading role in the founding of INACO, attempted to solve the problem of capital formation among the population while continuing the use of foreign capital and personnel. Thus he, too, stressed mixed enterprises rather than nationalization. For developing interinsular and export trade, he called on the Government to promote a central trading corporation as a mixed enterprise in which it would originally subscribe to 51 percent of the stock, half of which might later be sold to central and regional cooperatives. Half of the balance was to be sold to exporters and importers, with the rest available to intermediary merchants and retailers. Tadjuddin Noor suggested, moreover, that alien merchants as well as national be allowed to participate in this "capital aggregate", and that similar ones be set up in other economic sectors.[52]

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51. Speech, 29 Sept., R.P. 1950, pp. 781-788.
52. Speech, 4 Oct., R.P. 1950, pp. 1414-1420.

I. J. Kasimo, Chairman of the pro-Government Partai Katholik, who at the same time was Chief of the Department of Estates in the Ministry of Agriculture, approved the measures in the Government's program for increasing output, including making use of foreign capital. To him, changing the colonial economy to a national one meant distributing social income according to the principle of social justice. Thus opportunities had to be open for each citizen to live as a cultured human being and to fill his life with useful work.[53]

A number of members of the right wing of the P.N.I. dissatisfied with the outcome of the party Congress in May 1950, had set up the "P.N.I.-Merdeka" (Independent Indonesian National Party) on 23 July. Its chairman, Mr. DJODY Gondokoesoemo, in announcing his party's agreement with the Natsir Cabinet Program, deplored the influence of foreign capital in the country's economy and of foreign loans in its finances. He used the occasion to introduce his own party's program to Parliament, including sections calling for a stop to the flow of Indonesian riches abroad and for promoting companies owned by citizens under terms which would not be injurious to the community.[54]

The P.S.I.I., although technically a supporter of the Natsir Cabinet, did not give it a vote of confidence and withdrew its minister before the year was out. Its faction chairman, Arudji Kartawinata, alleged that the

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53. Speech, 2 Oct., R.P. 1950, pp. 1098, 1103.

54. Speech, 30 Sept., R.P. 1950, pp. 980 ff.; cf. Kepartaian di Indonesia, pp. 126-127, 184 ff. P.N.I. Vice Chairman Mangunsarkoro labeled the new group "liberal-capitalists." In October the party changed its name to Partai Rakjat Nasional (P.R.N.--National People's Party).

Businessmen on the Party Council included Prawoto Soemodilogo (vice chairman of the party's Economic Department) and Wahid St. Radjalelo (chairman of the party fund).

Government's program "read as though written by a foreigner" who knew nothing of the struggle of the Indonesian people. Asserting that Governments which waited for "activity among the members of the community" would miss the bus, he declared that a creative spirit a la Napoleon wasneeded and (citing his party's economic program) that the Government should organize all the people into cooperatives. Long an advocate of the planned economy, Arudji declared that the new planning board should not merely plan economic policy but should undertake "overall country planning" with virtually totalitarian powers to organize and direct the implementation of the plans of all the ministries. So long as the capitalist system "with the colonial smell" was not rooted out, he warned, all Government efforts to change the colonial economy to a sound national one would fail.[55]

Some of the results of the P.N.I. Congress of May 1950 had been introduced in the debates over the Constitution. S. Hadikoesoemo used the new debates to air the political fighting program of his party--the largest in the opposition--also resulting from the past congress. One feature of domestic policy, which called for working for an "anti-capitalist" bloc, reflected Chairman Sidik's solicitude for the P.K.I., P.S.I.I., and Partai Murba as expressed the previous February, and would anticipate the coalition realized three years later. Features of the social-economic policy sector included implementing socialist economic principles (nationalization of vital enterprises), working for cooperative movements based

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55. Speech, 2 Oct., R.P. 1950, pp. 1114-1124; cf. I.P. 1950, p. 572. Arudji's plan for forced collectivization called for setting up neighborhood associations (rukun tetangga) as the basis for the community and all its economy.

on collectivism, and expanding labor and farmers movements which were democratic and anti-capitalist.[56]

Drs. YAP Tjwan Bing (P.N.I.), who was in the pharmaceutical business, was more outspoken on economic matters. He spoke out principally against the past economic policy of RIS, which he alleged smelled "half-liberal" and which treated industry like a step-child when compared to trade. He followed with a list of measures recommended for promoting industries. Yap also took issue with government commercial policy which appeared to discriminate between indigenous and non-indigenous citizens and to treat the latter no differently than aliens. He agreed that foreign capital might be attracted provided its entry and transfer of profits were regulated by law and agreements. However, before it looked abroad, he called on the Government first to look to existing national capital in Indonesia, which he thought had not been given a sufficient chance to be used in improving the standard of living of the people in Indonesia. Calling for economic cooperation between indigenous and non-indigenous citizens, he defined "national capital" as the capital of all Indonesian citizens, supplemented if necessary by the capital of aliens who had long resided in Indonesia and who considered it their own country, provided they had no adverse political record.[57]

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56. Speech, 4 Oct., R.P. 1950, p. 1557.

57. Speech, 30 Sept., R.P. 1950, pp. 945-952.
J. P. Siauw (P.N.I.-Merdeka) also complained against discrimination against non-indigenous citizens and inquired whether the Government considered the Eurasian citizens to be in a stronger economic position than the so-called indigenous ones. Siauw continued his attack on the "indigenous" policy but combined it with an attack on the R.T.C. agreement. Thus whereas only two months before he had ascribed the "indigenous policy" to the Inter-Indonesian Economic Conference of 1949, he now blamed Van Mook for starting it in 1948 and making indigenous companies dependent on "Dutch monopoly capital". Speeches, 3 Oct., R.P. 1950, pp. 1323 ff., 1355 ff.

The most vocal group to express themselves on political-economic beliefs were the Communists of various party and organizationelabels, some of whom were collaborators, others arch rivals. Three members of Partai Murba expressed their views. MARCETO Nitimihardjo, the most moderate of the faction, urged that national capital and manpower be organized in cooperatives to replace foreign capital, even in the sectors of foreign trade and industry. He felt that if national capital, which he identified as capital of the Republic's citizens, could be mobilized, Indonesia would no longer have need for foreign capital. He expressed doubts that national economic ideals could be achieved if the Government maintained a balance of strength between the several groups in the community and did not end the R.T.C. principles in the economic and financial sectors.[58] Kobarsjih (also in the Labor faction) criticized the Natsir program for appealing solely to the "small national bourgeoisie" or the "national liberal-capitalist" instead of to labor and the proletariat (which he identified with murba). He called for a "national-collectivistic" economy in harmony with the spirit of the 1945 Constitution and urged that industrialization be given priority. Soedijono attacked not only the Government's proposal for a balance between the capacities of the various groups of the community but also Art. 26 (3) of the Constitution, which in his view were guides for a "liberal economy à la America", evidence of the growth of neo-fascism in Indonesia, and weapons for protecting the interests of imperialism. Since he considered Art. 38 of the Constitution to imply socialism, he called for

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58. Speech, 30 Sept., R.P. 1950, p. 922. In its Economic and Financial Program, Partai Murba temporarily modified its rejection of the entry of foreign capital to one of rejecting foreign capital entering as investment capital. I.P. 1950, p. 575.

nationalization of vital enterprises, in which he included estates and mines as well as gas, electricity, transport, "etc."[59]

NGADIMAN Hardjosoebroto (P.K.I.) continued the line that Art. 26 (3) of the Constitution was the basis of a liberal capitalist economy on the American model, and that a national economy could not be attained nor Art. 38 implemented so long as the R.T.C. Agreement was recognized and "large, monopoly capital" was allowed to return. Thus he concluded that Indonesia had no national economic sovereignty.[60] His colleague, Djoko-soedjono of SOBSI (also in the Labor faction) indicated that the class struggle, whatever the Natsir Cabinet or President Soekarno might think, was still very much a force. He supported nationalization and insisted that managers of enterprises had to be persons acceptable to "labor" and that "labor" had to have the right to supervise the production, storage, and sales of goods and raw materials in every factory, bank, or estate of a certain size, which, he declared, would assure the end of large-scale corruption.[61]

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59. Speeches, 3 Oct., R.P. 1950, pp. 1289-1292, 1367 ff. Soedijono also saw inconsistencies in President Soekarno's 17 August speech warning against class consciousness becoming sharpened into a class struggle and his Kepada Bangsaku (of 1948) which pictured Indonesia heading to socialism.

The "etc." according to the Partai Murba program, covered communications and water systems (which were already nationalized or operated by the cities) and factories—nationalization of which would probably be stressed later.

60. Speech, 30 Sept., 19 Oct., R.P. 1950, pp. 1019-1021, 2118 ff. Within a month the effect of the Aidit wing of the P.K.I. on the party program was being felt, thanks partly to the support of Sakirman. Thus the party's new economic goal was termed "a people's democratic economy". The party program called for state control of the most important sources of wealth, which it said were then owned by large foreign and domestic capital. As the drive to subvert national businessmen got under way within the following two years, this criticism of domestic capital was played down. Cf. I.P. 1950, p. 576.

61. Speech, 4 Oct., R.P. 1950, pp. 1640 ff. Werdojo of the Labor faction attacked "giant" foreign capital, and Sakirman and SOENARDI Adiwirjono (P.B.I., shortly to join the P.K.I.) attacked "large" and "giant" foreign capital, respectively, R.P. 1950, pp. 1085ff., 1131-1133, 1196.

Avoiding public identification with the P.K.I., Sumatran Communists in Parliament (except Muda Dalam) organized the "People's Sovereignty" faction and drafted a program which borrowed from the 1948 National Program. They adopted the first four points of the economic section of the latter, but by slight editing made certain significant changes. Thus, whereas the National Program approved private enterprises in harmony with Art. 33 of the 1945 Constitution, the new faction conceded only "limited private enterprise." Instead of the National Program's advocacy of State "control" of vital enterprises (consisting of five fields of public utilities and mines), the faction added banks and estates and specified "nationalization". While Mr. Luat Siregar identified these features of his faction's program with Art. 38 of the new Constitution, in most of his speech he attacked "giant foreign capital", which he saw tightly fastened to Indonesia's economic "veins and arteries", with the sole goal of obtaining the maximum possible profits.[62]

Two independent Communists who held high positions in farmers organizations sounded off against the November 1945 Manifesto, the R.T.C. Agreement, and, of course, foreign capital. Dr. Adjidarmo (B.T.I.) increased the pitch of his attack on the last-named. Whereas in August, the spectre was "large foreign capital", by October it had become "large-monopoly foreign capital." He still considered Art. 33 of the original Constitution to be the basis for Indonesia's national economy, inferring an economic order in which the "commando posts" in every economic sector then held by large-monopoly foreign capital would be state-owned. Such enterprises,

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62. Speech, 3 Oct., R.P. 1950, pp. 1348-1354; cf. I.P. 1950, p. 576.

according to the principles of the national struggle, he declared, had to be seized by the state as "enemy property". Land would be controlled by the state, which would provide it to farmers needing it. Small and medium producers would be allowed and cooperatives encouraged. Furthermore, he saw in Art. 33 an opportunity for private enterprises to develop. Once they achieved "monopoly status", however, they would be nationalized with compensation.[63]

Whereas Adjidarmo, like S. Sardjono (B.T.I. head), was more representative of the perhaps more flexible, somewhat "right-wing" Communists, such as Sakirman and Aidit, Sidik Kertapati as General Chairman of the Sarikat Tani Indonesia (Sakti—Indonesian Peasants League), headed an organization which in 1950 was perhaps closer to the more rigid "left-wing" Communist organization, Partai Murba. Thus he attacked the Government policies which promoted a "national bourgeoisie" and asserted that the development of a "national middle-class" between "international giant capital" and "the people" would be just as oppressive as foreign capital alone. He felt, instead, that the common people were sovereign on their land and that anyone (implying "estates") daring to interfere with such rights would have to face the millions of the masses.[64] Thus Sidik gave notice that he was one of the leaders of illegal (as well as legal) squatting on alien estates.

In reply to the many queries and qualms, the Natsir Government gave assurances that it was interested in the prosperity of the people. Besides

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63. Speech, 4 Oct., R.P. 1950, pp. 1500-1515. With the growth of rival farmers organizations, the B.T.I. was to become increasingly under the influence of the P.K.I., which set up its own farmers front, the Rukun Tani Indonesia.

64. Speech, 4 Oct., R.P. 1950, pp. 1518-1521. See Chapter XVIII.

endeavoring that labor receive wages which would guarantee a fair livelihood, the Government announced that it would endeavor to get the majority of the people who had any interest in business to operate on a profit-and-loss basis, taking their own manpower into consideration of costs rather than treat it as a donation, which had been the custom for ages. In addition to stimulating small-scale Indonesian production, the Government announced it would try to develop Indonesian businesses in trade and transportation and to increase large-scale production with Indonesian capital. No differences would be made between the capital of indigenous Indonesians and of new citizens, it declared, since no racial criterion was used in implementing economic policy, only the principle of protecting the small producer. Although not desired in the development of small enterprises, foreign capital would be allowed to participate in developing large enterprises, under specific conditions which would guarantee the welfare of the people.[65]

Concerning the treatment of peranakan citizens, the Government said its aim, in the spirit of the Constitution, was to achieve equal rights and obligations among citizens who were in the same social and economic status. Thus, it would endeavor to make changes in legislation which discriminated between citizens in the same status.[66]

Concerning the many charges against foreign capital, especially from the left wing of Parliament, Natsir noted that many members had criticized the R.T.C. Agreement as if it were the source of all the trouble and had

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65. Statement, 11 Oct., R.P. 1950, pp. 1827-1829.
66. Statement, 25 Oct., R.P. 1950, pp. 2205-2207. See "Bank Negara Indonesia" in Chapter XXIII.

implied that there was no economic sovereignty. The Government considered such thoughts not only completely inaccurate but indicative of a lack of self-confidence, for with political independence the Government was able to determine the function of capital in general and foreign capital in particular and to decide conditions and sectors so that it became a productive factor in Indonesia's development. And while foreign capital was still needed, the Government could make sure that it did not influence Indonesia's politics or economy. Yet while a "marriage" of alien and Indonesian capital was still needed, the Indonesian name was not to be used just as a front or to the detriment of the state. Furthermore, the Government's recognition that many characteristics of a colonial economic structure still existed did not imply that it had no intention of undertaking to change the structure, it was emphasized.[67]

Parliament finally gave the Natsir Cabinet a vote of confidence, but only by 118 to 73. Most members who had expressed their political and economic beliefs during the debates were in the Opposition. Most of these who had relatively little constructive criticism to offer represented parties that would not play a direct role in Government policy formulation during the period under review,[68] although some were able to influence

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67. Statements, 11 and 25 Oct., R.P. 1950, pp. 1776-1778, 1830, 2226-2227. In reply to Ngadiman's complaint that the Government did not dare to take a stand on "large-monopoly capital", Natsir said that by virtue of the State's sovereignty, the Government could make provisions so that such capital worked primarily in the interests of the State. It also explained that contrary to the conditions before the war, the State Treasury was then collecting 40% of the profits of such companies in company taxes and 200% of their transfers abroad for foreign exchange certificates.

68. Thus Partai Murba's Soedijono called for cancelling the R.T.C. Agreement and large-scale nationalization in retaliation for the Netherlands' not giving up West New Guinea. Speeches, 4 and 10 Jan., R.P. 1951, pp. 3270, 3435.

policy in certain sectors during the latter phase of this period. The big exception, of course, was the P.N.I., which gave little attention to economic matters during these debates. The party, representing perhaps the broadest cross section of the community, from quite conservative to ex-Communist, was far from homogeneous. Its moderate and radical wings would make their economic views heard in later cabinets. Since the latter wing was in the ascendance in the party, the P.N.I. came out in favor of the two principal motions submitted on economic matters during the Natsir administration, namely the Ahem Erningpradja motion for minimum wages and labor legislation, which censured foreign capital, and the Kobarsjih motion for nationalizing gas and electricity companies. Koesnan, the P.N.I.'s principal labor leader, led his faction in support of the former.[69] Chairman Sidik, himself, with Djaswadi Soeprapto led the P.N.I. faction in support of the latter.[70]

The Natsir Cabinet was essentially a cabinet of the Masjumi, the country's largest party, with support from the smaller moderate parties in Parliament. Its economic program was essentially an "independent-Masjumi" one. "Independent"; in so far as it took over economic policies put into operation during the RIS period by the country's two chief non-party political-economists (or economic-politicians), Hatta and Djuanda, and "Masjumi"

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69. See "Ahem Erningpradja Motions", Chapter XVIII. Koesnan was chairman of the G.S.B.I., which in its announcement of June 1950 supported nationalization of alien property in branches of production which were important or which affected the public interests--"without exception." It disapproved the continuation of businesses from the Dutch period with only social provisions for labor set by the management and called for labor legislation which would permit a broad participation by labor in the management of companies. G.S.B.I., pp. 16-17.

70. See "Kobarsjih Motion, etc.", Chapter XXI. Sidik failed, however, to secure approval for his own motion for revising electricity rates.

in so far as that party helped determine economic policy during the RIS period and was the principal maker of economic policy during the Natsir Cabinet. The party was unique in having at that time two high-calibre economic policymakers with experience in ectnomic (and financial) portfolios as well as legislative experience.[71] Mr. Sjafruddin was principal Masjumi spokesman on economic matters in the Government, and Mr. Wibisono in Parliament.

Wibisono explained his party's stand on nationalization in a speech on 16 December 1950 during the debates on the Kobarsjih motion. He noted that the Masjumi congress of a year earlier had called for the nationalization of the circulation bank (the Java Bank). In principle it approved other nationalization of some vital enterprises, but according to a rational plan and not in a haphazard fashion. The plan was then to be implemented as the state's finances and other circumstances permitted. After the Java Bank was nationalized, the Masjumi preferred that priority be given to transport enterprises rather than electricity and gas companies, since the former had a direct effect on prices of commodities which affected the cost of living of all the people and were important in the defense of the state. However, even if the State treasury soon had available funds for nationalizing a transportation company, for the time being the Masjumi would consider it better spent for building new industries. This was so

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71. The term "unique" is used, for although other parties had members who held economic portfolios, they were usually not top policy makers in their parties, and most drafters of party economic programs (especially in left-wing parties) were politicians with little or no experience in the economy and none in responsible government positions affecting the economy. During the Revolutionary period, the P.N.I. had two such officers, but by the time of sovereign Indonesia these were no longer in top positions for influencing party policy or government policy.

because industrialization on a broad scale was desired soon, and because foreign investors would not be induced to invest capital until the country was sufficiently peaceful and had determined its social legislation.[72]

By the time he left the cabinet when the Natsir government retired, Sjafruddin had occupied more top government positions than any other Indonesian except Hatta and had held a cabinet portfolio longer than all other ministers save (for a briefeperiod) Djuanda and Leimena. As Minister of Finance he wrote with some authority in March 1951 on the subject, "Is Foreign Capital Dangerous for our Nation and State?" In reply to those who raised the question in alarm, he declared that if the nation's standard of living was to rise--as promised by the leaders who incited Indonesians to a revolution--not only had alien capital to be tolerated but it had to be induced to increase its investments as much as possible. Thus, he advised, it was wrong to think as some did, that the aliens who owned such capital might be expelled, for the capital left behind would soon collapse or become far less productive, and the owners might attempt sanctions. Since Indonesians were too poor to maintain their present standard of living by themselves, since the country's production and labor productivity remained below pre-war levels, while the population was constantly rising, Indonesia as an economically underdeveloped country could best follow the example of Pakistan and India and utilize foreign capital. He declared furtherethat there was no essential difference between "foreign capital" and "national capital", while often conditions in companies operated by Indonesians were worse than in those of aliens. Moreover, since the accounting of large

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72. R.P. 1950, pp. 2777-2780. Cf. Hatta's remarks of 19 June 1950, supra.

Western enterprises (if not Chinese) was usually more complete than that of Indonesian national companies, it was easier for the Government to supervise the former. Citing the Latin proverb "where it is good for me, there is my country", Sjafruddin observed that foreigners falling in love with Indonesia were often more social-minded than Indonesian national capitalists. From this he concluded:

> When we consider the question of capital, what is most important is not whether such capital is owned by our own nationals or by aliens, but: how must the product from such capital be distributed so that exploitation of one class by another does not occur.

Sjafruddin declared that social income should be so distributed that each group participating in the productive process would get a share equivalent to the energy and effort it expended. Thus labor had to get a fair wage with social guarantees; the landowner, a fair rent; and the state, taxes necessary for operating the government; there had to be sufficient reserves for the maintenance of capital; the capital-holders had to get sufficient profits in the balance so that it would be attractive for them to continue their enterprises.

Sjafruddin declared that it was also necessary to strengthen Indonesian national capital, but the only way was by working as hard as possible--not the nominal seven-hour day in which all save two hours was spent in banter and complaining--and by saving part of one's income. He termed false the idea of those who thought that solely with government aid and capital grants and protective regulations Indonesian business would be able to replace foreign capital. Recalling that it took Japan about fifty years of hard work to compete with Western states, he concluded that it would take Indonesia decades to form a national capital

capable of replacing alien capital, but only if Indonesians worked hard.[73]

Sukiman Cabinet

Although the Natsir Cabinet had been perhaps a plurality cabinet, the Sukiman-Soewirjo Cabinet was representative of perhaps seventy per-cent of the population.[74] Although it received the support of most of the remaining members of Parliament, it was essentially a Masjumi-P.N.I. cabinet.e Moreover, both moderate and radical branches of the P.N.I. were represented, and with important portfolios. Three P.N.I. moderate members (Soejono Hadinoto followed by Wilopo, and Ir. Ukar) held economic port-folios, and Wibisono became Minister of Finance, while Djuanda retained the Communications portfolio. Since the prime minister and deputy prime minister held roughly central positions in the political spectrum of their respective parties (Sukiman between the Natsir left-wing and the Wachid Hasjim right-wing, and Soewirjo between the Sidik-Mangunsarkoro radical wing and the Wilopo-Soejono Hadinoto moderate wing) it might have been anticipated that the new cabinet would not depart greatly from the econ-omic policies of its immediate predecessors.

The Government's explanation of its program was subsequently captioned "Towards the People's Prosperity through Security", reflecting the growing

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73. Ichtisar Indonesia Sepekan, 26 Mar. 1951, pp. 22-25.
Minister of Information Pellaupessy told a press conference on 21 Decem-ber 1950 that there had been no new alien capital investment since the trans-fer of sovereignty. Ichtisar Indonesia Sepekan, 15 Jan. 1951, p. 7.

74. The fortunes of the politicaleparties of course waxed and waned during the half decade before the general electionse On the basis of the 1955 returnse the Natsir cabinet was backed by parties in the Parliament which would receive approximately 49% of the total vote, whereas its Opposition represented 45%. The Sukiman cabinet represented roughly 70% and its Opposition 18%. In view of the time element, these percentages should only be treated as very rough approximationse

concern over the wastage of national wealth caused by Muslim, Communist, and particularistic bands of dissidents, which would continue to plague Indonesian cabinets. Since the problem of prosperity was closely related to that of security and since determining which of the two should have priority would lead into a "vicious circle", the Government decided to endeavor to solve them both at the same time. Thus Point One of the six-point program called for measures befitting a state of law for guaranteeing safety and order, and Point Two read:

> Make and implement within a short time a national prosperity plan for elevating the social and economic life of the people. Reorganize agrarian law in line with the interests of the farmer. Speed up the placement of veterans in reconstruction fields.[75]

The new cabinet identified "national prosperity" as the highest possible prosperity, in which the various groups and classes of the community would acquire a fair share, according to the principles of humanity and social justice. In view of the fact that each society contained opposing interests as well as common interests, the Government, reminiscent of the declaration of the Natsir Government, announced that it would attempt to strike a balance between such interests so as to produce a development in accord with the ideals of the Indonesian nation in general and with the aims of those who contributed their productive energies, whether nationals or aliens. In view of the existing economic structure, consideration had to be given to the role of foreign capital and manpower in building the national prosperity, Sukiman declared. Consequently, he announced:

> The most important task of alien business operating on Republican territory is to join in working to increase the prosperity of the people while giving attention to national interests in their enterprises, such as the welfare of their labor, training an Indonesian

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75. Kabinet-kabinet R.I., p. 45; Government statement, 28 May, R.P. 1951, pp. 4177 ff. Point Four called for providing labor legislation.

> staff cadre, cheap products in the interest of the people, and opportunities for national capital to participate in their companies.[76]

The absolute condition for achieving the desired economic goal, however, was the capacity of the Indonesian people themselves, which had to be developed in a dynamic and constructive manner. The Government would regulate, channel, supervise, and where necessary provide aid. Nevertheless, production by private enterprise ought not to remain forever dependent on government guarantees, it admonished. Similarly, although the Government offered to promote Indonesian banks, the people themselves had to be induced to collect capital, save, and deposit their money in banks.[77]

The Government stressed that cooperatives should be developed in various sectors. It promised to set up the State Planning Board (which it carried out).[78] It formed a separate Ministry of Agrarian Affairs to draft legislation for settling land problems. And it expressed approval for the concept of nationalizing enterprises which were important for the state and people. Still, the only example it cited was the circulation bank..[79] The

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76. R.P. 1951, pp. 4182-4184; cf. Indonesian Review, I (1951), pp.255 ff.

77. R.P. 1951, pp. 4183-4184, 4190. The Government listed the problems of organization, efficiency, diligence, responsibility, order and security, rational grants of credits, and cooperation between labor and management as aspects to be considered in efforts to intensify production.

78. Although the Economic and Financial Council had approved the plan for the State Planning Board in January 1951, the bill originally drawn up for submittal to Parliament was later withdrawn. Then on 10 January 1952 a Government Regulation (No. 2 of 1952) was promulgated creating the board with the same membership as the Economic and Financial Council. The preparations and day-to-day work were to be performed by a State Planning Bureau, which had a three-fold task, to: (1) plan the principles of a healthy national economy in harmony with the articles of the Constitution; (2) draft a long-term plan for State reconstruction and development aiming at raising the standard of living of the people as effectively as possible; and (3) draft a plan for resettlement (transmigration). Another year was to pass before the bureau was fully operating.

79. R.P. 1951, pp. 4183-4187.

program, as it frequently recognized, was essentially a continuation and reformulation of thosetof the immediately preceding cabinets.

Since only thirty-four members of Parliament presented their views on the Government's program, it was approved in half the time necessary for that of the preceding cabinett Again, few of the Government's supporters bothered to give their views, especially on economic matterst Mahmud L. Latjuba (Masjumi) described the Indonesian economic order as still in the baby stage and warned that although it needed to be nurtured by the mother (the Government) it ought not to be spoiled. Recalling his party's decision about nationalization of the Java Bank and Wibisono's recommendations about planned nationalization, he suggested that mining enterprises were the most important for such consideration.[80]

Members of only two of the Government parties touched on the subject of foreign capital. Mr. Tadjuddin Noor (PIR) wondered whether the Government had plans for thetvarious economic sectors in which alien capital and personnel could work side by side with Indonesian in a relation which guaranteed a fair living to the former and guaranteed the development of the economy of the Indonesian people towards a national economy. Asrarudin (Partai Buruh) criticized "large foreign capital" which still controlled leading branches of production for having changedtits attitude toward labor only a little since the colonial period. Reflecting his position as Chairman of Parliament's Communications Committee, he urged that the Government give preference to nationaltinterests in transportation so that gradually "semi-national" enterprises would become really nationalt[81]

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80. Speech, 1 June, R.P. 1951, pp. 4399-4402. Latjuba, Chief of the Badan Industri Negara Finance Section during the Revolution, was appointed Charge d'Affaires at Karachi in February 1952. Kami Perkenalkan, p. 96.

81. Speechest 2 June, R.P. 1951, pp. 4506, 4543-4546.

Members of the opposition, however, were not too reticent to air their views. Since the Government's economic policies were largely continuations of past ones, it came as no surprise that the criticism of opposition members was often a rephrasing of their views. Soedijono, citing his Partai Murba axiom that "law is the official tool with which the group in power oppresses the economically weak", saw in the Sukiman Government's attention to security, "security for foreign capitalists". The only way prosperity could be attained for the people, in his view, was through a national economic order with strong foundations, which he implied meant nationalization of everything. To confirm his party's views that the R.T.C. Agreements were preventing the Government from carrying out nationalization, he cited an interview by Chairman Soepomo of the state commission studying relations with the Netherlands.[82]

Although Maroeto (also of Partai Murba) initially expressed pleasure over the Government's three-item prosperity program, he recommended that Government action on behalf of Indonesians (who were generally inexperienced newcomers) include leadership, advice, and effective aid. Concerning the national economy, in disagreement with Latjubaés characterization, he suggested that it was still in the "gestation phase". Since he felt that a liberal economy was the basis of a colonial economy, he considered

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82. Speeches, 31 May and 11 June, R.P. 1951, pp. 4223-4230, 4797-4799, 4804. Soepomo had reportedly declared on 7 June that the R.T.C. Agreements were made as concessions: (1) by Indonesia, to get Dutch recognition of sovereignty; and (2) by the Netherlands, to get guarantees for its invested capital and guarantees of security, which was necessary for obtaining raw materials from Indonesia. He further was reported to have called the Financial and Economic Agreement a major obstacle to implementing Art. 38 of the Constitution.

Kobarsjih pictured a struggle between "giant foreign capital" and the "murba labor class", which it would be impossible to synthesize. Speech, 2 June, R.P. 1951, p. 4629.

it perpetually contrary to a national economy, within the meaning of an economy in which the Indonesian nation would achieve prosperity on the basis of social justice as intended in Art. 33 of the 1945 Constitution. Maroeto had doubts about the Government's ability to direct foreign investments so that they would serve national interests, declaring that if this actually occurred, one would see the phenomenon of a philanthropic foreign capital. If the Government really wanted to restrict the role of foreign capital, he suggested, such matters ought to be regulated by statute.[83]

In February 1951, the refurbished P.K.I., signalling its return to the "united front" tactic, called for an "anti-imperialist National Front" opposed to the "common enemy": "imperialism", its capital, and the "compradore-bourgoisie", which referred to the "clicque" running the Government of the "R.T.C.-Republic." While recommending that "Dutch colonial capital and other imperialist capital" be wiped out, it even asserted that national capital, within limits, could be developed. A month later, D. N. Aidit announced that Muso's "New Path", which called for a popular-front government, had been resuscitated for the party.[84]

When the Natsir Cabinet turned in its mandate on 21 March, the P.K.I. took the opportunity to unveil a twelve-point program of national action, Point Six of which read:

> Nationalize important enterprises, e.g., large factories, mines, transport, important estates, large banks; and make an industrialization plan for all of Indonesia. The state must help and support all small and medium enterprises which are beneficial to the

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83. Speeches, 1 and 12 June, R.P. 1951, pp. 4392, 4914-4916a.

84. M. H. Lukman, "Memudju Front Persatuan", Bintang Merah, VII (1951), 57-59; D. N. Aidit, "Membolsewikkan PKI", Bintang Merah, VII, 129-134.

> People. Revoke all agreements with alien monopoly capital which hamper the development of the national economy.

Among its other proposals were: confiscation of large landed properties and private lands, and a policy of "land for those who work it" (Point 7); and very heavy taxes for large alien enterprises, and reduced taxes for the "people" (Point 9).[85]

At the same time, the P.K.I. became a founder (along with the P.S.I.I.) and largest member of a new left-wing association, Badan Permusjawaratan Partai (B.P.P.—Parties' Consultative Board), which it considered as a step towards securing a national coalition government as part of its united front. The Prosperity Section of the milder B.P.P. program read:

> (1) mobilize domestic manpower and materials in order to achieve physical and spiritual prosperity for the people, through guaranteeing a fair distribution of the products to the State, labor, and capital;
> (2) nationalize vital enterprises, and aid national businessmen who promote the interests of the people;
> (3) carry out industrialization and the mechanization of agriculture throughout Indonesia;
> (4) increase production both for domestic consumption and for export, promote national export organizations, and end smuggling and corruption;
> (5) perfect land, sea, and air transport throughout the Indonesian archipelago on a national basis, which will guarantee the interests of the people.[86]

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85. "Program PKI untuk Pemerintah Nasional Koalisi," Bintang Merah, VII, 166. The program also called for the eradication of farmers' debts to money lenders; leadership, tools, and fertilizer to farmers; fair wages for labor; guarantees of work for each citizen; and public trials for corruptors and money lenders, whose property would be seized by the state.

Part of Point 7 was a modification of "land for the farmers" in the program of the P.K.I. which emerged from the People's Democratic Front in 1948. Cf. "P.K.I. No. 4 and the Madiun Rebellion" in Chapter XV.

86. Bintang Merah, VII, 170.

Largely ignoring the relative moderation of the B.P.P. program,[87] when the P.K.I. marshalled its speakers to debate the program of the Sukiman Cabinet, they followed the party line with attacks on the Masjumi-P.N.I. cabinet and "alien monopoly capital", which they associated with the "capitalist-imperialist" foreign policy of the United States. In contrast to the latter, and in spite of the U.N. Embargo against aggression by Communist China in Korea, they posed a "peace-loving" Soviet Union and "people's democracies."[88] To this Prime Minister Sukiman replied that although Soviet economic development might seem attractive in theory, people in Indonesia had to face the realities of their own country (and of the international world)--which was far different from Soviet Russia.[89]

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87. Soemardi even suggested that the State might provide credits to national businessmen for building large factories to compete with alien monopoly capital, and Hoetomo Soepardan went so far as to declare: "We do not reject alien capital so long as it is rid of its monopoly role and control over economic sectors." R.P. 1951, pp. 4555-4556, 4895.

These passing remarks to the effect that the P.K.I. might even support some large private enterprises, both national and alien (so long as they were not monopolies) were overwhelmed in the declarations that large enterprises had to be nationalized and alien enterprises thrown out.

88. Soemardi complained because the cabinet would not build large state-owned factories to compete with those of foreigners and would not spend money to nationalize mines and vital production enterprises. Djaetoen termed the U.S.A. a "vile parasite", expansion of whose investments meant only more military bases. Hoetomo Soepardan called the Sukiman-Soewirjo Cabinet the "Guardian of the interests of the money and oil kings of Wall Street and Downing Street." Speeches, 2 June, R.P. 1951, pp. 4552-4557, 4599 ff., 4627.

Citing data from the 1920's on foreign investment in the archipelago, Hoetomo Soepardan pursued his thesis that it was impossible for the economy to be changed into a national one so long as "foreign monopoly capital" controlled vital sectors. Speech, 12 June, R.P. 1951, pp. 4892 ff.

Commenting on Hatta' criticism (in a speech on 26 May) of Indonesian workers who worked only 3 hours a day, whereas those in the Soviet Union were compelled by regulations to work hard, Pardede asserted that if the Government nationalized all vital branches of production, Indonesian labor would willingly work up to 12 hours daily. Speech, 1 June, R.P. 1951, pp. 4323-4325.

