

Committee IV
Developmental Experiences in
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Discussion Paper

by

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on

Stuart William Greif's

INDONESIA'S NEW ORDER, PANCASILA, AND DEVELOPMENT

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Dr. Grief has produced a very objective view on the political development of Indonesia resulting in political stability. Since an interaction exists between political and socio-economic development, it is worth while stressing on the importance of political stability. It constitutes the foundation on which fruitful socio-economic development could be built.

My discussion paper can be regarded as a supplement to Greif's paper because he did not touch much on the socio-economic development of Indonesia.

Any conception of development should refer to a comprehensive process of socio-cultural-economic transformation, creating physical, mental and social well-being, and the objective must be the improvement of the condition of human beings and not a modern productive system; socio-cultural-economic dimensions include:

1. Increase of G.N.P. (Gross-National-Product).
2. Equity in G.N.P. distribution.
3. Relationship with foreign governments and multinational corporations.
4. External national indebtedness.
5. Level and distribution of technology in different sectors of the economy.
6. Consequences of inequity of G.N.P. distribution and lack of adequate technology.
7. The importance of indigenous culture and adequate technological education for development.

1. Increase of G.N.P.

From 1960, 1980 there is an average annual growth in G.N.P. per capita of 4.0 %, reaching the mark of \$ 510. This can be obtained primarily by oil price increase and export of non_oil products. Since oil price is decreasing in the last two years, resulting in budget deficit, all effort have been mobilized to increase non_oil products. To make export more favourable the government introduced substantial de-valuation of the Rupiah.

2. Equity in G.N.P. distribution.

The 1976 statistics produced the following picture :

40 % population with low income received 11,15 % of G.N.P.
 40 % population with moderate income received 32,12 % G.N.P.
 20 % population with high income received 56,73 % of G.N.P.
 The Gini coefficient is 0,52 indicating a great inequity in G.N.P. distribution, exemplified by a high prevalence of poverty, sustained by the following facts :

a. Comparison of the 1973 with the 1980 statistics shows :

- The number of small farmers is increasing from 45,7 % up to 61,3 %.
- The number of farm-workers (without land) is increasing from 3,2 % up to 14.9 %.
- The number of moderate farmers is decreasing from 54,4% down to 36,9 %.

b. Our survey in villages in East Jakarta, the capital city of Indonesia in the period of 1978 - 1982 shows, that \pm 40% of the village people are living under the poverty line. It is estimated, that in rural areas it amounts to \pm 55%.

c. Surveys among children under five reveal, that \pm 30 % are suffering from malnutrition.

3. Relationship with foreign government and multinational corporations.

Except with China, there exists good relationship with other governments and multinational corporations, which stimulates

capital investment in Indonesia and transfer of technology.

4. External national indebtedness.

Increase in G.N.P. is partly possible by external borrowing, amounting to \$ 17 billion. However it is alarming, that the debtor service ratio is increasing from 20 % up to 22 % or perhaps more (24 %).

5. Level and distribution of technology in different sectors of economy.

There is a great demand of intermediate technology in all sectors enabling the people to explore and exploit the abundant wealth of the ecosystem.

Only 3 % of all school children with elementary and high school education are provided with some skills, the remaining 97 % receive only general education qualifying only for white-collar jobs. The country is producing annually \pm 3 million white-collars, creating a high rate of unemployment 23,3 %.

6. Consequences of inequity of income distribution and lack of adequate technology.

Poverty and unemployment resulting in frustration (mental ill-being) and increase of criminality.

Solving these problems is the immediate need of the nation.

7. The importance of indigenous culture and adequate technological education for development.

Indigenous culture.

One of the important aspects of indigenous culture is "mutual assistance" (gotong royong), which should be fully utilized in development efforts.

In our Pilot Project on elimination of poverty and unemployment, this principle has been applied in small village institutions, called Quadruple Posts (see booklet).

It is obvious, that the whole national educational system should be transformed by introducing new elements i.e.:

- The provision of intermediate environmental technology in elementary and high schools.
- Institution of more Polytechnical schools.
- Universities should be provided with a department of Community Development, which establish a branch in the surrounding area. In this way a University is connected with the community so that it could fulfil its mission in leadership.

In discussing development problems, emphasis should be laid upon solving the immediate needs, which are for Indonesia elimination of severe poverty, high rate of unemployment and criminality increase.

National development needs for its guidance a Triad strategy, consisting of :

1. Macro-strategy, aiming at the development of all available resources resulting in substantial increase of G.N.P. I have advised our government to explore and exploit the Indonesian sea especially the abundant carpet of manganese nodules on Indonesian seabeds ; also the exploitation of solar and wind energy.
2. Micro-strategy, for elimination of poverty through improvement of poor Housholds, forming the smallest units of a poor community.
It includes also the introduction of intermediate, environmental technology for the