

**POLITICAL CHALLENGES TO
SUSTAINABLE DEVELOPMENT
IN INDONESIA**

By : Purwo Santoso

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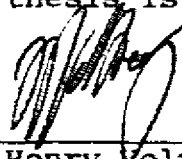
**POLITICAL CHALLENGES TO
SUSTAINABLE DEVELOPMENT
IN INDONESIA**

c Purwo Santoso, 1992

A thesis submitted by Purwo Santoso
in partial fulfillment of requirement for the Master of Art
degree in International Development Studies
at Saint Mary's University

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ABSTRACT

This thesis entitle **Political Challenges to Sustainable Development in Indonesia**. Politically sustainable development should be adopted as a new paradigm by reorienting development process into human development and restructure the society.

This study assesses both the framework and the practice of development in Indonesia during New Order era from a humanist perspective of sustainable development. The framework of Indonesia's development is labeled as an authoritarian-developmental state. To guarantee the success of an economic-growth-oriented development, the state formed into an authoritarian structure which has since maintained. Sustainable development has been adopted as a sub-ordinate of authoritarian-developmental framework.

Four approaches to sustainable development -- ecocentric reformism, ecocentric radical, technocentric reformism and technocentric radical -- are identified. The authoritarian-developmental state framework favors to the technocentric reformism which relies on the states management capability to implement sustainable development policies. Practically, however, the institutional power arrangement for sustainable development is weak, compared to the powerful forces of parts of the state apparatus which in some cases operates beyond the stated management framework. The weak position of civil society vis a vis the state exaggerates the weakness of the

current structural arrangement and inevitably leads to an unchallenged abuse of the state's power.

This study selects three criteria of a politically sustainable development: mutual vulnerability, equality and participation. Assessing Indonesia's development process based on these criteria shows the reluctance of the internal structure to launch a radical change.

Halifax, Februari 1992

Purwo Santoso

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Last but not least, moral support has provided by my beloved wife and children: Titik, Dida and Riza.

LIST OF ABBREVIATIONS

AARD	Agency for Agricultural Research and Development
ABRI	<u>Angkatan Bersenjata Republik Indonesia</u> , Republic of Indonesia's Armed Forces
AMPI	<u>Angkatan Muda Pembahuran Indonesia</u> , Youth Reformation Indonesia
AMDAL	<u>Analisa Mengenai Dampak Lingkungan</u> , Environmental Impact Assessment
APBN	<u>Anggaran Pembangunan Nasional</u> , National Development Budget
ASPRI	<u>Asisten Pribadi</u> , Personal Assistant (of the President)
BAPEDAL	<u>Badan Pengendalian Dampak Lingkungan</u> , Environmental Impact Control Agency
BAPPEDA	<u>Badan Perencanaan Pembangunan Daerah</u> , Local Development Planning Board
BAPPENAS	<u>Badan Perencanaan Pembangunan Nasional</u> , National Development Planning Board
BKIH	<u>Biro Kependudukan dan Lingkungan Hidup</u> , Population and Bureau
BKPM	<u>Badan Koordinasi Penanaman Modal</u> , Investment Coordinating Board
DPR	<u>Dewan Perwakilan Rakyat</u> , Parliament
DSR	Debt Service Ratio
FCA	Forest Concession Agreement
GBHN	<u>Garis-garis Besar Haluan Negara</u> , State's Policy Guidelines
GOLKAR	<u>Golongan Karya</u> , literally means Functional Group; The State's Party
HANKAM	<u>(Departemen) Pertahanan dan Keamanan</u> , (Ministry of) Defence and Security

HDI	Human Development Index
HFI	Human Freedom Index
HKTI	<u>Himpunan Kerukunan Tani Indonesia</u> , Indonesian Farmer Association
HNSI	<u>Himpunan Nelayan Seluruh Indonesia</u> , Indonesian Fishermen Association
HPH	<u>Hak Pengelolaan Hutan</u> , Forest Concessionary Right
IBRD	International Bank for Reconstruction and Development
IGGI	Inter-Governmental Group on Indonesia, a funding donor agency
IUCN	International Union for Conservation of Nature and Natural Resources
KADIN	<u>Kamar Dagang dan Industri</u> , Commerce and Industrial Chamber
KAMTIB	<u>(Petugas) Keamanan dan Ketertiban</u> , Peace and Order (Officer)
KANWIL	<u>Kantor Wilayah</u> , branch of a ministerial office at provincial level, distinct from the autonomous local government institution.
KNPI	<u>Komite Nasional Pembaharuan Indonesia</u> , National Youth Committee of Indonesia
KORPRI	<u>Korps Pegawai Republik Indonesia</u> , Civil Servant Corps of Republic of Indonesia
LSH	<u>Lembaga Bantuan Hukum</u> , Legal Aid Institute
LBN	<u>Lembaga Biologi Nasional</u> , National Institute of Biology
LIPI	<u>Lembaga Ilmu Pengetahuan Indonesia</u> , Indonesia's Institute of Science
LPPH	<u>Lembaga Penelitian Produksi Hutan</u> , Forest Products Research Institute.
LSM/LPSM	<u>Lembaga Swadaya Masyarakat/Lembaga Pengembangan Swadaya Masyarakat</u> , Indonesia's Non-Governmental Organization

MPR	<u>Majelis Permusyawaratan Rakyat,</u> People's Consultative Assembly
OEPH	<u>Operasi Esok Penuh Harapan,</u> Operation of Hopeful Future
PDI	<u>Partai Demokrasi Indonesia,</u> Indonesian Democratic Party
PDK-AKO	<u>Panitia Dharma Karya - Anak-anak Kedung Ombo,</u> Voluntary Committee for Kedung Ombo Children
PKI	<u>Partai Komunis Indonesia,</u> Indonesian Communist Party
PKK	<u>Pembinaan Kesejahteraan Keluarga,</u> Family Welfare Facilitation
PMA	<u>Penanaman Modal Asing,</u> Foreign Investment
PMDN	<u>Penanaman Modal Dalam Negeri,</u> Domestic Investment
PP	<u>Peraturan Pemerintah,</u> Government Regulation
PPLH	<u>(Menteri Negara) Pengawasan Pembangunan dan Lingkungan Hidup,</u> (State Ministry for Development Supervision and Environment)
PPP	<u>Partai Persatuan Pembangunan,</u> Unity Development Party
PPP\$	Purchasing Power Parity
PQLI	Physical Quality of Life Index
PSL	<u>Pusat Studi Lingkungan,</u> Center for Environmental Study
PT. IIU	<u>Inti Indorayon Utama Co.</u>
REPELITA	<u>Rencana Pembangunan Lima Tahun,</u> Five-year National Development Plan
SPSI	<u>Serikat Pekerja Seluruh Indonesia,</u> Indonesian Labour Union
SUDP	Second University Development Project
TVRI	<u>Televisi Republik Indonesia,</u> Television of Republic of Indonesia
UNDP	United Nation Development Programme

UU	<u>Undang-undang, Act</u>
WALHI	<u>Wahana Lingkungan Hidup, Environmental Forum</u>
WCED	World Commission on Environment and Development
YLBHI	<u>Yayasan Lembaga Bantuan Hukum Indonesia, Indonesian Legal Aid Foundation</u>
YLKI	<u>Yayasan Lembaga Konsumen Indonesia, Indonesian Consumers Association</u>

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CHAPTER I

POSING THE PROBLEM

A. INTRODUCTION

The literature on the causes of non-sustainability of development (maldevelopment) and their solutions has been dominated by economic and ecological perspectives. These perspectives, however, are deficient in that they take for granted that solutions will automatically result when the adoption of economically and ecologically sound development policies is launched. Development, however, is not a politically-free activity. The politics of the process -- of instituting policies for sustainable development -- needs to be brought into focus, conceptualized and analyzed. This study attempts to serve this purpose.

Definitions of sustainable development are widely available. (See, for example, Pearce et al., who compiled a numerous definition as shown in annex I-1.¹) The most popular definition, perhaps, is that of the World Commission on Environment and Development (WCED).

Sustainable development is development that meets the needs of the present generation without compromising the ability of the future generations to meet their own needs. It contains within it two

¹ Pearce, David; Markandya, Anil; Barbier, Edward B.; *Blueprint for a Green Economy*, Earthscan, London, 1989. See the appendices.

key concepts:

- * the concepts of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- * the idea of limitation imposed by the state of technology and social organization on environment's ability to meet present and future needs.²

For the purpose of this study, sustainable development is understood as change directed toward 'human development'; the increased capacity to meet the human needs and the expansion of choice³, without exceeding the ecological limits.

It should be bear in mind that human development in this study is not only refers to the physical quality such as the decrease of mortality rate, increases of higher education enrolment, life expectancy, access to health services, access to safe water, calory intake, and so on, but also spiritual quality such as freedom, religiousness, justice and equality. Simply put, human development includes a humanely development which represent the actualization of humanity in the process of development.

Historically the issue of sustainable development was inspired by environmental crisis. Publication of Club of Rome's studies, The Limits to Growth, in 1972 raised a global awareness of the crisis.⁴ Sustainable development has now

² The World Commission on Environment and Development, *Our Common Future*, Oxford University Press, Oxford, 1987, p. 43.

³ United Nation Development Programme (UNDP), *Human Development Report 1991*, Oxford University Press, Oxford, 1991.

⁴ M. Meadows, D.H. et al., *The Limits to Growth*, Potomac. New York, 1972. On evolutionary thinking on environmental management, see Colby, Michael E.; "The Evolution of Paradigms of Environmental Management in

become an all encompassing concept and framework of global development. It is more than just how to protect environment and manage natural resources. As Lloyd Timberlake states: "Sustainable development is not about making development environmentally sound. It is about making development developmentally sound."⁵

This study mostly deals with sustainable development at a conceptual level. It is conducted in the spirit of promoting sustainable development as a new paradigm. In applying this paradigm, radical political change is required. As the WCED states: "the real challenge for bringing about sustainable development is to ensure new values are more adequately reflected in the principles and operations of political and economic structures."⁶

The issue of sustainable development is systemic and beyond boundaries of nation states.⁷ It involves interdependency among nation states in overcoming global crisis⁸ -- such as depletion of ozone layer, global warming,

Development", A Dissertation Proposal to the Social Systems Science Group of the Wharton School, The University of Pennsylvania.

⁵ Quoted by Arnold, Steven H.; "Sustainable Development: A Solution to the Development Puzzle", in *Development*, 1989:2/3 - Journal of SID, p. 22; from Timberlake, Lloyd; "The Brundtland Report: Some Odd Implication", *Campaign Newsletter*, Youth for Development and Cooperation International Secretariat, Amsterdam, No. 13, July 1988.

⁶ World Commission on Environment and Development, *op. cit.*, p. 28.

⁷ Brown, Lester R., *World Without Borders*, Vintage Books, New York, 1972.

⁸ *ibid.*, p. x. The World Commission on Environment and Development is the third to get a mandate from the UN General Assembly to formulate and compel a political action for overcoming global-wide crises. "... After Brandt's *Programme for Survival and Common Crisis*, and after Palme's *Common Security*, would come to *Common Future*".

deforestation, the spread of AIDS, -- which leave human beings with an unanticipated future.⁹ This reflects the mutual vulnerability¹⁰ of national states and all human beings. Regardless of the advancement of science and technology, human beings are vulnerable. They rely on the natural resources of the earth. For this reason technology does not reflect the superiority of human beings over nature. From an ecological perspective, the vulnerability of human beings to nature is implied in the concept of a natural limit or carrying capacity.