89. Statement, 7 June, R.P. 1951, pp. 4658-4659.

In answer to Prime Minister Sukiman's remarks, Ir. Sakirman asserted that the Indonesian revolution had to become a part of the social revolution led and pioneered by the Soviet Union. Nevertheless, in carrying out an economic program, Indonesia need not imitate the methods of the Soviet Union after the World War. He then in great detail proceeded to explain the new line of the P.K.I., which was essentially that which he had advocated before the RIS House of Representatives a year earlier while carrying a different party card. Thus he envisaged a "transition period", the "people's democracy" phase, on the path to "socialism." One of the three prerequisites to the emergence of the "socialist" community was a heavy industry which would become the backbone of the socialist economic system. But before this precondition could be attained, sufficient preparations were required during the existing period of the "national revolution" (which he pictured as the gateway between the "colonial" and "people's democratic" stages), when elements of "progressive national capitalism" would be allowed to grow. But lest one think for a moment that the P.K.I. was becoming liberal, Sakirman explained that the Government should implement Article 33 of the 1945 Constitution and in the following ways, not as an end in itself but as a prelude to the "socialist" state:

(a) nationalize all branches of production and the riches of the earth and water which control the necessities of life of most people, foreign trade, and financial institutions;
(b) guarantee rights to land according toethe principle of "land to those who workeit";
(c) protect and lead medium and small private enterprises, and guarantee rights of ownership of household furnishings and tools of private workers;
(d) gradually establish heavy industries, e.g. mines, machine factories, iron foundries;

(e) cancel the R.T.C. agreement and other agreements with imperialists, which injure the common people.[90]

Djokosoedjono (a P.K.I. leader in SOBSI) cited the example of the state prosperity plans in the "peoplets democratic states" of Eastern Europe and China in the determination of which labor unions allegedly played a major role and recommended that Indonesia could well follow their example. Moreover, he predicted that the Government's economic program would fail unless it developed trade with such countries.[91] His union colleague, Werdojo (a Vice Chairman of Permai), attacked the military order issued in February prohibiting strikes in vital enterprises, which had resulted from the wave of strikes and intimidation mostly by unions affiliated with SOBSI. In the language of the new line, Werdojo called this "protection" for "blockheaded" large foreign capital headed by the U.S.A. and "terror" towards the workers class, farmers, "petit bourgeoisie" and "anti-imperialist national businessmen". Citing areas of unemployment, Werdojo proposed that the Government either continue giving unemployment allowances, or better yet, industrialize and nationalize. Although he recommended priority to setting up state enterprises, he proposed also that support be given to national business and other enterprises of the people. Finally, he urged that a national front be formed

90. Speech, 11 June, R.P. 1951, pp. 4762-4770. The other two prerequisites to the emergence of the socialist community were: a high level of ideological, political, and organizational consciousness by the "labor class party" (i.e., the P.K.I.) and the working people in general, and ideological leadership by the P.K.I. The former was to be achieved through indoctrination of labor and other "democratic and anti-imperialist" groups and classes--farmers, national businessmen, small businessmen, and intellectuals, "without regard to politics and religion."

The sectors in the 1951 P.K.I. program for nattonalization were curiously identical to those specified in the Partai Murba's "Maximum Program" of 1948.

Concerning point (a), Prime Minister Sukiman observed that although Sakirman might not be imitating the Soviet economy, he appeared to have forgotten the real circumstances in Indonesia. R.P. 1951, p. 5094.

91. Speech, 12 June, R.P. 1951, pp. 4921-4923.

in which every movement would enter, to be guided by a national program.[92]

Dr. Adjidarmo's speech, which interpreted Article 38 of the Constitution to imply confiscation and ownership by the Government of vital enterprises, was largely a rehash of his remarks when the Natsir Cabinet's program was debated.[93] Mr. Iwa (also of Permai) termed the Government's statement about the obligations of foreign capitaltin Indonesia as rather naive and demanded a continuation of nationalization oftlarge foreign companies following the example of Iran.[94] Siauw, who endeavored to represent

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92. Speeches, 1 and 12 June, R.P. 1951, pp. 4337 ff., 4843. Werdojo inserted in his speech a resolution by the SOBSI Central Bureau of 27 February, which in the phrase then fashionable with the P.K.I. referred tot the authorities as the "Government of the R.T.C.-Republic of Indonesia."

Of the seven major corporations and producerst associations whicht Werdojo and SOBSI cited as "large foreign capital headed by the U.S.A.", American capital played no role in six and in the seventh only a very minor one.

Other examples of Werdojots serving the P.K.I. as its front man occurred in its motion to nationalize all electricity and gas companies submitted in late 1950 (see Chapter XXI), and its amendment to give priority to state highway transport organizations submitted in June 1951 (see Chapter XXII)t

A shade to the right of the other SOBSI leaders was Ahem Erningpradja, whose speech was in a vein not dissimilar to that of his faction colleaguest Thus he considered every economic evil inherent in the "liberal democratic economic system" (which according to Sidik Djojosoekarto meant "imperialism-capitalism"), and that cooperation between labor and management (as advocated by the Government) was impossible in a capitalist system. Moret over, in a socialist system he saw no "laborers" but only "workers", who contributed their production to meet the needs of the community. Nor could the term "management" be used, for enterprises owned by the community andt controlled by the state would be led by the best and most progressive citizens from the circles of the working population. But in present-day Indonesia, the most that could be expected in labor-management relations, he predicted, was a temporary "ceasefire." Speech, 1 June, R.P. 1951, pp.4374ff.

93. Speeches, 2 and 12 June, R.P. 1951, pp. 4536 ff., 4851 ff. In his latter speech he deplored the use of force in removing settlers (most of whom were associated with his B.T.I.) from estate lands.

B.T.I. head S. Sardjono in a later debate called for striking Art. 26 (3) from the Constitution and amending Art. 38 so that vital enterprises including estates and large landholdings could be nationalized. Speech,t 24 July, R.P. 1951, pp. 5606-5611.

94. Speech, 1 June, R.P. 1951, p. 4446.

Chinese residents in Indonesia whether they had acquired Indonesian citizenship or remained aliens, on the one hand contimued his insistence that the Government not carry out a policy discriminating in favor of "indigenous" Indonesians. Since there were large companies operating in Indonesia by alien Chinese, Siauw asked the Government to differentiate between large alien "monopoly" capital and large alien capital which was not tmonopolistic. The former he identified with the "giant" enterprises of "ex-colonial nations" and recommended that the Government take them over. The latter he implied could help the country progress towards a national economy. Furthermore, with the disappearance of monopoly capital, Siauw envisioned broader opportunities for medium and small capital of citizens of Indonesia "and other Asianst"[95]

The Sukiman Government considered the fact that barely one-seventh of the members of Parliament joined in the debate a sign of good will. However, it did not fail to note the "belligerent" attitude of several of the members, who were never satisfied with a Government or its program unless everything was in keeping with their exclusive way of thinking. It disagreed with the views of those whotconsidered that the cancellation of the R.T.C. Agreement wouldtautomatically, like a magic spell, change economictconditions in Indonesia. It considered the R.T.C. Agreements as a formulation of the balance of power as it existed in 1949. Bringing that balance more in line with Indonesian national interests it termed a necessary aim which would leadtIndonesia to demand changes in existing agreements

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95. Speeches, 1 and 11 June, R.P. 1951, pp. 4426-4428, 4776-4778. Siauw included Indians in his definition of non-monopoly alien capital and complained against recent Government measurestagainst certain Indian businessmen who had violated economic regulations.

or their terms, but not the reverse.[96]

Noting that the goal of all was the same--a sound national economy--Prime Minister Sukiman observed that there were differences over how to proceed from the existing economy which still had colonial characteristics and the productive equipment of which was largely owned and operated by aliens. To develop out of the "baby stage" towards the national economy, plans first emphasized production of necessities through providing opportunities within the country and stimulating all sources of wealth. Secondly came the change over of production equipment from alien capital and manpower to those of the State and to Indonesian national businessmen. Since the State's leadership was needed for a fair distribution of the national product, Sukiman denied that the Government stressed liberal economic views or based its plans solely on the capitalistic attitude towards labor. He affirmed, instead, that the Government would plan an active role in every economic sector by mobilizing and activating every possible source of wealth and productivity in order that a joint prosperity for the people might be realized.[97]

Besides developing the people's industry (small and medium), the Government announced that its plans also covered the establishment of large-scale industries to produce goods and materials needed for stimulating the development of such people's industry, as well as for freeing the economy from the import of nonessentials. So long as such projects required the investment of foreign capital, it reiterated, there would be both fair

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96. Statement, 7 June, R.P. 1951, pp. 4643, 4659. When left-wing members protested that they did not expect immediate benefits from cancelling the R.T.C. Agreement, the Government took note that what they hoped for directly from such action was not prosperity but the ownership of all alien capital, means of production, etc by the Indonesian state and nationals. R.P. 1951, p. 5095.

97. Ibid., pp. 4652-4655.

financial guarantees and guarantees that such capital would be completely under State control and working in the national interest. The Government indicated that it preferred that such new investments be in the form of mixed enterprises with cooperation between foreign and national capital, but with assurances that majority control could be with the state or Indonesian capital. Furthermore, such principles were also intended for alien companies already in existence. However, since such enterprises had an important function, and the Government was responsible for the welfare of the people, it implied that the direct measures of socialization urged by some members of Parliament--in view of the possible adverse consequences--could be quite irresponsible. Moreover, any nationalization had to be done gradually and according to a plan. Nevertheless, it concluded, its policy was definitely aimed at controlling, limiting, and decreasing the role of foreign capital.[98]

Finally, concerning the question of an "indigenous policy", the Government announced that it did not operate any such policy but treated all its citizens equally in the matter of their rights and duties free from the

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98. Ibid., pp. 4656-4658. The Government announced that it had taken the first steps in nationalization of electricity companies.

Arudji Kartawinata (whose P.S.I.I. had joined the B.P.P.) initially viewed the Government's recommendation to alien enterprises to allow national capital to participate in them as an effort to make alien enterprises "more acceptable", without considering whether or not they were good for the economy. In view of the later Government statement on mixed enterprises, Arudji declared that his views were not changed but that where foreign capital held 49% of the stock of a company it was "really acceptable" (sic). He then declared that he could not accept such a position as the basis for implementing Art. 38 of the Constitution. Speeches, 2 and 12 June, R.P. 1951, pp. 4492, 4837-4838.

Koesnan, speaking as the representative of the G.S.B.I. ("which does not follow any political party") urged that labor be made a business partner with the owner of capital and given a voice in the social and economic affairs of the business. Speech, 1 June, R.P. 1951, p. 4296. The Government commented only that within labor circles themselves there was no consensus on this matter. R.P. 1951, p. 4685.

factor of descent or religion. In several instances sucheas land rights where some racial discrimination was still felt, this was ascribed solely to old regulations which had not yet been replaced.e The Government's efforts to end all racial discrimination, it was observed, would go faster if accompanied by practical efforts by the community so that differences which existed in the everyday life of the citizens would not be felt.[99]

From the foregoing, it appears that there was little change in Government economic policy from 1950 to 1951 and into 1952. On 15 May 1951 the name of the principal economic ministry was changed from Ministry of Trade and Industry to Ministry of Economic Affairs, and on 16 July its minister, Soejono Hadinoto (P.N.I.) resigned for reasons of health and was replaced by Mr. Wilopo (P.N.I.). These changesewere accompanied by no important modifications in the Government economic policy, but the indirect consequences of the appointments of Soejono Hadinoto and Wilopo to cabinet posts were far-reaching. With the removal of these two moderates from the P.N.I. Executive Council in 1951 (a council member was not allowed to hold simultaneously a cabinet portfolio), the way was open further for the party radicals headed by Sidik and Mangunsarkoro to swing the party significantly to the left in 1952 and 1953.

Wilopo Cabinet

The Wilopo-Prawoto Cabinet, which was installed on 3 April 1952, and which was to face perhaps more frustrations than any other pre-election administration in Indonesia, started work with the greatest amount of support and good-will of any Indonesian Cabinet.[100] The P.N.I. and Masjumi

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99. Statement, 7 June, R.P. 1951, p. 4707.

100. Parliament voted 125 to 5 to allow the new cabinet to continue its work. Although a number of minor factions did not support it at the outset, those which did would acquire roughly ninety percent of the vote in the 1955 elections.

For a thorough account of political developments during this period, see Feith, The Wilopo Cabinet, 1952-1953: a Turning Point in Post-Revolutionary Indonesia.

still had the most portfolios (although each one less than in the earlier cabinet), and Wilopo left the Ministry of Economic Affairs to Mr. Sumanang (who had headed the P.N.I. Economic Department at the time the party was founded six years earlier). The P.S.I. replaced PIR as the Number-3 party in the cabinet, and Professor Sumitro took over the Finance portfolio, while Djuanda began yet another term as head of the Communications Ministry.

Point 2 of the new cabinet's program dealt with "Prosperity" and called for raising the level of living of the people by increasing "National" production, especially of the people's foodstuffs, and for continuing to make modifications in the agrarian field.[101] However, in explaining his program, Prime Minister Wilopo, noting that the country was confronted with a fall in government revenue and a decline in the economy, specifically avoided announcing a "high-sounding" economic program. In many places Wilopo indicated that his government would continue the work of the previous cabinets. While promising to start the State Planning Board working, he declared that in following existing plans the Government would where possible help equip the economic apparatus, both that in its hands and that in private hands. Furthermore, while declaring that the prosperity policy had to be based on the concept of a "national economy", he affirmed that a young state with a great shortage of equipment, capital, and experts needed to provide opportunities for alien companies and capital to participate in economic projects so that the standard of living of the people might be raised. In line with this policy, Wilopo asserted

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101. Kabinet-kabinet R.I., p. 45.

that the Government would protect damaged estates so that their pre-war productive capacity could be restored and would settle disputes between alien estates and the local farmers on the broader basis of the interests of the state and nation.[102]

Concerning the role of the Indonesian inehis economy the Wilopoe Cabinet urged smaller Indonesian companies or wealthy persons to associate together in partnerships or corporations in order to rise toea higher business level. Moreover, as a definite step towards a national economy, it announced that it would endeavor to have skilled "Indonesian citizens" obtain executive positions in the more important companies.[103]

In the debates which ensued over the program of the Wilopo Cabinet, members of factions supporting the Government--more thaneat any othere cabinet foundation--aired their views on outstanding economic problemse Four P.N.I. members spoke on different economic matters. Slamet Tirtosoebroto called for protection for "national production", especially small-scale industry, protection for the "weak" in the field ofetrade, but without discrimination, and the promotion of national transport companies.[104]

Mr. Sunario, discussing foreignepolicy in the name of the P.N.I., declared that the source of foreign capital--if required-- as well as alien personnel and goods should be scrutinized to avoid introducing political influences which might adversely affect the country's independence.

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102. Statement, 9 May, I.P. 1952, pp. 247-251.

103. Ibid., pp. 248, 252. Cf. recommendation of the Ali Sastroamidjojo Cabinetethat private Indonesian banks amalgamate, Chapter XXIII.

104. Speeches, 20 May, I.P. 1952, pp. 468, 474-476. Abdullah Jusuf, hinting at corruption, alleged that a department head with a low salary had bought a "villa" and some large merchants had handed over money in order to obtain large profits quickly.

Thus, he reasoned, Indonesia should avoid capitalnfrom countries whichn had political aspirations towards her.[105] Such countries, however,nwere not identified.

Koesnan, a recent addition to the P.N.I. Executive Council, speaking again on behalf of the G.S.B.I.--which its "revolutionary labor friends" called "yellow socialist"--declared that he had no objection to alien capital's working in Indonesia, but it had to realize fully that it was working in a "foreign" country with "foreign", not "subject" labor. Observing that labor, being compelled to "sweat in the interests of alien capital", did not feel as if it were working in the interests of the State, he demanded information on how far alien companies had gone to raise the status of their Indonesian employees. Thus he asked the Government for (1) comparative data on the number and income of alien and Indonesian employees and the number of company houses occupied by each group; and (2) information on how far Art. 12 (1) (c) and (d) of the R.T.C. Financial and Economic Agreement was being fulfilled by alien enterprises. In the event that the Government felt unable to face foreign businessmen, he proposed that a state commission consisting of representatives of labor organizations, farmers' organizations, and political parties be set up to obtain the data.[106]

A number of Masjumi members called for more assistance to "national" business. Thus Hadji Farid Alwi Isa complained that national merchantsn were not feeling any benefits from Government protection and many were then being forced to go out of business. MohamadeNur El Ibrahimy from

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105. Speech, 16 May, I.P. 1952, p. 392. Sunario concluded that Indonesia had to orient towards countriesnwhich had absolutely no aspirations toward her. He also warned against importing films with political propaganda.

106. Speech, 15 May, I.P. 1952, pp. 332-334.

Atjeh complained that instead of protection, national companies there were at times poorly treated by the authorities..[107]

A. A. Achsien (of Nahdlatul Ulama, which was separating from Masjumi), in a long speech criticized measures which had an adverse effect on the smaller kretek, weaving, and rice milling industries.[108] In order that a sound national economy and corporations might be built up, Hindrosudarmo (S.T.I.I.) proposed that the Government: (1) differentiate in its taxes between national capital which was still growing and alien capital which had had its roots established for some time; (2) provide credits or other assistance to national enterprises which were well managed, experienced, and which kept a proper set of books; and on the other hand (3) liquidate trading corporations and organizations which confused the people by pretending to be national companies.[109] In making these recommendations, Hindrosudarmo became one of the first Indonesians to differentiate publicly between Indonesian companies which provided bona fide services to the public and those marginal operators entering business who subsequently were termed parasites.

Other economic dislocations were scrutinized by other Masjumi members. Thus M. Yunan Nasution of East Sumatra approved the Government's principle for settling estate land disputes, but called for immediate distribution lest the issue become a political football.[110]

Goesti Abdoel MOEIS, Chairman of the Labor, Personnel, and Social Affairs Committee of Parliament analyzed factors which aggravated problems

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107. Speeches, 16 May, I.P. 1952, pp. 393-394, 403-404.
108. Speech, 5 June, I.P. 1952, pp. 606-611.
109. Speech, 15 May, I.P. 1952, p. 342.
110. Speech, 16 May, I.P. 1952, pp. 382-386. See "East Sumatra Land Problems" in Chapter XVIII.

in the field of labor affairs:

(1) poverty throughout the entire community;

(2) racial antipathy in the labor world. Instead of labor problems being questions of work and capital, they had become involved with differences between nationalities, a psychological factor which widened the gulf between businessmen and labor in Indonesia. Moeis considered this a vestige of the fight for independence and against colonialism, in which in the past alien capital had exploited manpower in Indonesia;

(3) the class struggle. Into the midst of shortages, poverty, and increased nationalist sentiment, when national and state capital was just beginning to bud and when external and internal conditions were just beginning to be stabilized, the class struggle was thrust into the labor struggle. The theory of the class struggle--which no longer had any basis in fact--was used by the narrow-minded as a source of hate and grudges, while slogans were mouthed calling for the destruction of business allegedly so that the laborer could live. Thus business, instead of being the scene of striving for a livelihood, was being turned into an arena of perpetual disputes;

(4) political and ideological factors. Although the progress of labor movements had been fast, political and ideological splits occurred, so that labor questions, instead of concerning themselves with the welfare and standards of labor and workers, became tangled up in political and ideological disputes;

(5) opposite motives. While business wanted to get the largest possible product using the least possible number of workers, labor wanted to get the largest possible income with the least expenditure of energy. Moreover, since capital was viewed as an opponent to be opposed, it was difficult to create happiness in work;

(6) wrong attitude by businessmen. It was often difficult to create working peace because many alien businessmen still had not adjusted themselves to the fact that they lived in an independent and sovereign state and were still treating workers no differently from the way they had in the colonial period. Such an attitude, of course, created discord;

(7) the unstable value of money.

These factors had to be taken into account, Moeis declared, if the Government was to implement the labor point in its program, i.e. "to complete labor legislation in order to raise the standards of workers and thus to guarantee the National production process." Furthermore, if shortages and suffering were to be overcome, this had to come about through increased production, which depended on diligent working, which in turn would result in concord at work and happiness. If the Government agreed with this premise, Moeis suggested, in the interests of the poor and suffering people,

it had to prevent and if necessary break up every act intentionally aimed at paralyzing these principles, regardless of who had been the perpetrator. Moeis, on the one hand, acknowledged that one cause of disputes had been declarations by some businesses that their reduced profits were losses, as a result of which the Government would order a wage cut. On the other hand, he defended the desire of the businessman in general to improve the position of his capital, since no group in the world, he felt, would invest capital, whether national or state capital, unless at a profit--the alternative being bankruptcy. Another cause of labor disputes, averred Moeis, were certain politically and ideologically-oriented groups who fished in troubled waters and utilized the factors of poverty and shortages for their own purposes, while declaiming the rights of mankind, chanting "democracy!", and repeatedly asserting that they spoke "for the people". Moeis concluded that the right to strike and other basic rights had to be upheld, but that also the right of the community to peace and order had to be guaranteed.[111]

Sumarto of Parkindo,[112] who was First Vice Chairman of the Labor Committee, spoke out against certain practices by alien business. Citing Art. 12 of the R.T.C. Financial and Economic Agreement, he complained that when

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111. Speech, 15 May, I.P. 1952, pp. 325-326.

112. Only a month earlier, when Dr. J. Leimena opened the Fourth Parkindo Congress, he declared that the Government was responsible for raising the standard of living of the people and for regulating production so that goods were evenly distributed to all groups of the society, and that there had to be a balance between state projects and "free enterprise". Kongres Parkindo jang Ke-IV, (Djakarta, 1952), p. 33.

The Parkindo program then approved called on the Government to change the colonial economy to a national economy; to nationalize as far as possible such vital enterprises as shipping, aviation, mining, and to open new enterprises useful for the strength of the state and the prosperity of the people; to organize a guided economy; to provide credits as fairly as possible for undertakings of the people and to promote the cooperative system; and to intensify industrialization and agriculture. Kepartaian dan Parlementaria Indonesia, p. 483. For Parkindo's economic program between 1950 and 1952, see Kepartaian di Indonesia (1951), p. 88.

alien businesses received vacant land from the Government to build houses for their employees, they usually used such housing for their non-Indonesian employees, while their Indonesian workers had to hunt for their own. He, too, wondered how far Indonesianization of staffs had gone, observing that in many places the only change noted was that senior Indonesian employees were called "staff personnel" instead of "Asiatic personnel". Even the high-ranking ones had no authority or knowledge of internal company policy, he averred. He also spoke of racial discrimination, which resulted in the salaries of Indonesians in alien companies being far under those of white personnel. Charging that many alien employees were not needed in Indonesia, he cited an earlier request by Bagioadi Mantjanegara (Masjumi) that the Government initiate a bill prohibiting aliens from working in a company without a permit from the government department concerned. Pending such a statute, he proposed that a committee of government officials and employees of alien companies screen and supervise alien employees coming into Indonesia. By limiting the entry of alien personnel to those essentially needed, he concluded, the company profited by lower salaries, the Government would save foreign exchange and realize higher taxes on company profits, other companies thus far blocked by filled quotas would be able to obtain alien personnel really needed, domestic unemployment would be reduced, and production would rise since Indonesians would no longer be confronted by company "defects".[113]

Kasimo (Katholik), noted that for farmers on Java who did not have enough land to keep them fully occupied in the past there had been an opportunity for extracurricular work on estates. But although by 1952

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113. Speech, 15 May, I.P. 1952, pp. 329-332.

there was a need for increased opportunities for work, the area of estates on Java had dropped to almost half that of pre-war, and there were some occurrences which only narrowed the existing field of work. He cited the large-scale unauthorized occupation of a number of tapioca estate lands or destruction of the crops, which was forcing several tapioca mills to close down, and the large-scale destruction of estate sugar cane, which had resulted in a loss of 100,000 tons of sugar. For those who did not care, thinking only alien capital was affected, he explained that the Government had guaranteed bank loans to sugar mills, which could often not be repaid because of such wanton destruction, and that Government revenues in company tax and export duties, as well as foreign exchange was thus reduced. Moreover, such occurrences reduced work opportunities. To expand work opportunities and thus to increase production, Kasimo recommended that the large estates neglected or ruined during the war be rehabilitated. Of course, the old style of colonial operation was not to recur, he explained. What was needed was a new way, which guaranteed a "community of interests" between the parties whose assistance was needed for the operation of the enterprise. In the case of the sugar industry, this meant the owner of capital, the holder of land, and labor. Thus he recommended the "mixed enterprise." Kasimo also approved the Government's principle of settling agrarian disputes on the broader basis of the state's and nation's interests. Among the broader interests of the State, he named sufficient receipts of foreign exchange and maintenance of the quality of the soil against erosion.[114]

Another party supporting the cabinet was Partai Buruh. S. M. Abidin,

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114. Speech, 19 May, I.P. 1952, pp. 412-414. See "Sugar Estates", Chapter XVIII.

Chairman of its Economic Section, on the one hand declared his opposition to the M.S.A. which asserted that aid recipients should promote free enterprise, because he felt that therefore Indonesia would not be able to nationalize large alien enterprises. On the other hand, he urged that the Government promote private enterprises in Indonesia--especially "national" enterprises--by providing them with work.[115] Asrarudin, party Secretary General, asserting that economic plans could not run well so long as transportation on land, sea, and air was still controlled by aliens, consequently discussed ways in which this sector could be Indonesianized.[116]

Foreign capital drew comments from two speakers of the P.S.I.I., which was then still supporting the Wilopo Cabinet. Soehardjo, agreeing that alien capital needed to be invested in Indonesia, felt that each investment should be examined lest it endanger the state and the national economy. Arudji, who had opposed the R.T.C. Agreement when it was ratified in December 1949, resumed the attack, blaming the current recession on it. Because of the Financial and Economic Agreement, Indonesia appeared to defend the colonial economic system, he charged, since it attracted giant foreign capital. Soehardjo then returned to the debate to announce that the P.S.I.I. was urging the Government to abolish the agreement.[117]

One of the two parties voting against the Wilopo Cabinet's assuming office was Partai Murba. Maroeto Nitimihardjo, who previously had urged that the Government mobilize national capital before it seek capital from abroad, now suggested that it utilize alien capital already in Indonesia

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115. Speech, 14 May, I.P. 1952, p. 256.
116. Speech, 6 June, I.P. 1952, pp. 632-635. See Chapter XXII.
117. Speeches, 19 and 21 May, 7 June, I. P. 1952, pp. 425-426, 487-488, 655. P.S.I.I. member Amelz charged that the Jajasan Lektur (Reading Materials Foundation) appeared to favor alien publishers and bookstores over national publishers. Speech, 6 June, I.P. 1952, pp. 616-617.

for organizing a national economy before inviting capital from abroad. He also made a number of proposals on the economy, including one that non-productive branches such as merchants not be expanded, since the more middle-men, the costlier the goods. He suggested that if Indonesians were using business forms according to "European" law, it should be determined how far such laws actually pertained to Indonesian citizens. Maroeto approved the idea of Government credits to national enterprises, although there had been complaints over their distribution. He hoped that the Government would implement Art. 38 (2) of the Constitution--which he inferred to mean nationalization--rather than merely intent to do so. He also objected to the continued use of the term perekonomian rakjat (lit., "people's economy"; translated sometimes as "smallholders economy") since its use (as a successor to "native economy") was indicative of "dualistic" economic thinking.[118]

The smaller nationalist parties, PIR and P.R.N., did not vote on the Wilopo program. A number of their members, however, presented their views in Parliament.[119] Thus, P.R.N. member Saroso Harsono of Parliament's Economic Affairs Committee discussed the adverse effects on Indonesian national business from recent foreign exchange regulations and called for

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118. Speech, 15 May, I.P. 1952, pp. 359-361. The Government agreed with Maroeto's objection to a colonial interpretation of perekonomian rakjat, and suggested that it referred to the "national economic world" in Indonesia. Statement, 3 June, I.P. 1952, p. 568.

119. Speeches, 19 May, I.P. 1952, pp. 431, 443. Mas Soedarnadi (PIR) also inquired about the steps the Government had taken to see that the obligations of businessmen mentioned in Art. 12 of the R.T.C. Financial and Economic Agreement were being carried out. Tadjuddin Noor asked what portion of the economy--if all of it need not be in Indonesian hands to achieve a "national economy"--was allowed to aliens, and whether this had to be specified by the Government.

protection lest foreign trade slip away from Indonesian merchants. He also called for protection for domestic products from cheap imports (to aid national industries), and for protection for Indonesian exports. Citing the example of Thailand, where enterprises in certain fields could be set up only with 100 percent national capital--a policy of discrimination, he admitted--he called for similar regulations on behalf of businesses most (not all) of whose capital had to be owned by Indonesians. Such a move was supported by many persons he had met on a recent inspection trip of Sumatra, he observed.[120]

B. Sahetapy Engel of the Demokrat faction, who hoped that the Government would favor "bonafided" Indonesian importers with orders, agreed in principle with participation by alien capital in economic undertakings. However, he doubted whether alien capital would participate in projects which the Government wanted if the ratio of alien to indigenous national capital was only 25:75, a ratio which he alleged was required by government regulation. He also wondered whether the Government effectively supervised aid to industries so that corruption, nepotism, and crony-ism could be avoided.[121]

The "United Progressives" faction failed to give its support to the Wilopo Cabinet, a significant matter since a year later it was instrumental in bringing down the cabinet. The faction was made up of non-party members or members of splinter parties, who in general were the most friendly to the Communist parties among members of Parliament, some gravitating to

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120. Speech, 15 May, I.P. 1952, pp. 367-378. The speaker also advocated "tax protection", i.e. higher taxes on companies with alien capital than on companies with national capital.

121. Speech, 20 May, I.P. 1952, p. 459.

Partai Murba, some others to the P.K.I. A number appeared to be pro-Communists, who were independent of the two formal parties, and many frequently changed their nominal splinter party affiliation.

The faction had been organized in 1951 around members in Parliament associated with Permai (Persatuan Rakjat Marhaen Indonesia—Union of Indonesian Poor People), which was a member of the B.P.P., the left-wing alliance set up in early 1951. Permai, a political movement on Java during the Revolution, had emerged as a political party in February 1950. A goal of the party was to strive for an Indonesia where the residents would have a happy and beautiful (permai) life of equality in keeping with the natural beauty of Indonesia. Its program and the economic portions thereof were varied. Thus in 1950 its three-point economic program included a desire that all vital enterprises (identifying "vital" as "extremely large") be made state enterprises. In 1951 it adopted the 1948 National Program. And at its eighth congress in April 1952, it modified this program. In this latest edition a "National Economy" based on Articles 38 and 28 of the Constitution and aiming at prosperity and welfare for the people (each citizen) was called for. A new agrarian policy was proposed in which private lands and expired erfpachts would be distributed to the peasant population which had little or no land. Transportation had to be put on a national basis to guarantee the interests of the people, and private monopolies had gradually to be ended. Vital enterprises were to be nationalized, while businesses of citizens were to receive state aid.[122]

122. Cf. Kepartaian di Indonesia (1951), pp. 356, 362; Kepartaian dan Parlementaria Indonesia, pp. 93, 123-127.

I. R. Lobo, who had wrested the chairmanship of Permai from J.B. Assa, a short while earlier, presented the Permai program to Parliament, and commented that merchants were not the only economically weak group in the community, but that there should be a "benteng" group too for farmers, labor, and the marhaen. Lobo also attached a working paper on agrarian problems and industrialization, which "Papa" Iwa Kusuma Sumantri had read to the Permai congress. This declared that Indonesia was not sovereign in the sense of being able to regulate its economy and that foreign capital foiled industrialization plans, for it would not allow the establishment of factories in Indonesia to utilize domestic materials. Thus Indonesia had to remain for the time being an agrarian country. But alien capital, not the state, was sovereign over Indonesia's land, declared Iwa, thanks to the R.T.C. Agreement. What use were the expropriation rights provided by it, he complained, if the Government lacked the funds for paying compensation? The question, as Iwa saw it, was: in view of the fact that the Indonesian Government--want to or not--had to serve alien capital, how could the farmer get room to live and retain control over lands of estates and other properties which had once been in the hands of foreign capital but were still held by the farmers? The question, he concluded, depended on the faith and determination of the farmers to win out in facing the power of a "slippery and deceptive foreign capital."[123]

123. Lobo speech, 15 May, and Iwa speech at Permai Congress, 24 Apr., I.P. 1952, pp. 310-321. The Permai congress, following Iwa's recommendations, called for a single system of land rights, the abolition of horticultural erfpachts, no extension for erfpachts on Java although new ones might be granted outside (but limited to 50 years and 400 hectares), and protection to national industries. Iwa had suggested that each citizen could possess a maximum of five hectares of sawah or ten hectares of ladang; the congress changed the wording so that each citizen must possess enough land to guarantee a proper livelihood for himself and his family. Iwa had proposed that erfpachts be given only to Indonesian citizens and trading organizations which were in Indonesia; the congress changed this to "persons and trading corporations situated in Indonesia." K. Werdojo, the third Permai member in Parliament, presented a paper on labor, social and health affairs to the congress.

In a later attack on foreign capital before Parliament, Iwa included sugar mills among the vital enterprises to be nationalized.[124]

Siauw Giok Tjhan, as usual, maintained his two-pronged attack. On the one hand he called for an end to favoring indigenous citizens, declaring that since 27 December 1951 there was no longer any reason for protecting the "economically weak" group. He noted that because citizens of Chinese descent were experiencing difficulty in getting realty registered, there was a danger that houses would no longer be accepted as security for loans. Dutch capital and personnel, on the other hand, were as usual the implicit object of attacks by Siauw. Thus he called on the Government to avoid measures which would benefit companies of "giant capital", most of which were owned by "colonial nations", and which might injure small, medium, and "large" capital, in order to speed the transition from a colonial to a strong national economy. In this instance, undoubtedly since many of the persons he represented were aliens, he avoided the use of the term "alien." Similarly, instead of differentiating between citizen and alien personnel in general, and in order to promote the interests of Indonesian citizens of Chinese descent, he attacked the numbers of "imported personnel", who generally were "white skinned", working at the large oil companies. These could be replaced by "Indonesian" technicians, he suggested, and the achievement of the national economy could be speeded up, if "Indonesia's own citizens" were sent to the Chinese People's Republic for training.[125]

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124. Although the Permai congress overruled Iwa on one point where he wanted a citizenship qualification, Iwa before Parliament on 6 June, while demanding the Indonesianization of all legislation--especially in the economic and financial sectors--called the condition of citizenship the sine qua non for the development of prosperity in the country. I.P. 1952, pp. 371-373, 627-628.

125. Speeches, 14 May, 7 June, I.P. 1952, pp. 299-300, 650-654.

Similarly, another representative of a racial minority, J.o P. Snel, declared that as a democrat he could support the obligation to protect the economically weak, yet one was not automatically economically strong or weak because of his origins or presence in a certain population group. He, too, attacked discrimination against non-indigenous citizens in the landholding sector.[126]

Mr. Burhanuddin (non-party), former Chief of the Department of Trade, expressed his happiness with the Government's intention to raise "national production." But he noted that the Government had not defined this term, and observed that if it meant "national capital" or "national manpower" (or a marriage between the two) these did not yet exist. He thus called for a definition. Although he did not have the vested interest in the subject that those representing racial minorities had, Mr. Burhanuddin also observed that in practice the help to "economically weak" persons went to Indonesian nationals. Identifying 'economically weak" persons solely with indigenous Indonesians he termed morally indefensible; moreover, the Constitution's citizenship provisions did not differentiate between those of alien origin and those not. Consequently, although wanting to see Indonesians prosperous, Burhanuddin declared that Indonesia had to keep faith with its Constitution and be honest to the other citizens. Recalling the earlier discrimination by the Dutch Government, which despite its frequent use of "sweet terms" applied them in practice only on behalf of its own nationals, and by the Japanese authorities, who spoke of "joint prosperity" and "elder brother" but only in their own interests, he noted that both had fallen. Noting that what was "national" was not always good and that what

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126. Speech, 16 May, I.P. 1952, p. 399.

was "colonial" was not always bad, he concluded that the Indonesian Government should not discriminate between its own nationals.[127]

The twenty-eight year old S. Utarjo (P.K.I.) labeled Mr. Burhanuddin's views that what was national or colonial was not always good or bad, respectively, as "dangerous". In his own view, the two terms represented diametrically opposed groups, and "Indonesian national" was a characteristic representing the interests of the entire Indonesian nation, whereas "colonial" represented the interests of a small group of capitalists, who only aimed at getting extra profits at the cost of the sweat and blood (sic) of the working people. While expressly foregoing a debate on whether everything originating from the Indonesian nation was always perfect, he declared that the view that what arose from the colonialists was not always bad, was one that benefited colonial interests.[128]

A number of speeches by P.K.I. leaders about this time reflected the party's renewed emphasis on friendship to Indonesian business as part of its campaign for a popular front and a "national coalition cabinet." Already on 1 March, a week after the Sukiman-Soewirjo Cabinet handed in its resignation, the P.K.I. Central Committee drafted a resolution on the need for a "Labor United Front" to serve as the foundation of a "National United Front", which was necessary for achieving "national independence" from "Dutch and American imperialism." According to its "People's Democracy Program" (which the party was then following), the P.K.I. had no intention at that time of liquidating national businessmen by having their companies nationalized. Recalling Sakirman's remarks of two years before, the

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127. Speech, 14 May, I.P. 1952, p. 259. Burhanuddin noted that certain indigenous Indonesian businessmen could not be considered "weak citizens."

128. Speech, 20 May, I.P. 1952, p. 463.

P.K.I. professed that it actually aimed to defend their right to private property, for they were needed to enlarge the productive capacity of the community in order to facilitate attaining the socialist society. The "revolutionary People's Democracy Program" demanded that there be cooperation between all groups to destroy the common enemy. It was consequently an obligation of Indonesian labor to help national businessmen in their struggle against the monopolies of "Dutch and American imperialism", and in their struggle to attain free trade with the "People's Democracies" and the Soviet Union.[129] Asserting that national businessmen should have no illusions about receiving real protection from the Government, which the P.K.I. then continued to call the "compradore of large foreign capital" and which it alleged gave large foreign capital complete freedom to swallow them up, the P.K.I. called for support of its "People's Democracy" system as the guarantee of the stability of national businessmen.[130]

The new P.K.I. emphasis on the interests of "national businessmen" was followed up by speeches in Parliament by Sakirman and Utarjo, in which the calumny against the Government was absent, since the cabinet had changed."[131]

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129. Cf. "The Moscow Economic Conference and BAKUNA" in Chapter XXIV.

130. Central Comite P.K.I., Kewadjiban Front Persatuan Buruh, (Djakarta: Pembaruan, 1952), pp. 15-16, 19.

131. Alleging that the people wanted the Government to nationalize the vital enterprises which controlled the livelihood of the masses, Sakirman protested again that steps in that direction by no means meant that the private or cooperative economic systems and national capitalism had to be destroyed yet, for these were still needed during "a certain stage in the development from a semi-colonial economy to a socialist economy", so long as the state coordinated them and provided leadership toward the desired development by owning all vital economic resources". Speech, 14 May, I.P. 1952, pp. 277-279.

Utarjo, justifying in Parliament the demands by (SOBSI) unions for higher wages from oil companies than from companies operated by national capital, also asserted that labor was making "joint demands" with the management of national enterprises for credits and orders from the Government. Speech, 7 June, I.P. 1952, pp. 659-660. Utarjo also charged that workers for estates were being recruited according to colonial methods, called the system of distribution of farm lands in North Sumatra a "land lottery", and protested removal of settlers from various estate lands".

Moreover, Hutomo Supardan presented a number of proposals, which allegedly would enable the Government to increase production and raise the standard of living of the people--but which was a rewording of the program presented by Sakirman a year earlier allegedly as a prelude to the socialist state--in which protection to national business had moved up to first place.[132]

Meanwhile, on 25 May, in a speech commemorating the anniversary of the founding of the party, D. N. Aidit repeated publicly the P.K.I.'s call for a "national united front", as well as united fronts among, respectively, labor, farmers, intellectuals, persons prominent in culture, women, youth, and even businessmen. These united fronts were to be between "members and followers of the P.K.I. and members and followers of other parties."[133]

Djokosoedjono followed suit when he announced that the remnants of the old Labor Front in Parliament had set up the SOBSI faction, of which he was chairman. SOBSI's principles, he explained, was to fight for the well-being of labor by forming a "people's democratic" system aiming towards socialism on the basis of the class struggle. Citing figures of profits by certain Dutch companies, Djokosoedjono lashed out at the monopolies of "foreign, large capital gangs", and contradicted the Government's statement that all production was in the interests of the community. To overcome economic problems and unemployment, the country needed industrialization, he declared.

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132. Speech, 19 May, I.P. 1952, p. 439. Hutomo Supardan's proposals were:
(1) provide protection for national enterprises;
(2) maintain a firm policy of restricting alien monopoly capital operating in Indonesia;
(3) in agrarian matters, arrange that each farmer and the members of his family might live from the product of his agriculture;
(4) lay foundations for basic industries;
(5) nationalize vital enterprises belonging to alien monopolies, with compensation if necessary;
(6) assist small-scale industry; and
(7) provide for transmigration (resettlement).

133. Cf. Aidit, Menempuh Djalan Rakjat, passim.

But since the "imperialists", holding on to the sources of raw materials to the death, did not want to give Indonesia machines, he took note of the Moscow Economic Conference and assured that the Soviet Union was ready to provide them.[134]

In reply to the questions raised by members of Parliament, Prime Minister Wilopo reaffirmed that his cabinet's program was largely a continuation of that of the Sukiman-Soewirjo Cabinet, and that economic development was largely hampered by unstable economic and financial conditions. In a declaration of the Government's intent to harmonize its import and industrialization policies, he took note of the depressed condition of the domestic textile industry, much of which could not compete with cheap imports. Although government orders for domestic textiles were promised, in the interests of the consuming public and Indonesia's future generations, he declared, the Government could no longer assume responsibility for artificially keeping alive those textile enterprises using primitive weaving equipment, for although primitive looms could still be used within the sphere of the family and household handicraft, they were not able to provide adequately in matters of labor and wages. Industrialization would take place, he continued, where it appeared more profitable than continuing the importation of a commodity. Such industrialization would succeed within a reasonable time only if Indonesians worked together with capital and experts from abroad, which definitely were still needed. In connection with this, Wilopo announced, the Government was preparing a "statement of foreign investment policy", which would regulate the conditions for the entry of foreign capital and personnel. Meanwhile, in the cultivation of

134. Speech, 15 May, I.P. 1952, pp. 327-328.

such estate crops as sugar cane and cassava, it was working to achieve the "community of interests" recommended by Kasimo.[135]

In another reference to depressed domestic industries, the Government observed that it was not yet time to implement a program of social security, which required large payments by the respective companies, since it would in many instances compel national enterprises to close. In reply to inquiries over the placement of Indonesians on the staffs of companies owned by foreign capital, it noted that there were still few qualified Indonesians available to fill such posts. However, the Government did agree that alien personnel not really needed should not be allowed to enter Indonesia.[136]

Since the question of racial discrimination in the economy, with new emphasis on that which was apparently occurring over landholdings, had again been raised, Prime Minister Wilopo undertook to give the Government's views on the matter. In reply to the charges of Mr. Burhanuddin, Siauw, and Snel, and repeating the views of the Sukiman Cabinet, Wilopo protested that the Government did not differentiate between indigenous and non-indigenous citizens. He indicated, however, that if it still appeared to differentiate in land matters, this was only as a prelude to unifying the law for the two groups of citizens, for it still felt, in accord with the Constitution, that all citizens in principle should have the same rights. Nevertheless, any new law which might be made that would extend land rights to "new" citizens could not be allowed to be detrimental to any group of the population. Thus in the interests of social justice the law might

135. Statement, 3 June, I.P. 1952, pp. 553, 576.
136. Ibid., pp. 587-589.

place limitations (to preclude concentration of landholdings) on land rights, even of those of citizens. Such limitations could differentiate between citizens and aliens, Wilopo suggested, since it would not be contrary to international law.[137]

The largest storm of protest evoked by the Government's report of its program resulted from its announced intention not to maintain artificially primitive weaving enterprises. Most of it came from moderate members of religious parties. Thus Achsien, Kasimo, and Soehardjo exclaimed that regardless of the primitive conditions, the small weaving mills with handlooms did provide a livelihood to hundreds of thousands of persons and were the main source of income, or a major supplementary source, for many people in the agrarian sector. Moreover, since Indonesian nationals were involved, the Government could not shirk responsibility for their welfare.[138]

There were also parting remarks on the Government's latest statements concerning foreign investment. Soehardjo suggested that instead of a Government "statement" on foreign investment, which might remain in effect only so long as a cabinet stood, a statute on the subject should be made.[139] Hoetomo Soepardan, whose party had stopped labeling the Government the "compradore of large foreign capital," took issue with the new Government's views that industrialization would not be delayed only if Indonesia cooperated with foreign capital and technicians. Protesting that the P.K.I. was not "anti-capital" or "anti-expert" from abroad, he declared that such cooperation was impossible, being contrary to the nature of "imperialism as

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137. Ibid., pp. 553-554, 568.
138. Speeches, 5-7 June, I.P. 1952, pp. 609-610, 625, 655.
139. Speech, 7 June, I.P. 1952, p. 655.

the highest level in the capitalist system", and therefore one of the parties had to lose out--foreign monopoly capital or the Indonesian people. Capital would not come from countries whose economic system had risen "to the stage of imperialism", he and his party reckoned, because if Indonesia could produce its own consumer goods, there would be no market for the goods of factories abroad. Since the P.K.I. could not imagine that such countries would provide capital goods on the basis of "mutual benefit" and "non-interference with the sovereignty" of the parties concerned, it urged that Indonesia develop trade with the Soviet Union.[140]

In its replies to the debates, on 3 and 19 June 1952, the Wilopo Government reaffirmed its moderation. It acknowledged that a new group of good Indonesian businessmen was developing, which could grow even stronger by amalgamation. It also confirmed that the existing level of Indonesia's economy meant that alien capital had a role to play--and so was entitled to guarantees--until the economic capacity of the Indonesian people had been developed to the point where they could take over the position held by alien capital. Furthermore, the basic goal of the Government's economic policy was the largest possible prosperity for the people. Consequently, the position of alien capital was gradually to be harmonized with the development of the national economy.[141] For the same reason, except for the conversion of the Java Bank, the Government undertook only minimum measures of nationalization.

The official attitude was representative of the moderate political forces among the nationalist, religious, and socialist parties in general,

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140. Speech, 9 June, I.P. 1952, pp. 702-703.

141. I.P. 1952, p. 557; Keterangan dan Djawaban Pemerintah atas Program Kabinet Wilopo, pp. 213-214.

but was perhaps most typical of the views promoted by Masjumi. However, although maintained on into the administration of the fourth consecutive cabinet since the transfer of sovereignty, such views would not remain dominant right up until the general elections. The Masjumi Era would shortly begin to show signs of coming to an end, for preparations for the general elections would give rise to expedient measures outside the Government which would cause rifts among the moderate parties and shifts away from moderation in the official program of the Government.

CHAPTER XXVI: POLITICAL ATTITUDES TOWARDS THE ECONOMY, FOREIGN INVESTMENT, AND NATIONALIZATION: THE P.N.I. ERA

During the second half of 1952, while the Wilopo-Prawoto Cabinet was in office, primarily in preparation for the coming general elections, Indonesia's two major parties, Masjumi and the P.N.I., held national congresses which determined and approved the official party attitudes on political and economic questions. The congresses, however, were preceded by the publication of major tracts by a leading thinker of each party.

Sjafruddin and the Means of Production

Java Bank President Sjafruddin (Masjumi), who a year earlier had become the first Indonesian head of the circulation bank for the entire archipelago, in July 1952 made use of an important forum--the annual report of the bank, which the bank president customarily edited. In a chapter on"Basis of Social Welfare Policy", Sjafruddin took issue with certain stereotypes about foreign capital and nationalization which had formed among certain circles of the Indonesian population. He also protested that the Government neglected the medium-sized industries, being preoccupied with large foreign enterprises and a desire to replace them as soon as possible by similar Indonesian ones. Noting that healthy and lasting development grows upwards from below and not the other way around, he observed that so long as an Indonesian middle-class had not been built up from medium-sized trading and industrial companies which originally had been set up as small enterprises, one could not expect major Indonesian industries to be established and to thrive. A good organization was probably more important

than capital, he warned, and that depended entirely on the professional knowledge and experience of the operators of the business.[1]

Sjafruddin interpreted the objectives of the Constitution, especially Arts. 26, 27, 37 and 38, as follows:

> 1. The utmost possible welfare can only be attained if all sources, means, and forces of production in the community are so mobilized and coordinated that the highest possible production is obtained. In the assembly and coordination of these production sources, means and forces, no discrimination shall be permitted in regard to the nationality of the owners of or workers in any business.
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> 2. Power is conferred on the Government to issue orders and regulations with a view to facilitating the most equitable division and distribution of national production. In other words, it is right that all who take any part in the process of production, such as (a) proprietors of the means of production, (b) entrepreneurs, (c) workers, (d) landowners, and (e) others shall receive a share of the national income which is in proportion to their work and knowledge, which have contributed to the total production of the nation.[2]

From the first premise, Sjafruddin reasoned that plans for strengthening Indonesia's economic structure had to be based on the principle that:

> All working personnel and industries actually carrying on any trade or business in Indonesia must be regarded as national capital and national productive wealth, whilst as regards capital, this can be considered to have been produced in Indonesia, even if such capital is the product of activities exercised by means of capital of foreign origin. The only criterion for the definition as to the difference between "national" and "foreign" should be the possibility of effecting transfer overseas . . . . Persons and trading concerns for which the Government regulations allow no transfer, must be

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1. Java Bank Report 1951/1952, pp. 24-25. Cf. Natsir Cabinet Program, Chapter XXV.

2. Java Bank Report 1951/1952, pp. 27-31. Sjafruddin also observed that the economic provisions of the R.T.C. Agreement (without reference to the financial provisions) were compatible with the spirit of the Constitution.

> regarded as "national", even if the relative owners of enterprises or persons, to whom no right of transfer is permitted, are foreigners according to the provisions of the nationality law.[3]

In line with the second premise, Sjafruddin took issue with those, principally Marxists, who overestimated the value of ownership and felt that an equitable distribution of production could be assured only if all vital industries were brought under state ownership. Since ownership was regarded no longer as something inviolable, but as possessing a social function and thus subject to control, Sjafruddin concluded that there was no necessity for the State to possess all important means of production. It was sufficient that the State have regulatory and controlling authority as laid down in the Constitution. Consequently, before nationalizing or establishing a business, he declared it necessary for the Government to consider:

> 1. whether, by converting any private industry into a State industry, production will be raised;
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> 2. whether adequate Indonesian skilled managerial personnel is available;
>
> 3. whether effective control can be exercised by the Government so that not only the technical management of the business comes up to reasonable demands but also so that a healthy financial administrative management is ensured. In this respect we observe that control is more important than ownership . . . ;
>
> 4. whether Government has at its disposal adequate resources (or foreign exchange) to undertake the nationalization or establishment of a business; and last, but not least,
>
> 5. whether, also,if the Government has the requisite means at its disposal, there may be reasons to use such means for the establishment of a new trade or business which is intended to lead to an increased production capacity in the particular line of business or branch of trade, or for making use of the aforesaid

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3. Ibid., pp. 40-41. Cf. his "Is Foreign Capital Dangerous for Our Nation and State", in "Natsir Cabinet", Chapter XXV.

> means in the setting up of other industries for which the need is greater and which are of more vital importance than the one originally contemplated.

If after consideration of these points, Sjafruddin continued, it was determined that the Government's primary aim--maximum production--could be attained "more advantageously with the assistance of private capital and initiative--even though it may be foreign capital and initiative"--then from a strictly economic standpoint "nationalisation or the establishment of an industry with National funds would be needless prodigality."[4]

Proponents of nationalization also were not fully aware of the fact that an equitable distribution of income could be provided for by fiscal and social regulations, Sjafruddin declared. Moreover, they would be wrong to think that ownership per se would guarantee a fair division in the sense of equal distribution for all, since the owner always ran the risk that he might eventually receive nothing and might even need to make up any deficits in the shares of others. Not only was ownership alone not decisive in attaining an equitable distribution of a nation's income, Sjafruddin concluded, but:

> if the Government itself becomes owner and manager, it relinquishes its strong position as the controller and distributor and becomes merely the bearer of all risks.

For those who extolled the Communist system in Russia, where, he noted, the differences in incomes were often more pronounced than in the Western "capitalist" nations, he saw the lesson that the utmost possible socialization not only was no solution to the problem of the division of the national

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4. Java Bank Report 1951/1952, pp. 31-33.

product, but instead promoted the exploitation of the weaker groups by the one in possessionoof power.[5]

At a time when the P.K.I. was stepping up its campaign against capitalism through the tactic of directing it against foreign capital, and when it was calling on SOBSI to treat the national businessman with some consideration but not the foreign businessman, Sjafruddin cautioned against campaigns for wages and social commitments from foreign businesses significantly higher than those received elsewhere or campaigns for prohibitive taxes against foreign business. Considering that in Indonesia's state of near-poverty "Western industrial life", which provided a livelihood for hundreds of thousands of people, was important for the welfare of Indonesia and for raising production and improving the living standards of their employees, Sjafruddin warned against "killing the goose that laid the golden eggs."[6]

In support of his views about the importance of foreign capital in economic development, Sjafruddin cited a declaration by Nehru that India, too, needed foreign investment. Then, in special reference to the categorization of industries resulting from the Sumitro plan, Sjafruddin concluded that if:

> foreign capital and initiative are ready to set up a trade or industry which can supply any particular home need, whilst no national capital is available for that purpose, permission for the establishment of such an industry should not be refused without any further investigation. The danger which threatens the welfare of the Indonesian people is not the risk of too much capital, but too little, not in surplus production but in under-production, not in an excess of economic activity but a lack of productivity . . . .

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5. Ibid., pp. 33-34.

6. Ibid., pp. 35-36. Cf. "Natsir Cabinet" in Chapter XXV.

> If, however, no interest whatsoever is evinced by . . . private capital whether it is national capital or foreign, towards particular projects which are considered by the Government to be of major importance for strengthening the economic structure of Indonesia, only in such cases would it be open to the Government to embark upon the establishment of State industries in order to fill the gap.[7]

Sjafruddin was a humanitarian, who sought the maximum prosperity for all the people in the most efficient manner, and who combined the "democracy" and "social justice" principles of the Pantja Sila with its "humanity" principle or "internationalism"--the one most neglected by Indonesian political parties. His ideas were directed perhaps more towards the hesitaters among the moderate nationalists and socialists[8] than towards the more incorrigible xenophobes and "neo-caste-ists" (especially those of the Marxist orthodoxy). Since Indonesia was still a very young nation-state, however, Sjafruddin may have been too far ahead of his time.

Nevertheless, if compared with the attitude towards the economy, foreign capital, and nationalization defined in the program of the Natsir Cabinet, which was largely adopted by the Sukiman-Soewirjo and Wilopo-Prawoto as well as the Boerhanoedin Harahap cabinets, this essay indicates that Sjafruddin was probably the guiding spirit in the moderate economic Weltanschauung of

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7. Java Bank Report 1951/1952, pp. 37, 39, 41.

8. During a symposium on economic problems in April 1952, Sjafruddin took issue with some of the prescriptions of P.S.I. leaders. He declared that an improvement in economic conditions depended on a fundamental change in the attitude and way of thinking of the Indonesian people. Economic development and structural change depended largely on the people's willingness to work, he felt, and if the people did not help themselves, all the money and regulations issued by the Government would be to no avail. He also asserted that foreign enterprises should be induced to work at capacity and be regulated, not owned, by the Government. Symposium tentang Kesulitan Zaman Peralihan Sekarang, (Djakarta, 1952), passim.

the Indonesian Government for two-thirds of the period between the transfer of sovereignty in 1949 and the elections of 1955. However, the polarity between this motive force behind the Government's general policy, on the one hand, and the less tolerant ultra-nationalist and socialist politicians, on the other, meant that during this period the two forces frequently cancelled each other out, and the Government either remained on a dead center of inactivity over a specific problem or followed the moderate nationalist-socialist middle course of which Djuanda and Sumitro were exponents.

N.U.

The political constellation in mid-1952 revealed a cabinet consisting principally of moderate P.N.I. leaders and Masjumi and influenced by Sjafruddin in the Java Bank and Wibisono in Parliament. Nevertheless, the year 1952 marked the beginning of the end of the primacy of Masjumi, for it lost its right wing, the Nahdjatul 'Ulama, which voted on 26 April at its Nineteenth Congress at Palembang to secede from Masjumi. The reasons for this secession were primarily personal and organizational and included the gradual loss of influence in the parent party by N.U. leaders at the expense of its left wing from the later Revolutionary period on. It was climaxed by the parent party's refusal to support the N.U. candidate, K.H. Wachid Hasjim, for the Religion portfolio in the Wilopo Cabinet. When the Masjumi refused too, to transform itself into a loose confederation, the N.U. announced that it was itself becoming a political party.[9]

The N.U., which did not take immediate issue with Masjumi's political or economic outlook,[10] had the goal of strengthening and implementing the

9. Cf. statement by K. H. Mohammad Dachlan, Antara, 4 Apr 1952; Kepartaian dan Parliamentaria Indonesia, pp. 412-413.

10. Cf. joint statement by Natsir and Wachid Hasjim, Antara, 1 Aug 1952.

laws of Islam. In its only reference to the economy in its charter, it merely called for giving attention to the economy of the Islamic Community. Although a further formulation of the ideal economy was not immediately forthcoming, the N.U. would not be uninterested in the everyday economic problemso This was partly assured by the presence of the secretary and later chairman of its Parliament faction, A. A. Achsien, as Chairman of the N.U. Economic Section.[11] Moreover, one of Indonesiaós leading up-and-coming businessmen, Djamaludin Malik, would pay an increasingly important role in the new partyo

Wibisono and the Masjumi Program

At the end of August in 1952, Masjumi held its Sixth Congress, in which Second Deputy Chairman Wibisono with his drafts on an economic and foreign program played a major role.[12] The program (see Appendix R) called for a guided economy directed at realizing the "broadest possible welfare of the people," in which private monopolies detrimental to the community would be prohibited while limited competition would be encouraged to move in a constructive direction. The Government on the one hand was urged to assist the establishment of cooperatives, and on the other urged to promote theo development of the Indonesian middle class. Industrialization to make Indonesia more self-sufficient and to provide employment was recommended. Since national capital was insufficient for this purpose, alien capital was to be given the opportunity to set up new industries on the basis of "mutual profit."[13]

11. Kepartaian dan ParliamentariaoIndonesia, pp. 414, 425.
12. Antara, 24, 26 Aug. 1952.
13. Kepartaian dan Parlementaria Indonesia, pp. 461-462.

Concerning nationalization, the Masjumi declared that in principle vital enterprises should be nationalized according to a specific plan. Four categories of such enterprises were listed in order of priority: (1) the circulation bank (which had already been nationalized through the efforts of Masjumi leaders in keeping with the resolution of its Fourth Congress); (2) basic transport enterprises; (3) public utilities; and (4) mineral enterprises. While insisting that there be no deviation from this order, the Masjumi qualified the urgency of nationalization by asserting that "circumstances" and the state's finances had to be given consideration.[14]

Although there were three more categories for prospective nationalization than after the Fourth Congress at the end of 1949, the new three did not have the immediacy then specified for the central bank. Already at the end of 1950, in response to increased demands for the nationalization of electricity companies as well as of air and interinsular transport, Wibisono had announced that Masjumi considered that basic transportation should be given priority over gas and electricity (and water) companies for nationalization. Still, these were not considered urgent, and it was proposed that any available funds be first put into industrialization.[15] Now for the first time in an official Masjumi pronouncement mining enterprises were mentioned, possibly as a result of increased demands for nationalizing the oil wells in North Sumatra. However, it should be noted that mining was at the very

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14. Ibid., p. 461.

15. Cf. "Natsir Cabinet", infra. Two years later, Wibisono in an article on nationalization, expressed the belief that it was more necessary to nationalize public utilities than transport companies. Mimbar Indonesia, 31 July 1954, p. 5.

bottom of the list and so under consideration only in the distant future. Thus immediately after the Congress, Chairman Natsir, explaining that his party's support of a planned economy was in accord with the Constitution but did not mean support for the Government's taking over all activities in all spheres, declared that the nationalization of the North Sumatran oil wells was not an urgent matter.[16]

Mangunsarkoro and Marhaenism

Already by late 1951, an important essay by Sarmidi Mangunsarkoro, member of the P.N.I. Executive Board, had been drafter under the title, Politik Marhaenis. According to Mangunsarkoro, in contrast to only nine percent of the Indonesians (merchants and medium farmers) who were able to live well, ninety-one percent--small farmers, agricultural workers, factory workers, and civil servants--were so poor that their only source of livelihood was their own energy. These he called the Marhaen, a term in West Java for the common man, which Soekarno had popularized. Since this group made up the overwhelming part of the Indonesian nation, he asserted that only by its progress in all fields could the nation as a whole advance. To attain such a goal, he felt, the marhaen themselves had to strive for it, and only in a "marhaen mass movement" could they accomplish it. People who thought as he did, Mangunsarkoro called "Marhaenists", and their view of society, "Marhaenism." [17]

16. Antara, 3 Sept 1952. Latjuba in June 1951 had broached the subject of the nationalization of mining enterprises. See "Sukiman Cabinet", Chapter XXV.

17. S. Mangunsarkoro, Politik Marhaenis, (Jogjakarta: Garuda, 1952), pp. 5-6. Most of the brochure had been written before late 1951.

In his new brochure, Mangunsarkoro borrowed heavily from the "Statement of Principles" of the P.N.I. drawn up in 1947, in which his hand was evident. Thus he explained that the marhaenist political struggle was based on "socio-nationalism" and "socio-democracy" (the two principles of the P.N.I.), which required a socialist society. Along this vein, he declared that marhaenists opposed capitalism, which resulted in the exploitation of some by others and which clearly had led to imperialism, such as was experienced in Indonesia. Thus marhaenists rejected liberalism, which was the basis and source of capitalism.[18]

Mangunsarkoro took issue with the view of Marx, Engels, and Lenin that only through a struggle between the labor and capital classes, in which labor won, could a community be changed into a socialist one, for he felt that it was possible to change a feudal-communalistic society directly into a socialist one by building a marhaen mass movement. In the marhaenist society the struggle by labor (in which Mangunsarkoro included civil servants) could include any means from demands to strikes. Furthermore, it would be endeavored that each farmer own his own land--which would require

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18. Ibid., pp. 7-9. In devising his systematic ideology, Mangunsarkoro was influenced by the Belgian socialist, Hendrik de Man and those who rejected Marx's theory of the class struggle and favored planned socialism. In his views of liberalism he used a stereotype which represented continental liberalism of over a century earlier. Thus he could still write in the present tense that liberalism represents the belief that one can seize a livelihood through exploitation without regard for humanity or hindrance from anyone, including the government; that on the basis of liberalism in a capitalist country, workers are forced to accept the lowest possible wages since if they strike they will be prosecuted by the capitalist government; and that to achieve world peace the capitalist must first be abolished from the world. Such rationalization, plus the tactical needs of the day caused Mangunsarkoro to declare, too, that only the marhaenist, socialist, and communist political parties in Indonesia aimed at economic democracy. Ibid., pp. 67-69, 75-76, 86-87.

large-scale transmigration out of Java--but since it would be improper for a farmer to own land beyond that needed for maintaining his family well, there would also be limits to private property holdings. Gotong-rojong would also have to be maintained and developed into rational and efficient cooperation.[19]

In the "happy society" which was the goal of the marhaenists, each person could live in prosperity, and in accord with Art. 33 of the 1945 Constitution, the earth, water, and air and their contents would be "owned" by the state, and each large industry would be owned and managed by the state so that the benefit of the profits could be felt by all citizens. Moreover, private enterprises would be so limited that they could not become the means of oppression. Such obstacles to the growth of the marhaenist society as feudal vestiges, the seeds of Indonesian capitalism, and foreign captialist enterprises and their influence would be removed entirely, and the seeds of economic democracy--people's cooperatives--would be planted in their place. As property rights would be restricted, the state would control land and the means of production of vital materials, and an economic council consisting of representatives of labor and heads of enterprises would regulate the production and distribution of necessities in cooperation with the government. Thus Mangunsarkoro saw the end of business competition

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19. Ibid., pp. 16-20, 58. In developing farmers' cooperatives, Mangunsarkoro, asserted that it would be safeguarded so that no one would become a capitalist by buying crops on the idjon system or granting credit at usurious rates. He reckoned that since capitalists of a country had connections with those of other countries, labor of one country should have relations with another incorder to obtain support. Elsewhere, Mangunsarkoro declared that landoownership by farmers was not in accord with Art. 38 of the Constitution. Ibid., p. 91.

and the start of the determination of production according to the real needs of the people. Working relations would be so regulated that each person would be happy in his work. Working hours would allow time for fulfillment of one's cultural needs, and wages would be in line with living as a civilized man. Thus there would be equal distribution of prosperity--the "highest social justice."[20]

Mangunsarkoro also wrote that the leadership in production would be provided by a government board consisting of economists and representatives of labor and the public, which would regulate the smooth operation of enterprises, guide labor, determine social and labor regulations, and determine goods to be produced. Although certain industries had to be controlled completely by the state--Mangunsarkoro mentioned also rice mills, banks, and basic railway, bus, and ship enterprises and the distribution of vital goods--inoa transitional period "if it is evidently better", large private enterprises could become joint enterprises in which the Government would provide 51 percent of the capital and private persons the rest. With management by private persons and supervision by the state, he felt private initiative could be maintained, while the state still kept control. Everything would be supervised by boards consisting of government officials and labor representativesoappointed by labor councils in each enterpriseo[21]

This one man's view of the ideal society, one in which general prosperity could be assured only in a quite rigid economic order dominated by

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20. Ibid., pp. 23-27, 73-74.

21. Ibido, 31-32, 73, 77, 85, 105-106. Elsewhere Mangunsarkoro declared that smaller partnerships and corporations should be changed into cooperative companies.

an omniscient State, in which private initiative would play a very minor role, and foreign capital was an anathema, was significant, for Mangunsarkoro had been the principal founder and party philosopher for what was to become Indonesia's leading political party, the P.N.I. Although the P.N.I. was a heterogeneous party, which embraced many leaders of noted moderation, since the left wing of the party often gave evidence during this time of being the larger one and Mangunsarkoro and Sidik were leaders of this wing, they were usually able to make their views the views of their party. And so, whereas inside the Masjumi party the economicians were instrumental in devising the party economic program for approaching prosperity, the economicians in the P.N.I. lost out to the politicians, largely as a result of which a more xenophobic program resulted.

Mangunsarkoro's brochure was important because it provided the kernel for a new formulation of the statement of principles by the P.N.I. in preparation for the general elections. Since the party's slogan "socio-national-democracy" had been difficult for the average villager to comprehend, Mangunsarkoro had sought a slogan which would evoke a greater response amongst the uneducated many. Thus he had borrowed a term for the common man used in West Java and urged the P.N.I. to propagate it throughout Indonesia, along with the slogans: "For the Marhaen", "By the Marhaen", and "For the Happiness of the Marhaen".[22]

Sidik and the P.N.I. Program

Originally a committee of three, consisting of P.N.I. Vice Chairman Wilopo, Dr. Gani, and Mangunsarkoro had been appointed to draft the P.N.I.'s

22. Working paper by Mangunsarkoro, 8 Dec 1952, Kenang-kenangan Kongres Ke-VI, pp. 98-99.

new statement of principles, but since the two economicians could not agree with Mangunsarkoro's Weltanschauung, the committee's work was stalled. After Wilopo left to join the cabinet, the committee was reorganized, and with Sidik and Soewirjo as the other two members, Mangunsarkoro was given much freer rein. Before the draft statement was submitted to the party congress for approval, it underwent certain modifications by the Party Council and its Executive Board.[23]

The explanation of Marhaenism which was presented to the P.N.I. Sixth Congress (and accepted by it), while largely the work of Mangunsarkoro as detailed in his Politik Marhaenis, in certain instances rejected or modified his anti-business bias and semi-Marxist interpretation of social and economic conditions.[24] Thus instead of classifying according to the census the seven percent of the fairly well-off population strictly as merchants and the two percent as medium-sized farmers, the two groups were identified only as those living "simply" and "sufficiently prosperously", respectively. Whereas Mangunsarkoro called persons who liked a softnlife and considered parties as stepping stones to status, "bourgeois", the P.N.I. more realistically termed them "political adventurersn" Whereas Mangunsarkoro listed labor as the

23. Ibid., pp. 99-100.

24. Few other members of the P.N.I. party council ventured to write down their Weltanschauung. However, Mr. Sunario (who was to become Foreign Minister in 1953) in his Individu dan Kolektiviteit dalam U.U.D. Sementara R.I., (Djakarta: Endang, 1951), pictured the ideal society as one in which there would be a healthy harmony between the individual personality and the several collectivities (in which he included families, but not classes). His views, similar to those of Professor Soepomo, has been termed by some as "personalistic socialism". Mangunsarkoro, feeling that such thoughts must be of Dutch origin, considered them more fitting for the Dutch than for Indonesians. Politik Marhaenis,np. 73.

first of four sectors of the Marhaen mass movement, the P.N.I. placed the farmers first. Whereas Mangunsarkoro negatively stressed that a farmer should not possess any more land than was necessary to maintain himself and his family, the P.N.I. officers positively stated that each farmer should possess a sufficient amount of land. Mangunsarkoro wrote that any (legal) method should be followed in labor's struggle, from demands to strikes. The P.N.I. officers specified "from negotiations to strikes" and admonished:

> . . . in order that demands of its struggle be honored by management, labor must work as well as possible, so that it really becomes a valuable productive power in harmony with its performance.
>
> If such demands are not in line with its performance in an enterprise and are submitted only because of the incitement of an irresponsible "leader", such demands can be detrimental to labor itself.[25]

The Marhaenist society pictured by Mangunsarkoro was also slightly modified by the P.N.I. leaders. Thus, every large enterprise was to be controlled by the state, rather than controlled and managed. Private enterprise was to be regulated not only so that it might not become a means of oppressing others but also so that a happy life would be guaranteed to each person who worked and thus the entire community. Mangunsarkoro had called for restricting private enterprise so that it might not become a means of oppressing others, without any awareness of its capacity also to contribute to a happy life. For Mangunsarkoro large enterprises were eventually to be the property of the state, and were they to be changed into mixed enterprises (in which the government held 51 percent of the capital), this would be

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25. Cf. "Marhaenisme (Azas Partai Nasional Indonesia)", Kepartaian dan Parlementaria Indonesia, pp. 28, 33-35, 39. Whereas the principal task of the economic council proposed by Mangunsarkoro would be regulation of the production and distribution of materials essential for the people, the P.N.I. included the supervision of labor relations in its principal task.

only a transitional stage. For the other P.N.I. leaders in general, however, all large and vital private enterprises could become either government enterprises or joint government-private enterprises so that the government could control them (without specifying majority ownership or indicating a provisional status).[26]

The P.N.I.'s new statement of principles was approved at the party's Sixth Congress held in Surabaja during the second week of December 1952. It is possible that the congress was induced to approve the use of the term "marhaenism"--which was equated to Indonesian socialism--rather than the latter term, partly in order to avoid accidental identification with the P.S.I., since Mangunsarkoro informed the congress that this was the P.N.I.'s most dangerous rival (in view of the October 17th affair). Chairman Sidik summed up the meaning of marhaenist as anyone (be he very rich, an aristocrat, or an intellectual) who strove to improve the lot of the poor.[27] By some political standards, the marhaenist man could be called a liberal!

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26. Cf. Ibid., pp. 38-40. Mangunsarkoro had called private property the source of crime and oppression. Thus, he reasoned, land and the instruments of production of vital materials had to be controlled by the state and regulated by the government and the economic council in accord with the interests of the entire people. The P.N.I. leaders blamed "despotic" private property and called for supervision of land and vital means of production by the government and regulation so that they would be used in accord with the interests of the entire people, citing that "property is a social function" (from Art. 26, Sec. 3, of the Constitution). Mangunsarkoro listed "foreign capitalist enterprises" among the obstacles to attaining the marhaenist society; the P.N.I. leaders changed this to "giant alien enterprises."

27. Session, 8 Dec 1952, Kenang-kenangan Kongres Ke-VI, pp. 105-115. Saleh Umar preferred "Socio-National-Democracy" as the party's principle, since "Marhaen" (the root of Marhaenism) led to the idea of a Marhaen class, and the party statement had disavowed the existence of a class struggle. He asked for clarification of the term "management"--whether it referred to alien management or national businessmen--if a class struggle was not wanted.