Awareness of the vulnerability of human beings dictates the need for mutual help. Head suggests that:

[A] new form of social contract is required, one based on scientific reality and tempered by humanitarian constants. That contract must be one that emphasizes fairness not privilege, law not force, stewardship not exploitation, tolerance not extremism -- a social contract far more demanding of human endeavor and more challenging than the centuries-old structure and process that lineal thinkers have declared modern simply by the insertion of electronic components and the attachment of nuclear bombs.¹¹

Even though sustainable development involves interdependency among nation states, its realization rests on efforts at the national level since both the progress and the

⁹ *Ibid.*

¹⁰ Concept of mutual vulnerability is promoted by Head, Ivan L, *On a Hinge of History: The Mutual vulnerability of South and North*, University of Toronto Press, Toronto, 1991. It is important to bear in mind that this concept is also relevant at national level, namely in the relation between state and society.

¹¹ *ibid.*, p. 189

setback of global development are determined by the decisions and actions of nation states. Even if international action is forthcoming, national action will still be necessary. This fact justifies the appropriateness of a case study of sustainable development of one country. This study will explore the issue of sustainable development in the particular context of Indonesia.

B. RESEARCH QUESTIONS.

By definition, shifting from a traditional into a sustainable development paradigm requires a fundamental change of the current social, economic and political arrangements. This study focuses on the political implications of adopting a sustainable development paradigm in an Indonesian context. The central question addressed in this study is what are the political challenges that Indonesia faces in adopting sustainable development as a new paradigm ?

The current political arrangement is designed to create a conditions conducive to the traditional development paradigm. This study, therefore, assesses its relevance to sustainable development.

C. THE THESIS.

Prior to describing the thesis of this study it is worthwhile stating from the beginning that sustainable development is not a goal. Instead, it is a process of development.

Methodologically the fundamental changes needed to facilitate a process of sustainable development are: a redirection of development efforts and a restructuring of society. The first involves a reformulation of the goals and the essence of development. The second requires a reordering of the power structure to ensure the development process is sustainable in ecological, economic, political and socio-cultural terms.

1. REDIRECTION OF GOAL.

In order to assure that development is sustainable, it should be directed toward human development, instead of material abundance. There are two reasons. First, ecologically nature has a certain limit to allow human beings to create material abundance. Second, all human beings are a subject of development. Accordingly sustainability of development is dependent on them.

Traditionally, development is dedicated to the provision

of an abundance of goods and measured simply as an increase of income. The common belief is that the higher the income, the higher the quality of life.¹² Such assumptions and beliefs are now questioned. The first two annual reports of the United Nation Development Programme (UNDP), Human Development Report show that the level of income or GNP does not reflect the quality of human development of a country.¹³ The lesson from this report is not to exaggerate the importance of economic development because the ultimate goal is the improvement of quality of life, instead of material abundance.

The quality of life in this study is not only interpreted manifest in a material or physical sense -- represented by Physical Quality of Life Index (PQLI) -- but also in non-material sense, such security, religiousness, peace, justice and so on. The improvement should take place on both individual and societal basis and can be assessed both objectively and subjectively. Quality of life, in this study derives from the premises that (1) development is dedicated for human beings and (2) human beings are both social and individual creatures, are both object and subject of development who need both material and spiritual satisfaction.

Rhetoric in official circles in Indonesia claim the

¹² Material satisfaction is indeed needed, especially for the poor societies or countries. It is needed as far as additions of material wealth lead to the improvement of well-beings. When affluence is reached, additional of material wealth becomes irrelevant. But the point is that material satisfaction is not every thing.

¹³ United Nation Development Programme (UNDP), Human Development Report 1990, Oxford University Press, Oxford, 1990, and UNDP, *op. cit.*

state's commitment to human development, namely its devotion to the improvement of the quality of life.¹⁴ In reality, for political and economic reasons, development practice in Indonesia has been devoted to economic growth, i.e. material progress. The non-economic sectors, such as cultural and political development, are perceived to be somewhat subordinate of the pursuit of economic growth. The long term national development guidelines state that the objective of the next 25 years is the improvement of the quality of both its people and society.¹⁵ Yet, the state is still unwilling to pursue a radical shift from an economic-growth-orientation towards human-development-oriented development.¹⁶

2. POLITICAL RESTRUCTURING.

The economic-growth-oriented development is pursued within a frame of the authoritarian-developmental state. This framework emphasizes development in an economic sense and relies on the use of the state's power in implementing strategy. The difficulty to depart from the economic-growth-development stems from the perpetuation of the current political arrangement, namely the authoritarian-developmental

¹⁴ See The Guidelines of State Policy (*Garis-garis Besar Haluan Negara, GBHN*).

¹⁵ The Guidelines of State Policies [the *GBHN*] 1988.

¹⁶ *ibid.*

state. This is because the authoritarian-developmental state is incompatible with both human development and sustainable development. The political challenge in adopting paradigm of sustainable development is displacing the authoritarian developmental framework.

Sustainable development calls for the abandonment of authoritarianism and a narrowly focussed -- economic growth orientation -- view of development. The barrier to the displacement comes mostly from internal structure, i.e., from those who hold state power. The authoritarian political structure which maintains hegemony is strong enough to resist unintended changes. It is those who benefit from material-oriented development, such as the bureaucracy and the military, that tend to insist on authoritarianism.

D. METHODOLOGY.

1. FOCUS OF ANALYSIS.

To make this study manageable, it is necessary to limit the scope of analysis. First of all, it is limited to an analysis of the state, the agent for development. It mainly examines the state's structure to assess the compatibility with the idea of sustainable development. It is assumed that the state defines the goals, selects and implements the

appropriate policies to advance these goals within an institutional framework which sets conditions, internal and external, that provide both constraints and opportunities.

The focus of this study is on the politics of the process of policy formation and implementation of sustainable development. This analysis focuses how the state deals with (1) capital and (2) human development.

The strategy pursued by the government of Indonesia and the political arrangement which were involved will be evaluated in terms of the criteria of a politically sustainable development. Development is politically sustainable if values, interests and power relations conducive for enhancement of the sustainability of development.¹⁷

2. SOURCE AND TYPE OF DATA.

This research relies on secondary resources: books, journals, magazines, news papers and both government and the non-governmental documents and publications. The data is important for analysis of government policies, in terms of underlying the theoretical backing, intentions and objective for the assessment.

The advantages of relying on documents and records as the

¹⁷ The concept of politically sustainable development will be further elaborated in chapter II.

source of data is outlined by Lincoln and Guba as follow.

... , first of all, they are almost always available, on a low-cost (mostly investigator time) or free basis. Second, they are stable source of information, both in the sense that they may reflect situations that occur at some time in the past and that they can be analyzed and reanalyzed without undergoing changes in the interim. Third, they are rich source of information, contextually relevant and grounded in the contexts they represent. Their richness includes the fact that they appear in the natural language of that setting. Fourth, they are often legally unavailable, representing, especially in the case of records, formal statements that satisfy some accountability requirement. Finally, they are, unlike human respondents, nonreactive -- although the reader should not fail to note that what emanates from a documentary or records analysis still represents a kind of interaction, that between the sources and the analyzing investigators.¹⁸

There are, of course, disadvantages in relying on documentation and records. Documents possibly are unrepresentative, lacking in objectivity and designed for deliberate deception. These weaknesses, however, are not fatal. Representativeness and objectivity are the significant requirements in the conventional-positivist paradigm. From the phenomenological perspective, the most important thing is not the representativeness of the sample but the ability to get an understanding of the phenomena. In terms of validity, the weakness can be overcome by cross-checking, as the conventional method suggests.

¹⁸ Lincoln, Yvonna S. and Guba, Egon G.; *Naturalistic inquiry*, Sage Publication, 1985, California, pp. 276-277.

This study uses both qualitative and quantitative data with the emphasis on the former to explain the relationship between state and capital. Qualitative data used to analyze value changes. These are available from statistics released both by the government of Indonesia and other institutions.

3. ANALYSIS OF DATA.

The analysis of data will be on the way the state arranges conditions to allow development to occur. In order to understand the arrangement of what has happened in the past and then find out the requisite changes for bringing about sustainable development, the framework of Indonesia's development must be discussed.

Any state framework leads to a particular development path. Presumably, the capital-accumulation-oriented development goes in a different direction from human-oriented development. Assessment of the political framework of Indonesia's development shows an early sign of whether or not such development is in a sustainable direction.

At the practical level, the state's attitude towards capital accumulation is an important indicator of whether or not it is consistent with the idea of politically sustainable development. This, in turn, indicates whether or not political restructuring is critical. To illustrate this discussion a

number of case studies will be presented: (1) oil and gas management, (2) forestry management, (3) conflicts over land, (4) manifestation of environmental law to resolve the problem of pollution, (5) attempt to resolve transportation problem, (6) conflict arises from industry. The lessons of these studies will show how to successfully create conditions that allow measures aimed at sustainable development. This will guide some concluding remark on the required political changes for future development.

This study is organized in five chapters. Chapter II explores and maps out various conceptions of sustainable development. As there is no congruent theory, this study proposes a humanist view of sustainable development.

Chapter III describes the political framework of Indonesia's development: the authoritarian-development state. This helps in understanding the approach to sustainable development that the government has been taking. Sustainable development in Indonesia is pursued under the 'shadow' of an authoritarian developmental state.

Chapter IV further elaborates the practice of sustainable development in Indonesia. This chapter will overview the measures that have been taken to pursue sustainable development. It relies on the uses of state power and its capability to manage natural resources and environment. It shows that sustainable development in Indonesia is subordinate of the authoritarian-developmental state framework.

Chapter V is a further elaboration of assertion in chapter IV. This chapter formulates three criteria of the politically sustainable development: equality, mutual vulnerability and participation. Assessing the practice of Indonesian development with these three criteria leads to a conclusion that an authoritarian-developmental state is incompatible with the idea of sustainable development. The political challenge for adopting sustainable development as a paradigm is the replacement of authoritarian-developmental state framework. The conclusions derived from this study are suggested in chapter VI.

ANNEX I-1

Tex Box I-1 Selected Definitions of Sustainable Development.

The following are definitions of sustainable development, parts of the compilation of Pearce, David et. al., Blueprint for a Green Economy, Earthscan, 1989, Annex.

"Sustainable development - development that is likely to achieve lasting satisfaction of human needs and improvement of the quality of human life" (p.23)

Robert Allen, *How to Save The World* (London: Kogan Page, 1980), summarizing *The World Conservation Strategy*.

"The World Commission does not believe a dismal scenario of mounting destruction of national global potential for development - indeed, of the earth's capacity to support life - is an inescapable destiny. The problems are planetary - but they are not insoluble. I believe that history will record that in this crisis the two greatest resources, land and people, will redeem the promise of development. If we take care of nature, nature will take care of us. Conservation has truly come of age when it acknowledges that if we went to save part of the system we have to the system we have to save the system itself. This is the essence of what we call sustainable development."

There are many dimensions to sustainable development. First, it requires the elimination of poverty and deprivation. Second, it requires the conservation and enhancement of the resources which alone can ensure that the elimination of the poverty is permanent. Third, it requires a broadening of the concept of development so that it covers not only economics growth but also social and cultural development. Fourth, and most important, it requires the unification of economics and ecology in decision making at all levels"

Prime Minister Gro Harlem Brundtland, Sir Peter Scott Lecture, Bristol, 8 October 1986.

"A major challenge of the coming decades is to learn how long-term large-scale interactions between environment and development can be better managed to increase the prospects for ecologically sustainable improvement in human well-being" (p.5)

W. Clark and R. Munn, *Sustainable Development of the Biosphere*, (Cambridge: Cambridge University Press, 1986).

CHAPTER II

THEORETICAL FRAMEWORK

This chapter describes the framework of the study. It traces the discussion of the literature regarding the debate and the essence of sustainable development. It also reviews the political requirements for bringing it about.

The first part of this chapter elaborates the various ideas of sustainable development that have been advanced. It shows that there is no coherent theoretical basis for launching sustainable development. Because the proposed thinking on sustainable development is wide, this section also demonstrates the author's position in the current debate, i.e., approaching sustainable development from humanist perspective. The second section presents this.

Bearing in mind that this study is aimed at complementing the domination of ecological and economical studies of sustainable development, it is important to analyze political requirements for adopting sustainable development. This is subject of the third section.

Prior to exploring the theoretical basis of this argument, it is worthwhile to state the operational definition of the key terms. Sustainable development is a directed change toward human well-being through human development, without

exceeding ecological limits. Human development is actualization of fundamental values of humanity -- individual-social, material-spiritual, qualitative-quantitative -- in order to improve a multidimensional quality of life. The statement political challenges for bringing about sustainable development refers to conditions needed by the agents of development to achieve sustainable development.

A. THE DIVERGING THEORIES OF SUSTAINABLE DEVELOPMENT.

It is unfortunate that the popularity of sustainability as a new development paradigm is not accompanied by the establishment of its theoretical ground. It is understandable because the issue of sustainable development arose from the malpractice of development, as opposed to the result of intentional theoretical development.

To start the discussion it is important to map-out briefly the existing thinking on sustainable development. O'Riordan's¹ dual categories of environmental of approaches: ecocentrism² and technocentrism³ represent the extreme poles

¹ O'Riordan, T; *Environmentalism*, Pion Limited, London, 1981, p. 1.

² He defines ecocentrism as a line of thought which rests upon the supposition of natural order in which all things evolved according to natural law, in which the most delicate and perfect balance was maintained up to the point at which man entered with all his ignorance and presumption. This definition, in fact, is adopted from McConnell, "The Environmental Movement: Ambiguities and Meaning", *Natural Resources Journal*, 11, 427-436.

in the thinking on sustainable development. The explanation of non-sustainability and the formula for sustainability of development lies somewhere in between these extremes.⁴ Extreme ecocentrism argues that development has been unsustainable because it has been ignoring natural (physical) limits.⁵ The other extreme argues that it is due to the incompatibility of certain types of social relations on which development depends. Examples of such social relations are capitalism⁶ and the Western world view⁷.

The theoretical debate on sustainable development has at its core a divergence between natural science which is very much concerned with the question of natural limits, and social science which pays more attention on growth or progress.⁸ The core problem of sustainable development lies in natural limits and material progress.

As the core aim of sustainable development is to alter the existing pattern of development. Borrowing Adams's

³ Technocentrism is defined as the application of rational and 'value free' scientific and managerial techniques by a professional elite, who regard the natural environment as 'neutral stuff' from which man could profitably shape his destiny. This definition is adopted from Hays, S.P.; *Conservation and the Gospel of Efficiency*, Harvard University Press, Cambridge, Mass, 1959, p. 2.

⁴ Paradoxically, however, sustainable development is not a matter of choosing one of the extremes. Rather it is a question of merging them into a new paradigmatic thinking.

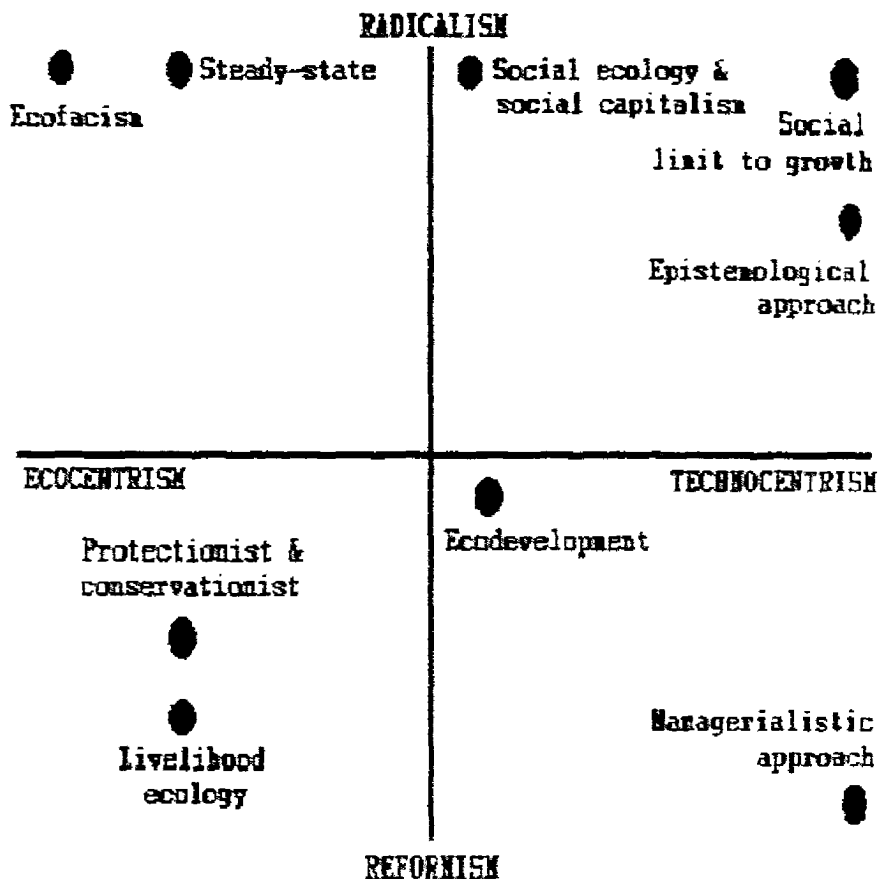
⁵ Meadows, D.H. et al., *The Limits to Growth*, Earth Island, London, 1972. They are examples of the subscriber of this idea.

⁶ Most Marxist analyses also based on the idea of capitalism as the root of the problems.

⁷ Norgaard, Daly and Hirsch are example of people who share the idea that Western worldview is the root of problems of non-sustainability, even though each argues different points.

⁸ This fact justifies the relevance of adopting O'Riordan's dual category environmentalism.

Figure II-1 Map of sustainable development thinking.



classification, the question is whether the change. It is in favor of reformism or radicalism.⁹ And it is also helpful to identify the way to bring about change. Conservatism, in the sense of insistence in the status quo, is not included in this categorization because sustainable development requires at

⁹ Adam, W.M.; *Green Development: Environment and Sustainability in the Third World*, Routledge, London, 1990.

least the repair of the present condition.

Putting reformism as an axis and radicalism as ordinate, helps to picture the position each argument. See Figure II-1. The combination of this axis and ordinate with the earlier continuum results in the distinction of four types of thinking sustainable development. They are: (1) ecocentric radical (2) ecocentric reformism, (3) technocentric radical, (4) technocentric reformism. These will be discussed briefly in sequence.

1. ECOCENTRIC RADICALISM.

The ecocentric radical thinking includes: Ecofacism (which includes deep ecology, and bioregionalism) and steady-state theory. They share a biological-deterministic view, taking a biological arguments as a basis for formulating necessity for sustainable development. Their conception is inspired by Malthus's classic argument that population cannot "exceed" available resources without famine or disease. This providing natural checks on population growth.¹⁰ However, ecocentric radicalism no longer narrowly focuses on food-population relationship. The role of technology which was absent in Malthus analysis, for example, is now being taken

¹⁰ Redcliff, Michael. *Sustainable Development: Exploring the Contradictions*, Routledge, London, 1987, p. 9.

into account. Yet, like Malthus, they believe that there is no technical solution to the problems of development.

The hallmark of the ecocentric radical analysis is the publication of The Limits to Growth.¹¹ The underlying belief is that there is an absolute limit of resource needs to sustain human life. Nature sets a certain capacity in supporting human activities. In this sense, their thinking is deterministic.

Ecofacism: Deep Ecology and Bioregionalism. Adams uses the term 'ecofacism' to characterize ideology of the dictation of ecology, or even nature in general, over human beings. This means that problems of the sustainability of development are ecologically defined and therefore the solution should be derived from ecological principles, especially that of an ecological limit.¹² The main characteristic of bioregionalism is its practical advocacy in implementing a symbiosis-with-nature life style. In doing so, it puts emphasis on local attitudes, namely living according to the local condition and culture.

Deep ecology¹³ is anti-anthropocentrism, i.e., it analyzes human beings at the same level as other species.

¹¹ Meadows, Donella H. et al.; *op. cit.*.

¹² An example of bioregionalism thinking is presented by Plant, Christopher and Plant, Judith (ed.); *Turtle Talk: Voice for a Sustainable Future*, New Society Publisher, Philadelphia, 1990.

¹³ These principles are discussed intensively in Devall, Bill, and Session, George; *Deep Ecology: Living as if Nature Mattered*, Peregrine Smith Books, Salt Lake City, 1985.

Indeed, equality between species is one of its principles. It has no positive concern for economic progress. It advocates a zero-growth economy in order to sustain life. It proposes to move back to the past -- in which human beings had much less intervention into nature -- in order to achieve sustainability of human living on the planet earth.

Philosophically, the advocates of deep ecology and bioregionalism attempt to change the current world view and merge the understanding of economics, social and ethical, and spirituality and their implications. This leads to radicalism, i.e., demands for radical change in those aspects as well as demanding redefinition of development.¹⁴ This manifest in its advocacy of the "coming back" to indigenous technologies -- assuming this is ecologically non-destructive -- symbiosis with nature and so on. Since deep ecology stands too far from the demand of an interdisciplinary approach of sustainable development, its argument is not widely accepted.

The Steady State. The concept of steady-state is slightly different from that of the deep ecology perspective. It is dynamic in the sense that it allows growth at a certain level before calling for a non-growth economy.

The main proponents of steady-state thinking are William Ophuls, who adopts a political analysis¹⁵, and Herman E.

¹⁴ Colby, Michael E; *op. cit.*, p. 7.

¹⁵ See Ophuls, William; *Ecology and the Politics of Scarcity*:

Daly, who comes from an economics background¹⁶. Their biological-deterministic view is manifested in their seeking of socio-econo-political arrangement which is capable of respecting bio-physical limits. They demand a shift at the paradigmatic level, instead of just transforming the existing socio-econo-political arrangement. In this sense the thinking is radical.

The steady-state theory criticizes the traditional paradigm in the way it assumes infinite wants. The total stock of wealth in the nature which is available to sustain economies, according to Daly is finite. The finiteness is regulated by biophysical (natural) law. Therefore, according to this way of thinking, the only way to sustain the economy is to pursue a steady-state.¹⁷.