The Sixth Congress re-elected Sidik as General Chairman and led to the designation of Soewirjo and Mangunsarkoro as Vice Chairman. The Congress approved the view of its North Sumatran branch, the party executive board, and liaison-officer Sarino, and demanded that the North Sumatran oil fields not be restored to B.P.M., taking this stand in opposition to its own ministers, especially Minister of Economic Affairs Sumanang, and also Prime Minister Wilopo. The Congress also approved a new "Fighting Program" (see Appendix S). Although the statement of the "Marhaenist" principle--despite its heavy economic overtones--was primarily the product of politicians with little or no experience in economic affairs, the new program, especially Part II on the economy and finances, reflected the handiwork of men with some business experience. These included Soewirjo and Mohamad Said of the drafting committee and Sarino, who presented the working paper on Part II and acknowledged that it was drawn up with the general election in mind.[28]

Thus, on the one hand the program called for a guided "national" economy in the direction of a "marhaenist" economy and for nationalizing--according to a plan, but without further specification--vital enterprises. Moreover, all references to foreign capital were negative: for example, it might not interfere with national interests; and its utilization of erfpacht and concession lands was to be ended, if possible. On the other hand, and not at all in the pessimistic spirit of Mangunsarkoro's orthodox interpretation of "Marhaenism", there was much encouragement to "national" businessmen: they were to be protected from the competition of alien businesses; they were to get a dominent role in foreign trade [the P.N.I.

28. Session, 9 Dec 1952, Kenang-kenangan Kongres Ke-VI, pp. 116-118, 124-125. Soewirjo was the president of the P.N.I.'s new bank.

had just set up an association of importers and one of exporters/; they were to be encouraged to set up banks /the P.N.I. had justoset up its own bank/; and the formation of national capital in general was to be promoted.

Besides the several P.N.I. statements approved at the congress, which would have some indirect effect on the economic order, a more immediate intervention in the economy was presaged by preparations for the general elections, over which the P.N.I. (and indeed many parties) was becoming increasingly concerned. S. Hadikusumo, head of the party's Parliamentary faction (who would become head of the Indonesian election commission), warned that the election campaign would cost millions and that the party faced financial difficulties. He declared, therefore, that the party's ministers in the cabinet had to start immediately to seek ways for strengthening the party's finances.[29] An election campaignofund committee was then set up, which included Dr. Ong Eng Die and Mr. Iskaq Tjokrohadisurjo,[30] respectively executive vice president and chairman of the board of the new Bank Umum Nasional.

Foreign Investment Policy Preparations

The increasing government budgetary deficit following the end of the Korean War boom, the Government's revelation in June 1952 that it was preparing a Statement of Foreign Investment Policy, and the publication of the remarks on foreign investment by Java Bank President Sjafruddin in July,nhad meanwhile led to a number of statements on that subject by most of the

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29. Remarks, 8 Dec 1952, Kenang-kenangan Kongres Ke-VI, p. 97.

30. Feith, The Wilopo Cabinet, 1952-1953: a Turning Point in Post-Revolutionary Indonesia, pp. 186-187.

country's leading politician-economicians". Yet as on any major issue, a relatively small number of politicians would actively publicize their views, so on the issue of foreign investment policy most apparently preferred to bide their time. Those opinions that were aired, however, although in some cases tentative, appeared to fall into a spectrum of at least five viewpoints on the subject, ranging from great optimism over the prospects of additional foreign investment to complete hostility.

At this time a middle course of attracting a limited amount of new investment under many restrictions, such as had already been advocated when Dr. Sumitro had been Minister of Trade and Industry and which was followed by his Industrialization Commission--attracting hardly any new investment--was largely adhered to by Ir. Djuanda, who was both Minister of Communications and Chairman of the Supervisory Council of the Foreign Exchange Institute. Speaking in a private capacity, and observing that he favored a moderate "planned socialism", Djuanda declared that new foreign investments should not be made in the field of trade but ought to be allowed to operate basic industries in the event Indonesia was unable to do so. In this connection, he expressed regret that very few Indonesians gave their attention to small industries. New foreign investment would have to conform to regulations still to be established, which would specify, he thought: the percentage of Indonesian capital which had to be invested in some project; the requirement that two-thirds of a company staff be of Indonesian origin; technical training for personnel; and a time limit for such enterprises. Djuanda favored giving alien enterprises a ten-year guarantee that they would not be nationalized. He also felt that existing

alien enterprises had to be given a transitional period to adapt to the new conditions in Indonesia. On the other hand, concerning the jurisdiction of his own ministry, he declared that the Government had decided that transportation enterprises could only be operated by Indonesians.[31]

Representative of the optimist group, former Minister Wibisono, who was shortly to become the new chairman of the Parliament's Finance Committee, declared that one way to save the Republic from bankruptcy was by investment of foreign capital under conditions beneficial to both sides. He advised Indonesians not to fear new foreign capital since they held political control and could easily restrict any actions not beneficial to the country. While proposing that foreign capital be attracted immediately by allowing it to set up industries on the basis of existing regulations, he urged the Government to state in unequivocal terms its position on foreign investments, taking into consideration both the foreign investors and the domestic situation. Rather than a uniform period before nationalization, Wibisono felt that ad hoc terms should be set, depending on the function of an alien enterprise and following discussions with it. He considered the establishment of joint enterprises over a wide field (such as Sumitro and Djuanda favored) as unfeasible, since what mattered most was not the percentage of stockholders but a check on the policies of such enterprises, which could

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31. Antara, 29 Sept 1952n A month earlier Djuanda told the press that foreign capital should be allowed to make fair profits. In reference to his new decrees for Indonesianization of the bus sector (and anticipating similar decrees for the trucking sector), he declared that foreign capital could operate in other sectors, and expressed a hope that the Government and private Indonesian companies could control interinsular transport within ten years. Antara, 22 Aug 1952n

be had in other ways.[32] Wibisono's views, which were in harmony with those of his party comrade, Sjafruddin, in general prevailed at the Masjumi party congress, and so the Masjumi program favored the attraction of foreign investments on mutually beneficial terms.

At the opposite end from the Masjumi leaders who favored maximizing production and income through attracting foreign investment, most politicians in the extreme left wing organizations--which were strongly opposed to foreign investments--did not bother to comment on the matter, although Alimin of the P.K.I.'s Politbureau called for immediate nationalization of vital industries along with protection to weak national capital.[33] On the other hand, some leaders of moderately isolationist groups, took a stand on foreign investment somewhat more cautious than that of Sumitro and Djuanda, and between the moderate and extreme socialists. Thus, Chairman Suroso of the small nationalist party, Parindra, took issue with those who said that since Indonesians possessed political power they ought not to fear foreign capital. If Indonesia had to have foreign capital assistance, he declared, it had to be so restricted that the state would not suffer and the growth of national capital would not be stifled.[34] Abikusno Tjokrosujoso,

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32. Antara, 14 Aug., 4 Sept. 1952a

33. Merdeka, 30 Sept. 1952. On 17 December, Peris Pardede (P.K.I.), repeated the call for nationalizing important enterprises. I.P. 1952, p. 998.

34. Antara, 12 Aug. 1952a Over two years later, Ir. Dipokusumo of Parindra, disagreeing with those who allegedly felt that development would come only through new foreign investments, called for acceptance of the view that Indonesia's development had to be based on her own energies. To shift the underdeveloped economy in a "national" direction, he asserted that the state had to be the principal source of capital and that government intervention had to increase. Speech, 13 Dec., I.P. 1954, pp. 1314-1315.

Chairman of the P.S.I.I.'s executive board and its economic department, who leaned towards "Islamic Socialism", on the occasion of the fortieth anniversary of the Sarekat Islam, declared that his party opposed capitalism and supported foreign investments only if they would benefit the interests of the poeple.[35]

In view of Indonesia's political constellation in mid-1952, the position of the Masjumi as defined by Wibisono and Sjafruddin and that of the extreme socialists concerning foreign investment cancelled each other out. Consequently, the middle course sponsored by such moderate socialists asoSumitro and Djuanda (whose stand on the matter was definitely nearer to that of the former than of the latter) was in a position to prevailo In thisosituation, the P.N.I. might have held the balance of power. That party's two leading economician-politicians then in public office, Prime Minister Wilopo and Minister of Economic Affairs Sumanang, both members of the party's moderate wing and college mates of Wibisono, favored a friendly attitude towards foreign investment, taking a stand between that of the Masjumi economicianso

35. Antara, 2 Sept. 1952. Abikusno, an advocate of economic planning since the Dutch periodo in his Planning Ekonomi Indonesia: Kearah Pembangunan Kemakmuran Indonesia, (Djakarta: Widjaya, 1951, ppo 49-53), preferred the spiritual socialism of Mohammad with close cooperation among the members of the Islamic community in every problem of life in order to guarantee the common prosperity. He stressed that progress would result more from the moral upliftment of the people rather than from the centralization of ownership in the hands of the stateo Emphasis on planning per se and upliftment of the population, rather than a definition of an ideal economic structure, appeared in the P.S.I.I. program adopted on 29 March 1953. Kepartaian dan Parlementaria Indonesia, p. 381. However, only a year after his press conference commemorating the originsoof his party, Abikusno (head of the P.S.I.I.'s more moderate wing) was thrown out of office and replaced by Arudji (head of the more radical wing), which assured that the party's stand on foreign investment wouldoremain with the isolationists between the moderate and extreme socialists.o

and the moderate socialists. Thus Sumanang, who as Minister of Economic Affairs had been instrumental in drafting the Government's explanation of its economic program, which was unreservedly friendly towards foreign capital, had been one of the first to take issue publicly with those who feared the influence of foreign capital (such as Mangunsarkoro of his own party), for political power was in the hands of the Indonesians and could be used to protect the interests of the people. He asserted that almost every new country, including America", had first to work with foreign capital before it was possible to supplement it with national capital, and he rejected a negative attitude which could achieve nothing with its stereotyped view of foreign capital. It was possible, he concluded, that foreign capital could be beneficial to Indonesia and that its interests could coincide with those of the people.[36]

Prime"Minister Wilopo himself in a press interview on 30 August 1952, rejected the policy of socialization then followed by Burma, and declared, "We will welcome foreign capital, and we need it." Declaring that the recent slump in export proceeds was requiring the Government to re-examine its policy on foreign investments which currently contained numerous limitations on alien capital, he announced that within two months an "unofficial policy statement on foreign investment" would be made, which would include

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36. Antara, 18 July 1952. To counteract any possible bad effects of foreign capital, Sumanang called for hard work inspired"by a political awareness of the national interest. In reply to charges that the August foreign-exchange regulations adversely affected Indonesian importers, Sumanang remarked that since businessmen had appeared almost solely to be entering into importing, the new regulations would be an inducement for them to go into industry or other business fields, at times together with alien businessmen. Statement, 16 Oct.", I.P. 1952, p. 939.

certain conditions to insure Indonesia's ability to maintain its independent foreign policy without obligations to other nations.[37]

Had the P.N.I. moderate wing prevailed, a generous foreign policy statement similar to that proposed by the Masjumi might have been issued by the Wilopo Cabinet. But P.N.I. party rules, which Mangunsarkoro had been instrumental in drawing up, prohibited a party leader from remaining on the party executive board if he were appointed to the cabinet, and so such moderate leaders as Soejono Hadinoto and Wilopo (then Party Vice Chairman) had been dropped from the party executive board in 1951, and they had lost effective influence in the party machinery. Thus, the P.N.I. executive board, dominated by Sidik and Mangunsarkoro, took a stand on foreign investment midway between that of the moderate socialists and the extreme socialists, and less than a week after Wilopo's press interview, rejected his cabinet's decision and called for the nationalization of the North Sumatran oil wells. Then came the October 17th Affair. Consequently, the two months which Wilopo predicted might be necessary for the issuance of a foreign investment policy statement came and went without one.

Early in 1953 the Ministers of Economic Affairs, of Finance, and of Communications worked on draft statements of foreign investment policy to be presented to the cabinet for a decision, and it was even reported that a bill on the subject might be ready for presentation to Parliament by

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37. United Press, 30 Aug. 1952. A day earlier Foreign Minister Mukarto (P.N.I.) in a press interview noted that historically Soviet aid had always been accompanied by conditions binding to recipient countries and had been sent only to Communist countries and those in its sphere of influence. Antara, 29 Aug. 1952.

At numerous speaking engagements in the U.S.A., Ambassador Ali Sastroamidjojo (P.N.I.) urged businessmen to invest in Indonesia. Cf. speech in New York, 23 Oct. 1952.

March.[38] However, the ministerial and party mills ground so slowly that the Wilopo Cabinet had submitted its resignation before either an official statement on foreign investment policy or a foreign investment bill materialized.

On 27 March 1953, a new P.K.I. statement of policy on foreign investments was made by Hutomo Supardan. It was prefaced with the old warning that the prosperity of the people would be harmed by "monopoly capital" in Indonesia and its tools--the foreign monopoly banks in Indonesia. He then declared that his party did not reject alien capital from working in Indonesia so long as there were restrictions on its field of operations and on the

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38. Antara, 3 Feb. 1953; Pedoman, 5 Feb. 1953. The purpose of the bill, other than to set new terms for investing foreign capital, was reportedly also to open new fields of opportunity for national capital by closing them to alien capital. Minister Sumanang, operating under party discipline, submitted his draft to the P.N.I. party council for consideration. Minister Sumitro, who declared that the Government without making any statement had gradually harmonized terms for old investment with international usage, asserted that more important than a statement was the need for labor and political stability in Indonesia.

In reply to queries by some members of Parliament about when colonial laws would be replaced, Minister Sumanang asserted that one should not be too quick to describe labor laws as "colonial" or "national" since each law, growing with the society, was a crystalization of national and colonial ideas and principles. To queries about who owned industries in Indonesia, he replied, "Even if many industries are in alien hands, from the angle of the balance of payments it means economizing on our foreign exchange. Is it more important to have auto factories and a Goodyear tire plant owned by Americans here, or each month and year to export foreign exchange abroad?" He saw the benefit of such companies to the country as perhaps more important than the nationality of the owners. When some members suggested that some of his measures were arbitrary, Sumanang reproached them asserting that he was as democratic as he could be. Statement, 31 Mar., I.P. 1953, pp. 413-413.

transfer of its profits, as well as basic guarantees for the development of a national economy according to planning.[39]

As the need for foreign investment was gradually being accepted in Indonesian political circles, albeit begrudgingly by several groups, Bank President Sjafruddin in a section on "Investment Policy" in the final annual report of the Java Bank, issued in mid-1953, marshalled data to drive his point home that Indonesia needed and would benefit as much from foreign investment as possible as a major source of new investment in the country. He presented material on the need for a favorable investment climate, extracted from reports by leading international agencies. Concerning the field of investment, he suggested that private investors--who bore the financial burden and eventually the total loss if the project miscarried--be left to choose the projects which offered good prospects for making a profit and becoming a "useful and permanent contribution to the development of the country", because imposing many conditions would only result in making such investments unattractive. However, Sjafruddin advocated certain controls, and expressed a preference for risk-bearing capital rather than loans, for the latter would burden Indonesia with transfer obligations of no cyclical elasticity. He also recommended protecting the new and more efficient Indonesian industries, especially those producing for domestic consumption. Yet he recommended that such industries learn to operate eventually without protection and warned against prejudicing the

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39. I.P. 1953, p. 454. In his reference to "foreign monopoly banks", Hutomo Supardan mentioned the three Dutch and two British ones, but carefully avoided reference to the other two foreign banks, (one of which, the Bank of China, was a state corporation of Communist China, the P.K.I's major source of moral support in Asia).

long term development of production or discouraging private initiative or capital of foreign investors. Again, concerning private investments financed by domestic capital, he warned against discrimination between indigenous and "nationalized" citizens.[40]

Sjafruddin advocated that the Government concentrate its own efforts on three types of investments: (1) needed projects which would not be paying propositions (and so unattractive to private capital); (2) projects with prospects of a profit but for which private initiative and capital was lacking; and (3) "projects which from an economic, social and/or military aspect are of vital or strategic significance for the country, but which by private exploitation are likely to adversely affect public interests." For existing businesses in this last category, he suggested that consideration might be given to their nationalization. However, Sjafruddin took issue again with the excessive emphasis often put on the desirability of government direction of industry, which overlooked the fact that the Government's resources were limited and sufficient skilled personnel were still lacking. Thus he also felt that the "reservation" of certain categories of industries for government exploitation--such as had been advocated by Sumitro and the Industrialization Commission--contained the danger that such exploitation would never materialize because of "financial, material, personal or whatever other reasons."[41]

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40. Java Bank Report 1952/1953, pp. 66-71. Sjafruddin listed investment conditions outlined by ECAFE and by the Economic and Financial Organization of the League of Nations.

41. Ibid., p. 70.

First Ali Sastroamidjojo Cabinet

Two months after the Wilopo Cabinet had handed in its resignation, principally because the P.N.I. leadership was then in the hands of the party's more extreme nationalist politicians, and a month after Sjafruddin's latest essay on the economy, foreign investment, and nationalization, Mr. Wongsonegoro (PIR Chairman) succeeded in forming a new cabinet largely along the lines of the parties which had supported the Djaswadi Soeprapto motion half a year earlier. The key positions in the cabinet, including the Ministries of Finance and Economic Affairs, went to the P.N.I. Ministers Ong (Vice Minister of Finance in the Amir Sjarifuddin Cabinet) and Iskaq of the P.N.I. election campaign fund committee resigned from their offices in the Bank Umum Nasional and other businesses to take over the new positions. The new Prime Minister was Mr. Ali Sastroamidjojo, a one-time Minister of Education and Indonesia's first Ambassador to the United States, where he had been an avid speaker on behalf of foreign investment in Indonesia.

The "Prosperity" portion of the new cabinet's program declared that the emphasis in the Government's economic development policy would be given to every project that was in the interests of the common people (rakjat djelata). Most of the details in this section concerned the rural sector, although consideration was given to expanding small industries and improving their products. The Government stated its intention to continue to promote a national middle class and to improve the status of existing national middle-class merchants. From the angle of domestic consumer needs and increasing employment possibilities for the people, Sastroamidjojo pointed out that his Government's program could only be realized if production were stimulated, and that especially at that time attention had to be given to the production

of export materials as a source of foreign exchange for importing materials for development. By mobilizing the factors of national production, he concluded, the Government hoped to lay new foundations for a sound and strong national economy.[42]

The Government's statement included a sentence concerning foreign capital. This merely said that increasing production depended on making the efforts necessary for enlarging national capital, which could be channeled into production sectors, and for attracting alien capital investments with "proper terms".[43]

In the following debates, in which political differences charged the atmosphere, the nature of the economy and the role of foreign capital received its share of attention. Soedijono Djojoprajitno of Partai Murba, citing the Kuomintang in China as a bad example, warned the Government against a policy of promoting a middle class alongside a powerful alien monopoly capital, which allegedly controlled ninety percent of the vital resources.[44] Ir. Sakirman, speaking on behalf of the P.K.I., asserted that people everywhere were organizing in National United Fronts, opposed to the "saboteur" and "compradore" elements of the Masjumi and the P.S.I., which he linked with Darul Islam and Dutch gangsters. Like Soedijono, he felt that it would be difficult to raise production or improve distribution so long as foreign "large monopoly" capital remained dominant in Indonesia. His formula for changing the semi-colonial economy to a national one and

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42. Statement, 25 Aug., I.P. 1953, pp. 721-722. The "common people", who received special attention in this section, if translated politically could refer to the marhaen of the P.N.I. or the murba of that party.

43. Ibid.

44. Speech, 5 Sept., I.P. 1953, pp. 809-810.

for improving the standard of living of the people, included a demand--reminiscent of the F.D.R. agitation of 1948--for a large reduction in the taxes of the people. To compensate for the fall in tax revenue, he advocated that the profits of Government enterprises be increased up to twenty-fold. He failed, however, to explain what effect such a policy would have on the consuming public. Other suggestions included abolishing portions of the R.T.C. Agreements, giving empty and unused estate lands to farmers with little or no land and legalizing the occupation of estate lands by farmers.[45]

A. A. Achsien, new floor leader of N.U., (which with PIR had the second most seats in the new cabinet) requested the Government to stop interfering directly in every undertaking of the people. Citing several trade monopolies set up by the Government, he asserted that such direct intervention in enterprises of the people clearly was wrong and detrimental and opened up possibilities for large-scale corruption. He urged that every trade foundation (jajasan) in which the Government intervened be abolished as quickly as possible. The Government had to be neutral and give an equal chance to every national businessman, he declared.[46]

From Kalimantan, dr. Djafar Siregar DIAPARI, floor leader of the Government party, Serikat Kerakjatan Indonesia (S.K.I.--Indonesian Democratic

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45. Speech, 29 Aug., I.P. 1953, pp. 745-747.

46. Speech, 5 Sept., I.P. 1953, p. 797. Achsien cited specifically the Scrap Iron Foundation (then under liquidation) and the cloves and cambrics monopolies. He charged that in cases where government officials granted monopolies to one or more entrepreneurs or provided them with special protection, they usually participated themselves in such companies--either openly or illegally.

In view of growing disappointment with the jajasan (the form most used by government monopolies), it was rejected for the South Sumatra rubber enterprise and the North Sumatra petroleum enterprise during 1954.

Federation), outlined his views of a national economic program. Declaring that the rural sector had been neglected during the Dutch period, he urged that it receive priority and that Indonesia seek autarky in about thirty basic materials or commodities. During the interim period, while both the Government and national enterprises were increasing domestic production, he urged that the balance between domestic consumption and production be imported, but only by the Government, not by private importers.[47] Ibrahim Sedar (non-party), also from Kalimantan, offered a solution to the "problems" of the possible growth of large Indonesian capitalists, of the shortages of capital and experience among Indonesians needed for building up large enterprises, of the establishment of large enterprises entirely with Government capital and leadership, and of monopolies by alien business. The solution, as he saw it, was to establish large-scale enterprises--with half their stock in Government hands, and the balance held by national and alien capital--in the fields of manufacturing, shipping, and mining. He urged the same type of stock ownership for the Bank Industri Negara and the Bank Negara Indonesia.[48]

I. J. Kasimo of Partai Katholik (which for the first time in six years was not in the cabinet) spoke of the necessity and benefit to the country, as a source of foreign exchange, of promoting or speeding up the rehabilitation of estate enterprises. He listed three factors why alien estate operators were hesitant to carry out such rehabilitation: (1) the lack of a clear attitude by the Government on the questions of foreign capital,

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47. Speech, 5 Sept., I.P. 1953, pp. 800-803a

48. Speech, 29 Aug., I.P. 1953, p. 758.

foreign personnel, and agrarian affairs; (2) the lack of order and security, both of person and property; and (3) the lack of stability in the labor sector. Since estates required much capital and there was often a delay of up to seven years before harvesting, he urged that estates be given assurances that they could work their land for about thirty-five years. Concerning the problem of personnel, he urged that there be a compromise between the need for bringing in technicians from abroad and the wish of Indonesians that as soon as possible such company staffs be occupied by Indonesian nationals, by facilitating the entry of alien employees on the one hand and stipulating that each year a certain percentage of the staff positions of an alien company would be turned over to Indonesians. Thirdly, he suggested, that because of the vulnerability of estate agriculture to business cycles, foreign capital be attracted by a provision whereby a company loss in one year could be covered by profits over several following years. Since the Wilopo Cabinet had already drafted a foreign investment policy, he expressed surprise that the new Government did not have one.[49]

Other members of the new Opposition also asked about the Government's foreign investment policy, the realization of which Wibisono termed the beginning of the way out of the country's large economic and financial difficulties. Sahetapy Engel (Demokrat faction) asked about the nature of the "proper terms" mentioned by the Government. Mr. TJUNG Tin Jan (Katholik) inquired whether the Government already had a planned policy. Mr. TAN Po Goan (P.S.I.), who deplored the economic discrimination towards non-indigenous

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49. Speeches, 31 Aug., 5 Sept., I.P. 1953, pp. 767-768, 810-811. In response to Kasimo's remarks, K. Werdojo of SOBSI called him the "parliamentary bulwark" of the estate operators.

citizens, asserted that there were two causes why foreign capital--which according to the Government was still needed--had qualms about flowing into Indonesia. One was the doubt that it would always get fair treatment from the Government, which was pushing out the small capital of aliens who had been working in Indonesia, e.g. from bus and truck transport. The second reason was the fear that political developments in Indonesia were moving to the left.[50]

In its replies to the debates over its program, the Ali Sastroamidjojo Cabinet gave more attention to foreign capital." Expressing its regret that the terms for foreign investment could not yet be given in detail since the subject required further study, the Government declared that the policy had to be on the basis of "mutual understanding and mutual benefit" between the foreign capital and Indonesia. Prime Minister Ali returned to the subject after remarking that a large part of the payments in foreign exchange for invisibles were on behalf of foreign capital previously invested. Thus, he reasoned, since foreign capital was needed to improve the balance of payments and to support state reconstruction, the Government had to oversee the entry of new capital in order to avoid the danger of capital investments like those during the colonial period. What was most important for attracting foreign capital, he continued, was a good "climate", which would only be achieved if the problem of internal security and order could be solved". Declaring that it was not the Government's intention to intervene directly

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50. Speeches, 28, 29 Aug., 7 Sept., I.P. 1953, pp. 733, 750, 752, 822. Tan declared that he had no objections to having aliens excluded from any sector so long as this was made by a Foreign Investment Policy statute and not just by the decree of some minister.

Siauw and Subadio Sastrosatomo (P.S.I.) also complained about discrimination among citizens. Speeches, 31 Aug., 7 Sept., I.P. 1953, pp. 765, 812a

in every company that wanted to be set up in Indonesia, he asserted that despite the channeling of foreign capital through the Government and the Government's regulation of its use, there was still plenty of opportunity for a businessman to exercise his initiative. Consequently, the wishes of the Government and those of private enterprise could be worked out in each case considered separately.[51]

On other matters, Prime Minister Ali told Achsien that the cloves and cambrics monopolies were being studied and improvements planned. Soedijono's charges that the Government would only be strengthening "foreign monopoly capital" were rejected, and the Government stated that all its efforts were aimed at changing the existing colonial economic structure to a genuine national one. In reply to the charges of race discrimination in the economy, it repeated:

> the Government constantly intends to form a harmonious middle class, and in order to realize this intention it is necessary in its policy to have separate treatment in order that all groups become equal.[52]

Statement of Foreign Investment Policy

Efforts of the new Cabinet, especially those of its Minister of Economic Affairs, allegedly aimed at forming a harmonious middle class and moving towards a national economy, soon led to the Tjikwan Interpellation. Not until the debates over the 1952 and 1953 budgets at the end of 1953 did the question of a foreign investment policy come up again. Kasimo used the

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51. Statement, 2 Sept., I.P. 1953, pp. 779-781. The Government also declared that it was not its intention always to be borrowing money for economic development and paying interest.

52. Statement, 10 Sept., I.P. 1953, p. 831; cf. Sec. I (8) of Masjumi Fighting Program.

occasion to agree that changing the economic structure should include industrialization--to the point where Indonesia could eventually even export manufactured products--but since far more capital was needed for this than was available from the Government and private Indonesian sources, he expressed a hope that the Government would define its foreign investment policy.[53] Wibisono, noting that India and Yugoslavia were inviting foreign capital, regretted that foreign investment regulations still had not been made, and again termed unfounded the fears frequently expressed that Indonesia would come under the control of foreign capital if it were given an opportunity to work there. Such anxieties, he said, were signs of timidity and lack of self-confidence.[54]

It was not until 15 February 1954, however, that the Government was ready to reply to the points raised in the debate over the budget. Concerning foreign investment, Minister of Finance Ong Eng Die on the one hand strongly denied Wibisono's implication that the Government was afraid to provide an opportunity to foreign capital to work in Indonesia. In reply to Soedijono's doubts about the Government's ability to dictate its terms to foreign investors, who would want to set their own terms, Ong suggested that it was not a question of each party dictating to the other, but of each giving consideration to the interests of the other. Nevertheless, he explained, this did not mean that the fate of the country's economy would depend on foreign capital. Finally, in reply to Kasimo's request, Ong read the Government's statement on foreign investment policy. (See Appendix T.)

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53. Speech, 18 Dec., I.P. 1953, p. 1252.

54. Speech, 18 Dec., I.P. 1953, p. 1257.

This reasserted Indonesia's need to provide a favorable investment climate and specified certain facilities that would be provided, including Government guarantees of the risks of capital in certain instances. The Government declared that it favored foreign investment in manufacturing industries rather than other fields. It re-emphasized the requirement for maximizing positions for Indonesian personnel and stipulated that any new enterprise had to be legally domiciled in Indonesia. It mentioned both ordinary and joint enterprises, appearing to favor joint enterpriese between foreign capital and the Government or its agencies. The Government also gave notice that agencies would be designated to pass on problems which might arise or provide special aid for enterprises in Indonesia.[55]

While the moderate national-socialist parties in general did not commit themselves on the subject of foreign investment, spokesmen for the totalitarian Marxist and liberal democratic parties remained active partisans over the subject. Dissatisfied with Wibisono's remarks and Minister Ong's statement, Soedijono (Partai Murba) denied that other countries which received foreign investments were in the same position as Indonesia--where alien capital was already dominant. Concerning the allegations of timorousness in the face of foreign capital, he termed brave those who in changing the colonial economy to a national one would dare destroy the control of alien capital, seize all Dutch property (as the Dutch has seized West New Guinea), and dare to nationalize at once all other property, making it the initial capital for organizing a national economy. He

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55. I.P. 1954, pp. 88-90, 114. Also during the budget reply, the Government explained to Ir. Sakirman that it would take nationalization measures in the public interest, but that it also had to consider how it would make the installment payments.

wondered how the Government could give terms--so far not defined--to foreign capital, which would not be detrimental to the state or people, while old alien capital held special facilities which allegedly were detrimental to the state or people. Soedijono also took strong exception to those who interpreted Art. 38 of the Constitution to allow "controlling" the economy without necessitating the possession of the means of production. If there were only supervision over alien enterprises, he reckoned, it would only be legalizing a continuation of the colonial economy.[56]

Since the Government had issued a statement of foreign investment policy, the P.K.I., which in general backed the Government as part of its United Front strategy postponed taking a stand on this policy, pending an explanation requested from the Government of the amounts of foreign capital invested in the several economic sectors. However, whereas Soedijono felt that both aid to national businessmen and invitations to foreign capital would "Chiang Kai-shek" the economy, Hoetomo Soepardan of the P.K.I. not only suggested that the license-granting procedure for new national industries be eased, but that the entry of foreign experts for such industries be facilitated.[57]

Kasimo expressed general agreement with the policy statement on foreign investment which Minister Ong had made. However, he wondered whether recent disturbances in the agrarian sector in North Sumatra and

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56. Speech, 25 Mar., I.P. 1954, pp. 217-220. Soedijono expressed a fear that if Indonesia allowed in foreign capital, and World War III broke out, she would lose her independent foreign policy. He also feared that the moderate Opposition was only shadowboxing with the Government and would cooperate with the Government to bring in foreign capital and destroy Partai Murba and the P.K.I.

57. Speech, 29 Mar., I.P. 1954, pp. 243, 245. Hoetomo Soepardan offered data on foreign investments, some of it almost three decades old.

near Kediri were good for improving the investment climate which the Government referred to.[58] Wibisono, welcoming the policy statement, for which he had waited almost two years, termed it a matter in which Masjumi, then in the Opposition, could give the Government its full support. Nevertheless, he declared, what was important was the manner in which the policy was implemented, not just what was written on the paper. Observing that the statement had certain shortcomings, he urged the Government to add a stipulation guaranteeing newly invested capital against sudden nationalization for a definite period. He also felt it necessary that the Government clarify how far it expected the obligation to train and employ Indonesians to be carried out. Wibisono took issue with the Government's view that a climate of security--thus an absence of armed bands in the interior--was the principal requirement for attracting foreign capital. Although the factor was important, he considered legal guarantees and labor stability even more important for attracting foreign capital.[59]

In reply to Soedijono, Wibisono reemphasized that the other underdeveloped countries to which he had formerly referred had more in common with Indonesia than differences, and that in solving the problem of developing their economies they were opening the door to foreign investment. Citing a statement by Nehru calling for foreign investment, he observed that no Indonesian leader had ever explained so clearly the urgent need for attracting foreign capital. Citing Ferdynand Zweig, he noted that there were two ways to industrialize, the "autarkic" and the "supported" way. He rejected the first, which had been used in the Soviet Union, because Indonesia lacked the necessary variety and amount

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58. Speech, 26 Mar., I.P. 1954, p. 227.

59. Speech, 29 Mar., I.P. 1954, p. 234.

of natural resources as found in the Soviet Union, and because the Soviet Union had operated a totalitarian system which had forced the entire population, at the cost of millions of lives, to implement the plans of the central government. In regard to Soedijono's assertion that seizing foreign property was a sign of bravery and his attack on the Masjumi's stand favoring the restoration of the B.P.M. oil properties in North Sumatra, Wibisono reminded Soedijono that Indonesia had been recognized as a democratic state of law, where property even of former enemies had to be treated according to national and international law.[60]

Dr. Ong presented the Government's reply between the sessions on the Tjikwan Motion of no confidence in Minister Iskaq. Contrary to the feelings of Soedijono and in agreement with those of Wibisono, he declared that the Government felt that in her existing stage of development, Indonesia still needed to attract foreign capital for industrialization. This did not mean that foreign capital would be permitted to take over a monopoly in any sector. Thus there were conditions for guaranteeing national interests. In this connection a committee headed by Treasurer General Soetikno Slamet had been formed with the task of drawing up a plan for foreign investment in Indonesia. With this plan, Ong declared, the Government would then present a bill to Parliament on foreign investment. Ong also emphasized that the Government was not interested in liquidating new or old foreign capital invested in Indonesia, but only its

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60. Ibid., pp. 234-236. Zweig's Planning in a Free Society (1949) was cited. Concerning the failure of leading Indonesians to explain the urgent need to attract foreign capital, Wibisono apparently meant those other than Mr. Sjafruddin and himself.

Wibisono disagreed with Soedijono and Marxist dogma that economic-material matters were principal and everything else incidental and included himself in the group which considered ideals as primary.

monopolies.[61]

The foreign investment policy statement came relatively early in the administration of the Ali Sastroamidjojo Government, but the bill containing regulations for foreign investment which Ong promised did not follow. During its second year in office, the Government was first concerned with maintaining itself through a series of motions of no confidence; then it was given a breather as it played host to the Asian-African Conference at Bandung; then the general election campaign and military problems vied for public attention. Consequently, for the rest of the period before the general elections, the subject of new foreign investments received little attention. For the same reasons, plus the additional one of declining foreign exchange reserves, there was also little demand for more nationalization during that last year.

The P.N.I. Era came to an end in August 1955 after Defense Minister Iwa was forced to resign because the military forces refused to support him. Mr. Boerhanoedin Harahap, as the new Prime Minister, ushered in a brief return to Masjumi leadership in the Government, but the cabinet (like the Hatta RIS Cabinet) took office virtually as a caretaker government only

61. Statement, 22 Apr., I.P. 1954, p. 372-373. Ong declared that the Government did not consider security to be the sole factor in economic development, but a very important one that enabled other factors to be realized. Concerning Hoetomo Soepardan's postponement of a stand on the Government policy statement pending more data on existing investments, Ong regretted that the Government was unable to provide such data at that time because: (1) there had been no official registration in Indonesia; (2) there was no decision yet on what was meant by alien capital investments; and (3) there was no decision yet on how to value them.

until after the elections.[62]

Two Eras

The half-dozen years between the formation of RIS and the general elections in Indonesia fell roughly into two periods, in which, within the changing kaleidoscope of political-economic attitudes, economic policy in general and Indonesianization in particular appeared to fall into two different sets of dominant political, ideological, and personal patterns. The first period, in which the Masjumi was the predominant party, was the period of Hatta, Djuanda, Sjafruddin, Sumitro, and Wibisono--leaders who had the cooperation of the moderate wing of the P.N.I., the Christian parties, and moderates in other nationalist parties and among the independents.