Like the deep ecologists, Ophuls argues that scarcity is the source of original "political sin": resources that are

Prologue to a Political theory of the Steady State, W.H. Freeman and Co., San Francisco, 1977.

¹⁶ Some of Daly's writing are (1) Daly, Herman E. (ed.); *Toward A Steady-state Economy*, W.H. Freeman and Company, San Francisco, 1973; (2) "The Economic Thought of Frederick Soddy", *History of Political Economy*, 12:4, 1980. (3) "A Marxian-Malthusian View of Poverty and Development", *Population Studies*, 25(1), March, 1971. (4) "The Economic of Steady State", *American Economic Association*, May 1974. (5) *Steady-Sate Economics : The Economics of Biophysical (6) Equilibrium and Moral Growth*, W.H. Freeman and Company, San Francisco, 1977. (7) "The Steady-state Economy : Toward a Political Economy of Biophysical Equilibrium and Moral Growth", in Daly, Herman E. (ed.), *Toward A Steady-state Economy*, 1973. (8) "On Economics as a Life Science", *Journal of Political Economy*, 76(3), May-Jun, 1968.

¹⁷ Daly defines the steady-state as an economy with constant stock of people and artifacts, maintained at some desired, sufficient levels by low rate of maintenance "throughput", that is, by the lowest feasible flows of matter and energy from the first stage of production (depletion of low-entropy materials from the environment) to the last stage of consumption (pollution of the environment with high-entropy wastes and exotic materials).

scantier than human wants have to be regulated by government, for otherwise naked conflicts would result. He perceives scarcity as an "evil" and projects that ecological scarcity will one day bring growth to a halt.¹⁸ Accordingly the scantier the natural resources, the more the society vulnerable to conflicts.

There are a number of analyses justifying the steady-state idea on non ecological-grounds. One example is Pirages in The Sustainable Society: Implications for Limited Growth¹⁹. The search for social limits to growth, is discussed later in the section on technocentric radicalism.

2. ECOCENTRIC REFORMISM.

Ecocentric reformist analyses focus on policy-oriented solutions for problems of sustainable development. They design the ecologically-sound policies which include: population stabilization, resource preservation, renewable energy path,

¹⁸ Ophuls, William; *op. cit.*, p. 127-130.

¹⁹ Pirages, Dennis Clark; *The Sustainable Society: Implication for Limited Growth*, Preager, 1977.

institutional and value changes, and so on.²⁰

Protectionist and Conservationist. The most popular words among the ecocentric reformists are protection and conservation and management of environment and natural resources. A good example is the contents of the document of World Conservation Strategy.²¹ As the formulation this document is dominated by biologists and ecologists, not surprisingly their socio-economic and political analyses are insensitive to structural problems; and take for granted that proper policy making, planning, legislation and management are the sources of solution without the awareness that they have contributed to the problem.

Livelihood Ecologist. There are a number of writings on

²⁰ A typical ecological-policy orientation is reflected in Lester R. Brown, *Building a Sustainable Society*, or in each volume of the *State of the World*, and also Clark and Munn's edited book, *Sustainable Development of the Biosphere* (Cambridge University Press, 1986). The ecocentric reformists are very much aware of the limitations of the natural ecosystem in supporting the development process. Therefore, they strongly demand protection and conservation of the life-support system, as the present generation now witnesses its deterioration.

²¹ Its goal is to integrate conservation and development, to ensure that modification of the planet does indeed secure the survival and well being of all people. Conservation in this document is defined as the management of human use of the biosphere so that it may yield the greatest sustainable benefit to the present generation while maintaining its potential to meet the needs and aspirations of future generations. Development is defined as modification of the biosphere and the application of human, financial, living and non-living resources to satisfy human needs and improve the quality of human life. The way these two concepts are defined shows naivety in analyzing socio-political aspect of development. It focuses attention on the conservation of living resources toward three objectives: (1) to maintain essential ecological processes and life-support systems, (2) to preserve genetic diversity and (3) to ensure the sustainable utilization of species and ecosystems. See, IUCN, *World Conservation Strategy*, 1980.

sustainable development that focus on livelihoods which rely on the utilization of ecosystems, such as agricultural sustainable development, forestry sustainable development, sustainable development of the fishery and so on. Their main concern is how to sustain the livelihood without destroying or endangering the ecosystem.

A good example of the livelihood ecology approach is the agroecosystem analysis for sustainable development, with its prominent authority Gordon R. Conway. This approach suggests that a sustainable agricultural development should ensure: productivity, stability, equability, efficiency and sustainability. The maximum performance of all of these properties is very difficult to find, since there is a trade-off in increasing the performance of each. It is imperative to get the best combination of the level of performance of them.²²

3. TECHNOCENTRIC REFORMISM.

The technocratic approach, of both the reformist and the radical varieties, assumes an ability of human beings to "control" nature. Changes in human values, behavior, institutions, socio-cultural and politico-economic systems are

²² Conway, R. Gordon, Barbier, Edward B.; *After the Green Revolution: Sustainable Agriculture for Development*, Earthscan Publication Ltd, 1990.

believed to be the answer to problems of natural limits. The urgency of shifting toward sustainable development does not necessarily stem from ecological constraints.²³ Instead, the technocentric approaches start from an assumption that the constraints are the inappropriateness of human beings in conceptualizing and conducting process of development.

Economic studies that use this approach, for example, David Pearce et al., suggest that the emergence of sustainable development is due to the failure of economics to value the environment. The present mode of development is discounting the future. Therefore the solution that they offer is a proper accounting of the environment and restoration the pricing and incentive system.²⁴ The way the World Commission on Environment and Development (WCED) approaches sustainable development is a good example. It does so by emphasizing poverty as the origin of the problem, in the sense that poverty exacerbates environmental degradation. Therefore, this Commission recommends resolving problems of poverty as the avenue to pursuing more sustainable development.²⁵

The technocentric reformist is the most optimistic of all, rejecting the idea of the limit of human progress. This is marked by its main concern -- to sustain economic growth.

²³ In the context of the dispute between ecologists and economists, this approach attempts to ecologize the economy, instead of economizing the ecology, as the ecocentrist does.

²⁴ Pearce, David and Markandya, Anil and Barbier, Edward B.; *Blueprint for a Green Economy*, Earthscan Publications Ltd.; London, 1989.

²⁵ World Commission of Environment and Development; *op. cit.*

The World Bank is the proponent of this position²⁶.

Managerialism. Essentially, this approach perceives sustainable development as an issue of the managing development. It includes the establishment of laws to assure that the development process is well managed.²⁷

The managerialists assume that an optimum balance between nature and resource users can be found, to combine productivity with conservation goals. The sophistication of science and technology has theoretically allowed for modelling techniques, which makes both these objective possible.

The Managerialist view has been unreliable for resolving problems of non-sustainability of development because it is too slow in bringing needed reforms. It merely deals with corrective measures rather than directive ones, and is reactive instead of proactive in guiding future development. It can not catch up with the mounting problems, simply due to the inability (or unwillingness) to pursue radical change.

Ecodevelopment. 'Eco' in ecodevelopment signifies both economy and ecology.²⁸ The attitude is to economize the

²⁶ See the World Bank publication, for example; *Sub-Saharan Africa: From Crisis to Sustainable Growth*.

²⁷ An example of environmental management studies of sustainable development is the special issue of the *Scientific American* magazine of September 1989, entitled *Managing Planet Earth*. See also Saunders, J. Owen (ed.); *The Legal Challenge of Sustainable Development*, Canadian Institute of Resources Law, Calgary, 1990.

²⁸ Colby, Michael E.; *op. cit.*, p. 13.

ecology rather than to ecologize the economy.²⁹ Environmental management is considered as the heart of economic development. Dasmann simplifies the core discussion of ecodevelopment as represented by a triangle of basic needs, self-reliance and ecological sustainability.³⁰

Ecodevelopment was advocated by UNEP in the context of planning.³¹ Unlike the managerial approach it advocates a political approach to the problems of sustainability of development. It therefore tries to tackle problems such as the imbalance and exploitative pattern of international trade³². This perspective is promoted further by the WCED.

4. TECHNOCENTRIC RADICALISM.

Paralleling the radicals in the ecocentric pole, supporters of the technocentric radical philosophy propose to

²⁹ The comprehensive analysis of ecodevelopment has been done by: Farvar, M.T. and Glaeser; *Politics of Ecodevelopment*, International Institute for Environment and Society, Berling, 1979; Riddel, R.; *Ecodevelopment*, Gover, London, 1981.

³⁰ Redclift, Michael, *op. cit.*, p. 34.

³¹ Redclift, quotes UNEP definition of ec development as 'development at regional and local levels ... consistent with the potentials of area involved, with attention given to the adequate and rational use of the natural resources, and to application of technological style' *op. cit.* p. 34.

³² *ibid.*, The WCED mentions various manifestations of power and structural imbalances in the global political economy, such as in p. 48: 'Globally, wealthier nations are better placed financially and technologically to cope with the effects of possible climate change. Hence, our inability to promote the common interest in sustainable development is often a product of the relative neglect of economic and social justice within and amongst nations'; p. 81.

abandon the progress or growth. Their justifications, however, are different. Based on epistemological analyses, they conclude that the root of the problems of sustainable development is the mistaken nature of world-view, instead of natural limits. It suggests that science, the driving force of the progress, has been misconceptualized, and therefore leads to unsustainable development.

Epistemological approach. In essence, the epistemological approach proposes to alter the past and present world view with a new one leading to sustainable development. Richard B. Norgaard for example, proposes co-evolutionary analysis in which he suggests that development should be understood as a sustainable process of evolution, instead of progress.³³ As a metabelief, progress must be replaced by natural evolution. Daly and Cobb Jr. propose a similar analysis. They promote an epistemological analysis which lead to assertion of the fallacy of the present economics and other sciences.³⁴ The same thing applies to technology, based as it is on

³³ For further analysis, see Richard B. Norgaard; "Sustainable Development: A Co-evolutionary View", *Futures*, December 1988; also "Sociosystem and ecosystem coevolution in the Amazon", *Journal of Environmental Economics and Management*, 8, 1981; also "Coevolutionary agricultural development", *Economic Development and Cultural Change*, 32(3); also "Environmental Economics: An Evolutionary Critique and a plea for pluralism", *Journal of Environmental Economics and Management*, 12(4). The other example is Nijkamp, Peter and Soeteman, Frits; "Land Use, Economy and Ecology: Need and Prospects for Co-evolutionary development", *Futures*, December, 1988.

³⁴ Daly, Herman E. and Cobb Jr., John B.; *For the Common Good*, Beacon Press, Boston, 1989.

science.³⁵ They basically argue that the current epistemological foundations of science and technology are unsuitable for sustainable development.

The coevolutionary perspective criticizes the assumption that the development of science and technology is self-evolving and cyclical. Under the orthodox theories the idea of progress rests on this. There is no difference between goal and processes.

Herman Daly and John B. Cobb Jr's. work: For the Common Good: Redirecting the Economy Toward Community, the Environment, and a Sustainable Future, criticizes economics, and other disciplines, as suffering from a fallacy of misplaced concreteness. Quoting from Whitehead's work, they show the degree of abstraction involved when an actual entity is considered merely so far as it exemplifies certain categories of thought is inadequate.