In the interests of economic rehabilitation and a harmonious economic development, in general during this period broad national interests were emphasized, along with concord between the various groups in the economy. The period had governments characterized by relative moderation and professional ability. Indonesianization was initiated for the first time on an important scale, but private Indonesianization was limited chiefly to the simpler commercial fields and where undertaken it was done on a gradual basis, so that individual mistakes might have less drastic effect on the economy. Individual initiative and hard work were stressed, yet the Government assured those

62. Ir. Sakirman and the P.K.I., which had refrained from taking a stand counter to the Ali Sastroamidjojo Cabinet concerning its statement on foreign investment policy in 1954, when confronted by a Masjumi Cabinet, resumed the attack in February 1956. In connection with the resulting interpellation, the Boerhanoedin Harahap Cabinet issued a new explanation of foreign investment policy. Yet although a foreign investment bill passed a number of legal hurdles that year, it was not until September 1958 that it was approved by Parliament.

still in the "economically weak" category of its guidance and protection. Despite the fact that Masjumi, the largest party, was also unhesitantly a party of the middle class as well as of other social groups, it did not appear to give a maximum impetus to Indonesianization. This was so probably because its leaders considered that the force-feeding of Indonesian businessmen could be potentially detrimental both to many of them and to the economy; probably because alien businesses still had much to contribute to the economy; and also because Masjumi, in fact, never held the portfolio of Economic Affairs. Such Indonesianization which did occur, however, could not perhaps unavoidably be free from the charge of racial discrimination. On the other hand, whereas foreign investment in theory was welcomed during this period in sectors where large-scale Indonesianization was not yet possible, the governments lacked the time and strength to put across necessary investment legislation.

During this period, the Indonesian people appeared only superficially united. The majority forces of moderate evolutionary development were often not well organized and were countered in many sectors by various small but well-disciplined movements, the "Oppositionists",[63] whose raison d'etre had largely disappeared by the time of the recognition of Indonesian sovereignty. Since many of their leaders with "revolutionary" theories had little constructive to offer, they sought to improve their political fortunes by distorting the realities of the day to fit the apparently systematic ideologies which they accepted without question. In the middle of the Revolution, the head of the state had warned Indonesians against maintaining inferiority complexes in

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63. For an excellent analysis of the political dichotomy of this period, see Feith, op.cit., pp. 120-123, which distinguishes between the groups led by intellectuals and those by "mass" leaders (the "Oppositionists").

the face of the alien. Yet many of the Oppositionist leaders in such circumstances could only propagate their hostility and were unable to discern possible communities of interests which might have come with political maturity. Attempting to undermine the public confidence in a stable and progressive government, they sought also to capitalize on the inertia and letdown that followed the Indonesian Revolution, afterwhich progress depended more on one's work than on "spirit". On the one hand, in place of tolerance and mutual respect--"typical" Indonesian traits--they tried to create or exploit class and racial differences.

On the other hand, they professed a desire for "national unity"-- on their terms. The one goal that most of theoimmoderate parties and factions had in common--whether they were principally Marxist, religious, or nationalist --was economic: They insisted on a "socialist" community (although their concepts of such socialism differed widely) and theoretically opposed "capitalism". Their favorite bogey was foreign investment, which was dressed up in such terms as "giant, monopoly, alien, imperialist capitalism."[64]

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64. Cf. the P.N.I.-Murba-P.S.I.I.-sponsored Indonesian People's Congress in late 1948 (which helped induce right-wing members to secede from theoP.N.I. and join in establishing PIR), in Kahin, Nationalism and Revolution in Indonesia, p. 324; ACOMA, "Keadaan Nasionalisme, Islamisme, dan Communisme sebelum dan sesudahnja K.M.B." (which called for a pro-communist front against "American capitalism"), in A. Hakim Dalimunte, Gerak-Gerik Partai Politik, (Langsa:o Gelora, 1951); Sidik Djojosoekarto declaration on 11 February 1950 that the principles of the P.K.I., Partai Murba, and P.S.I.I. were the same as the P.N.I.'s concerning capitalism, in Kabinet Republik Indonesia, pp. 97-98; DomesticoPolicy" (forming an anticapitalist bloc) and "Social-Economic" sections of the May 1950 P.N.I. Political Fighting Program (which contributed to the secession of many right-wing members, who established P.R.N.), in Kepartaian di Indohesia (1951), pp. 117-118; ACOMA-Murba-P.K.I. attempt at rapprochement at endoof 1950; revised Sidik Motion (sponsored by P.N.I. and P.K.I.)oon electricity rates in December 1950 (see "Kobarsjih Motion, etc." in Chapter XXI); P.K.I.-P.S.I. sponsorship of the B.P.P. (See "Sukiman Cabinet", supra; P.K.I. "UnitedoFront" campaign.

By the end of the Sixth P.N.I. Congress, the second of the post-sovereignty periods had begun, with the Sidik-Mangunsarkoro left wing of the party firmly in the saddle of the P.N.I.'s leadership. The Wilopo Cabinet, having been neutralized into inaction, handed back its portfolio in June 1953 and after a three-month interregnum, a new P.N.I. Cabinet more firmly under the control of the party's left wing was installed, with Ali Sastroamidjojo brought back to Indonesia to head it. Economic policy was subordinated to the No. 1 goal of "Win the Election!" This was the period of Soekarno, Ali, Iskaq, and Sidik--leaders who had the cooperation of many of the former "Oppositionist" group and the less moderate members of other nationalist parties and independents.

By a curious form of expediency, the P.N.I. dissolved its historical co-operation with Masjumi, which being the largest party, was also its potential chief rival in the coming elections, and on Sidik's orders it embraced its old foe--the P.K.I. Thus, whereas foreign investment in theory was welcomed during this period, the government lacked the inclination to put across necessary investment legislation and condoned several actions which tended to discourage such investment. Yet despite the apparent political shift to the left and political support given the Government for nationalization, such measures which did take place were largely continuations of those of the earlier period and were sharply limited by fiscal resources. Moreover, although the P.N.I. had technically accepted Mangunsarkoro's doctrine of Marhaenism in a move to attract the mass vote, it not only played down its own philosopher's antagonism /to indigenous business, but it even championed an Indonesian middle class when it took over the Government. In the interests of building up a "national economy", it thus gave a great impetus to private Indonesianization, which expanded into relatively complex business fields. This occured probably because

of the increased demands for protection for existing and potential businessmen, and "going into business" had by then lost much of the stigma of earlier periods; because of the increased potentiality of apparently large profits with little work for the license applicant--and also the license grantor; and because it was Iskaq who held the portfolio of Economic Affairs. Consequently, too, such Indonesianization was not free from the charge of political discrimination.

Meanwhile, the new Opposition was excluded from participation in many decision-making bodies and political perquisites to a much greater degree. than it had treated its predecessors.[65] It retaliated by offering a series of motions of no confidence, by criticizing the depressed state of the government's finances (perhaps not unrelated to some of its Indonesianization measures), and by playing up the lush corruption which had arisen in the Government.

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65. Compare the appointments to the Indonesian Election Commission, the Advisory Board of the Bank Indonesia, the GIA board of directors, and officers of the B.N.I. and the Bank Industri Negara with appointments of Communists, pro-communists, or ultra-nationalists on the Joint Committee to Draft the Constitution, the State Mining Commission, the Electricity Nationalization Commission, the Commission for Changing the Tax System, etc.

A key to the future of Indonesianization in the more complex spheres of the economy might be discernible from its course in the past, when it assumed a variety of formso[1] Indicative of the fact that the process was leading neither to an entirely socialist economy nor to one predominantly of private enterprise, but rather to a "mixed economy" were the two types of proprietors--state and private--emerging from the forms of institutional change which appeared:

(a) transfer to the Government of Indonesia of State economic enterprises established by the colonial governments;

(b) establishment by the Government of Indonesia of new State enterprises;

(c) transfer to the Government of Indonesia of private alien enterprises,

(d) increased governmental control over alien businesses;

(e) transfer to Indonesians and their organizations of private alien enterprises;

(f) establishment by Indonesians and their organizations of new enterprises in fields of the economy virtually closed to Indonesians in the past;

(g) increased Indonesian stock-ownership in corporations established by aliens;

(h) increased Indonesian participation in the executive and administrative staffs of alien companies; and

(i) return of landholdings by alien enterprises to the Indonesian community.

Of the above institutional changes, all saveoperhaps one (a) may potentially recur in the future. The processes referred to in points (a) through (d) were forms of "state" or "social" Indonesianization; those in points (e) through (h) were "private" or "personal" Indonesianizationo There were of course, a few combinations of these forms. Furthermore,[2] there was the

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1. For a contemporary analysis of the effect on the economy itself of Indonisianization, see John Paul Heek, The Government and Economic Development in Indonesia, 1950-1954, (Ph.D. thesis, University of Virginia, 1956) esp. ch. IV.

For an analysis of Indonesianization developments principally during the year following the scope of the present work, see A.H. de Neuman, "On the Promotion of Indigenous Indonesian Industries with Special Reference to Credit Facilities for Private Businesses and for Local Government Enterprises," Ekonomi dan Keuangan Indonesia, IX (1956), pp. 683-728.

2. An analysis based on the nature of the institutional change might discern: "automatic" Indonesianization, as in point (a); "positive", involv-

phenomenon most susceptible to domestic political tension, in which "indigenous" (asli) residents took over the property of citizens of foreign descent (peranakan), which was a type of "ultra-Indonesianization."[3]

A third type of business proprietor, which some believed would play a major role in the Indonesianized economy of the future, was the cooperative society. This business form favored by Hatta received due mention, if not in the program of every government since the transfer of sovereignty, at least in the explanation of their programs. However, although the number of cooperatives did expand significantly before the elections, and where they appeared in the economy they played an important role, they existed for the most part only in the rural, subsistence sphere. Despite the advanced type of cooperatives for complex enterprises envisaged by Hatta in 1946 in his description of Indonesia's future economy, there were comparatively few efforts to develop new business forms to meet such requirements.[4] Furthermore, conversion of corporations by their entrepreneurs into companies whose workers were also their stockholders took place in only isolated instances!

Rather than a loose all-inclusive concept of cooperation in which each member of the community might utilize an opportunity to contribute to the common welfare in his own way, proponents of economic cooperation often tended

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ing completely new entrepreneurial forces, as in (b) and (f); and "negative", where older entrepreneurial forces were displaced rather than supplemented, as in (c) and (e). The processes referred to in (g) and (h) may represent either negative or "neutral/mutual" Indonesianization, depending on how voluntary the change was! New joint enterprises often arose as the latter process.

3. Information on the effects of this process on the resident Chinese may be found in studies of Chinese communities in Indonesia by Donald E. Willmott and G. William Skinner of Cornell University, in process at the time of writing.

4. E.g., a "cooperative corporation", in which employees would be encouraged to become stockholders and to obtain thereby a voice in the policy of management--a principle for which some labor parties and unions had been striving!

to emphasize exclusive forms and symbols. One such typically Indonesian symbol[5] was gotong-rojong (mutual assistance), which, although little stressed during the years before the general elections, would gain renewed emphasis in the post-election period as economic and political conditions continued to deteriorate. Gotong-rojong, however, referred essentially to unskilled, unpaid common labor on the village level, and as a form of activity it was quite inappropriate to the complex, industrialized, urban business sphere where specialized, remunerated skills were a necessity. Thus, whereas much may be said for its spirit of working-for-the-common-good, in tackling complex economic problems its method of everyone-doing-the-same-kind-of-work is out of place.

In the future, more "state Indonesianization", as occurred in the past, can probably be expected. However, where past "state Indonesianization" involved changes in proprietors (socialization), it evoked virtually unanimous approval only in the fait accompli case of confiscation of the property of the property of "enemy aliens" (German and Japanese). Except in this case, socialization was usually carried out with a payment of a relatively fair compensation. However, as Indonesia's budgetary dislocations increased, despite the gradual increase in the number of Indonesian technicians, great differences arose between the major political parties (and their programs) over the timing of nationalization even when the consensus appeared to approve it. There was, of course, also complete lack of agreement over just what economic sectors should be so nationalized, for some favored a maximum inclusion, others, a minimum.

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5. Although the constitutional principle of kekeluargaan (a family-type relationship) on which the economy was allegedly based may have been appropriate to a comparatively primitive subsistence economy or to small businesses, it similarly appeared to lose its validity when applied to large-scale enterprises and a complex modern economy. Probably for this reason the term gradually fell out of usage and appeared destined to be replaced when the fourth constitution was drawn up.

Some nationalization took place under the pre-war nationalization act, according to which a purchase agreement was made with the proprietor (e.g., most private lands,[6] GIA, and electricity enterprises). In other instances, nationalization followed special statutes (e.g., Java Bank, B.V.M., and several private lands). Nevertheless, in addition to legitimate forms of socialization, there was also a large area of a kind of "de facto nationalization" some of it actually anarcho-syndicalist--where the alien proprietors were unable to resume or continue operations. This was especially the case in agriculture and mining. Thus since it was desired that new alien investment be channeled into manufacturing, the trend might be expected to continue. Pending a final solution which could involve the expiration of the proprietor's license, lease, or concession, such properties were often administered by state trusts, which--although some were offshoots of bodies created during the Revolution--were "temporary" institutions. Nevertheless, the end of 1957 (a dozen years after the first were set up) apparently brought a need for additional state trusts to administer Dutch property.

Since party programs in the past often dealt with private Indonesianization in quite general terms, such programs per se were not always very meaningful, for different factions within a party could and did interpret them in different ways. Consequently, often more important was which person or group was in a position to implement a program. Consequently, too, private Indonesianization measures of the Government were as often as not the handiwork of a few leading politicians in key ministries, rather than that of specific parties. The acceptance of such Indonesianization in principle was usually not dependent on

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6. The "nationalization" of private lands was only a transitional phase, since most of their area was ultimately to be distributed as private property to their residents.

party programs, but partisan friction did arise in the implementation, especially when it appeared that certain officeholders and parties in power were enriching themselves as a result of such measures.

This private Indonesianization involved several related statements of principle. Only a relatively few stressed the interests of all Indonesian citizens (e.g., the sometimes ambiguous "national" importers). More emphasis was given to promoting and elevating the indigenous Indonesian citizen, while attempting to avoid as far as possible any declaration which might be construed as racial discrimination. Thus there was the principle, orginated by the Dutch, of helping the "newcomers" (e.g., importers during the pre-federal period and company taxpayers after 1954). There was the principle, promoted by Djuanda, of assisting the "economically weak" citizens (e.g., "benteng" importers, bus and truck operators). There was also the principle, stressed by Iskaq, of developing a "balanced middle-class" (e.g., rice milling, dock companies). Such measures as these forced the alien competitors, and even the peranakan competitors to go out of business, to concentrate operations in other fields, or to join forces with indigenous Indonesians.

Private Indonesian enterprise began to come into its own only during the period following the transfer of sovereignty, when Indonesians, having cast off the stigma of colonial step-children, began exercising more autonomy over their role in the economy, reflecting the fact that Indonesia was then endeavoring to mature as a national community. During the Dutch period, of course, there were a number of small Indonesian business concerns, but their most complex business form was principally the partnership (firma) and silent partnership, and the number of Indonesian corporations could be counted on the fingers of one hand. Few Indonesians dared to venture into the seemingly hostile business world of

the Dutch (and other "Europeans" including the Japanese) and the Chinese, with their apparent superiority complex or at best paternalism. An important heritage of the Dutch period for many Indonesians was a Weltansicht which covered only a very narrow sector of the world political-economy. The vestiges of early Nineteenth Century liberalism and capitalism of Continental Europe, which (as in the metropolitan Netherlands) had tended to protect economic growth from too much arbitrary interference by the government, the Indonesian intellectual, with most of his information and experience restricted to Dutch sources, came to consider as typical of liberalism and capitalism in general and ever afterwards. Consequently, most Indonesians in later years would be unable to think of these terms with other than unfavorable connotations. Moreover, most would remain ignorant of modern political-economic liberalism, which tended to protect economic growth from too aggressive practices of enterpreneurs and advocated economic and social opportunity and security for an entire population, such as flourished in England and the United States,[7] and to the theory or practice of which many diverse personalities from T. H. Green through F. D. Roosevelt contributed.

During the Japanese period, a number of Indonesians went into trade and manufacturing, filling some of the vacancies left by the Dutch and setting up enterprises to produce goods which could no longer be imported. In the last month of the occupation, the first large Indonesian business association for all of Java (P.T.E.) was even set up. Coincident partly with the arrival of a

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7. Cf. "The Present Meaning of Liberalism" in George H. Sabine, A History of Political Theory, (2d edition; New York; Henry Holt, 1950), pp. 740 ff.
The "guided" and "mixed" economies which have been a part of the policy of post-sovereignty Indonesian governments, are very much "liberal" in this modern sense. Nevertheless, the governments felt compelled to disclaim that such policies were in any way connected with liberalism.

number of new college-educated men at the outbreak of World War II, Indonesians had also an opportunity to exercise higher positions in alien private and government enterprises than ever before. Since the private Dutch railways and some of the public utilities were operated by the Japanese under the military government, a vested interest in nationalization grew up, for few Indonesian engineers would want to step down and hand over their jobs to the Dutch. During this period, too, not a few youths received from the Japanese military forces totalitarian indoctrination, which tended to intensify any xenophobic propensities. Those who in addition obtained Marxist indoctrination would become Communist cadre and thus tend to grow incorrigibly opposed to private enterprise.

During the Revolutionary period, Indonesians in business initially began to flourish as this time the Japanese left vacancies behind them, and as local manufacturers continued to try to fill the gap resulting from the absence of imports. The subsequent belligerency and blockade, however, eventually made their lot an especially hard one. Later, after the Dutch had reoccupied strategic areas and had reestablished their own enterprises, a belated effort was made to extend a limited amount of protection to some of the businesses operated by Indonesians. Nevertheless, in the last month of the pre-federal period the first nation-wide Indonesian Chamber of Commerce was established (DEIP).

On the other hand, during much of this period, the atmosphere for private business was not too favorable. When the Japanese vacated the large-scale enterprises of the Dutch, the only alternative to many Indonesians seemed to be state control. There developed a vested interest in state control among a number of union leaders--especially those who worked towards a state operated by their own totalitarian party. Consequently a period of anarcho-syndicalism occurred after the Government announced it would return private enterprises to

the Dutch. Later, after the state had set up provisional "trusts" operated by Indonesians, political pressure was brought to bear against some of the managers because they were not "revolutionary" enough to work for permanent state operation. All this while, especially on Java, whereas Indonesian businessmen had few public forums or opportunities to use them, the people were flooded with Marxist-Leninist propaganda,[8] which by its very nature was hostile to any private enterprise. Furthermore, the Dutch military actions tended to confirm even for the moderate political parties the blanket condemnation of "capitalism" and attempts to equate it with "imperialism".

A third force during this period was Vice President Hatta, who in 1946 had preached that private enterprise was basically sinful--a view not unlike that of the Marxists. But Hatta felt that private business had to be replaced by cooperative societies (except for one-man or family operations), whereas the Marxists, of course, substituted the state for the cooperative. Nevertheless, by the end of the pre-federal period, when new RIS President Soekarno presaged his concept of "guided democracy" by announcing that Indonesian democrary was different in that it was "democracy with leadership",[9] the "guided" and "mixed" economy had gained general acceptance. In what seemed to be the economy of the future, the sphere apparently reserved for state enterprises at that time still appeared much larger than that allowed to Indonesian private enterprise.

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8. The Japanese and Communist-indoctrinated youth, most of whom joined Pesindo or backed Tan Malaka, and the more sophisticated Stalinists returning from training in the Netherlands, Australia, China, and the Soviet Union not only issued a variety of organs for their manifold front organizations, but often published the only daily newspaper in a town or small city.

9. Antara, 17 Dec. 1949.

New Indonesian business activity, which had begun to increase sharply during the second half of 1945, resumed its sharp upward trend four years later as hostilities ceased. Moreover, after the war, and especially after the transfer of sovereignty, many of the older companies began to incorporate, and a rising percentage of the new companies were established as European-type rather than "native" (I.M.A.) corporations.

At the end of the forties, new Chinese businesses outnumbered their indigenous counterparts. As late as a period roughly corresponding to the last half of the RIS and the Natsir Cabinet periods, this relationship continued. Within two years, however, during a period corresponding to that of the Wilopo Cabinet, although the Chinese retained their numerical superiority among the new corporations in a number of areas, the total of new corporations throughout the country included more companies of indigenous Indonesians than of residents of Chinese descent (see Appendix U).[10] Between the same two periods, the overconcentration of new corporations in Djakarta increased from 41 percent to almost 47 percent.

By the middle of the nineteen-fifties, the Indonesian businessman operating on a plane far beyond that of the purely local small-scale enterprise typical of before the war, was very much a reality. Although the large majority started out in business simply as merchants, many had diversified. Thus, while a number of indigenous businessmen had established reputations virtually entirely on their strong position in the field of trade, especially foreign trade, the writer's survey of corporations established since World War II (plus a sampling

10. At the end of the Masjumi Era the Chinese still retained a majority of all the businesses in a number of cities." Out of 9477 registered enterprises in Surabaja, 2533 were owned by indigenous Indonesians; 1447 by Indonesian peranakan citizens (mostly of Chinese descent); and 6497 by aliens (mostly Chinese, but also Dutch, Arabs, and Indians)". Antara, 16 Oct. 1952.

of partnerships and silent partnerships) revealed that the "Big Four" by 1954, operated in many fields.

Agus Musin Dasaad, a Minangkabau born in the Philippines, who had gone into business for himself at the end of the Dutch period and whose holding company was N.V. Handel Mij. "Dasaad Musin Concern" of Djakarta, had been an officer in at least sixteen companies which operated in the fields of trade, manufacturing, estates, shipping, warehousing, aviation, banking, and insurance. In addition, after a period of activity in politics from 1943 through 1945 (he was a charter officer of Serindo), he continued active in leading trade and business associations.

Ir. R. Ng. Soearto Sosrohadikoesoemo, from Central Java, after a stint as an official in the Ministry of Prosperity, between the police actions set up N.V. Handel Mij. "Intraport" in Djakarta as his holding company. He was an officer in at least thirteen companies operating in the fields of trade, shipping, warehousing, banking, insurance, printing, and mining.

Ir. Herling Laoh, a Menadonese, was the leading former minister (P.N.I.) to choose a business career. Although he laid down the portfolio of Communications, Public Works, and Power only in September 1950, he soon was the officer of at least eleven companies centered around the construction company N.V. Birokarpi of Djakarta. Besides construction, his companies operated in trade, manufacturing, mining, warehousing, and insurance.

Djamaludin Malik, a Minangkabau and the youngest of the four, whose P.A. Maskapai Industri dan Dagang "Djamaludin Malik Concern" in Djakarta dated from 1950, became the "Cecil B. deMille of Indonesia". Besides trade and motion pictures, his at least nine companies operated in the fields of engineering, manufacturing, motor transport, and publishing. He published "the daily paper

of the N.U.[11]

In addition to the above, many older-established merchants began diversifying, and a crop of young well-educated Indonesians began entering into business careers. As might have been expected, too, when the Indonesianization fever began to mount and the demand for capable, indigenous Indonesian businessmen exceeded the supply, there was much cooperation between Indonesian lawe makers and politicians, on the one hand, and business enterprises, on the other. Although a number of regulations existed which restricted the right of public officials to participate in commercial enterprises (see Appendix V), there were no such restrictions which applied to Members of Parliament--unlike cabinet ministers--whose official emuluments were usually far below what was necessary for maintaining an urban household.[12]

Initially, relatively few Members of Parliament owned and operated businesses which provided their principal source of income, although the number slowly increased. Just as some Members supplemented their official salary with their

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11. The Duta Masjarakat of Djakarta. Cf. HRAF, Area Handbook of Indonesia, ppo 1203-1204. Malik reportedly turned down the portfolio of Economic Affairs in the Second Ali Sastroamidjojo Cabineto

12. The size of a Member's pay depended on the number of sessions he attendo Consequently, a large number of Members frequently came to the Parliament Building only to sign in, after which they would return home or go about their affairs elsewhereo

During a debate on a bill regulating the financial status of Members of Parliament, Abulhajat alleged that the lot of the Member was worse than that of cabinet ministers, for, said he, some ministers also owned companies, and anyway the future of most ministers was assured, for many had become company presidents after leaving officeo Minister of Personnel Affairs Suroso replied that one should differentiate between ministers and persons who were designated to be ministers, and that many ministers after leaving office become poor. Debateso 9 Apr., Ichtisar Parlemen 1953, ppo 485-486.

On 29 Nov. 1951, the B.N.I. sent Parliament a list of loans it had made to Members. Risalah Perundingan 1952, p. 21.

income as officers in political parties or labor unions, a growing number of others for the same reason served as members of the board of directors, advisers, "vice-presidents", and occasionally merely as stockholders of companies. Where they were able to provide good business, legal, and financial advice to sometimes less experienced members of the community, such participation could, of course, have praiseworthy. On the other hand, where their contribution was only a political connection, for which they or their parties were munificently rewarded, that was something else.

A survey made by the writer showed that an estimated 44 percent of all Members of Parliament who served at sometime during the period between August 1950 and December 1954 had active interests in business enterprises (see Appendix W)a The percentage would even be higher for those who served out most of this period. The estimate is, if anything', conservative since the survey may not have covered every business. Moreover, a sampling of charters after 1954 showed that several members listed as having no businesses subsequently engaged in private enterprise. Of the 121 members found to have business interests, 116 were active in private enterprises and 27 with government corporations. Of the last group, only four held executive positions which occupied most of their time (but only two were during the" post-revolutionary period)."

At the top of the list among Members of Parliament was the pre-war leader of cooperative movements, R.M. Margono Djojohadikoesoemo (non-party) whose case was special, for the great majority of the companies in which he was an officer or stockholder were government banks or their subsidiaries, and most of these he did not retain after he gave up his bank presidencies. The only other Members to devote most of their energies to government enterprises after 1950 were also bankers, namely, Mr. Indra Kasoema of Bank Indonesia and Made Toyasastra

of the B.R.I. Mr. Jusuf Wibisono (Masjumi) was the Member active in the most private enterprises, ten, between his stints in the Prosperity and Finance ministries.[13] Next, with nine, was Sarino Mangunpranoto, the P.N.I. Executive Board's economic liaison officer during much of this period.

Among the chairmen of all parties, the most active in private business was Sidik Djojosukarto of the P.N.I., who in February 1950 declaimed against "national capitalism" as "no less dangerous" than alien capitalism," who in 1952 was instrumental in getting Mangunsarkoro's anti-private enterprise doctrine accepted by the P.N.I. Congress, and who a year later ordered collaboration with the P.K.I. in place of his party's moderate former allies. By 1954 he was on the board of directors or otherwise active in at least seven private enterprises--perhaps as a subtle endeavor to drive home the point of his 1950 speech. However, among past P.N.I. chairmen and vice-chairmen, only Mangunsarkoro (of the party's left wing), consistent to his doctrine, apparently did not engage in business. In the party's moderate wing, Dr. Gani became a full-time businessman with interests in at least six companies (plus a labor union), and Mr. Wilopo was active in five (including two government subsidiaries).

After the recognition of independence, the intellectual horizons of many Indonesians broadened. The moderate political parties could, free from doctrinal reservations, accept Indonesian businessmen. P.R.N. became the Parliamentary faction with the highest percentage of members with business connections (85 percent). Hatta, writing in 1954, could appreciate that a modern corporation

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13. Sarwono S. Soetardjo (Pesindo) complimented Finance Minister Wibisono for dropping all of his business interests once he was appointed minister, and held him up as a good example for "certain ministers" in the Natsir Cabinet, who allegedly had numerous business interests both at home and abroad. Speech, 2 June, R.P. 1951, p. 4579e

might indeed play a role that benefitted the community.[14] Despite its philosophical aversion to private enterprise, the P.N.I. probably surpassed the Masjumi in the number of its adherents in the "harmonious commercial middle class" that was developing.[15]

Although the official philosophies of the other two principal moderate secular socialist parties, P.S.I. and Partai Buruh, had similarly not yet recognized a positive role for private enterprise, a number of party officers or their relatives were active in private business--a practice which also, of

14. In Pengantar Kedjalan Ekonomi Perusahaan (Djakarta: Pembangunan, 1955), p. 103, Hatta wrote: "When a modern company has grown large, its basic goal changes: it is no longer profit, but fulfilling services to the community, through which the livelihood of thousands of its workers is maintained. The more the community values these services, the better they become. Thus serving the community becomes the prime endeavor, and profit comes with good work". Hatta also wrote that since all the personnel in modern companies, not just the managers, had some responsibility, their leaders had constantly to try to achieve harmony between the needs of the company and of those who worked in it, and that if a worker was recognized as an integral part of the company, "the spirit of the company would grow in his heart".

This textbook is a revision of Penundjuk bagi Rakjat Dalam Hal Ekonomi Teori dan Praktek, first published in 1940. In his chapter on "Foreign Capital", Hatta defined it as any capital orginating from outside an enterprise.

15. Thus R. Moerobikamdi NOTOHAMIPRODJO, who had started out as an inspector for the "Boemi Poetera" Mutual Life Insurance Company, which he had eventually come to head, and whose interests included half a dozen other companies and the P.N.I. farmers' affiliate, Petani, was chosen by President Soekarno in 1957 to represent "National Businessmen" on his Dewan Nasional (National Council). Another businessman, R. Husein KARTASASMITA, P.N.I. member in the Djakarta Municipal Assembly, besides heading the N.V. Dewasa Trading & Industrial Co. Ltd., was active in at least 7 other companies plus numerous business associations. Mr. Iskaq, an attorney, who according to rumors attempted to acquire interests in numerous enterprises during his stewardship in the Economic Affairs Ministry, already had half a dozen business interests of his own before taking that portfolio.

Masjumi Vice Chairman KASMAN Singodimedjo had interests in at least eight businesses, and another lawyer, Mr. Sjarif Hidajat, Masjumi member in the Surabaja Municipal Assembly, was active in ten companies.

course, occurred among members of other parties.[16]

Finally, although the top leadership of the extreme Marxist parties may have been temperamentally unsuited to private enterprise, some members even from these groups were active in business--and not just in the companies set up for their propaganda organso[17] Moreover, in an effort to spread its influence among private business circles, the P.K.I. had even recognized that national businessmen could also be included in the term "the people".

Consequently, by the time of the general elections, private Indonesianization had made such strides that private Indonesian enterprise--whatever symptoms of growing pains it might have exhibited--could no longer be considered as something foreign, as many might have considered it during the Dutch period; could no longer be limited merely to the insignificant scale of operations the sundry Marxist sects had relegated it to during the Revolution; and appeared no longer destined to a definitely secondary place in the mixed economy, which still seemed its fate when RIS was establishedoo[18]

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16. The fastest rising P.S.I. businessman was SOEDARPO Sastrosatomo, who within two years after having served as Indonesian press attache in the United States, was active in seven corporations.

17. Thus, Adam Malik of Partai Murba, who had been appointed to the first Indonesian legislative body in 1945 and was elected a decade later, besides having headed Antara New Agency, was active in 9 companies.
Mr. Mohamad Jusuph, the attorney who reestablished the P.K.I. in 1945, was an officer in 5 companieso Once twelve trading silentopartnerships (which, like regular partnerships, must be registered in the official gazette) were registered together with one registration fee. Ten of these hadonames beginning with the letters A through J, respectively, which letters matched the initials of their "managers"; the twelfth one was headed by Mr. Jusuph. Cf. Beritae Negara R.I. 1954, No.o23.

18. The development of Chinese entrepreneurs lies outside the scope of the present study. However, the resident who appeared to be most active in business deals was a Chinese peranakan. KHOUW Kim Eng, once vice-president of a company close to the P.S.I., collaborated in 1954 with a P.N.I. officer to set up a company capitalized at Rp. 2 million (Subur N.V.). At the time of his arrest in connection with the "Hongkong barter scandal", he was active in at least nineteen companieso Cf. Indonesia Raya (Djakarta), 1 July 1955; Charter 743/1954.

Since the Republic of Indonesia of the mid-twentieth century was not ruled by a totalitarian regime, aside from significant foreign developments and internal reactions thereto (witness the exodus of the Dutch in December 1957), the rate and direction of Indonesianization in the future might still be affected by differences in political Weltanschauung. What courses Indonesianization will take may be correlated to the way Indonesians answer such questions as the following:

1. Does every important Indonesian political movement really have as an ultimate goal a "happy and prosperous people?" Although a "happy and prosperous" people (along with peace, liberty, and a perfected state of law), is a major Constitutional goal and this undoubtedly represents the consensus of the Indonesian people, some political leaders and parties may lose sight of this fact and treat specific institutions and ideological means as the end in itself.

2. Will a "national economy" be the best guarantee of a happy and prosperous people? During the S. Narto Interpellation, it was suggested that Indonesian personnel might be happier, though less prosperous, if some enterprises were not operated by aliens.

3. What is the "national economy" that is desired? The debates over the Tjikwan Interpellation and Motion showed some consensus on the description of the "colonial economy" to be abandoned, but there was a singular lack of consensus on the kind of "national economy" to be striven for.

4. Should the "state" sector of the "national economy" be expanded by evolutionary or revolutionary means? Reflecting the dichotomy that has existed for at least a third of a century, the debates over the Kobarsjih Motion confirmed the fact that some groups believed that Indonesians should first be educated and trained for active participation in the more complex forms of business and that when the State's financial means permitted, these qualified persons would be able to take over the operation of existing and new enterprises. Other groups felt that the Indonesian Government should start out by virtually seizing outright existing enterprises and only afterwards obtain for Indonesian personnel the training required for optimum operation--using aliens in advisory positions during the interim, if necessary.

5. Does the constitutional principle of "state control of important branches of production" allow for a variety of forms of such control? For Marxists, especially during the revolutionary period, "control" meant simply "ownership" by the State. By the time of the 1950 Constitution, "regulation" had gained acceptance as the

official interpretation of the term. That "control" need not mean "own" was confirmed for some Marxists during the debates over the Abulhajat Motion.

6. Can the Indonesian slogan, Bhinneka Tunggal Ika (Diverse though United), be applied to Indonesia's economic structure and permit the growth of a "mixed economy"? Some policy makers have been able to discern merit in a wide variety of business forms. Others have felt that genuine merit lay only in one form, e.g., a state enterprise, a cooperative society, an enterprise controlled by its labor, etc.

7. Should Indonesia develop an Indonesian "middle class"? In 1955 the country's largest parties (P.N.I. and Masjumi) and a number of others strongly supported the idea of developing an Indonesian middle class. Some others (principally Marxist groups) had ideological biases which precluded wholehearted support. Nevertheless, the majority faction of the Communists in Indonesia professed its support of national businessmen. The question then arises whether this is given because in dialectical materialism if the alien enterprise (thesis) is confronted by the Indonesian nation (antithesis), the logical consequence is the national businessman (synthesis), or whether in adopting the Muso-Maoist divide et impera tactic, lip service was merely given temporarily to the interests of domestic businessmen, in order first to exterminate the alien businessmen.

8. Can Indonesia develop a "middle class" that is viable and conscientious? As protection is extended to Indonesians in successive fields of business, there arises the question--which might also be asked mutatis mutandis about leaders in the labor field--of what part of the beneficiaries are potentially sound practitioners and what part are incompetents and party camp-followers whose actions would be largely detrimental to the best interests of the country.

9. Can the constitutional basis of the economy, kekeluargaan, and such "typical" and democratic Indonesian principles as musjawarat and mupakat (obtaining a consensus through discussion) lead to a community of interests among different groups in the economy, and will a member of such a group be judged on his own merits, or will an imported ideology based ultimately on the concept of animosity and unending strife between stereotyped classes prevail? A number of politicians in Indonesia have based their political fortunes on fostering "class consciousness", in which the members of those classes with which the politician identifies himself are given virtually blanket approbation and members of other classes are censured, in avoidance of the fact that great individual variations exist among members of the same "class". One group of these proponents of "class consciousness" feels that a continuous struggle between classes is required by dialectical materialism, and promotes it with that in mind. Other proponents, perhaps more influenced by the traditional Indonesian

milieu, after first playing up class differences, then decided that a class struggle need not follow after all. Nevertheless, there are many other Indonesians who see possible latent differences only artificially materialized or prolonged by such schemes.