Social Limits to Growth. In the line with the bio-physical limit argument, Fred Hirsch developed a conception known as the social limit to growth.³⁶ Instead of departing from the idea of ecological scarcity, as Ophuls does, Hirsch develops the idea of social scarcity:

³⁵ *ibid.*, 610.

³⁶ Hirsch, Fred; *Social Limit to Growth*, Harvard University Press, Cambridge Massachusetts, 1976.

It [scarcity] expresses the idea that the good things of life are restricted not only by physical limitations of more of them but also by absorptive limits on their use. Where the social environment has a restricted capacity for extending use without quality deterioration, it imposes social limit to consumption. More specifically, the limit is imposed on satisfactions that depend not on the product or facility in isolation but on the surrounding conditions of use.³⁷

Hirsch's argument reinforces Norgaard's critique of the predominantly Western-linear-progress worldview. Hirsch's objection is individualism or self-interest acting as the principles driving and guiding force of the social-economic system. On one hand, such a model has brought about economic growth. On the other hand, such growth contains problems arising from its complexity and ambiguity. This leads to the emergence of three major problems of development: (1) the paradox of affluence, (2) the distributional compulsion, and (3) the reluctance to collectivism. These should be understood in an intertwined way.³⁸

Affluence is paradoxical because it is driven by "relative needs", i.e., the need to achieve, have, or exploit more than that of fellow humans, instead of fulfilling the needs of everyone. In the sphere of social scarcity, economic growth not only allows deprivation of other humans but also, by its nature, creates problems of inequality.

F.E. Trainer in Abandon Affluence, objects to the

³⁷ *ibid.*, p. 3.

³⁸ *ibid.*, p. 1.

consequence of affluence and unless the system that produces it is radically altered, society will slide into more and more acute difficulties within the next few decades with an ever-increasing chance of catastrophic self-destruction.³⁹ His objection to the affluent way of life is not merely because of its inherent dangers but also because it exists at the expense of others who are deprived. According to him affluence in the developed countries is a direct cause of Third World poverty.

Social Ecology and Social Capitalism. There are various arguments tracing the root of unsustainable development to the logic of capitalism and the blind pursuit of profit maximization. The manifestation of this logic is not only the inability of taking care of ecological systems but also the presence of an ecological crisis.⁴⁰ Social ecology is anti-capitalist and to some extent agrees with Marxism in that class and exploitation are the basis of capitalist accumulation. However, it takes into consideration ecological issues which are absent in Marxism.

Social ecology calls for a non-hierarchical confederacy - a stateless, decentralized, democratic society based on free, confederated communities in which people will have direct, face-to-face control over their personal and social

³⁹ Trainer, F.E.; *op. cit.*, p. 1.

⁴⁰ Clow, Michael; "Ecological Exhaustion and the Global Crisis of Capitalism: Discussion Paper".

life.⁴¹ This type of society is also demanded by the proponents of social capitalism.⁴² The underlying assumption is that any type of society that has more control over social production and a greater sense of responsibility to each other will lead to management of the environment and natural resources in a more rational way.⁴³

B. RESPONSES TO THE DIFFERING APPROACHES.

The diversity of approaches mapped out in the previous section put the concept of sustainable development in a problematic position. On the one hand, it covers the interdisciplinary character of the issue, but on the other hand it is unable to determine clear and acceptable direction or policies for its implementation. As study on this issue becomes more sophisticated, it is possible that a comprehensive approach will be established. Instead of choosing one among various positions in the debate, this study proposes to approach sustainable development from the perspective of human development. It is a radical perspective

⁴¹ Yih, Katherine; "The Red and the Green: Left Perspective on Ecology", *Monthly Review*, Oct. 1990, p. 18.

⁴² It calls for a decentralized political system of self-governance characterized by the user ownership of housing and community facilities and by democratic local ownership and control of means of producing goods and services and the credit required to finance such production Morehouse, Ward (ed.); *Building Sustainable Communities: Tools and Concepts for Self-Reliant Economic Change*, The Bootstrap Press, 1989, p. 132.

⁴³ Yih, Katherine; loc. cit.

in the sense that the change should be made at a fundamental level. the worldview. In terms of the convergence between ecocentrism and technocentrism, it takes a middle ground by attempting to seek an interdependency between them.

There has been a misinterpretation or undervaluation of the human being which goes hand in hand with the misconception of development. This section argues that non-sustainability of development is rooted in this mistake. Economic development theories have viewed human beings as homo economicus. Development is the satisfaction of economic needs. From such a reductionist perspective, development thinking is predominated by the question of having. From this perspective, satisfiers are the available economic goods. Underlying this perspective is an assumption that human beings have an infinite needs and that there are infinite alternative in satisfying these needs. Market mechanism, through changing prices can deal with scarcity of resources by promoting the use of alternatives.⁴⁴

An emerging approach, the Human Development, challenges this proposition. In avoiding a reductionist point of view, Max-Neef et al. go beyond the economic rationale by formulating three postulates: (1) development is about people and not about objects, (2) fundamental human needs are finite, few, and classifiable, (3) fundamental human needs are the

⁴⁴ Criticism to this orthodox thinking is brought by the radical streams both in ecocentric and technocentric analyses.

same in all cultures and in all historical periods. That changes, both over time and through cultures, is the way or the means by which the needs are satisfied.⁴⁵

The first postulate leads to an awareness that the purpose of the economy is to serve the people, and not the people to serve the economy. In the second postulate, they differentiate needs from satisfiers.⁴⁶ The important point that they make is that satisfiers are not the available economics goods. Foods, shelter, education and alike are satisfiers. Whereas the needs are subject to two categories: existential and axiological. The needs according the existential categories are : being, having, doing and interacting. According to axiological categories they are : subsistence, protection, affection, understanding, participation, idleness, creation, identity and freedom. Placing these two categories into a matrix show the interaction between them. This is displayed in the annex II-1.

Human development is proposed as an alternative to the orthodox view of development. The latter perceives that development as an endless economic progress through capital accumulation and is dangerous for the future of human beings

⁴⁵ In regard of the way these postulates are derived, see Max-Neef, Manfred; Elizalde, Antonio and Hopenhayn, "Human Scale Development: an Option for the Future", *Development Dialogue*, 1989 (1), pp. 19-20

⁴⁶ They propose that human needs must be understood as a system: that is, all human needs are inter-related and interactive. No hierarchy exists, except of the needs of subsistence, that is to remain alive., *ibid.*, p. 18.

due to its non-sustainability.⁴⁷ The social limit-to-growth argument suggests that this type of development is only beneficial for the few and demands "exploitation" of the rest in order to sustain itself. Historical evidence supports this claim.

Historically, economic-growth-focused development has been "successfully" brought about in the rise of the so-called "developed countries", and hence became the model of development that developing countries have tended to follow. This, however, is subject to criticism. As Miles suggests:

It is clear that the so-called 'developed' nations are far from being in the state of timeless perfection, and that the alluring models of material progress they offer to the rest of the world are seriously flawed. It is likewise evident that the term 'developing nations' is inappropriate to many of the countries to whom it was so readily applied in the recent past. In many respects, the Third World seems to be importing most of the social problems of the industrial countries, but failing to acquire much of their material influence.⁴⁸

The fact that the cry for sustainable development emerged in the West -- which then gained worldwide support -- undermines its validity as a model for the global development.

Goulet asserts that economic growth has become an end in

⁴⁷ Most of Herman Daly's writings depart from this premise.

⁴⁸ Miles, Ian; *Social Indicators for Human Development*, Frances Pinter, London, 1985, p. 10.

itself.⁴⁹ The assumption that development allows equally for abundance or affluence in fact does not necessarily mean improvement of quality of life. Goulet argues that people in the developed countries who have already attained material abundance are witnessing "alienation of abundance" which is as destructive as "alienation in misery".

A prosperous society whose members are manipulated by an impersonal system is not developed, but distorted. A society has "anti-development" if its "development" breeds new oppression and structural servitude.⁵⁰

Empirical support of Goulet's argument is provided by Shin and Snyder. Their research in South Korea suggests that rapid economic development is accompanied by a dramatic increase of the quality of life in a physical sense, while its social and personal aspects steadily decrease.⁵¹

Accumulation of material wealth does not always lead to improvement of well beings. According to Jan Drenowski, at a certain level it is saturated in the sense that it does not increase the of well-beings.⁵² He calls such level as an

⁴⁹ Goulet, Denis; *The Cruel Choice : A New Concept in the Theory of Development*, Atheneum, New York, 1971, p. 217.

⁵⁰ *ibid.*, p. 216.

⁵¹ Shin, Doh C and Snyder, Wayne; "Economic Growth. Quality of Life, and Development Policy: A Case Study of South Korea", *Comparative Political Studies*, Vol. 16, No. 2, July 1983, p. 202.

⁵² Jan Drenowski that material saturation is paradoxical. "It has been always believed that social evils are generated by poverty and destitution. But now the opposite seems to be true: it is in the most affluent societies that crime and corruption increase by leaps and bounds, and the faster the affluence spread the lower society sink". Drenowski, Jan; "The Affluence Line", *Social Indicator Research* 5 (1978), p. 267.

'affluence line'. The well beings of human life only requires a certain amount of material wealth, that is above poverty line but below affluence line.⁵³

Simply put, true development is based on humanity, i.e., reflecting the multidimensional characteristic of human beings. The core issue of sustainable development does not lie in the outskirts of humanity, nor at just the surface but is rooted deeply in the "underdevelopment" of humanity. There has been a lack of understanding on this issue. The present mode of development is unsustainable because it only deals with a partial humanity, focussing on one aspect of life meanwhile overlooking others.

C. POLITICALLY SUSTAINABLE DEVELOPMENT

As mentioned at the beginning, this study attempts to approach sustainable development from a political perspective. As Ophuls and Hirsch have suggested in the earlier discussion, scarcity is the determinant factor of sustainability. Approaching development from a political perspective is critical because it is about choosing which objective to pursue at the expense of others in a context of scarce

⁵³ Concept and model of poverty line is widely discussed in economics or development economics. This study does not go that far. For concept, methodology and model to formulate affluence line, see Drewnowski, Jan, *ibid.*

resources.

The essence of a political approach to development is a sensitivity to the phenomena of values, interests and power in human affairs.⁵⁴ Political analysis of development has to deal with the forms that these phenomena take and the ways in which they are interrelated.

The importance of value in political analysis is emphasized by David Easton who defines politics as an authoritative allocation of values⁵⁵. This guides the search for a politically sustainable development. Recalling that sustainable development is about altering the development paradigm initiated by a change of values, the political approach for sustainable development is not only relevant but also urgent. Pursuing sustainable development means altering an old value, unlimited progress with a new one: sustainability.

The answer to this question 'who gains and lose', or 'whose interest is served and whose is not served' indicates the existing power configuration. To quote Goldsworthy again, "Who the power-holders are, the sources of their power, the values and interests that are served by the exercise of power -- these, in developmental matters, are major factors

⁵⁴ Goldsworthy, David, "Thinking about development politically" *Development and Change*, Vol. 19 (1988), p. 507.

⁵⁵ Easton, David; *The Political System*, A.A. Knopf. Inc., New York, 1953.

governing the kinds of plans and decisions that are made".⁵⁶ Therefore, bringing about sustainable development requires a certain type of power configuration or political arrangement.

The previous discussion implies that politics plays a significant role in bringing about sustainable development through the seeking certain type of political arrangement. This is parallel with Stephan Dovers suggestion that the political context of sustainable development is "recognition/creation/maintenance of required organizational and institutional structures".⁵⁷

How is development politically sustainable? In answering this question, the three components of a political approach in development suggested by Goldsworthy -- values, interests and power. Development is politically sustainable if values, interests and power relations enhance the sustainability of development.

What are the indicators of politically sustainable development? Political sustainability is a favorable conditions for other forms of sustainability to perform well. Dovers shows six dimensions of sustainability: ecological, biological, economic, resources, survivalist and social.⁵⁸

⁵⁶ *ibid.*, p. 511-512.

⁵⁷ Dovers, Stephen, "Sustainability: Definitions, Clarifications and Contexts", *Development: Journal of the SID*, 1989: 2/3, p. 35.

⁵⁸ Ecologically sustainability is protection of basic life support system. Biologically it is maintenance of biological diversity. Economically it is stability in the total system providing goods and services. In terms of resources it is provision of individual goods and services (or equivalent). From a survival perspective it is satisfaction of basic human needs. Socially it is intangible human needs and support.

Political sustainability creates a favorable conditions for those dimensions to gain the highest level of sustainability through organizational and institutional rearrangement.

This study proposes three indicators of politically sustainable development: mutual vulnerability, equality and participation. They are presented in sequence.

1. Mutual Vulnerability. In terms of the process, sustainable development is about the recognition of natural limits which puts human beings in a state of mutual vulnerability. Shridath S. Ramphal urges this point by saying that:

If we are truly to embark on a new era of sustainability, we must lay down ethical guidelines for our relationships to each other and to ecosystems as a whole. It is the urge to survive that will enable us to strike a sustainable balance between "eco" and "ego" systems; to look at the world and each other with a new sense of genuine partnership, to ensure that the richness of our human diversity does not degenerate into the chaos of separateness; to make a reality of human solidarity; to understand that, in our relationship with nature, what we must strive for is not mastery but harmony. We can do so if we accept that the world is one: one earth, one environment, one humanity.⁵⁹

Bearing in mind the scarcity of natural resources and environment to support the development process, both the state and the society need to share control of them. Politically sustainable development is a strengthened partnership within

ibid., p. 35.

⁵⁹ Ramphal, Shridath S. "Equity and Sustainability: A Southern Perspective", *Ecodecision*, No. 1, 1991.

the society and between the society with the state. The mechanism to do so is a mutual coercion, mutual agreed upon⁶⁰ the spirit of mutual vulnerability. This idea has been developed in redefining the notion of security. It rejects the old concept based on self-interest and adopting a new principle of common-interest.⁶¹ The logic here is that agreement upon the reality of mutual vulnerability will strengthen the commitment of mutual coercion. In this respect sharing knowledge plays a critical role.⁶²

2. Effective popular participation in decision making.

The development process in developing countries is typically dominated by the state. The society needs to increase its control over the state. This idea is proposed by the WCED which argues that sustainable development requires a political structure which secures effective popular participation in decision making.⁶³

3. Equity of well-beings. This indicator refers to the

⁶⁰ Garrett Hardin explains that social arrangements that produce responsibility are arrangements that create coercion, of some sort. The only kind of coercion he recommends is mutual coercion, mutually agreed upon by the majority of the people affected. Hardin, Garrett; "The Tragedy of Common", *Science*, vol. 162, p. 1243-1248, 13 December 1968.

⁶¹ See "Common Security", a brochure released Citizens' Inquiry Into Peace and Security in Canada.

⁶² The need to share knowledge is promoted by International Institute for Sustainable Development. One of the twofold focus of this Institute is communication : to engage people of all backgrounds in producing and sharing knowledge about sustainable development by (1) identifying locally-generated knowledge and action for broadest dissemination and integration into decision making, (2) exploring new ways to communicate sustainable development concept and practices, (3) providing broad access to sustainable development information. See brochure released by International Institute for Sustainable Development.

⁶³ The World Commission on Environment and Development, *op. cit.*, p. 65.

need to redefine the goal of development. Development is about improving the quality of life of human beings, which is more than just satisfying material needs.⁶⁴

The politically sustainable development is not only that which promotes eradication of poverty but also prevents excessive affluence to occur. They both are environmentally destructive.⁶⁵ More than that, sustainable development requires a commitment to fairness and equity.⁶⁶

D. CONCLUSION.

The challenge for the future study of sustainable development is to enhance interdisciplinary approach in order to overcome the current weakness: the unavailability of a coherent theoretical ground in which various thinking presented in this chapter link to one another, instead of excluding one another.

This study adopts a radical position, argues that changes toward sustainable development should be at a paradigmatic

⁶⁴ Bearing in mind the framework of human development, the quality of the well-being human-beings is not only determined by the satisfaction but also the balance their needs, including that of individual-social needs, material-spiritual needs, subjective-objective needs and qualitative-quantitative needs. The balance is important in avoiding excessive reliance on materialistic satisfiers of needs.

⁶⁵ Ramphal, Shridath S., *op. cit.*

⁶⁶ The role of equity in sustainable development is discussed extensively by Julia Garder and Mark Roseland, "Thinking Globally: The Role of Social Equity in Sustainable Development" and "Acting Locally: Community Strategies for Equitable Sustainable Development", both are in *Alternatives*, Volume 16, Number 3, October-November 1989.

level. It attempt to stand in the middle of ecocentric and technocentric poles as they are complementing one another. In addition it argues that sustainable development denies the validity of economic-growth-oriented development and promotes human development. Political conditions for such a promotion are enhancement of the spirit of mutual vulnerability, popular participation and equality.

ANNEX II-1.

Table II-1 Matrix of Needs and Satisfiers.

Needs according to axiological category	Needs according to existential categories			
	Being	Having	Doing	Inter-acting
Subsistence	1/ Physical health, mental health, equilibrium, sense of humor, adaptability	2/ Food, shelter, work	3/ Feed, procreate, rest, work	4/ Living environment, social setting
Protection	5/ Care, adaptability, autonomy, equilibrium, solidarity	6/ Insurance system, saving, social security, health system, rights, family, work	7/ Cooperate, prevent, plan, take care of, cure, help	8/ Living space, social environment, dwelling

Continued

* The column of BEING registers attributes, personal or collective, that are expressed as nouns. The column of HAVING registers institutions, norms, mechanisms, tools (not in material sense), laws, etc. that can be expressed in one or more words. The column of DOING registers actions, personal or collective, that can be expressed as verbs. The columns of INTERACTING registers locations and milieus (as times and spaces). It stands for the Spanish ESTAR or German BEFINDEN, in the sense of time and space. Since there is no corresponding word in English, INTERACTING was chosen 'a faut de mieux'.

Table II-1 Continued

Affec- tion	9/ Self- esteem, solidarity	10/ Friend- ship, family partner- ship, relation- ship with nature	11/ Make love, ca- ress, expres- sion emo- tions, share, take care of culti- vate, ap- preciate	12/ Privacy, intimacy, home, space of togeth- erness
Under- standing	13/ Critical conscien- ce, recep- tiveness, curiosity, astonish- ment, dis- cipline, intuition, rational- ity	14/ Litera- ture, teachers, methods, edu- cational policies, com- munica- tion pol- icies	15/ Investi- gate, study, expe- riment, educate, analyze, mediate	16/ Setting of forma- tive in- teract- ion, schools, universi- ties, acade- mies, groups, commu- nities
Partici- pation	17/ Adaptabil- ity, receptive- ness, sol- idarity, willing- ness, de- terminat- ion, dedi- cation, respect, passion, sense of humor	18/ Rights, res- ponsib- ilities, duties, privileg- es, work	19/ Become affi- liated, coo- perate, propose, share, dissent, obey, in- teract, agree on, express opinions	20/ Setting of par- ticipate interact- ion, par- ties, associa- tions, churches, communi- ties, ne- ighbor- hoods, family

Continued

Table II-1 Continued

Idleness	21/ Curiosity, percep- tive-ness, solidari- ty, wil- lingness, determina- tion, ded- ication, respect, passion, sense of humor	18/ Right, respon- sibili- ties, duties, privi- leges, work	19/ Become affili- ated, cooper- ate, pro- pose, share, dissent, obey, interact, agree on, express opinion	20/ Setting of par- ticipate interac- tion, parties, associa- tions, church- es, com- muniti- es, nei- ghbor- hoods family
Creation	25/ Passion, determin- ation, intuition, imagina- tion, bol- dness, rationali- ty, auton- omy, in- ventive- ness, cu- riosity	26/ abili- ties, skill, method, work	27/ Work, invent, build, design, compose, interpret	28/ Produc- tive and feedback setting, work- shops, cultural groups, audienc- es, spa- ces for expres- sion, temporal freedom

Continued

Freedom	33/ Autonomy, self- esteem, determina tion, passion, asser- tiveness, open- minded- ness, boldness, rebel- liousn- ess, tolerance	34/ Equal rights	35/ Dissent, choose, be different from, run risk, de- velop awa- reness, commit oneself, disobey	36/ Tempo- ral/sp- atial plastici ty
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Source: Max-Neef, Manfred; Elizalde, Antonio and Hopenhayn, "Human Scale Development: An Option for the Future", in Development Dialogue, 1989 (1), p. 33.

CHAPTER III

AUTHORITARIAN-DEVELOPMENTAL STATE: FRAMEWORK OF INDONESIA'S DEVELOPMENT

The previous chapter mapped out various thinking of sustainable development. Indonesia seems to adopt the technocratic reformism thinking. With regard to the map in Figure II-1, Indonesia is located in the bottom-right.

Sustainable development in Indonesia is adopted an additional component which has to be inserted into the overall development framework. The framework is labeled by Park Sa-Myung as an authoritarian-developmental state¹. Analyzing this framework will explain the rationale of adopting the technocratic reformism approach.

The authoritarian-developmental state framework relies on the exercise of state's power. There is an optimism within the state that its apparatus, institutions and instruments are capable in "controlling" the nature. The functioning of a managerial, regulative and technocratic capabilities are the driving force for sustainable development.

The first section of this chapter describes the political

¹ Park, Sa-Myung, *The State, Revolution and Development: A Comparative Study of Transformation of the State in Indonesia and the Philippines*, Dissertation at the State University of New York at Buffalo, 1988

structure in Indonesia since independence in 1945. This description is important because it provides context for the following discussion. The second section discusses the other part of the framework: developmental state. The third section of this chapter discusses the excess of the concentration of power on the hand of the state.

A. AUTHORITARIAN-DEVELOPMENTAL STATE.

Officially, the framework of Indonesia's development promotes human development.² The Guidelines of the State Policies [the GBHN]³, for example, suggests that:

National development [in Indonesia] is the development of the man and the whole Indonesia society in all aspect of life. This means that development is not merely the pursuit of material gains such as food, clothing, housing, health and so on, or spiritual satisfaction like education, the sense of security, responsible freedom of expression, the sense of justice and so on, but also as a proper and harmonious balance of both: that development shall be spread evenly throughout the country,; that it is not just for the benefit of a certain group or part of the society but intended for the whole society and must be really enjoyed by the whole of the people as improvement of their standard of living containing social justice, which is the aim and ideal of our

² It is expressed in the top legal/political documents, such as the Constitution and the Decree of the Peoples's Consultative Assembly (the *MPR*), which is highest institution of the state structure.