10. Will foreign investments be allowed, on the basis of mutual respect and benefit, to participate in a community of interests between different groups in the Indonesian economy and contribute to its development, and will each such investment be judged on its own merits, or will xenophobia (a pardonable enough reaction before Indonesia had attained independence) be permitted to prevail? The "Last Testament" of the Republic at Jogjakarta called for such a "community of interests" between the foreign businessmen, labor, and farmers. Nevertheless, problems arose both over the treatment of businesses of resident aliens some of whom might have rejected Indonesian citizenship, and over the treatment of investments from abroad. Although three of the Pantja Sila (the five basic principles of the Indonesian state), namely "nationalism", "democracy", and "social justice" (prosperity) are implicit in the rationale of Indnesianization, another of its principles is "internationalism" (humanity), which may sanction beneficial participation by foreigners. Indonesia, in conformity with this principle, has been essaying an active role in world politics. However, despite the apparently inverse correlation between xenophobia and economic development, the Pantja Sila principle which many Indonesian politicians often appeared most to neglect to Indonesia's own detriment in the sphere of her domestic economy was the same "internationalism" (humanity).

In addition to the foregoing, strictly political-economic questions on matters which directly affect Indonesianization, there might also be asked such political questions with economic ramifications as the following:

11. Will Indonesia attain and maintain the status set for it in its Constitution, that of a state governed by law (negara-hukum), in which inter alia property rights are respected? There has, of course, been strong support for the concept of the rule of law. However, for years certain groups have indoctrinated their followers with disrespect for both laws and property rights. And by the mid-fifties, the concept of the state of law was further weakened when, as a result of movements opposed to an over-concentration of power in Djakarta, increased intervention in civil affairs by military authorities began to occur.

12. Will the Indonesian people, in facing their manifold problems, be blessed with good democratic leadership? In the latter part of the nineteen fifties, a paternalistic concept of "guided democracy" was attracting much attention. The efficacy of such a concept would appear to depend to a large extent on the type of

leadership behind it. In Indonesia (as indeed in many another country), leadership has not been of a consistently uniform quality. The goal of Indonesia's illustrious pre-war leader, Dr. Soetomo, was a glorious (mulia) Indonesia--not merely an independent (merdeka) one--which presupposed the existence of constructive leadership. However, contrary to Soetomo's teaching that "Leaders who do not produce new leaders, are not leaders", some post-war "leaders" acted as though their primary interests lay in monopolizing the positions of authority; such persons usually sought to maintain themselves in power by slogans and agitation. Others, often owing to circumstances beyond their control, became noted primarily for muddling through and inaction. Yet there have also been several, who in the constructive tradition of Dr. Soetomo tended to cleave to the motto of the Indonesische Studieclub: "Facta non Verba" (Action, not just Words).

13. Will Indonesia be able to develop and maintain a viable system of democratic parties? A decade after her modern political party system began proliferating in November 1945, it was showing signs of breaking down. In this system, different organizational forces have appeared. Some politicians of an immoderate bent periodically advocated the eventual creation of a totalitarian party--possibly by merging the factions of the nationalist, religious, and Marxist parties with totalitarian proclivities--the ultimate consequence of which would be that the man or persons who controlled the party would rule the state. Others have continued to advocate a separate political party for each shade of political interest--a formula which enabled not a few politicians to have a party to head and which reflected the fact that differences in personalities tended to keep apart politicians with similar long-range goals. Between these extremes were those who also divided Indonesian parties into three groups, namely "nationalist", "religious", and "Marxist", but then advocated their amalgamation into one large party for each of the three categories. Such a proposal might bring to mind the fact that at times in the past great parties existed which spanned a variety of political-philosophical views, e.g. the Masjoemi ("religious"), formed in late 1945, and the P.N.I. ("nationalist"), formed in early 1946. Yet even broader representation was provided by the Partai Indonesia Raya of the late 1930's, prominent members of which fifteen years later were officers in the P.N.I., PIR, P.R.N., and Parindra, ("nationalist"), Masjumi and P.S.I.I. ("religious"), and Partai Buruh (" Socialist"), as well as many independents and even members of the"United Progressives faction, Partai Murba, and the P.K.I. Thus whereas the merger of the least democratic factions would appear to be not in the interest of the country and people, it is not inconceivable that Indonesia would benefit both politically and economically if leaders of the nationalist, religious, and socialist groups with real democratic aspirations would submerge personality and other superficial partisan differences and in the spirit of gotong-rojong work together to build a better Indonesia--if necessary by merging many of their political entities.

GLOSSARY
OF DUTCH, INDONESIAN, AND JAPANESE NAMES AND ABBREVIATIONS

Note: The letters "oe" are alphabatized with "u". In this study, where periods follow the initials in abbreviations, the letters are usually pronounced separately; where no periods are inserted, the group of initials is pronounced as a word.

adat: Local customary law

Algemeen Landbouw Syndicaat--A.L.S.: General Agricultural Syndicate

Algemeen Syndicaat van Suikerfabrikanten--A.S.S.: General Syndicate of Sugar Producers

Algemeen Syndicaat van Suikerfabrikanten in Indonesië--A.S.S.I.: General Syndicate of Sugar Producers in Indonesia

Algemene Import Organisatie--A.I.O.: General Import Organization

Algemene Nederlandsch-Indische Electriciteit Maatschappij N.V.--ANIEM: General Netherlands-Indian Electricity Company

Algemene Vereniging van Rubberplanters ter Oostkust van Sumatra--AVROS: General Association of Rubber Planters of the East Coast of Sumatra

Algemene Volkscredietbank--A.V.B.: General Popular Credit Bank (see Bank Rakjat Indonesia)

Angkatan Laut Republik Indonesia--ALRI: Naval Forces of the Republic of Indonesia

Badan Administrasi Perusahaan, Jajasan--Baper: Business Administration Foundation

Badan Ekonomi Rakjat Indonesia--BERI: Indonesian People's Economic Agency

Badan Exploitasi Tambang Negara--B.E.T.N.: State Mining Board

Badan Industri Negara--B.I.N.: State Industrial Board

Badan Keamanan Rakjat--B.K.R.: People's Security Organization

Badan Kongres Pemoeda Repoeblik Indonesia--B.K.P.R.I.: Youth Congress Board of the Republic of Indonesia

Badan Koordinasi Usaha Nasional--Bakuna: National Businesses Coordination Board

Badan oentoek Menjelidiki Oesaha2 Persiapan Kemerdekaan: Committee to Investigate Means of Preparing for Independenoe

Badan Oeroesan Makanan--BOMA: Foodstuffs Affairs Board

Badan Pembantoe Pembelaan--B.P.P.: Defense Assistance Agency

Badan Pembantoe Pradjoerit--B.P.P.: Soldiers' Aid Board

Badan Penjelenggara Peroesahaan Goela Negara--B.P.P.G.N.: State Sugar Enterprises Administrative Board

Badan Penolong Keloearga Korban Perang--B.P.K.K.P.: Agency for Aiding Families of War Victims

Badan Penolong Para Pekerdja--B.P.3; Workers' Aid Agency

Badan Penolong Pradjoerit Pekerdja--B.P.3; Work-Soldiers' Aid Board

Badan Perekonomian Rakjat--BAPER: Peoples Economic Board

Badan Permusjawaratan Partai2--B.P.P.: Parties' Consultative Board

Badan Textiel Negara--B.T.N.: State Textile Agency

bangsa Indonesia: Indonesian national

Bank Industri Negara--B.I.N.: State Industrial Bank

Banking and Trading CorporationoLtd.--B.T.C.: Perseroan Bank dan Perniagaan

Bank Negara Indonesia--B.N.I.: Indonesian State Bank

Bank Rakjat Indonesia--B.R.I.: Indonesian People's Bank

Bank Tabungan Pos--B.T.P.: Postal Savings Bank

Barisan Boeroeh Indonesia--B.B.I.: Indonesian Labor Front

Barisan Boeroeh Minjak--B.B.M.: Oil Workers Front

Barisan Boeroeh Wanita--B.B.W.: Women's Labor Front

Barisan Tani Indonesia--B.T.I.: Indonesian Farmers' Front

De Bataafsche Petroleum Maatschappij N.V.--B.P.M.: Batavian Petroleum Company

Batavia: Djakarta

Bataviaasche Verkeers Maatschappij N.V.--B.V.M.: Batavian Transit Company

batik: a process of masking and dyeing cambric

Bedrijfsreglementeeringsverordening--B.R.V.: Industrial Control Regulation

Beikoku Orosisyo Kumiai--B.O.K.: RiceoMerchants Association

benteng: citadel or protected place (thus, protected Indonesian importer)

Berita-Negara Republik Indonesia: State Gazette of the Republic of Indonesia

Bijeenkomst voor Federaal Overleg--B.F.O.: Federal Consultative Assembly

Biro Rekonstruksi Nasional--B.R.N.: National (Veterans') Rehabilitation Bureau

Borneo-Sumatra Handel Maatschappij N.V.--Borsumij: Borneo-Sumatra Trading Company

British-American Tobacco Company N.V.--B.A.T.

Boedi Oetomo--B.O.: Sublime Endeavor (first nationalist movement)

Buitenzorg: Bogor

boemi-poetera: native, national (lit. "son of the earth")

"Boemi-Poetera", Onderlinge Levensverzekering Maatschappij: "Boemi-Poetera" Mutual Life Insurance Company

bupati: head of a kabupaten

buruh: laborer

Central Trading Company Ltd.--C.T.C.: N.V. Persekutuan Sero Pusat Perdagangan

Centrale Verkooporganisatie van Ondernemingslandbouwproducten--C.V.O.: Central Sales Organization for Estate Products

Cheribon: Tjirebon

Chung Hwa Tsung Hui--C.H.T.H.: Chinese Chamber of Commerce

commanditaire vennootschap--C.V.: silent partnership

Coprafonds: Copra Fund

Deli Planters Vereniging--D.P.V.: Deli Planters Association

Deli Spoorweg Maatschappij N.V.:--D.S.M.: Deli Railway Company

Demokrat, Fraksi: Democratic Faction(non-party members principally from East Indonesia)

desa: village

Dewan Ekonomi dan Keuangan: Economic and Financial Council

Dewan Ekonomi Indonesia Pusat--DEIP: Central Indonesian Economic Council

Dewan Moneter: Monetary Board

Dewan Pertahanan Negara--D.P.N.: State Defense Council

djarak: castor-oil plant

Djawa: Java

Djawa Hansen Kumiai: Java Prao Association

Djawa Hookookai: People's Loyalty Organization of Java

Djawa Unyu Zigyosha: Java Transportation Corporation

Djawatan Angkoetan Darat Bermotor--D.A.D.B.: Department of Motorized Land Transport

Djawatan Angkutan Motor Republik Indonesia--DAMRI: Department of Motor Transport of the Republic of Indonesia

Djawatan Kemakmoeran: Department of Prosperity

Djawatan Kereta Api--D.K.A.: Department of Railways

Djawatan Mobil: Department of Motor Vehicles

Djawatan Oeroesan Laoet Seloeroeh Indonesia--DOLSI: Department of All-Indonesian Maritime Affairs

Djawatan Pembelian Pendjoealan Pemerintah--P.P.P.: Department of Government Purchases and Sales

Djawatan Pengangkoetan: Department of Transport

Djawatan Perkebunan: Department of Estates

Economic Review of Indonesia, The--ERI

Economisch Weekblad voor Indonesië--EWI: Economic Weekly for Indonesia

Economisch Weeklad voor Nederlandsch-Indië--EWNI: Economic Weekly for Netherlands Indies

Ekonomi Negara Repoeblik Indonesia--ENRI: State Economic (Agency) of the Republic of Indonesia

Ekonomi Rakjat Repoeblik Indonesia--ERRI: People's Economic (Organization) of the Republic of Indonesia

erfpacht: long-term hereditary lease for land (usually 75 years)

Fonds Kemerdekaan Indonesiae--F.K.I.: Indonesian Independence Fund

Fonds Perang dan Kemerdekaan: War and Independence Fund

Fonds van eigendommen van het Mangkoenagorosche Rijk: Fund of the Properties of the Mangkunegoro's Realm

Fonds voor de Kleine Nijverheid: Institute for Small Industries

Fort de Kock: Bukittinggi

Front Demokrasi Rakjat--F.D.R.: People's Democratic Front

gabungan: association

Gabungan Importeurs Indonesia--Gindo: Indonesian Importers' Association

Gabungan Ko-operasi Batik Indonesia--G.K.B.I.: Federation of Indonesian Batik Cooperatives

Gabungan Pembelian Importir Indonesia--Gapindo: Indonesian Importers' Purchasing Association

Gabungan Perdjuangan Kemerdekaan Indonesia--Gapki: Association of the Indonesian Independence Struggle

Gaboengan Peroesahaan Goela--G.P.G.: Sugar Estates Association

Gaboengan Poesat Koperasi Indonesia--Gapki: Association of Indonesian Cooperative Centrals

Gabungan Sarekat Buruh Indonesia--G.S.B.I.: Indonesian Labor Union Association

Gaboengan Sarekat Sekerdja Partikoelir Indonesia--Gaspi: Association of Indonesian Private Trade Unions

Gaboengan Serikat Boeroeh Indonesiae-Gasbi: Association of Indonesian Labor Unions

Gabungan Serikat Buruh Revolusioner Indonesiae-Gasbri: Federation of Revolutionary Labor Unions of Indonesia

Garuda Indonesian Airways N.V.--GIA

Gemeenschappelijk Electriciteitbedrijf Bandoeng en Omstreken--GEBEO: Joint Electricity Enterprise for Bandung and Environs

Gemeenschappelijke Mijnbouwmaatschappij Billiton N.V.--G.M.B.: Billiton Joint Mining Company

Gerakan Baroe: New Movement

Gerakan Hidoep Baroe: New Life Movement

Gerakan Rakjat Indonesia--Gerindo: Indonesian People's Movement

Gerakan Tani Indonesia--G.T.I.: Indonesian Farmers Movement

gerobak: cart pulled by oxen or kerbau

ginko: bank

gotong-rojong: mutual assistance

Gouvernements Landbouwbedrijven: State Plantations

Gunseikan: Chief of the Office of Military Administration

Gunseikanbu: Office of Military Administration

Gunsyuseisanbu: Department of (War) Production

hak milik: (Indonesian private) property

Handelsvereniging Amsterdam--H.V.A.: Amsterdam Trading Association

Heiho: reserve soldiers

Himpoenan Kebaktian Rakjat: People's Loyalty Organization (see Djawa Hookookai)

Himpunan Serikat2 Buruh Indonesia--HISSBI: Association of Indonesian Labor Unions

Hudoosan Kanrikoodan: Realty Control Board

Ichtisar Parlemen--I.P.: Parliamentary Extracts

idjon: green; i.e., the practice of advancing money for crops before they are harvested

Ikatan Importir Nasional Indonesia--IKINI: Indonesian National Importers League

Ikatan Organisasi Serikat Sekerdja--IKOSS: Confederation of Trade Union Organizations

Indische (or Indonesische) Bedrijvenwet--I.B.W.: Indies (Indonesian) Enterprises Law (for government enterprises)

Indische Verslag--I.V.: Netherlands Indian Report

Indonesia Navigation Company Ltd., P.T.--INACO: P.T. Perusahaan Pelajaran Indonesia

Inlandsch Maatschappij op Aandeelen--I.M.A.: Native Joint-Stock Company

Internationale Crediet en Handelsvereniging "Rotterdam"--Internatio: Rotterdam International Credit and Commercial Association

jajasan: foundation, fund, institute

Jajasan Kopra: Copra Institute

Jajasan Persediaan Bahan Perindustrian--J.P.B.P.: Industrial Material Supplies Fund

De Javasche Bank: Java Bank

kabupaten: administrative district (equivalent to a county)

Kaizi Sookyoku: Bureau of Maritime Affairs

Kakyo Sookai: Overseas Chinese General Association

Kalimantan: Indonesian Borneo

Kantor Penjelenggara Pembagian Tanah--K.P.P.T.: Office of Land Distribution Arrangements

karesidenan: administrative district, residency (sub-province)

Keizaibu: Economics Section or Department of Economic Affairs

kekeluargaan: spirit of the family

Kementerian Kemakmoeran: Ministry of Prosperity

Kenkoku Gakuin: National Training Institute

kerbau: water buffalo

Kigyoo Toosei Kai: Textiles Control Board

Komite Nasional: National Committee

Komite Nasional Indonesia Poesat--KNIP: Central Indonesian National Committee

kongsi: business association (usually Chinese)

Koninklijke Luchtvaart Maatschappij N.V.--K.L.M.: Royal Dutch Airlines

Koninklijke Nederlandsch-Indische Luchvaart Maatschappij N.V.--KNILM: Royal Netherlands-Indian Airlines

Koninklijke Paketvaart Maatschappij N.V.--K.P.M.: Royal Packet Navigation Company

Koogyoo Daigaku: Institute of Technology

Kootuubu: Department of Communications

kounso: trucking enterprise

kretek: clove cigarette

kumiai: cooperative or association

ladang: dry farmland

Landsdrukkerij: State Printing Press

lasjkar rakjat: people"s militia

Lebaran: feast at the end of the fasting month of Puasa
Lembaran Negara: State Papers
lumbung: rice shed

maatschappij--mij.: company "

Madjelis Islam A'laa Indonesia--MIAI: High Islamic Council of Indonesia

Madjelis Sjoero Moeslimin Indonesia--Masjoemi: Consultative Council of Indonesian Muslims

Malai: Malaya

Maluku: the Moluccas

marhaen: the little or common man, the Indonesian prolitariat

Marhaenisme: socialism in Indonesia

Masjumi, Partai: Party of the Consultative Council of Indonesian Muslims

maskapai andil bumiputera--M.A.B.: Native joint-stock company (see I.M.A.)

Maskapai Pelajaran Selebes Selatan N.V.--M.K.S.S.: South Celebes Shipping Company

merdeka: independence

mindering: (see tjinamindering)

murba: the common man, the Indonesian proletariat

Murba, Partai: Indonesian Proletarian Party

naamlooze vennootschap--N.V.: anonymous company (corporation)

Nahdlatoel 'Oelama--N.U.: Religious Scholars Association

Naimubu: Department of Internal Affairs

Nanpo Kaihatsu Kinko--N.K.K.: Southern Regions Development Bank

Nederlandsch-Britisch Textiel Industrie--Nebritex: Netherlands-British Textile Industry

Nederlandsch Handel Maatschappij N.V.--N.H.M. also "Factorij": Netherlands Trading Society

Nederlandsch-Indië--N.I.: Netherlands Indies

Nederlandsch Indisch Deviezeninstituut--NIDI: Netherlands Indian Foreign Exchange Institute

Nederlandsch Indisch Rubberfonds--Nirub: Netherlands Indian Rubber Institute

Nederlandsch-Indische Aardolie maatschappij--NIAM: Netherlands Indian Petroleum Company

Nederlandsch-Indische Bauxiet Exploitatie Maatschappij--NIBEM: Netherlands Indian Bauxite Mining Company

Nederlandsch-Indische Chamotte en Klei Industrie N.V.--NICKI: Netherlands Indian Fire Brick and Clay Industry

Nederlandsch-Indische Gas Maatschappij N.V.--N.I.G.M.: Netherlands Indian Gas Company (see OGEM)

Nederlandsch-Indische Gouvernements Import- en Export Organisatie--Nigieo: Netherlands Indian Government's Import and Export Organization

Nederlandsch-Indische Regeerings Technische Import Organisatie--NIRTIO: Netherlands Indian Government's Technical Import Organization

Nederlandsch-Indische (later-Indonesische) Vereniging voor het Afzet van Suiker--NIVAS: Netherlands-Indian (later Netherlands-Indonesian) Association for the Sale of Sugar

Nederlandsch Koloniale Petroleum Maatschappij N.V.--N.K.P.M.: Netherlands Colonial Petroleum Company (predecessor to S.V.P.M.)

negara: state

Negara Indonesia Timur--N.I.T.: State of East Indonesia

Negara Sumatera Timur--N.S.T.: State of East Sumatra

Netherlands Indies Civil Administration--NICA

Noord Celebes en Molukken Kustvaart Maatschappij--NOCEMO: North Celebes and Moluccan Coastal Shipping Company

Nusa Tenggara: the Southeasterlies (new name for Sunda Ketjil)

Organisatie Vereenigde Exporteurs van Indische (later Indonesische) Producten--OVEIP: Organization of the United Exporters of Indies (later Indonesian) Products

Pamanoekan & Tjiasem Lands--P & T

Pamong Pradja: administrative civil service

Panitia Agraria: Agrarian Commission

Panitia Penjelidikan Perekonomian Rakjat: Investigating Committee for the People's Economy (Zyuumin Keizai Singi-kai)

Panitia Persiapan Kemerdekaan Indonesia--P.P.K.I.: Indonesian Independence Preparatory Commission

Panitia Persiapan oentoek Membentoek Soesoenan Perekonomian Baroe: Preparatory Committee for Establishing the new Economic Order (Djawa Zyuumin Keizai Sintaisei Kensetu Zyumbi Iinkai)

Pantja Sila: Five Principles

Partai Buruh: Labor Party

Partai Boeroeh Indonesia--P.B.I.: Indonesian Labor Party

Partai Indonesia Raya--Parindra: Great Indonesia Party

PartaiKatholik: Catholic Party

Partai Katholik Republik Indonesia--P.K.R.I.: Catholic Party of the Republic of Indonesia

Partai Kebangsaan Indonesia--Parki: Indonesian National Party

Partai Keristen Indonesia--Parkindo: Indonesian Christian (Protestant) Party

Partai Komunis Indonesia--P.K.I.: Indonesian Communist Party

Partai Nasional Indonesia--P.N.I.: Indonesian National Party

Partai "Persatuan Indonesia Raya"--PIR: Party of the "Greater Indonesian Union"

Partai Rakjat: People's Party

Partai Rakjat Nasional--P.R.N.: National People's Party

Partai Rakjat Sosialis-Paras: Socialist People's Party

Partai Sjarikat Islam Indonesia--P.SaI.I.: Party of the Indonesian Islamic League

Partai Sosialis Indonesia--Parsi: Indonesian Socialist Party (1945)

Partai Sosialis Indonesia--P.S.I.: Indonesian Socialist Party (1948--)

Pelajaran Nasional Indonesia P.T.--Pelni: Indonesian National Shipping Company

Pembela Tanah Air, Tentara Soekarela--Peta: Volunteer Army of "the Defenders of the Homeland"o

Permuda: youth

Pemoeda Sosialis Indonesia--Pesindo: Indonesian Sosialist Youth

Pengawasan Makanan Rakjat, Djawatan—P.M.R.: Department of (People's) Foodstuffs Supervision

Penguasaan Pusat Kapal2, Jajasan—Pepuska: Central Shipping Authority
perahu: prao

peraturan pemerintah: government regulation

perekonomian rakjat: (smallholder) people's economy

Perhimpoenan oentoek Memadjoekan Ekonomi Rakjat—POMER: Association for Promoting the People's Economy

Persatoean Boeroeh Textiel Seloeroeh Indonesia--Perboetsi: All-Indonesia Textile Workers Union

Persatuan Guru Republik Indonesia—P.G.R.I.: Teachers Union of the Republic of Indonesia

Persatoean Import dan Export—Pimex: Import and Export Union

Persatoean Kaoem Teknik—P.K.T.: Technicians Association

Persatuan Organisasi Buruh—P.O.B.: Union of Labor Organizations

Persatuan Pedagang Menengah Indonesia--P.P.M.I.: Union of Indonesian Middle-Class Merchants

Persatoean Perdjoeangan--P.P.: Fighting Union

Persatoean Peroesahaan Batik Boemi Poetera--P.P.B.B.P.: Union of National Batik Companies

Persatoean Peroesahaan Batik Boemipoetera Soerakarta--P.P.B.B.S.: Union of National Batik Companies of Surakarta

Persatuan Progresip, Fraksi: United Progressives Faction

Persatoean Rakjat Marhaen Indonesia—Permai: Union of Indonesian Poor People

Persatoean Saudagar Beras Indonesia--Persabi: Union of Indonesian Rice Merchants

Persatuan Tani Nasional Indonesia--Petani: Union of Indonesian National Farmers

Persatoean (also Poesat) Tenaga Ekonomi--P.T.E.n Union (also Center) of Economicians/Businessmen

Persatoean Tenaga Ekonomi Bangsa Indonesia--P.T.E.B.I.n Union of Indonesian Economicians/Businessmen

Persatoean Wartawan Indonesia--P.W.I.: Union of Indonesian Correspondents

Persatoean Waroeng Bangsa Indonesia--Perwabi: Union of Indonesian Shopkeepers

Persediaan dan Pembagian Bahan Makanan, Djawatan--P.P.B.M.: Department of Supplies and Distribution of Foodstuffs

Perserikatan Saudagar2 Indonesia--Perssi: Federation of Indonesian Merchants

perseroan terbatas--P.T.: limited-liability joint-stock company (corporation)

perusahaan: company, enterprise

Perusahaan Garam dan Soda Negeri: National Salt and Soda Enterprise

Peroesahaan Minjak Repoeblik Indonesia--Permiri: Republic of Indonesia Oil Company

Peroesahaan Pelajaran Indonesia--P.P.I.: Indonesian Sailing Enterprise

Perusahaan Pengangkutan Djakarta--P.P.D.: Djakarta Transit Company

"Peroesahaan Perkeboenan Repoeblik Indonesia", Kantor Oeroesan--P.P.R.I.:n Office for "Republic of Indonesia Estate" Affairs

perusahaan sero--P.S.n joint-stock company (corporation)

Perusahaan Tambang Minjak Negara--P.T.M.N.: State Petroleum Enterprise

Perusahaan Tambang Minjak Republik Indonesia--P.T.M.R.I.: Republic of Indonesia Petroleum Enterprise

P.N.I.-Merdeka: Independent P.N.I. (see P.R.N.)

Postspaarbank: Postal Savings Bank

priaji: aristocracy

Poesat Pembelian Gaboengan Perniagaan Indonesia--P.P.G.P.I.: Indonesian Merchants Purchasing Central

Pusat Pembelian Tjengkeh Indonesia P.T.--P.P.T.I.: Indonesian Clove Purchases Center

Poesat Peredaran Pilem Indonesia--P.P.P.I.: Indonesian Film Distribution Center

Pusat Perkebunan Negara--P.P.N.: State Plantations Center

Poesat Tenaga Rakjat--Poetera: Center of the People's Power

Republik Indonesia--R.I.: Republic of Indonesia

Republik Indonesia Serikat--RIS: Federal Republic of Indonesia (Republic of the United States of Indonesia)

residen: head of a karesidenan

Rikuyu Sookyoku: Central Bureau of Land Transport

Risalah Perundingan--R.P.: Minutes (of Parliament)

rodi: corvee

roomusha: laborer

Round Table Conference--R.T.C. (at The Hague)

Roekoen Pelajar (also Pelaoet) Indonesia--Roepelin: Indonesian Sailors' (also Seamen's) Club

Roekoen Tani: Farmers' Club

Rukun Tani Indonesia--R.T.I.: Indonesian Peasants' Club

roekoen tetangga: neighborhood association (Tonari Gumi)

rupiah rekening voor niet-ingezetene--RURNI: rupiah account for non-resident

Saibai Kigyoo Kanri Koodan--S.K.K.K.: Estates Control Board

Saibai Kigyoo Koodan--S.K.K.: Estates Board

Saibai Kigyoo Rengookai: Federation of Estates

Saikoo Sikikan: Commanding General

Sajap Kiri: Left Wing

Sangi-kai: Advisory Council

Sangyoobu: Department of Production

Sangyoo Sinkookai: Industrial and Commercial Advancement Association

sanyo: adviser

sarekat: association, union (also Sarikat, Serikat, Sjarikat)

Sarekat Boeroeh Goela--S.B.G.: Sugar Workers' Union

Sarekat Buruh Islam Indonesia--S.B.I.I.: Indonesian Islamic Workers' Union

Sarekat Buruh Perkebunan Republik Indonesia--Sarbupri: Republic of Indonesia Estate Workers' Union

Sarekat Dagang Islam--S.D.I.: Islamic Trading Association

Sarekat Dagang Islam Indonesia--S.D.I.I.: Indonesian Islamic Trading Association

Sarekat Perusahaan Suratkabar--S.P.S.: Newspaper Enterprises Association

Sarekat Tani Islam Indonesia--S.T.I.I.: Indonesian Islamic Farmers' Association

Sarikat Tani Indonesia--Sakti: Indonesian Peasants League

sawah: paddy fields (irrigated)

Seimaigyo Kumiai: Rice-milling Association

senior civil service official--SCS (class numbers during Japanese period; low numbers are higher ranking)

Sentral Organisasi Boeroeh Seloeroeh Indonesia--SOBSI: All-Indonesia Labor Organizations Central

Serikat Kerakjatan Indonesia--S.K.I.: Indonesian Democratic Federation

Serikat Pelajaran Indonesia--S.P.I.: Indonesian Maritime Federation

Serikat Rakjat Indonesia--Serindo: Indonesian People's League

Sihoobu: Department of Justice

sinkeh: Chinese resident born abroad (see totok)

Siryooti Kanri Koosya: Private Lands Control Board

Sisetu Sookyoku: Bureau of Public Works

Soomubu: Department of General Affairs

Soomubutyoo: Chief of the Department of General Affairs

Staatsblad--Stbl.: State Papers

Staatsspoorwegen: State Railways (see D.K.A.)

Standard Vacuum: Stanvac

Standard Vacuum Petroleum Maatschappij N.V.--S.V.P.M.: Standard Vacuum Oil Company

Stichting Gemeenschappelijk Schepenbezit--S.G.S.: Mutual Shipowning Foundation

Stichting voor Invoerplannen en Toewijzingen--SIPET: Institute for Import Plans and Allocations

Sulawesi: Celebes

Sunda Ketjil: the Lesser Sundas (see Nusa Tenggara)

Syokuryoo Kanri Zimusyo: Foodstuffs Control Board

Syomin Ginko: People's Bank (see B.R.I.)

Syonan: Singapore

syuu: karesidenan (sub-province)

Tambahan Lembaran-Negara: Supplement to the State Papers

tanah partikelir: private land

tengkulak: commission agent or other collection merchant

Tentara Nasional Indonesia--T.N.I.: Indonesian National Army

Tentara Repoeblik Indonesia--T.R.I.: Army of the Republic of Indonesia

tjeti: money-lender

tjinamindering: Chinese money-lender

toko: retail store

tolong-menolong: mutual assistance (see gotong-rojong)

Toogyoo Koodan: Sugar Board

Toogyoo Rengokai: Sugar Enterprises Federation

totok: resident (of Indonesia) born abroad

Tyokin Kyoku: Postal Savings Bank (see Bank Tabungan Pos)

Tyuuoo Sangi-in: Central Advisory Council

Oeang Repoeblik Indonesia--ORI: Money of the Republic of Indonesia

ulama: religious scholar

undang-undang: statute

undang-undang darurat: emergency law

Vereenigde Oost-Indische Compagnie--V.O.C.: United East India Company

Volksraad: People's Council

Vorstenlandsch Grondhuur Reglement--V.G.R.: Principality Land Lease Regulation

Voedingsstoffenfonds: Foodstuffs Fund

warung: retail shop or coffee shop

Yokohama Syookin Ginko: Yokohama Specie Bank

Zaimubu: Department of Finance

Zidoosya Sookyoku: Bureau of Motor Vehicles

Zuid- en West-Sumatra Syndicaat--Z.W.S.S.: South and West Sumatra Syndicate

Zyuumin Keizaikyoku: Bureau of the People's Economy

Zyuuyoo Bussi Koodan: Vital Commodities Board

I N D O N E S I A N I S A S I

APPENDICES

APPENDIX A

Estate Agricultural Lands under Cultivation in Indonesia, by Type of Land Title
Planted Area in Hectares, 1930—1954

	JAVA				OUTER ISLANDS			
Type of Landholding	1930a	1940	1950	1954	1930a	1940	1950	1954
Government Estates	16,998	18,547	17,861	18,946	6,026	8,937	65	3,300
Private Lands*	43,694	47,124	38,318	33,937	241	433	—	—
Agricultural Concessions					392,293	437,306	305,663	350,215
Erfpacht	374,593	395,180	249,171	271,057	131,165	150,517	91,181	113,019
Leases from Principalities**	61,039	42,544	3,781	3,696				
Short Leases from the Population	197,280	87,984	37,778	51,211	—	97	—	—
TOTAL	693,604	591,379	346,909	378,847	529,725	606,290	396,909	466,534

* - exclusive of land planted with smallholder crops; figures for 1950 and 1954 are principally for private lands in the process of liquidation

** - before 1948 these had conversion rights

Sources: Indisch Verslag 1941, II, pp. 270-273; Biro Pusat Statistik, Statistik 1956, p. 62.

APPENDIX B

DJAWA TYUUOO SANGI-IN

(Java Central Advisory Council)

Chairman: Ir. R. Soekarno
Vice-Chairmen: R.M.A.A. KOESOEMO OETOYO (until 19 June 1945)
DR. R. BOENTARAN Martoatmodjo
Drs. Mohammad HATTA (19 June 1945--)

(Appointed September 1943)

e-dr. Abdoel RASJID, Djakarta
Ki Hadjar DEWANTORO, Djakarta
Prof. Dr.P.Ario Hoesein DJAJADININGRAT, Djakarta
e-Drs. Mohammad HATTA, Djakarta
e-R.M.A.A. KOESOEMO OETOYO, **Djakarta
K.H. Mas MANSOER, Djakarta
e-OEY Tiang Tjoei, Djakarta
Mr. R. SAMSOEDIN, Djakarta
Mr. R.M. SARTONO, Djakarta
R. SOEKARDJO Wirjopranoto, Djakarta
Ir. R. SOEKARNO, Djakarta
Oto ISKANDARDINATA, Priangan
K.H. ABDUL HALIM (Moh. Sjatari), Tjirebon
Dr. R. BOENTARAN Martoatmodjo, Semarang
e-OEI Tjong Hauw, Semarang
e-KI BAGOES H. Hadikoesoemo, Jogjakarta
Bendoro P. Ario SOERJODININGRAT, Jogja
K.R.M.T. Ario WOERJANINGRAT, Soerakarta
e-R. Pandji SOEROSO,* Malang
LIEM Thwan Tik, Soerabaja
e-R. Rooslan Wongsokoesoemo, Soerabaja
e-Dr. SAMSI Sastrawidagda, Soerabaja
e-K.H. Abdoel WACHID HASJIM, Soerabaja

(Elected from Syuu)

R. Dzoelkarnaen Soeria KARTALEGAWA, Banten
R. Ibrahim SINGADILAGA, Djakarta
e-Ir. Mas Achmad SOFWAN, Djakarta City
dr. MARZOEKI Mahdi, Bogor
e-Mas SOETISNA Sendjaja, Priangan
dr. Mas Mohamad TOHA Ronodipoero, Tjirebon
dr. Mas, Pekalongan
SOEPRODJO Prodjowidhagdo, Kedoe
R. Sardjono Danoedibroto, Banjoemas
Mr. R. SOEJOEDI, Semarang
e-Mas ARIS, Pati
R.H. FATCHOERRAHMAN, Bodjonegoro
dr. K.R.T. RADJIMAN Wediodiningrat, Madioen
e-Ir. R. ROOSSENO Soerjohadikoesoemo,*Kediri
e-Mr. R. SOENARKO, Malang
Mr. R. Pandji ISKAQ Tjokrohadisoerjo,* Soerabaja
R.A.A. SOERJONEGORO, Madoera
e-Mr. R. Sundoro BUDHYARTO Martoatmodjo,* Besoeki

(Delegates from Principalities)

Bandoro P.Hario POEROEBOJO, Jogjakarta
Drs.K.R.M. Adipati SOSRODININGRAT, Soerakarta

(Replacement, elected April 1944)

R. DRADJAT Sosroadisoebroto,* Kediri

(Appointed September 1944)

e-R. ABIKOESNO Tjokrosoejoso, Djakarta
R. Gatot Mangkoepradja, Bogor
e-R.M.MARGONO Djojohadikoesoemo, Solo
Mr. R. SOEDJONO, Djakarta
e-Mr. R.M. SOEMANANG Soerjowinoto, Djakarta

APPENDIX B (continued)

(Replacements, elected before November 1944)

dr. SARDJITO Kartomihardjo, Kedoe — Poero Martodipoero, Kediri

(Appointed February 1945)

Abdurahman BASWEDAN, Djakarta
P.F. DAHLER, Djakarta
e-Mr. Moehamad DJAMIN gelar Datoek Soetan Maharadja Besar, Djakarta
e-Mas Goenari, Djakarta
Ir. Johannes LATUHARHARY, Djakarta
Ir. Alexander A. MAURUS, Djakarta
e-R. PANJI OTO Soemodilogo, Djakarta
Mr. Muhammad YAMIN, Djakarta
e-Ir. R. OEKAR Bratakoesoemah, Bandung
e-Drs. YAP Tjwan Bing, Bandung
e-R. ROEDJITO, Jogjakarta
R. M. T. OHO Poerbohadidjojo, Jogjakarta

(Replacements, elected from Syuu)

e-R. Soedirman,* Surabaja — Asmo Asmodisastro, Besuki

(Replacement, elected June 1945)

e-Ir. DARMAWAN Mangoenkoesoemo, Surabaja

e-Previous experience in the economy;
*-Subsequently appointed to executive position;
**-Appointed Adviser, Tyuuoo Sangi-in Secretariat, 21 June 1945.