³ This document is the product of the People's Consultative Assembly, the represent of the supremacy of the people.

independence. [emphases added]⁴

From this quote, it is obvious that development in Indonesia is supposed to be dedicated to the improvement of the quality of human beings both materially and spiritually, individually and socially. In a practical sense, however, the focus of Indonesia's development has been on economic growth, instead of human development. In some cases, it has become an obsession. The GBHN itself emphasizes the focus on the economic aspect of development.

Emphasis on economic growth encouraged the adoption of a capitalistic development type⁵ regardless of the rhetorical antipathy to the notion.⁶ The state-led capitalist mode of development that Indonesia aimed to bring about is grounded on

⁴ Decree of the People's Consultative Assembly of The Republic of Indonesia No. II/MPR/1983 on The Guidelines of State Policy (the GBHN). This document further emphasize that : "The Indonesian nation is desirous to have a harmonious relationship between man and his God, between man and his fellow-men and the environment around him, to have a good relationship between nations and harmony between the ideals of worldly life and the pursuit of happiness in the hereafter, because harmonious life between man and society is the ultimate goal of national development; briefly called a prosperous society based on Pancasila".

⁵ All Robison's writings on Indonesia assume that the country is a capitalist state. He states this explicitly in "The Transformation of the State in Indonesia", *Bulletin of Concerned Asian Scholars*, vol. 14, no. 1. January-March 1982 on p. 48. Mackie agrees with him in the sense that the country has been employing an economic system which has been creating a society which is becoming more and more capitalist. See Mackie, J.A.C.; "Harta dan Kuasa dalam Masa Orde Baru" [Wealth and Power during New Order Period], *Prisma*, Februari 1984, p. 31.

⁶ Kunio's assertion clarifies this paradox. "Since the term 'capitalist' has become a dirty word, those who play 'capitalist' role do not usually want to be called by this term, and those who write about them often avoid doing so. Why the term has acquired a derogatory connotation is not exactly clear, but perhaps Karl Marx's attack on capitalism has been the most important contributing factor", Yoshihara Kunio, *The Rise of Ersatz Capitalism in South-East Asia*, Oxford University Press, Singapore, 1988, p. 1.

the theory of the developmental state.⁷ The core argument in the theory is that appropriateness of state involvement in the process of capital accumulation would lead to success in economic-growth-oriented development. The determinant of development success is the state's commitment to economic expansion, and more importantly, its capacity to implement well-chosen development strategies.⁸ In doing so the state is assumed to have a strong relative autonomy in order to be able to chose and implement its strategy.

The logic of the developmental state framework is that the strength of the state is dedicated to direct social change toward an end, such as rapid economic growth. A technocratic approach, in which rationality and ability of experts to control resources is strong, is favorable for the developmental state framework. To allow this mechanism to happen, the state needs a stable political environment and a high degree of obedience to the state.

To assure that the state is capable of controlling the society, the state relies on an authoritarianism⁹ which will

⁷ Gordon White and Robert Wade are among the leading supporters of the developmental state argument. The notion of development in most of their writing implies economic development. See for example, Gordon White, (ed.), *The Developmental State in East Asia*, MacMillan, London, 1988.

⁸ Deyo, Frederic C., *The Political Economy of the New Asian Industrialization*, Cornell University Press, Ithaca, 1988, p. 227.

⁹ Usually authoritarianism is contrasted with democracy and totalitarianism. On the need for authoritarian rule see: Robison, Richard, *Indonesia: The Rise of Capital*, Allen and Unwin, 1986. He says: "Authoritarian rule ... is presented as a necessary component of development, thereby lifting the state above the realm of politics and denying legitimacy to political activity, political opposition and critics

works hand in hand with corporatism¹⁰. Yet, it avoids totalitarianism because it is aware of the inefficiency in enforcing totalitarian rule. The state even may restructure the entire politico-economy in order to make the society politically apathetic and easy to govern.

B. THE FORMATION OF AN AUTHORITARIAN STATE.

The notion of state is more than simply a government or regime. Instead, it incorporates administrative, legal, bureaucratic and coercive systems. It attempts not only to restructure relationships between civil society and public authority in a polity but also to restructure many crucial relationship within civil society.¹¹ Given this concept of

of the regime."

¹⁰ Usually corporatism is contrasted with pluralism. This distinction refers to the relation between interest groups and the state. Wade, *op. cit.*, p. 27, explains that:

"[I]n pluralist regimes, interest groups are voluntary associations, free to organize and gain influences over state policy corresponding to their economic or political resources. The process of government consists of the competition between interest groups, with government bureaucracies playing an important but not generally dominant role. In corporatist systems the state charter or creates a small number of interest groups, giving them a monopoly of representation of occupational interest in return for which it claims the right to monitor them in order to discourage the expression of "narrow," conflictive demands. The state is therefore able to shape the demands that are made upon it, and hence -- in intention -- maximize compliance and cooperation.

¹¹ Stephen D. Krasner, *Defending the National Interest: Raw Materials Investment and U.S. Foreign Policy*, Princeton, N.J., Princeton University Press, 1978, quoted from Park, Sa-Myung, *The State, Revolution and Development: A Comparative Study of Transformation of the State in Indonesia and the Philippines*, Dissertation at State University of New

the state, the emergence of it in Indonesia requires a brief description of both the society and the authority.

The heterogeneity of civil society in Indonesia parallels its geographical character. Indonesia is the largest archipelago in the world, comprising more than seventeen thousand islands.¹² Java is the centre of concentration of the population as well as of the development of the country. Although it is only about 7 percent of the total area, it is occupied by 60 percent of the national population. The larger islands: Sumatra, Kalimantan, Sulawesi and Irian Jaya constitute 19.6, 21.4, 15.9 and 15.1 respectively. Moreover, Java is the location of most of the big cities (i.e., over a million population): 9,603,000 out of 10,868,000 inhabitants of big cities are in this island.

The nation state of Indonesia was established in August 17, 1945, as Sukarno and M. Hatta declared its independence.¹³ Sukarno, who then became the first president, popularized the pursuit of 'revolution' as a national goal. The main political arrangement at that time was designed to

York at Buffalo, 1988, p. 15. See also Petras, James and Po-Keung, Hui "State and Development in Korea and Taiwan", *Studies in Political Economy*, 34, Spring 1991.

¹² These islands are spread in the tropical region of southeast Asia, in between 6° 08' north latitude and 11° 15' south latitude; and between 94° 45' and 141° 05' east longitudes. The size of the country is estimated at 5,193,250 sq km which consists of 2,027,087 sq km land territory and 3,166,163 sq km sea territory. There are five major islands - Sumatra, Java, Kalimantan, Sulawesi and Irian Jaya - and about 30 smaller groups. Only about six thousand of the islands are inhabited.

¹³ The former colonial power (the Dutch) declared recognition of its sovereignty four years later.

consolidate national unity. The relevance of this was not merely of the lack of political integration¹⁴ but also because of the diversity within the nation. The national slogan 'unity in diversity' (Bhinneka Tunggal Ika) symbolizes an important socio-cultural characteristic. The country is comprised of hundreds of ethnic groups, each of them having its own local custom and language. Yet, they can communicate through a national language (Bahasa Indonesia). The existence of a national state united them through their diversity¹⁵.

Indonesia experienced three major political changes since its independence. First, the country experimented with western style of political arrangements, liberal democracy. The society was fragmented into a number of ideologies, ethnic and religious groups. In their struggle for political power they were competing with one another intensively and extensively. Pervasive conflicts were not only took place at a formal level -- such as between political parties -- but also in social activities. These were conflicts sustained until 1957, motivating President Sukarno to launch a dramatic change.

The new arrangement concentrated national power in the Presidency. Liberal democracy, in which conflicts were

¹⁴ The effort of the Dutch to retain its colonial power in the country was launched through the *politic of divide and rule*. Yet, the nationalist movement was capable to challenge and overcome these colonial efforts.

¹⁵ The philosophical framework to manage this diversity is expressed in Sanskrit language as "Bhinneka Tunggal Ika", meaning unity in diversity.

tolerated, was substituted by 'guided democracy'. In this new arrangement the President assumed central power and had privileges in guiding the decision making process. In fact, the guidance from the President is the manifestation of authoritarianism. President Sukarno decided to use authoritarian measures to overcome the political economic crisis that prevailed at that time. He dissolved the elected representative body due to the pervasive conflict which rendered it unproductive and created a new body to which members were appointed.

The authoritarian measure successfully reduced the previous level of massive conflicts but two main opposing forces remained: the military and the Indonesian Communist Party (PKI). The President's power depended on his ability to strike a balance between these.

During the 'guided democracy' period, the economy was deteriorating. There was an acute economic disequilibrium until 1966¹⁶. The government budget deficit was financed by money creation, causing hyperinflation. Total budget deficits from 1960 to 1966 were: 10.2%, 26.3%, 47.2%, 167.7%, 397.9%, 1602.9% and eventually 16700.0%, respectively¹⁷. The severity of condition reflected in this budget deficit and inflation is described by Crouch as follows:

¹⁶. Sutton, Mary; "Indonesia, 1966-70", in Killick, Tony (ed.) *The IMF and Stabilization*, 1984. p. 70.

¹⁷. *ibid.*

The year preceding 30 September 1965 was marked by a wide spread feeling in Indonesia that the political system could not last as it was for very much longer. The economy appeared to be approaching collapse as inflation raged out of control, production in many fields declined, the neglected economic infrastructure deteriorated, foreign exchange reserves were depleted, and foreign aid became increasingly difficult to obtain. The machinery of government had ceased to carry out many of its functions as pervasive corruption permitted officials at the top to enrich themselves while impoverished lower-level employees barely survived.¹⁸

A failed coup attempt by the PKI in 1965 set up a moment for the third political change. This event not only resulted in a banning of the communist party but also shifted of the political power. Banning the PKI meant that power fell to the other two: President Sukarno and the military. However, dissatisfaction towards Sukarno's leadership led to his replacement by General Suharto in 1966¹⁹. He named the regime the "New Order", in contrast to the "Old Order" under Sukarno's leadership.²⁰ This is the third setting of political arrangements which has prevailed until now.

The backbone of the New Order regime is the military, especially the army. Since this regime come into power it became the major power in running the state and its bureaucracy.

¹⁸ Crouch, Harold, *The Army and Politics*, Cornell University Press, Ithaca and London, 1978, p. 21.

¹⁹. Since that time General Suharto has remained President of Indonesia. Formally, he was appointed Acting President in 1967 and President (definitively) in 1968. This regime identifies itself as the New Order government and call the previous regime the Old Order.

²⁰ The dichotomy old-new in this context discredited the old one.

To legitimize its role in politics it introduced the concept of the dual function of Armed Forces (dwi fungsi ABRI). This allowed the military to expand its traditional defence role to become the sole determinant as to how transformation would lead and with whom to collaborate.

Inspired by O'Donnell's concept of the bureaucratic authoritarian state, Mas'ood points out five components of Indonesian political structure.²¹ They are: (1) control of the civil bureaucracy, (2) the coordination of the armed forces, (3) the loyal popular representatives, (4) the simplified system of political parties, and (5) the President's office as the core.