Sources: Asia Raya, 2 May, 13 November 1944, 15, 19 and 22 June 1945;
Djawa Baroe, I, #1, pp. 4-5; II, #18, p. 29; III, #6, p. 4.

APPENDIX C

PANITIA PERSIAPAN OENTOEK MEMBENTOEK SOESOENAN PEREKONOMIAN BAROE

(Keizai Sintaisei Zunbi Iinkai--Preparatory Committee for Establishing the New Economic Order)

Chairman: Yamamoto (Director, Soomubu)

Members

Utada (Director, Tyuuoo Sangi-in Secretariat)
Hatakeda (Director, Naimubu)
Adachi (Director, Sihoobu)
Nisimura (Director, Kaimubu)
Fukui (Director, Zaimubu)
Tennichi (Director, Sangyoobu)
Watanabe (Director, Kootuubu)
Adachi (Director, Sendenbu)
Prof. Dr. P. Ario Hoesein Djajadiningrat, (Director, Syuumubu)
Korematsu (Djawa Hookoo Kai)
Arimura (Himpunan Kebaktian Bangsa-Nippon)
Ir. R. Soekarno, Djakarta
K.H. Hasjim Asj"ari, Soerabaja

Board of Members--Administrators

Chairman: Nomura (Soomubu)

Ori (Soomubu)
Takaku (Soomubu)
Nakano (Naimubu)
Okuhara (Sangyoobu)
Nakamura (Sangyoobu)
Ikeyara (Keimubu)
Simizu (Sendenbu)
Sawada (Zyumin Zimukyoku)
Miyoshi (Zyuumin Zimukyoku)
Toyosima (Zyuumin Zimukoku)
Kato (Tekisan Kanribu)
Nambu (Choosasitsu)
Mane (Sangyoobu)
P.F. Dahler, Djakarta
R.M. Margono Djojohadikoesoemo, Solo
Drs. Mohammad Hatta, Djakarta
R. Achmad Natanegara, Djakarta
R. Prawoto Soemodilogo, Djakarta
Ir. Soebiarto, Djakarta
Ir.R.M. Pandji Soerachman Tjokroadisoerjo, Djakarta
Ir. Teko Soemodiwirjo, Djakarta
Mr. R. Pandji Singgih, Djakarta
R. Iso Reksohadiprodjo, Bogor
Sjeki Sou Jou, Bogor"
R. Oto Iskandardinata, Bandoeng
Oei Tjong Hauw, Semarang
Dr. Mas Aboetari, Soerabaja
Dr. Samsi Sastrawidagda, Soerabaja
Mr. R.M. Sunaria, Solo

Secretariat

Naoi (Soomunu)
Saito (Soomubu)
Yamakami (Naimubu)
Takahata (Sangyoobu)
M. Okada (Hooyun Hookoo Kuden)
Mr. R.M. Soemanang Soerjowinoto, Ba'ard.
Soemarno, Djakarta
R. Soeleiman Soerin Atmadja, Djakarta
R. Soe-irjo, Djakarta

Source: Asia Raya, 16 May 1944.

APPENDIX D

BADAN OENTOEK MENJELIDIKI OESAHA-OESAHA PERSJAPAN KEMERDEKAAN

(Dokuritsu Chosa Jumbi Iin--Committee to Investigate Means of Preparing for Independence)

(with approximate age and position)

Chairman:*dr. K.R.T. Radjiman Wediodiningrat, 66 TSI
Vice-Chairmen: Itibangase Yosio (Chief, Office of Enemy Property Affairs)
*e-R. Pandji Soeroso, 53 Kedu Syuu Chief

Members announceda29 April 1945

K.H. Abdul Halim, 59 TSI
*R. Abdoel Kadir, 39 Kedu Syuu Peta Daidantyoo
e-R. Abikoesno Tjokrosoejoso, 49 TSI
H. Achmad Sanoesi, 56 Bogor Syuu Dep.-Chief
e-Mas Aris, 45 TSI
Prof.Dr.R. Djenal Asikin Widjajakoesoema, 55 Djakarta Medical School
B.P.H. Bintoro, 27 Jogjakarta Suisintai Leader
DR.R. Boentaren Martoatmodjo, 50 TSI
e-Agoes Moechsin Dasaad, 41 aDjakarta City Adv. Council Vice-Chairman
Ki Hadjar Dewantoro, 57 TSI
Prof.Dr.P. Ario Hoesein Djajadiningrat, 60 National Training Inst.
*Ki Bagoes H. Hadikoesoemo, 56 TSI
e-Drsa Mohammad Hatta, 44 TSI
e-Mr. R. Hindromartono, 36 Bur. of Labor Affairs
R.A.Aa Soemitro Kolopaking Poerbonegoro, 59 Bandjarnegara Bupati
Dr.R. Soeleiman Effendi Koesoemah Atmadja, 48 Presiding Judge, Semarang State Court
*Mr. Johannes Latuharhary, 45 TSI
K.H. Mas Mansoer, 50 TSI
Mr. Alexander A. Maramis, 48 TSI
e-R.M. Margono Djojohadikoesoemo, 52 Mangkunegaran Economic Sec. Chief
e-K.H. Masjkoer, 45 Masjoemi Malang Branch Chairman
Moenandar, 53 Ngawi Suisintai Leader
H. Abdoel Kahar Moezakkir, 38 Dept. of Religion Dep.a-Director
e-Dr. Samsi Sastrawigdagda, 52 TSI
Mr. R.M. Sartono, 45 TSI
Mr. R. Sastromoeljono, 48 Kootoo Hooin Sinpaikan
Mr. R. Samsoedina 38 Sukabumi Mayor
e-Mr. R. Pandji Singgih, 52 Bur. of Labor Affairs Sanyo
**Mr. Achmad Soebardjo, 49 Naval Liaison Office Inspector
e-R. Soedirman, 56 TSI
R. Soekardjo Wirjopranoto, 42 TSI
*Ir. R. Soekarno, 45 TSI
e-dr. Soekiman Wirjosandjojo, 56 physician
*Prof. Mr. Dr. Soepomo, 43 National a Training Institute
e-Ir.R.M. Pandji Soerachman Tjokroadisoerjo, 52 Dept.a of Production
R.M.T.A.Soerjo, 51 Bodjonegoro Syuu Chief
e-Mr. Mas Soesanto Tirtoprodjo, 45 Patjitan Bupati
*Mas Soetardjo Kartohadikoesoemoa 54 Djakarta Syuu Chief
Mr. R. Soewandi, 48 Dept. of Internal Affairs Sanyo
Drsa K.R.M.A. Sosrodiningrat, 44 TSI
*e-K.H. Abdoel Wachid Hasjim, 33 TSI
R.A.A.Wiranatakoesoema, 58 Bandung Bupati
K.R.M.T.A. Woerjaningrata 61 TSI
e-R. Rooslan Wongsokoesoemo, 45 TSI
**Mr. K.R.M.T. Wongsonagoro, 49 Semarang Syuu Dep.-Chief
Mr. Muhammad Yamin, 42 TSI
Nj. Mr. Maria Ulfah Santoso, 35 Dept. of Justice
Nj. R. Nganten Siti Soekaptinah Soenarjo Mangoenpoespito, 39 Djawa Hookookai Women's Auxiliary Head

APPENDIX D (continued)

*R. Oto Iskandardinata, 49 TSI
Parada Harahap gelar Maharadja Goenoeng Moeda, 44 Sinar Baroe editor
*B.P.H. Poeroebojo, 40 TSI
R. Abdoelrahim Pratalykrama, 56 Kediri Syuu Dep.-Chief
e-Prof.Ir.R. Roosseno Soerjohadikoesoemo, Bandung Technical College
e-Oei Tjong Hauw, 41 TSI
e-Oey Tiang Tjoei, 53 TSI
Liem Koen Hian, 38 Newspaperman
Tan Eng Hoa, 48
P.F. Dahler, 62 TSI
Abdurahman Baswedan, 36 TSI
H. Agoes Salim, 62 Army Headquarters

Special Members

Tokonami Tokuzô, Dept. of Internal Affairs Director
Miyano Syoozoo, Dept. of Public Safety Director
Itagaki Masamitu, Dean, Djakarta Medical School
Tanaka Minoru, Dean, National Training Institute
Ide Teiitiroo, ex-member of Investigating Committee of Adat and Admn.
Masuda Toyohiko, Djawa Sinbun editorial office chief
Matsuura Mitukiyo, Commercial Research Institute chief

Members announced 26 June 1945

Mr. Mas Besar Martokoesoemo, 51 Pekalongan Syuu Dep.-Chief
H. Abdoel Fatah Hassan, 33 Banten Syuu Adv. Council member
Abdoel Kahar, Madura Syuu Adv. Council member
R. Asikin Natanegara, 42 Dept. of Public Safety
e-Ir.P. Mohammad Noor, 43 Besuki Public Works Office
**Chairoel Saleh, 30 Dept. of Propaganda#
**Soekarni, Dept. of Propaganda#
*Bendoro K.P.Ario Soerjohamidjojo, 39 Adviser to Susuhunan of Solo

#-refused to accept appointment;
e-previous experience in the economy;
TSI-member, Tyuuoo Sangi-in;
*-appointed to Panitia Persiapan Kemerdekaan Indonesia, 7 August 1945;
**-subsequently appointed to P.P.K.I.

Sources: Asia Raya, 29 April and 26 June 1945.

APPENDIX E

GERAKAN RAKJAT BAROE

(New People"s Movement)

Poesat Panitia--Central Committee

Ir. R. Soekarno, Promoter
e-Drs. Mohammad Hatta, Promoter
R.A.A. Wiranatakoesoema, Promoter
e-K.H. Abdoel Wachid Hasjim, Promoter
DR. R. Boentaran Martoatmodjo
K.H. Mas Mansoer
Mr. Johannes Latuharhary
Mr. Alexander A. Maramis
*Mr. Muhammad Yamin
Mr. R.M. Sartono
*R. Oto Iskandardinata
*e-R. Abikoesno Tjokrosoejoso
*R. Soekardjo Wirjopranoto
Ki Hadjar Dewantoro
K.R.M.T.A. Woerjaningrat
B.P.A. Soerjodiningrat
e-R. Rooslan Tongsokoesoemo
e-Ki Bagoes H. Hadikoesoemo
K.H. Abdul Halim
e-R. Pandji Soeroso
R.M.T.A. Soerjo
*Mas Soetardjo Kartohadikoesoemo
e-Mr. R. Pandji Singgih
R. Abdoelrahim Pratalykrama
*Mr. Achmad Soebardjo
H. Achmad Sanoesi
e-K.H. Masjkoer
H. Agoes Salim
R. Abdoel Kadir
e-Mr. R. Kasman Singodimedjo
Moenandar
Soetardji
Soeprapto
*e-Ir. R.M. Soemanang Soerjowinoto
K.R.T. dr. Radjiman Wediodiningrat
Aboe
Aroetoho
dr. Mas Moerdjani
e-Mr. R. Ali Sastroamidjojo
Soeradiredja
e-Ir. P. Mohammad Noor
J. Jahja
e-Mr. R. Hindromartono
Zainoel Arifin
Jozef Hasan
Boerhanoedin Mochamad Diah
Chairoel Saleh
Soekarni
Asmara Hadi
*Soepeno
Wikana
*R.M. Harsono Tjokroaminoto
Soediro
Prijatnakoesoema (?)
dr. Mas Moewardi
Chalid Rasjidi
e-R. Soewirjo
Adam Malik
Pandoe Kartawinoena
Soetomo
Nj. Trimurty (Soerasti Sajoeti)
Nj. Emma Poeradiredja
Nj. Mr. Maria Ulfah Santoso
e-dr. Soekiman Wirjosandjojo
e-Oey Tiang Tjoei
Liem Koen Hian
e-Oei Tjong Hauw
e-Drs. Yap Tjwan Bing
P.F. Dahler
Abdurahman Baswedan
Mj.R.Ng.S.S.Soenarjo Langoenpoespito
and 8 Japanese

e-Previous experience in the economy;
*-member of Drafting Sub-Committee.

APPENDIX E (continued)

GERAKAN BAROE

(New Movement)

Dewan Pimpinan Poesat--Central Executive Council

Chairman: Ir. R. Soekarno
Secretary: DR. R. Soeharto

Member Organization	Representative
Djawa Hookoo Kai	Ir. R. Soekarno
Masjoemi	K.H. Abdoel Wachid Hasjim
Barisan Pelopor	R. Soekardjo Wirjopranoto
Badan Pembantoe Pembelaan	R. Oto Iskandar di Nata
Badan Pembantoe Pradjoerit Pekerdja	Drs. Mohammad Hatta
Hizboellah	Mr. Mohammad Roem
Keiboodan	--
Seinendan	Abdoel Herman
Huzinkai	Nj. R.Ng.S.S. Soenarjo Mangoenpoespito
Gelora	dr. Abdulrachman Saleh
Pentjak dan Silat	dr. Mas Moewardi
	Soepeno
	Mr. Ach d Soebardjo
	R. Abdoel Kadir (Peta Daidentyoo)
	R.A.A. Wiranatakoesoema

Sources: Asia Raya, 4 and 28 July, 6 August 1945.

APPENDIX F

BADAN PEMBANGKIT FONDS PERANG DAN KEMERDEKAAN

(Kantoo Dokuritu Kikin Suisinkai--War and Independence Fund Action Board)

Chairman: Ir. R. Soekarno
Vice-Chairman: Drs. Mohammad Hatta

Advisers

Saito Bunya
R. Abikoe'sno Tjokrosoejoso
Oto Iskandardinata
Mr. R.M. Sartono
K.H. Abdoel Wachid Masjim
H. Achmad Sanoesi

Board of Directors

Manager: dr. Mas Moewardi
Deputy-Manager: Soediro

Mr. R. Ali Sastroamidjojo
Nj.R.Ng.S.S. Soenarjo Mangoenpoespito
Mr. Achmad Soebardjo
Kartosoedarmo
R.H. Oened Djoenaedi
Bendoro Ario Soerjodiningrat
Rachman Tamin gelar Marah Soetan
Nj. R. Ajoe Soewarni Pringgodigdo
Agoes Moechsin Dasaad
R.M. Margono Djojohadikoesoemo
K.H. Mas Mansoer
Mr. Alexander A. Maramis
Mr. Johannes Latuharhary
Ir. P. Mohammad Noor
dr. Bahder Djohan gelar Marah Besar
DR. R. Soeharto
Mr. Muhamad Yamin
Soeradiredja
Ir. R. Oekar Brotakoesoemah
Nj. Emma Poeradiredja
Mr. R. Soewandi
R. Roedjito
Soekaria
H. Moehamad Ashadi
Oei Tjong Hauw
Abdurahman Baswedan
P.F. Dahler

Daily Administration

Manager: dr. Mas Moewardi
Deputy-Manager: Soediro

Nj. Soenarjo Mangoenpoespito
R.H.O. Djoenaedi
A. M. Dasaad
Rachman Tamin
K.H. Mas Mansoer
DR. Soeharto

Source: Asia Raya, 28 April 1945.

APPENDIX G

PANITIA PENJELIDIKAN PEREKONOMIAN RAKJAT

(Zyuumin Keizai Singi-Kai—Investigating Committee for the People's Economy)

Chairman: Drs. Mohammad Hatta

Members

R. Oto Iskandar di Nata, Sanyo, Tianbu (Dept. of Public Safety)
Dr. Samsi Sastrawidagda, Sanyo, Zaimubu (Dept. of Finance)
Mr. R. Pandji Singgih, Sanyo, Roomukyoku (Bureau of Labor)
Mr. R. Ali Sastroamidjojo, Sanyo, Zyuumin Keizai Kyoku (Bureau of the People's Economy)
Mr. R. M. Sunaria, Chief, Enterprises Section, Z. K. K.
Ir. Darmawan Mangoenkoesoemo, Chief, Surabaja Syuu Industry Section
R. M. Margono Djojohadikoesoemo, Chief, Mangkunegaran Realm Economic Section
Agoes Moechsin Dasaad, businessman
Tan Tik Peng, businessman
Ali Soengkar, businessman
Tanimura

Secretariat

Morinago, Chief, Administrative Section, Sangyoobu (Dept. of Prosperity)
Naoe, Member, Planning Section, Soomubu (Dept. of General Affairs)
Takahasi, Member, Planning Section, Soomubu
Hosoki, Chief, Cooperatives Section, Z.K.K.
Osima, Vice Chief, Action Section, Djawa Hookoo Kai
R. Soewirjo, Vice Chief, Action Section, Djawa Hookoo Kai
Ir. Teko Soemodirwirjo, Official, Z.K.K.
R. Soeleiman Soeria Atmadja, Official, Z.K.K.

Source: Asia Raya, 26 April 1945.

APPENDIX H

LEADING INDONESIAN OFFICIALS IN ECONOMIC POSITIONS, 17 August 1945

KEIZAIBU (Department of Economic Affairs)

Director: Ir. R.M. Pandji Soerachman Tjokroadisoerjo (SCS-2), eff. 15 July 1945

Soomuka--General Affairs Branch.
Chief: Mr. R.M. Sunaria (Kalapaking, later Sanjatavijaya) (SCS-3),eff. 15 July 1945 and also Professor, National Training Institute, eff. 1 April 1945
Deputy Chief: R.Soerasno (SCS-3), eff 10 August 1945

Koogyooka--Small Industries Branch
Chief: Ir. Darmawan Mangoenkoesoemo (SCS-3), eff. 10 August 1945

Kumiaika--Cooperatives Branch
Chief: Ir. Teko Soemodiwirjo (SCS-3), eff. 15 July 1945, and also Professor, National Training Institute, eff. 1 April 1945
Official: R. Soelaiman Soeria Atmadja (SCS-4), eff. 15 July 1945

Noomuka--Agriculture Branch
Deputy Chief: R. M. Iso Reksohadiprodjo (SCS-3), eff. 5 August 1945

Iryooka--Vital Commodities Branch

Syokuryoo Kanri Honkyoku--Central Foodstuffs Control Bureau
Deputy Chief: K.R.M.T. Margono Djojohadikoesoemo (SCS-3), eff. 5 August 1945
Vice Chief, Administrative Section: Mr. Drs. R.M. Abdoel Karim Pringgodigdo (SCS-3), 15 July--10 August 1945

ZAIMUBU (Department of Finance)

Sanyo (Adviser): Dr. Samsi Sastrawidagda, eff. 1 December 1944

Soomuka--General Affairs Branch

Rizaika--Accounting Branch

Syuzeika--Revenue Branch
Chief: Mr. Mas Slamet (SCS-3), eff. 15 July 1945

Syomin Kinyuuka--Popular Credit Branch
Chief: R. Achmad Natanegara (SCS-3), eff. 15 July 1945 (also Keizaibu official)

Kigyooka--Enterprises Branch
Chief: R.Moekarto Notowidigdo (SCS-4), eff. 15 July 1945

Siti Eigyoo Kyoku--Pawnshop Bureau
Chief: Mr. Mas Saubari (SCS-4)

TYOKIN KYOKU (Postal Savings Bank)

Head: Mr. R. Ali Sastroamidjojo (SCS-3), eff. 4 July 1945

(Continued)

APPENDIX H (Continued)

SISETU SOOKYOKU (Bureau of Public Works)

Sanyo (Adviser): R.Abikoesno Tjokrosoejoso (SCS-2), eff. 1 December 1944
Official: Ir. P. Mohammad Noor (SCS-3), effo 31 July 1945

Sources: Asia Raya, 17 July 1945; "PPNT" 4 and 15 July, 5 and 11 August, Kan Po, IV, #71, pp 19ff; 10 August 1945, ibid., IV, #74, p.11.

APPENDIX I

Foreign Policy Manifesto of 1 November 1945

(extracts)

...So long as the world knows of no other way of fulfilling what it considers to be its obligations regarding Dutch sovereignty over Indonesia other than by suppressing the wishes of the Indonesian people to decide their own fate, just that long will the world be unable properly to benefit from the riches of the Indonesian country and people. This situation will be especially distressing to our neighbors, chiefly Australia, the Philippines, and the United States of America.

Especially affected must be the United States, which all Asia and primarily Indonesia hope will provide assistance to as large an extent as possible in the future efforts of the Indonesian nation to build up her state and raise the standard of living of her people. Some forms of such aid are assistance from American heavy industry and American credits and purchases of our bountiful raw materials...

We know that the position of our country gives us a big responsibility in the world community. We do not hate foreigners--neither the Dutch nor even the Indos, Ambonese, or Menadonese, who are truly our own people. Moreover, we fully understand that for the requirements of our country for several years to come, we will need foreign technical, intellectual, and capital assistance in building up our country.

In meeting these needs we will not avoid the fact that persons who happen to speak Dutch, namely the Dutch, will possibly be utilized to a larger extent because they are already here and are familiar with conditions here. Accordingly, the implementing of our independence need not mean large losses in terms of money or personnel for the Dutch, but of course it does mean very great changes in their political status.

We are confident that our incredibly rich land, if properly utilized to raise the living standards of our nation as well as those of the world in general, will still provide plenty of room for manpower from the entire world, and especially from the United States, Australia, and the Philippines, to participate in building up our state and nation....

Once our independence is recognized, we will assume every appropriate responsibility. All debts incurred by Netherlands India before the surrender of Japan which properly become our responsibility, we recognize as our debts.

All alien property other than that which our State needs to operate itself will be returned to the rightful owners, and as fair compensation as possible will be paid for property taken over by the State....

APPENDIX I (p.2)

For the people and the residents in general, we will put into operation a great plan for prosperity, which possibly will require large credits from abroad and also many manufactured goods from the United States, Australia, and other countries which trade with us. Every resident, even if he be Dutch, is allowed to operate a business without interference, so long as he does not violate the country's laws.

For the Dutch nation and people it is definitely necessary that real thought be given to the question of whether they will follow the desires of a small group of capitalists and imperialists, whose views are influenced primarily by their own interests, and will thereby sacrifice the lives of thousands of their youth and many other Dutch personnel in an undertaking of such great risk--to subject again the Indonesian nation that has already arisen--or whether they will accept and adjust themselves to the course of history, seek peaceful ways so that the large Dutch interests in Indonesia may be maintained, and so that their children and their descendants may live here and seek a livelihood in peace....

Djakarta, 1 November 1945

Vice President

MOHAMMAD HATTA

Source: Berita Repoeblik Indonesia, I, No. 1, p.2.

APPENDIX J

Proposed Ten Year Reconstruction Plan of the Republic of Indonesia
(announced 8 April 1947)

GOALS:

(1) to raise the people's standard of living, through providing:
  (a) minimum wage rates,
  (b) improved health and hygiene standards,
  (c) increased education and training (to eradicate illiteracy),
  (d) strong labor and farmers cooperative organizations, and
  (e) industrialization without breaking the ties with agriculture;

(2) to increase the size and number of enterprises contributing to national wealth, through such means as:
  (a) regulating the sale of crops and providing assistance for the purchase of agricultural needs through Government credits until the purchasing power of farmers is increased,
  (b) establishing with Government credits industries to support agriculture, especially well-dispersed desa industries,
  (c) establishing with Government credit assistance medium and large-scale industries including export industries,
  (d) increasing the number of State-owned public works,
  (e) establishing interinsular shipping supported by State credit, and (concerning international shipping) granting no monoply to any one country.
  (f) fostering the transmigration of residents from crowded to underpopulated areas, and
  (g) appointing alien experts as advisers in education, finance customs affairs, banking, economics, agriculture, industry, transport, public works, and the army, in which matters no monoply would be given to any country;

(3) to develop an exchange of export products with imports necessary for consumption and increased production, with the Government providing support and supervision during the initial stage and granting no monopolies to any country;

(4) to regulate such categories of economic activities as:
  (a) vital public projects controlled by the State;
  (b) mixed enterprises in which the State and foreign and domestic private capital participate,
  (c) cooperative enterprises in which the State, Indonesian labor, and alien capital participate,
  (d) separate cooperatives for farmers, workers, and merchants, and,
  (e) private alien and domestic enterprises.

Source: Press conference of Minister of Prosperity Gani, Merdeka, 8 April 1947.

APPENDIX K

National Program (draft of 23 June 1948--extracts)

Article 4 (Economic Affairs) called for efforts to:

(1) Shape a national economic order free from the control of foreign capital, and eradicate theoremnants of the colonial economic order;

(2) Develop a regulated economy based on an economic plan with a sound program of national production, and increase the capacity of the people in their struggle by regulating State-controlled enterprises, cooperative and collective enterprises, and private enterprises which are in harmony with Article 33 of the Constitution;

(3) Make certain that the State controls vital enterprises such as transport, communications, mines, electricity, gas, and water, and information media which are important for the State, paying compensation where necessary to the owners;

(4) Pass a cooperatives law, and promote the development of cooperatives throughout the economy;

(5) Regulate imports on the basis of acquiring essential consumer goods, increasing production, and strengthening the defense of the state;

(6) Supervise and/or control exports in accordance with the interests of the people and the state;

(7) Assist in improving the quantity and quality of smallholder production, especially of export commodities;

(8) Rationalize the use of transport equipment;

(9) Control and/or select a rational mode of production and distribution of essential goods, employing existing means of production and distribution;

(10) Provide, in all government projects aiming at the people's prosperity, for participation by representatives of mass organizations of the people and by expert and experienced personnel;

(11) Train and lead the people in economic affairs;

(12) Provide and employ more economic expertso

APPENDIX K (Page 2)

Article 5 (Agrarian Affairs) called for efforts to:

(1) Organize a new unified agrarian law for the entire state based on private property (hak milik perseorangan), without hampering the growth of collective or cooperative agricultural enterprises;

(2) Endeavor that each farmer may own a piece of land that can guarantee for him and his household a proper livelihood;

(3) Expand the amount of land available for farming by returning to the people land clearly not utilized in erfpacht, small horticultural leases (kleinlandbouw erfpacht), concessions, and urban permanent property (eigendom);

(4) Provide easy and cheap credit to farmers;

(5) Establish a farmers' organization to sell their products at home and abroad;

(6) Abolish burdensome vestiges of feudalism connected with land rights, e.g. rodi, pantjen;

(7) End the use of fronts, name-borrowing, and credits to farmers by individual persons, such as idjon, mindering;

(8) Protect farm-laborers and small farmers and bolster their status by regulating the distribution of crops;

(9) Promote desa industries and transmigration;

(10) Intensify agriculture through such means as providing improved seeds and expanding irrigation;

(11) Endeavor that farmers receive a share of the profits if they produce for a factory;

(12) Unify and bring under State Control irrigation works and distribution of water.

APPENDIX K (Page 3)

Article 8 (Labor Affairs) called for guaranteeing for Labor an appreciation and a place befitting its status in the society and in keeping with the interests of the national revolution.

Trade unions were entitled to jointresponsibility in improving labor productivity and to participate in the supervision of social and labor laws.

The right to strike and to demonstrate had to be regulated by statute".

The income of laborers had to be adjusted to the cost of living.

Article 9 (Foreign Capital) insisted that statutes regulating the conditions under which foreign capital might enter had to contain:

(a) a statement on the form of enterprise and the capital organization;

(b) limitations on profits allowed to foreign capital;

(c) a regulation of the status of a company's management and of its workers; and

(d) financial regulations pertaining to taxes".

Source: Merdeka, 28 June 1948

APPENDIX L

Ministers with a Role in the Economy of Negara Indonesia Timur.

Ministry	Minister
First Nadjamoeddin Cabinet (10 January--2 June 1947)	
Prime Minister	NADJAMOEDDIN Daeng Malewa
Finance	M. Hamelink
Economic Affairs	Nadjamoeddin Daeng Malewa
Traffic and Waterways	E. D. Dengah
Second Nadjamoeddin Cabinet (2 June--11 October 1947)	
Prime Minister	Nadjamoeddin*
Finance	M. Hamelink
Vice Minister	R. J. Metekohy
Economic Affiars	Nadjamoeddin*
Traffic and Waterways	E. D. Dengah
Vice Minister	Ir. A.M. Semawi
Warouw Cabinet (11 October--15 December 1947)	
Prime Minister	Dr. S. J. Warouw (also of Health)
Finance	M. Hamelink
Vice Minister	R. J. Metekohy
Economic Affairs	Julius. TAHIJA
Vice Minister	HOESAIN Poeang Limboro
Traffic and Waterways	Ir. Semawi
First Agoeng Cabinet (15 December 1947--12 January 1949)	
Prime Minister (also Internal Affairs)	Ide Anak Agoeng Gde AGOENG Ide Anak Agoeng Gde AGOENG
Finance	M. Hamelink
Vice Minister	R. J. Metekohy
Economic Affairs	Hoesain
Vice Minister	Drs. TAN Tek Heng
Traffic and Waterways	Ir. Patuan Doli DIAPARI
Second Agoeng Cabinet (12 January--26 December 1949)	
Prime Minister	A.A. Gde Agoeng (also of Internal Affairs)
Finance	M. Hamelink
Economic Affairs (ad interim)	Drs. Tan Tek Heng
(subsequently)	Abdoerradjab Daeng Massikki
Traffic and Waterways	Ir. P. D. Diapari
Minister of State	Drs. Tan Tek Heng

*-suspended 20 September 1947

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Ministry	Minister
Tatengkeng Cabinet (26 December 1949--13 March 1950)	
Prime Minister	J. E. Tatengkeng (also of Education)
Finance	M. Hamelink
Economic Affairs	Iskandar Muhammad Djabar Sjah (Sultan Ternate) (also of Internal Affairs)
Traffic and Waterways	Ir. P. D. Diapari
Minister of State	Drs. Tan Tek Heng
Diapari Cabinet (13 March--10 May 1950)	
Prime Minister	Ir. P. D. Diapari
Finance	Drs. Tan Tek Heng
Prosperity	Achmad PONSEN Daeng Pasanre
Traffic and Waterways	Ir. P. D. Diapari
Putuhena Cabinet (10 May--17 August 1950)	
Prime Minister	Ir. Marinus PUTUHENA
Finance	Abdul Razak
Prosperity	Ir. Marinus Putuhena
Communications	Ir. Marimus Putuhena

Sources: Republik Indonesia: Propinsi Sulawesi, pp. 124, 136-137, 158-159, 171; Merdeka, 4 June 1947.

APPENDIX M

Decisions of the Inter-Indonesian Conference
(announced 2 August 1949--extracts)

* * *

B. FINANCIAL AND ECONOMIC MATTERS.

I. The goal of RIS in the economic and financial fields which must constantly be considered and implemented by the RIS Government is: to build a national economy, to increase prosperity, to increase national wealth, to raise the standard of living of the people, and to carry out social justice.

A. Economic Affairs: To achieve those goals provisions must be made for:

a. increasing agrarian production;
b. promoting industrialization (in the broadest sense);
c. carrying out transmigration.

Methods that must be utilized:

1. organize a general prosperity plan;
2. develop national initiative;
3. provide material aid and credits;
4. promote small, medium-sized, and large-scale enterprises in commerce, industry, fishing, land, sea, and air transport, animal husbandry, etc.;
5. provide technical training in every field;
6. expand cooperatives;
7. provide leadership in economic fields if the public interest and demands of a sound economy require it;
8. intensify and expand agricultural initiative through irrigation, experimental stations, etc.;
9. improve agrarian regulations;
10. develop and maintain forests;
11. set a minimum wage;
12. provide as good housing as possible;
13. provide social security as soon as possible;
14. fix and control prices wherever necessary;
15. "full employment";
16. import needed goods and export goods to pay for imports, while seeking a balance between imports and exports;
17. raise production in every field.

B. Financial Affairs.

1. There will be only one kind of legal tender for the entire RIS;
2. maintain the stability of the money;
3. in principle there must be only one circulation bank in RIS;

4. there needs to be established a foreign exchange institute for RIS, which is responsible solely to the RIS Government.

C. In the economic field, RIS must act externally as an economic unit; thus:

a. imports and exports must be centrally regulated, and all Indonesia must be considered as one customs district;
b. the distribution of goods (capital goods and basic consumer goods) is to be centrally regulated;
c. commercial policy, economic planning, and in general economic relations with other countries are handled by the Federal Government;
d. general regulations cancerning air and interinsular communications are centrally regulated.

D. Special Features

1. the burdens to be put on enterprises will be kept within reasonable bounds;

2. the renewal of rights and concessions must be viewed in the light of general economic planning, taking into consideration the interests of past investments;

3. it is felt necessary that companies whose principal work is in RIS should also be domiciled in RIS, while companies only a part of whose work is in RIS should have in RIS at least a management with full powers;

4. companies are required to provide training aid for prospective technical and managerial personnel in every branch of economics, banking, finance, and social science.

II. Obligations between the Netherlands and RIS arising because of the transfer of sovereignty.

1. Assets and liabilities of Indonesia (Netherlands Indies) will be transferred from N.I. to RIS after the two parties reach an agreement.

2. If investigation of all these assets and liabilities gives evidence that a change must be made, a course in keeping with the nature of the results of the investigation should be taken.
As far as possible an agreement on such course will be sought; if this is not possible, then as the ultimate remedy there must be expropriation in the public interest according to a statute and with compensation, in which case if such capital originates from abroad there will be possibilities for transfers, all according to RIS foreign exchange regulations.

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3. So long as RIS possesses debts orginating from the former N. I., the RIS Government will first consult with the Netherlands Government before making important changes or renovating financial statutes, federal bank statutes, or changing the exchange rate of RIS currency.

4. Payment of foreign debts or carrying out RIS obligations to the Netherlands will be performed in such a way as not to over-emburden the RIS finances and economy.

III. Cooperation between the Netherlands and RIS within the framework of the Union.

1. Cooperation between the two members of the Union must be aimed at increasing the prosperity of the two countries.

* * *

5. On the basis of reciprocity, equal rights and status, between the Netherlands and RIS it is necessary that there be preferences, which must be accommodated to the "economic motif".

6. As a cooperative effort between the Netherlands and RIS it is necessary to have mutual preferences which do not injure one of the parties and which are also in accord with international law.

7. In agrarian regulations the interests of estate agriculture in RIS will receive attention.

8. In the public institutions of RIS there will be legal and commercial security and protection of persons and property.

9. Facilities will be given in regulations covering financial transfers from Indonesia to the Netherlands and vice versa.

* * *

Sources: N.I.T. Kementerian Penerangan, Kita sama Kita, pp.51-55; R.I.: Daerah Istimewa Jogjakarta, pp. 315-317.

APPENDIX N

Financial and Economic Agreement
Concluded on 2 November 1949
following the Round Table Conference at The Hague
EXTRACTS

PART A: RIGHTS, CONCESSIONS, LICENSES, AND OPERATION OF ENTERPRISES

Article 1. (1) The RIS recognizes rights, concessions, and licenses granted according to law and still in effect at the time of the transfer of sovereignty and--so far as such has not yet occurred--these will be restored, with due attention to the following provisos.

(2) The RIS does not renounce its right to investigate the more important rights, concessions, and licenses granted after March 1, 1942 which might have an effect on its economic policy, with the object of determining whether Article 2 need be invoked.

(3) Consideration will be given to the facts: a. that during the Japanese occupation and later during the revolutionary period estate lands on which crops had already been pulled up or cleared in order to be used for farming or gardening, were occupied by the population--during the Japanese occupation with the permission of the Japanese authorities--and that in certain cases if such lands are taken away from the people concerned without further ado and restored to the estates concerned, so much unrest will arise that in most cases such lands could not possibly be restored. Each will be considered by itself and a solution acceptable to all parties will be sought; b. that certain private property must still be utilized in temporary emergencies by various government offices for State purposes: c. that by Statute No. 13 of 1948 of the Republic, conversion rights in Jogjakarta and Surakarta Karesidenan were rescinded because of the changed circumstances in general and the changed views of the people in particular,

(4) The possibility that public utilities, e.g. private railways and tramways, and electric and gas companies, will be nationalized by the RIS--which, if done, will be by expropriation--will not affect the restoration of the exercise of their rights by the proprietors. But such rights may be restored by taking into consideration the pattern of railways and tramways existing at the time of the transfer of sovereignty.

Art. 2. Rights, concessions, and licenses referred to in Article 1 (1) will be abridged only in the public interest and by negotiation with the proprietors, or (should a settlement not be reached) by expropriation in the public interest, according to Article 3.

Art. 3. Expropriation, nationalization, liquidation, compulsory relinquishment or transfer of property or rights will take place only for the public benefit and in accordance with the law and--if the parties reach no agreement--after compensation determined by a judge as the true value of the property has been accepted or guaranteed, all in accordance with provisions prescribed by law. The stipulation that such compensation must be previously accepted or guaranteed is suspended if such property needs to be taken over immediately because of a state or threat of war, rebellion, conflagration, flood, earthquake,

volcanic eruption, or other urgent occurrence.

Art. 4. Opportuhity will be made for existing enterprises to renew their rights, concessions, and licenses and for new enterprises to obtain these necessary to the operation of such businesses, under terms which--from the commercial point of view--may guarantee their continued operation or establishment, and which also guarantee to the proprietor continued operations which afford an opportunity to bring in new capital necessary for operating the business in its previous customary manner, unless this be contrary to specific public interests, including the general economic policy of RIS.

Art. 5. Enterprises (including estates) will cooperate with Indonesian capital and accept such capital participation in an amount considered healthy from the point of view of the enterprises.

Art. 6. The RIS will take steps asfar as necessary to guarantee to the proprietor the exercise of his rights, concessions, and licenses mentioned in Article 1 (1), i.e., to encourage economic enterprises to resume long-term operations. Nevertheless, the general economic policy of RIS should be directed primarily toward the economic development of the entire Indonesian community: the interests and physical and spritual advance of the Indonesian nation should best be assayed through actually increasing the purchasing power and raising the standard of living of the people.

Art. 7. An opportunity will be provided for an extension of the term of all rights, concessions, and licenses referred to in Article 1 (1), which became inoperative because of war, occupation, and extraordinary consequences therefrom, by a period as long as that lost, on the request of the proprietor, unless this be contrary to specific public interests, including the general economic policy of RIS.

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Art. 8. The encumbrances falling on enterprises as a result of fiscal, social, and other regulations that are customary in a modern state will be kept within reasonable limits so that under normal circumstances a business can be operated in such a way as to "allow normal renovation, depreciation, and reserves" and to "permit a reasonable yield for the capital used up in the business."*

Art. 9. The manner of operating a business, freedom to trade and operate a business, and the use of money may be limited only by statute.

Art. 10. The two parties recognize the necessity of having an independent fiscal court system. They will make regulations preventing double taxation.

Art. 11. Nationals and companies of the Netherlands, Dutch products, ships and other property will receive most-favored-nation treatment in Indonesia. Aliens from any nation will have equal rights to participate in trade with Indonesia and in economic activities and the industrial development of Indonesia. However, RIS recognizes that the special interests of citizens and companies of the Netherlands in Indonesia must receive full consideration, and further that there will be no discrimination towards these interests, without prejudice to the right of RIS to make regulations as necessary for safeguarding the national interests or protecting the economically weak groups. Reciprocal provisions pertain in the Netherlands.

Art. 12. (1) Besides the general obligation of businessmen to obey the laws of the country, in the interests of peace and order and of improving social conditions, enterprises (including estates) are obliged to assist in such measures as the following: a. endeavor to hold regular conferences between management and workers from every field of labor; b. try eventually to achieve a community of interests between the entrepreneur and laborers or landholders so that there will be unity in the goals sought and the laborers and landholders affected may attain a higher standard of living;

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* Italics added. The literal versions in the Indonesian and Dutch languages are perhaps more divergent in this article than anywhere else in the agreement. The above translation starts out as a collation of the two versions. The quoted portions, however, are from the Dutch version. The Indonesian version for these portions--reflecting perhaps a different cultural point of view as well as perhaps less business consciousness--reads merely: to "provide a compensating profit for the capital utilized". The original text of the underscored phrases are respectively; een redelijk rendement and laba jang berpadanan.

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c. improve housing and other social provisions for labor; d. as quickly as possible bring skilled Indonesians into executive (including top managerial) and staff positions in the enterprises, and help organize training so that within a reasonable time the majority of the principal staff personnel will be Indonesian citizens; e. establish in Indonesia—in the case of enterprises which work primarily in Indonesia--bodies with full powers.

(2) Concerning points a--d above, the entrepreneurs will demonstrate their initiative, on the promise that conditions set by the Government concerning foreign capital will be no harder than those for Indonesian enterprises of the same type and size.

Art. 13. Should agrarian regulations be changed because of public requirements, the interests of the proprietors and business guarantees will be given consideration.

APPENDIX O

Constitution of the Federal Republic of Indonesia
(initialed 29 October 1949—extracts, with
indication of sources, where known)

CHAPTER ONE: THE FEDERAL REPUBLIC OF INDONESIA

* * *

Part V: The Basic Rights and Liberties of Mankind.

Article 7.

1. Each person is recognized as a human personality in the face of the law. [UDHR-6]

2. Each person is entitled to demand equal treatment and protection by the laws. [UDHR-7]

Art. 24.

1. The authorities will not make benefits or losses contingent upon the inclusion of citizens in certain population groups.

2. Consideration will be given to differences in the social and legal requirements of population groups.

Art. 25. [UDHR-17]

1. Each person is entitled to own property, either separately or jointly with others.

2. The property of no one may be arbitrarily seized.

Art. 26.

1. Expropriation in the public interest of a certain property or right is not allowed except with compensation and according to provisions of a statute. [IIC B-II-2]

2. If certain property must be destroyed in the public interest, or must be damaged by the public authorities to the point of no longer being usable, this will be done with indemnification and according to provisions of a statute, unless such provisions specify the contrary.

Art. 27. [UDHR-23 (1)-(3)]

1. Each citizen, according to his ability, is entitled to work that is available. Each person is entitled freely to choose his work and is furthermore entitled to fair working conditions.

2. Each person who performs work under the same circumstances, is entitled to a fair remuneration which guarantees the livelihood of himself and his family in keeping with human dignity. [sic]*

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* Cf. text of Universal Declaration and Dutch-language version of the RIS Constitution in Engelbrecht, Kitab2 Undang2, Undang2 dan Peraturan2 serta Undang2 Dasar Sementara Republik Indonesia, p. 30. An error in transcription appears in this section of the RIS Consti-

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Art. 28. UDHR- 23 (4)

Each person is entitled to set up and enter into a trade union in order to protect his interests.

Art. 32.

1. Statutory provisions concerning the performance of rights and liberties explained in this part, if necessary, will set limits to such rights and liberties, but only and solely in order to guarantee the essential recognition and respect for the rights and liberties of others, and in order to comply with the equitable requirements for public order, morality, and welfare in a democratic association. UDHR-29 (2) ...

* * *

Part VI: Basic Principles.

Art. 35.

The authorities, as far as they are able, promote social security, especially the defining and guaranteeing of good working and labor conditions, the prevention and eradication of unemployment, as well as the arrangement of provisions for old age and the maintenance of widows and orphans.

Art. 36.

1. Increasing the prosperity of the people is a matter continuously pursued by the authorities, with the constant obligation to guarantee for each person a standard of living for himself and his family in keeping with human dignity.

2. Without impinging on limitations set in the public interest by statute, every person is given an opportunity to participate according to his nature, aptitude, and skills, in the development of the country's economic resources.

* * *

CHAPTER FOUR: THE GOVERNMENT.

Part IV: Finance.
Title 1: Monetary Affairs.
Art. 165. IIC B-I-B-3

For Indonesia there is one circulation bank.

* * *

Key: UDHR--Universal Declaration of Human Rights
IIC--Inter-Indonesian Conference

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tution. An approximation of the text actually intended would be:

"2. Each person who performs the same work under the same circumstances is entitled to the same remuneration and to similarly favorable working conditions.

"3. Each person who performs work is entitled to a fair remuneration which guarantees the livelihood of himself and his family in keeping with human dignity."

For the corrected version, see Art. 28 (3) and (4) in the 1950 Constitution of the Unitary Republic.

APPENDIX P

Ministers with a Role in the Economy of Indonesia, 1950-1955

Ministry	Incumbent	Party
REPUBLIK INDONESIA SERIKAT (20 December 1949--6 Sept. 1950)		
Prime Minister	Drs. Mohammad Hatta	—
Finance	Mr. Sjafruddin Prawiranegara	Masjumi
Prosperity	Ir. Djuanda	—
Communications, Power, and Public Works	Ir. H. Laoh	P.N.I.
Labor	Mr. Wilopo	P.N.I.
REPUBLIK INDONESIA, Jogjakarta (21 January--6 September 1950)		
Prime Minister	Dr. A. Halim	--
Finance	Mr. Loekman Hakim	P.N.I.
Agriculture	Sadj'arwo	B.T.I.
Trade and Industry	Mr. Tandiono Manu	P.S.I.
Public Works and Communications	Ir. Sitompul	Parkindo
Labor	Dr. Maäs	Partai Buruh
UNITARY REPUBLIC		
Natsir Cabinet (6 September 1950--27 April 1951)		
Prime Minister	Mohammad NATSIR	Masjumi
Finance	Mr. Sjafruddin Prawiranegara	Masjumi
Agriculture (and Animal Husbandry)	Mr. Tandiono Manu	P.S.I.
Trade and Industry	Dr. SUMITRO Djojhadikusumo	P.S.I.
Communications (and Transportation)	Ir. Djuanda	—
Power, Public Works, and Construction	Ir. H. Johannes	PIR
Labor	Suroso	Parindra
Sukiman Cabinet (27 April 1951--3 April 1952)		
Prime Minister	Dr. SUKIMAN Wirjosandjojo	Masjumi
Finance	Mr. Jusuf Wibisono	Masjumi
Agriculture	Ir. Suwarto	Partai Katholik
Trade and Industry	Mr. Soejono Hadinoto	P.N.I.
Economic Affairs (eff. 19 May)	"	"
" (eff. 16 July)	Mr. Wilopo	P.N.I.
Communications	Ir. Djuanda	--
Public Works and Power	Ir. UKAR Bratakusumah	P.N.I.
Labor	Iskandar TEDJASUKMANA	Partai Buruh
Agrarian Affairs (20 Nov. 1951--6 Mar. 1952)	Mr. Gondokusumo	PIR

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Ministry	Incumbent	Party
Wilopo Cabinet (3 April 1952--1 August 1953)		
Prime Minister	Mr. Wilopo	P.N.I.
Finance	Dr. Sumitro Djojohadikusmo	P.S.I.
Agriculture	Mohammad SARDJAN	Masjumi
Economic Affairs	Mr. Sumanang	P.N.In
Communications	Ir. Djuanda	---
Public Works and Power	Ir. Suwarto	Partai Katholik
Labor	I. Tedjasukmana	Partai Buruh
Ali Sastroamidjojo Cabinet (1 August 1953--12 August 1955)		
Prime Minister	Mr. Ali Sastroamidjojo	P.N.I.
Finance	Dr. Ong Eng Die	P.N.In
Agriculture	Sadjarwo	B.T.In
Economic Affairs	Mr. ISKAQ Tjokrohadisurjo	P.N.In
" (eff. 8 Nov. 1954)	Ir. ROOSSENO Surjohadikusumo	PIR
Communications	Abikusno Tjokrosujoso	P.S.I.In
" (eff. 14 Sept. 1953)	Ir. Roosseno	PIR
" (eff. 23 Oct. 1954) a.i.	Mr. Ali Sastroamidjojo	P.N.In
" (eff. 19 Nov. 1954)	Dr. A. K. Gani	P.N.In
Public Works and Power	Ir. Roosseno	PIR
" (eff. 12 Oct. 1953)	Mohammad Hassan	P.S.I.I.
Labor	Sutan Mochtar ABIDIN	Partai Buruh
Agrariran Affairs	Mohammad Hanafiah	N.U.
" (eff. 19 Nov. 1954)	I Gusti Gde RAKA	P.R.N.
Boerhanoedin Harahap Cabinet (12 August 1955--20 March 1956)		
Prime Minister	Mr. Boerhanoedin Harahap	Masjumi
Finance	Dr. Sumitro Djojohadikusmo	P.S.I.
Agriculture	Mohammad Sardjan	Masjumi
Economic Affairs	I. J. Kasimo	Partai Katholik
Communications	Frits LAOH	P.R.N.
" Vice Minister	Asrarudin	Partai Buruh
Public Works and Power	Suroso	Parindra
Labor	I. Tedjasukmana	Partai Buruh
Agrarian Affairs	Mr. Gunawan	P.R.N.
Economic Problems	Drs. Coomala NOOR	PIR

Source: Kementerian Penerangan R.I., Kabinet-kabinet Republik Indonesia.

APPENDIX Q

Provisional Constitution of the Republic of Indonesia

(promulgated 15 August 1950--extracts, with indication of sources where known)

Article 7. [see RIS Constitution, Art. 7]

1. Each person is recognized as a human personality in the face of the law.

2. Every person is entitled to demand equal treatment and protection by the laws.

Art. 21. [new]

The right to demonstrate and strike is recognized and regulated by statute.

Art. 25. [RIS Const. Art. 24]

1. The authorities will not make benefits or losses contingent upon the inclusion of citizens in certain population groups".

2. Consideration will be given to differences in the social and legal requirements of population groups.

Art. 26.

1. Each person is entitled to own property, either separately or jointly with others.

2. The property of on one may be arbitrarily seized. [RIS Const. Art. 25]

3. [new] The right of property is a social function". [Charter of 19 May 1950]

Art. 27. [RIS Const. Art. 26]

1. Expropriation in the public interest of a certain property or right is not allowed except with compensation and according to provisions of a statute.

2. If certain property must be destroyed in the public interest or must be damaged by the public authorities to the point of no longer being usable, this will be done with indemnification and according to provisions of a statute, unless such provisions specify the contrary.

Art. 28. [RIS Const. Art. 27 (reedited)]

1. Each citizen in keeping with his skills is entitled to work befitting a human being". [also 1945 R.I. Const. Art. 27 (2)]

2. Each person is entitled freely to choose his work and is furthermore entitled to fair working conditions".

3. Each person performing the same work under the same circumstances is entitled to the same remuneration and to equally favorable work contracts.

4. Each person who performs work is entitled to a fair remuneration which guarantees the livelihood of himself and his family in keeping with human dignity.

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Art. 29. [RIS Const. Art. 28]

Each person is entitled to set up and enter into a trade union in order to protect and fight for his interests.

Art. 33. [RIS Const. Art. 32 (1)]

The performance of rights and liberties explained in this part may only be limited by statutory provisions solely in order to guarantee the essential recognition and respect for the rights and liberties of others, and in order to comply with the equitable requirements for public order, morality, and welfare in a democratic society.

Art. 36. [RIS Const. Art. 35]

The authorities promote social security, especially the defining and guaranteeing of good working and labor conditions, the prevention and eradication of unemployment, as well as the arrangement of provisions for old age and the maintenance of widows and orphans.

Art. 37.

1. The authorities continuously pursue ways to increase the prosperity of the people and are obliged constantly to guarantee for each person a standard of living for himself and his family in keeping with human dignity.
2. Without impinging on limitations set in the public interest by statute every person is given an opportunity to participate according to his nature, aptitude, and skills, in the development of the country's economic resources. [RIS Const. Art. 36]
3. [new] The authorities prevent the existence of private monopoly organizations which injure the national economy, according to statutory provisions.

Art. 38. [1945 R.I. Const. Art. 33]

1. The economy shall be organized as a joint endeavor based on the family principle of the common good.
2. Branches of production which are important to the State and which affect the life of most people, shall be controlled by the State.
3. Land and water and the natural riches therein shall be controlled by the State and shall be exploited for the greatest welfare of the people.

Art. 88.

Basic regulations concerning communications on land and sea and in the air are determined by statute.

Art. 110. [RIS Const. Art. 165]

1. For Indonesia there is one circulation bank....

APPENDIX R

Masjumi Fighting Program
(Announced at 6th Congress, 31 August 1952--extracts)

II. THE ECONOMY:

1. Guided economy. The economy of the state is to be regulated on the basis of a guided economy. Production and distribution should be carried out according to a definite plan and directed at realizing the broadest possible welfare of the people. Monopolies by private companies which are detrimental to the community are to be prohibited. Limited competition should be supervised by the Government so that it moves in a constructive direction. A price and wage policy must be in accord with the general conditions of the domestic economy. In order to stabilize the national economy, various kinds of cooperatives must be built up with Government assistance.

2. Nationalization. In principle vital enterprises are to be nationalized according to a definite plan. The sequence of nationalization is as follows:

a. The circulation bank (already carried out);
b. Basic communications enterprises on land, sea and in the air;
c. Public utilities;
d. Mining enterprises.

Implementation of nationalization, without deviating from the above order of priority, should be carried out taking into consideration the circumstances and finances of the state.

3. Industrialization. In order to make Indonesia as free as possible from the import of foreign industrial products and to provide the people with broad opportunities to work, especially in over-populated areas, it is necessary to carry out industrialization within a short time.

4. Alien Capital. Considering that national capital is still insufficient for financing such industrialization, the possibility is provided for alien capital to establish new industries on the basis of "mutual profit", that is according to terms which benefit both Indonesia and the alien businessmen.

5. Farmers. ...

6. Fishermen. ...

7. Agrarian matters. Agrarian legislation from the colonial period must be revised in line with the interests of the community. ...

8. Indonesian middle-class. The Government opens the way for the Indonesian middle-class, a group of social and political importance, to develop and to strengthen the position of the community.

III. FINANCES:

1. Private banks. A banking statute must be made which stipulates terms for existing banks and those to be set up, whether national or alien. The credit policies of such banks under supervision of the Government is regulated by statute.

2. Taxes. ... The tax policy should be aimed at a fair distribution of national income and wealth and at promoting national enterprises. ...

Source: Kepartaian dan Parlementaria Indonesia, pp. 461-463.

APPENDIX S

P.N.I. Fighting Program
(Announced at 6th Congress, 11 December 1952--extracts)

II. THE ECONOMY AND FINANCES

A. General:

1. Recognize and value work as an important factor in organizing a guided national economy aiming at a marhaenist economy.

2. Work for the largest possible prosperity for the people and fight for a distribution of prosperity on the basis of one's respective performance and needs.

3. Work for a national economic order based on equal rights and obligations among fellow citizens with priority to the cooperative principle.

4. Activate national undertakings in the fields of agriculture, industry, trade, animal husbandry, fishing, mining, transport, etc.

5. Fight for a state which protects national enterprises from the competition of alien enterprises.

6. Open new economic regions.

7. Endeavor that foreign trade be in the hands of national businessmen and/or the Government.

8. Endeavor to set up both at the center and in the regions economic councils consisting of representatives of labor, businessmen, and the Government.

B. In particular:

a. Production.

1. Nationalize according to a definite plan vital enterprises which provide the essential needs of most persons. ...

b. Distribution. ...

2. Perfect communications within Indonesia (interinsular), on land, on sea (rivers), and in the air.

c. Capital.

1. Work for the formation of national capital pioneered by the State.

2. The entry of foreign capital may not interfere with national interests.

3. Eradicate "private lands" and extensive landholdings, aiming at a fair distribution of land which guarantees a proper livelihood for the farmer.

4. Review the utilization of erfpacht and concession lands by alien companies, aiming at their abolition.

5. Make an agrarian statute which regulates and guarantees land rights for citizens.

6. Eradicate and reject the rights of aliens to own land (eigendom), except for social, cultural, and diplomatic purposes on the basis of reciprocity.

7. Limit rights of property and inheritance.

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d. Finance.

1. Urge that credit banks be set up by the Government and private circles for the needs of national enterprises in general and agricultural enterprises in particular.

2. Regulate the use of foreign exchange on the basis of the national interests.

Source: Kepartaian dan Parlementaria Indonesia, pp.52-54.

APPENDIX T

Government Policy Statement on Foreign Investment
(Made by Minister of Finance Ong in Parliament, 15 February 1954)

In order to enlarge national production, improve the people's standard of living, and to develop sound economic conditions, Indonesia with an ever-increasing population, requires foreign capital investments, which will be treated according to the following principles:

1. Foreign capital may be invested:
   (a) at the foreign entrepreneur's and capitalist's own risk;
   (b) in cooperation with Indonesian citizens;
   (c) in cooperation with the Government or government bodies.

2. To develop foreign capital investment there must first be internal security. If the Government attaches primary importence to the restoration and preservation of security, it means that the restoration and preservation of the economy is also stressed. Other measures are also necessary to attain a good climate for foreign capital investment; for instance, in the field of immigration, measures will be taken to facilitate a person's obtaining entry and resident permits.

3. Private entrepreneurs should naturally understand that enterprises in Indonesia should be primarily places for Indonesian citizens to work. Accordingly, those to be allowed to enter Indonesia and work in foreign-owned enterprises are only persons with the capacity necessary for guaranteeing the effective operation of the enterprises and which are not available in Indonesia.

4. Foreigners working in such enterprises will be permitted to transfer a part of their incomes to their home country in order to ensure their livelihood after having worked in Indonesia and to enable them to make payments to their families in case the latter are not able to come to Indonesia.

5. Foreign enterprises will be assisted in obtaining necessary land in Indonesia, provided that this does not harm the interests of the Indonesian citizens themselves.

6. Foreign enterprises will be permitted to send profits after taxes to the countries from whence their capital originiates. In this connection only capital actually invested and employed in Indonesia will be considered.

7. Foreign-owned enterprises working in Indonesia should generally have sufficient financial means for operating on their own power.

8. As regards taxes, the Government is of the opinion that it would be proper to have regulations that stimulate the development of new enterprises, in keeping with the entire tax system and equity.

9. Transfer of sums for depreciation is not allowed. To replace the equipment in the enterprises, transfers will be permitted to be taken from reserves for depreciation.

10. In general, all capital will be permitted to return to the country of origin after it has been utilized a number of years in Indonesia.

11. Based on the above points, the Government is of the opinion that foreign capital is given ample opportunities to operate in Indonesia. Only with the intention of encouraging activity by the people and in order that the initiative of the people does not suffer from the competition of foreign enterprises, several limitations are made on the types of foreign enterprises which are to be established here.

12. Furthermore, such limitations can be imposed because some kinds of enterprises should better be run by the Government itself.

13. The Government generally favors the setting up of industrial enterprises rather than companies in the field of trade, transportation, and banking.

14. In order to regulate everything related to this matter, there will be regulations effective for privately-owned enterprises in general. Furthermore, existing Government agencies or new ones to be established will be assigned the task of considering and deciding on matters which may arise or to render special assistance to existing enterprises or those which will be set up in Indonesia.

15. Only in very special cases privately-owned enterprises will be allowed to deviate from the general regulations in cases where their status also differs from that of enterprises in general. An agreement can be entered into with such an enterprise, or special regulations can be issued in accordance with the above mentioned points.

16. Concerning enterprises of the 1 (c) category, the Government is of the opinion that if the economic development is carried out only with private initiative--whether from aliens or Indonesian citizens or cooperation between the two--a perfect economic development would not yet be achieved for the following reasons: (a) some types of enterprises should better by run by the Government itself; (b) some types of enterprises should be run by Indonesians although there is still a shortage of capital and trained personnel in Indonesia; (c) considerable amounts of capital cannot possibly be accumulated or great risks borne by privately-owned enterprises.

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17. The Government is of the opinion that due to the above mentioned reasons, in important instances there will be cooperation between foreign capital and the Government or government agencies.

18. Conditions for working with the Government are similar to those affecting private enterprises, but in this case more opportunities are provided for concluding special agreements with the Government and its agencies.

19. There will be possibilities that the Government will bear the risk for capital invested in Indonesia, especially in cases where foreign capital is needed to establish an enterprise but circumstances unattractive toforeign capital exist.

20. In this case, capital can be attracted in the form of a loan at a certain interest, although opportunities will be provided to obtain a share of the profits in accordance with the enterprise's income. All matters in this connection must be regulated in a special agreement.

21. Such enterprises must situate (their main offices) in Indonesia and be subject to Indonesian law.

Source: Ichtisar Parlemen 1954. pp. 88-90.

APPENDIX U

Ethnic Distribution of New Corporations, 1951 and 1953

Table a. By Provinces

Province	Govt.		Indonesian		Chinese		Dutch			I.-C. 50:50		Arab		Other		Total	
	A	B	A	B	A	B	A	B	X	A	B	A	B	A	B	A	B
Djakarta Raya	2	8	73	136	98	94	21	5	4	1	4	1	-	6	3	202	254
Djawa Barat	-	-	14	18	25	22	5	3	-	2	1	-	-	1	1	47	45
Djawa Tengah	-	-	10	21	12	24	2	2	1	-	-	-	-	-	-	24	48
Jogjakarta(D.I.)	-	-	4	5	1	2	-	-	-	-	-	-	-	-	-	5	7
Djawa Timur	-	-	24	31	54	42	5	3	1	1	2	3	1	2	1	89	81
JAVA	(2)	(8)	(125)	(211)	(190)	(184)	(33)	(13)	(6)	(4)	(7)	(4)	(1)	(9)	(5)	(367)	(435)
Atjeh	-	-	6	1	1	3	-	-	-	-	-	-	-	-	-	7	4
Sumatera Utara	-	-	33	24	14	30	-	2	-	-	-	-	-	-	1	47	57
Sumatera Tengah	-	-	8	2	2	1	1	1	-	1	-	-	-	-	-	12	4
Sumatera Selatan	-	-	9	7	4	8	1	-	-	-	-	-	-	-	2	14	17
SUMATRA	-	-	(56)	(34)	(21)	(42)	(2)	(3)	-	(1)	-	-	-	-	(3)	(80)	(82)
Kalimantan Barat	-	-	4	4	4	6	--	-	-	-	-	-	-	-	-	8	10
Kalimantan Selatan	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Kalimantan Timur	-	-	2	1	1	-	-	-	-	-	-	-	-	-	-	3	1
BORNEO	-	-	(7)	(5)	(5)	(6)	-	-	-	-	-	-	-	-	-	(12)	(11)
Sulawesi	-	-	15	8	4	-	-	-	-	-	-	-	-	-	-	19	8
Nusa Tenggara	-	-	9	3	4	5	-	-	-	-	-	-	-	-	-	13	8
Maluku	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T O T A L	2	8	212	261	224	237	35	16	6	5	7	4	1	9	8	491	544

Key:
A--Corporations with charters published in 1951
B--Corporations with charters published in 1953
X--Corporations owned by Dutch peranakans (1953 only; 1951 figures included in A)
I.-C.--Half indigenous Indonesian, half Chinese
Note: Classified according to majority stockholders.

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Ethnic Distribution of New Corporations, 1951 and 1953

Table b. By cities, 1951

Chinese		Indonesian		Dutch*		Top Ten	
Djakarta	98	Djakarta	73	Djakarta	21	Djakarta	202
Surabaja	37	Surabaja	20	Surabaja	5	Surabaja	66
Bandung	14	Medan	17	Bandung	3	Medan	26
Semarang	10	Makassar	11			Bandung	23
Medan	9	Palembang	8			Semarang	18
Tjirebon	6	Semarang	6			Makassar	14
Djember	5	Bandung	5			Palembang	11
Malang	5	Sibolga	5			Tjirebon	11
Pontianak	4	Tjirebon	5			Sibolga	8
Makassar	3	Denpasar	4			Pontianak	7
Sibolga	3	Jogjakarta	4				
		Pontianak	3				

*-inclusive of Dutch peranakans

Table c. By Cities, 1953

Chinese		Indonesian		Dutch**		Top Ten	
Djakarta	94	Djakarta	136	Djakarta	5	Djakarta	254
Surabaja	33	Surabaja	23	Bandung	3	Surabaja	60
Medan	23	Semarang	17			Medan	41
Semarang	22	Medan	16			Semarang	41
Bandung	8	Bandung	14			Bandung	27
Palembang	6	Palembang	6			Palembang	14
Pontianak	6	Jogjakarta	5			Pontianak	8
Bogor	4	Makassar	3			Jogjakarta	7
Tjirebon	4	Sibolga	3			Malang	7
Ampenan	3	Tandung Balai	3			Tjirebon	6
Kutaradja	3						

**-exclusive of Dutch peranakans

APPENDIX V

Regulations Affecting Government Officials in Business

A variety of legislation has limited the possibility of personal participation in businesses by Indonesian officials. Although there were no provisions in the 1945 Constitution, possibly because little thought was given to the desire of top officials to join in a private business, Art. 55, Sec. 2, of the 1950 Constitution did provide that the President, Vice President, and cabinet ministers might neither directly nor indirectly participate in a business enterprise or underwrite for one a contract for obtaining a profit, which was made with the Republic of Indonesia or one of its autonomous regions.

Detailed prohibitions against Indonesian public officials engaging in business first appeared in the field of state banks. Thus in July 1946, the charter of the Bank Negara Indonesia provided (Art. 14) that the Bank's President and Vice Presidents could not hold other paid positions without permission of the Minister of Finance, might not be related to one another within the third degree, and might neither directly nor indirectly operate a trading company or other business.

The prohibition against family relationship was extended to the president and vice-presidents of the Bank Industri Negara in its February 1952 charter, and to the members of the Bank Indonesia's Managing Board and Indonesia's Monetary Board by that Bank's charter of May 1953. The B.I.N. charter prohibited the bank's executive officers from exercising a position in another enterprise without the consent of the Supervisory Board (Art. 5, Sec. 2). The Bank Indonesia charter while prohibiting the members of the Monetary Board from engaging in trade or having a direct or indirect interest in a commercial enterprise (Art. 25, Sec. 1), granted some exemptions to the executives of the Bank itself, but they were also prohibited from engaging in trade or having an interest in a commercial enterprise (Art. 30). The prohibition against holding any salaried post, office, or function was qualified by permission to accept one entrusted to them by the Government. Moreover, the bank's Managing Directors (but not the Governor) and its Advisors could--with the permission of the Monetary Board--retain or acquire a position on the board of directors of a company; but two of the bank's managing directors could not simultaneously be on the board of directors of the same company. Similar provision were made for the executive officers of the B.N.I. when its charter was revised in February 1955, although the exemptions which the bank's Supervisory Council could grant extended also to permit two officers to serve simultaneously on the same board of directors (Art. 10).

Civil servants on active duty came under other regulations. Since a 1935 regulation on the matter had become a dead letter, Government Regulation No. 12 of 1952 was issued to replace it. This regulation forbade civil servants to head either directly or indirectly a private enterprise, to perform work of a private nature if prohibited by departmental rules, or to accept any gift contrary to the honor of his position or work or to his general status as a civil servant.

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"Indirectly" here included using the intermediacy of a member of one's family or using another person as a front. A civil servant might be forbidden to trade or perform private work if in the view of an authorized senior official such work would be contrary to the nature of his position or status as a civil servant. Consequently, a civil servant had first to request permission from such senior official. A civil servant could, however, own stock or bonds of a company, unless it were determined that their amount was so large that he in effect intervened directly in the company's management, or was of a size to be considered inappropriate to the nature of his position or his status as a civil servant".[1]

Although cabinet ministers were barred from active participation in private business, members of Parliament were quite free to engage in business". Because of this fact, Minister of Finance Wibisono once declared that the Government was issuing fiscal regulations as emergency laws, in order to avoid leakage of their contents through members of Parliament with interests in them.[2] Moreover Minister of Personnel Affairs Suroso opposed pensions to members of Parliament since, unlike ministers, they could own or operate corporations.[3]

1. "Peraturan Pemerintah No. 12", 22 Feb. 1952, Lembaran-Negara R.I. 1952, No. 17; Tambahan Lembaran-Negara No. 203.

2. Statement, 11 Feb. 1952, Risalah Perundingan 1952, p. 417.

3. Statement, 9 Apr. 1953, Ichtisar Parlemen 1953, pp. 405-406.

APPENDIX W

Business Interests of Members of the Provisional Pardiament of the Unitary Republic who served before 1955

No. of Enterprises	Number of Members with Business Interests					
	Total	P.N.I.	Masjumi	PIR	P.R.N.	Independent
16	1	-	-	-	-	1
15	-	-	-	-	-	-
14	-	-	-	-	-	-
13	-	-	-	-	-	-
12	1	-	1	-	-	-
11	-	-	-	-	-	-
10	-	-	-	-	-	-
9	1	1	-	-	-	-
8	5	2	1	1	-	-
7	2	2	-	-	-	-
6	2	-	-	-	1	1
5	9	-	-	1	2	1
4	3	-	2	-	-	-
3	15	3	3	2	1	2
2	33	9	7	-	4	1
1	49	11	2	11	3	1
No. in business	(121)	(28)	(16)	(15)	(11)	(7)
O No. not in business	151	19	33	11	2	6
TOTAL	272	47	49	26	13	13
(No. in Govt. companies)	(27)	(3)	(3)	(1)	(3)	(3)

	P.S.I.	Partai Katholiko	Persatuan Progresip	Parindra	P.K.I.	Partai Buruh
8	-	-	-	1	-	-
7	-	-	-	-	-	-
6	-	-	-	-	-	-
5	-	-	1	1	-	-
4	1	-	-	-	-	-
3	-	1	-	1	-	1
2	1	1	-	1	1	2
1	4	3	3	2	3	-
No. in businesso	(6)	(5)	(4)	(5)	(4)	(3)
O No. not in business	10	4	3	5	23	5
TOTAL	16	9	7	10	27	8
(No. in Govto companies)	(1)	(2)	(3)	(2)	(1)	(1)

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No. of Enterprises	N.U.	Demokrat	S.K.I.	P.S.I.I.	Parki	Partai Tani Indonesia
8	1	-	-	-	-	-
7	-	-	-	-	-	-
6	-	-	-	-	-	-
5	-	-	-	-	1	-
4	-	-	-	-	-	-
3	-	-	-	1	-	-
2	1	1	-	1	-	1
1	1	3	2	-	-	-
No. in business	(3)	(4)	(2)	(2)	(1)	(1)
0 No. not in business	6	6	1	3	-	-
TOTAL	9	10	3	5	1	1
(No. in Govt. companies)	(2)	(1)	-	-	(1)	-

	Baperki	Perti	Permai	Parkindo	P.D.T.I.	Partai Murba
5	1	-	-	1	-	-
4	-	-	-	-	-	-
3	-	-	-	-	-	-
2	-	1	1	-	-	-
1	-	-	-	-	-	-
No. in business	(1)	(1)	(1)	(1)	(0)	(0)
0 No. not in business	1	1	2	5	1	4
TOTAL	2	2	3	6	1	4

Note: Where members of the Persatuan Progresip, Demokrat, SOBSI, and B.T.I. factions and non-faction members were associated with parties, they are collated under the appropriate partyo Members who often changed party affiliation are listed either with their affiliation at the end of 1954 or under the party with which they were longest associated.

The figures refer to the total number of businesses in which--at any time in his life--a person who served in Parliament had interests. Such businesses need not have been engaged in simultaneously. When the same business passed through a number of legal forms or name changes, it was counted only as one. The term "business interests" includes participation as any of the following: stockholder, partner, silent partner, president, vice-president, member of the board of directors, founder, and legal adviser. It does not include, of course, service with a government department or employment on a wage or salary basis.

Sources: corporation charters and amendments published or announced between 1945 and 1954, references to pre-war and other business interests cited in official biographic sketches, and references to other businesses in the official gazette (Berita-Negara R.I.) and newspaperso