1. There is no question that the bureaucracy is the main vehicle for development. Controlling the bureaucratic institutions allows the central powers of the state to direct national development policies and programs. The outcome of this control is the establishment of a top-down decision making process.

For example, the central government prepares Guidelines of State Policy (the GBHN) which determines the framework, principles and strategy of medium and long-term development. These guidelines are then operationalized in the Five-year National Development Plan (the REPELITA). Institutions to carry out the top-down development planning mechanism are

²¹ Mas'ood. Mochtar, *op. cit.*, p. 150-184.

National Development Planning Board (BAPPENAS)²² and Local Development Planning Board (BAPPEDA TK. I and BAPPEDA TK. II) at local levels. The funding of the development process is centrally controlled through the National Annual Budget (the APBN).

For effective control over the bureaucracy, the high ranking military officers are placed in strategic positions, serving in cabinet ministries, as governors, head of districts and so on. Moreover, many officers from Jakarta-based organizations were sent to local offices.²³ This results in a consolidation of control over local governments.

2. Unlike Sukarno, who attempted to control the military by creating factions in each of its components, i.e., the army, navy, air force and police; Suharto did the reverse. In order to assure control over all factions in the military structure, Suharto launched reorganization. The position of army, air force and navy commanders which is 'autonomous' were lowered. At the same time a new institution was created, the ministry of defence and security, in charge of taking over their responsibility.²⁴ They are now united as an integrated force guaranteeing political stability and providing national

²² The regard of National Development Planning, see Amin, Teuku Dzulkarnain, *The Process of Planning: A Study of the Effectiveness of Indonesia's National Development Planning Agencies, 1952-1979*, Dissertation, University of Pittsburgh, 1982.

²³ *ibid.*

²⁴ *ibid.*

security. Yet they are under his control. This control is secured by excluding officers who shows weak loyalty to the President. Two main ways in doing so are retirement by associating them with the 'left' ideology, or offering them a good position out side of the military, such as ambassador.

3. Suharto has been very successful in conditioning popular representation to the interests of the executive body. This is done by establishing an agreement with the leader of the political parties on: (1) conducting a general election by using the list system, (2) increasing the number of legislators (the DPR) from 347 to 460²⁵, (3) giving the government authority to appoint 100 legislators and 1/2 of the People's Consultative Assembly (the MPR), and (4) forcing the armed forced to give up their right to vote in general elections. These agreements all favored his government. Other important measures were to remove any representative official who criticized the government and to ensure that those who are nominated for positions are approved by the government.²⁶

4. The New Order regime judged that the political parties during the Sukarno era were too ideological as opposed to program-oriented. This problem was exaggerated by the fact that there were a great number of parties. This is believed to be the root of pervasive conflict in the past and by the same token believed to have misled the people away from the goal of

²⁵ Recently, it is up to 500 members.

²⁶ *ibid.*

(economic) development. Simplification of the party system was designed to focus the people's attention only on economic development, and at the same time avoid the ideological conflicts of the past.

To consolidate the political sphere the military introduced numerous measures. First, it created a state party, the Golongan Karya (GOLKAR).²⁷ This party was developed through consolidation of functional groups introduced when President Sukarno was still in power into a joint-secretary named sekber GOLKAR.

As the general election was arranged to be held in 1971, these consolidated organizations are proposed to be a vehicle to win the seats in the house of representatives. To support this proposal, a doctrine called mono-loyalty -- meaning loyalty only to the government -- was imposed on the civil servants. All civil servants are organized in an organization, the KORPRI. This organization is the backbone of the GOLKAR. The effectiveness of the regime's measures is shown by its success in general elections in 1971. It gained 62.8 percent of the vote compared to the other major parties that received from 5.9 to 18.6 percent. As a result the government party

²⁷ The New Order regime does not call the GOLKAR a political party, despite the fact that it is. The establishment and the operation of this party is sponsored by the military. For a more detailed discussion see Suryadinata, Leo, *Military Ascendancy and Political Culture: A Study of Indonesia's Golkar*, Monographs in International Studies, Southeast Asia Series, no. 85, Ohio University. Unlike other parties, this one still has a channel to reach the masses at the grass-root level through state bureaucracy. All government officials have to be the member of the state party through membership in the Corp of Indonesian civil servant, the KORPRI.

gained 73 percent of 460 seats in the House of Representatives²⁸. Since then, the hegemony of the state party has been similarly unchallenged.

Parallel to this measure, the basis of the non-state political parties has been weakened. First, the regime imposed a floating mass policy, in which political parties were not allowed to have an organizational base at the grass-root level.²⁹ Yet the state party still has access to the masses through the bureaucracy which is designed to be a component of the state party.

Secondly, the regime forced non-state parties to merge into two groups: the Islamic and the nationalist.³⁰ This grouping weakened rather than consolidated the non-state parties because of inherent hostility between fractions within each new grouping. It means that the grouping internalized the conflicts and therefore weakening their popularity vis-a-vis the state party.

Third, the state enacted a law which obliged all political parties and mass organizations to use the

²⁸ The armed forces, do not vote, but they get 100 seats instead. They are of course, part of the state party.

²⁹ The lowest one is at the district level.

³⁰ In 1973, the Islamic-affiliated parties were merged into the United Development Party (the PPP) and the non-Islamic and nationalist parties merged into the Indonesian Democratic Party (the PDI).

Pancasila³¹ -- the state ideology -- as their only principle. This not only destroyed their identity but also weakened their ability to mobilize the masses on the basis of ideology.

5. Indonesia's political structure has been elitist although scholars of Indonesian politics characterized this in different terms: Karl D. Jackson calls it a bureaucratic polity³², King calls it a bureaucratic authoritarian³³ and McVey calls it a Beamstaat.³⁴ The elitist form of the state relies on a centralizing mechanism through which President Suharto became the core. To assure his capacity to take control, the consolidation of power to the President's Office has pursued through several measures. First, the reliance of a Personal Assistant Body (Aspri) which functioned as a think-

³¹ It is pronounced as Panchaseela, consisting of two Sanskrit words *panca* meaning five, and *sila* meaning principle, meaning that it comprises five inseparable and interrelated principles. They are

1. Belief in the one and the only God
2. Just and civilized humanity
3. The Unity of Indonesia
4. Democracy guided by the inner wisdom of deliberation of representatives
5. Social justice for all the Indonesia people. This concept is formulated in the Preamble of the 1945 Constitution.

³² Jackson, Karl D, "Bureaucratic Polity: A theoretical Framework for the Analysis of Power and Communication in Indonesia", in his and Pye, Lucian W., *Political Power and Communication in Indonesia*, University of California Press, Berkeley, Los Angeles, 1978. He defines bureaucratic polity as "a political system in which power and participation in national decisions are limited almost entirely to the highest levels of the bureaucracy, including especially the highly trained specialist known as the technocrats". See, p. 3

³³ King, Dwight Y., "Indonesia's New Order as a Bureaucratic Polity, a Neopatrimonial Regime or a Bureaucratic Authoritarian Regime: What Difference Does It Make?" (1979), in Anderson, Benedict and Kahin, Audrey (ed.), *Interpreting Indonesian Politics: Thirteen Contributions to the Debate*, Interim Report Series No. 62. Second Printing 1987.

³⁴ McVey, Ruth, "The Beamstaat in Indonesia", in Anderson, Benedict and Kahin, Audrey (ed.), *op. cit.*

tank for his strategy. Moreover, it also functioned as 'shadow cabinet'.³⁵ Second, the creation of his own financial resources for patronage purposes.³⁶

In summary, the New Order has successfully constructed a powerful and centralized state apparatus autonomous of direct control from the society. Hence, it successfully created an independent political force to allow the state to perform its developmental role. In addition, in doing so the military collaborated with technocrats. The first cabinet that President Suharto formed on 25 July 1966, for example, incorporated a group of economists from the Faculty of Economics in the University of Indonesia. They were, for example, Drs. Widjojo Nitisastro, Mohammad Sadli, Emil Salim, Ali Wardana, Subroto.³⁷ Some of them are still cabinet members. The rest of the cabinet members are military officers. The collaboration between the military and technocrats in leading the development in Indonesia established the 'developmentalist regime'.

With the triumph of the "developmentalist" group of

³⁵ Muhaimin, Yahya A., *Bisnis dan Politik: Kebijakan Ekonomi Indonesia 1950-1980* [Business and Politics: Indonesia's Economic Policy 1950-1980], LP3ES, Jakarta, 1991. This book is a translation of his dissertation *Indonesian Economic Policy, 1950-1980: The Politics of Client-Businessman*, Massachusetts Institute of Technology, 1982.

³⁶ *ibid.*

³⁷ They are known as the *Berkeley Mafia* due to their similarity of their university-education background at the University of California at Berkeley in the United States. Prior to formal recruitment as ministers they had been working with President Suharto on his personal staff (ASPRI). See Mas'ood, Mochtar, *op. cit.*

political elite due to its control of the coercive resource of the state, the post colonial democratic-liberal state was transformed into the authoritarian-developmental state in ... Indonesia The transformation of the state was marked, in its authoritarian political form, by a drastic shift in the predominant apparatus of the state to the state to the coercive or administrative apparatus away from the representative apparatus, and its developmentalist economic role, by a rapid expansion of the autonomous role of the state in capital accumulation³⁸

C. DEVELOPMENTAL STATE.

The developmental state emerged as a variant of economic development thinking guided by modernization theory.³⁹ First, the pillar of economic development is seen as capital accumulation. As savings are invested in the productive activities, capital accumulates. This process then leads to economic growth. Second, the most productive activities, and

³⁸ Park, Sa-Myung, *op. cit.*, p. 232.

³⁹ Development thinking in Indonesia has been dominated by modernization theory, which believes that development is a linear progress. On this theory see, for example, Rostow, W.W.; *The Stages of Economic growth : A Non-Communist Manifesto*, Cambridge University Press, Cambridge, 1971, Second Edition. See also Meier, Gerald M.; *Leading Issue in Economic Development*, Oxford University Press, New York, 1984, Fourth Edition, and *Emerging From Poverty*, Oxford University Press, New York, 1984. Other examples are Lewis, W. Arthur; "The Dual Economy Revisited", *Manchester School of Economic and Social Studies*, No. 3, Sept., 1979, and *The Theory of Economic Growth*, Richard D. Irwin, Inc., Homewood, Illinois, 1955. From Hirschman, Albert O. are, *Essay in Trespassing : Economics to Politics and Beyond*, Cambridge University Press, Cambridge, 1981, and *The Strategy of Economic Development*; Yale University Press, New Haven, 1958.

In fact, Rostow's theory of stages of economic development still dominates political rhetoric. The recent catchword is how to attain self-sufficiency as a preparation for take-off.

hence the biggest contribution to economic growth, is the industrial sector. Bearing in mind the centrality of the state mentioned above, the concept of developmental state reflects the state-led industrialization.

According to the GBHN, the priority of development in Indonesia is economic development by relying on industrialization as its "driving forces". This is obvious from the series of five-year development plans, (REPELITAS).⁴⁰ Economic development, in turn, is believed to be the "driving force" for development of the country, i.e. to pursue the ideal state of justice and welfare for all the Indonesian people.

Theoretically, there are two specific modes of state involvement. White distinguishes them as parametric⁴¹ and pervasive⁴². While either can bring about positive development pattern, inappropriateness of state involvement

⁴⁰ Agricultural development is not neglected, despite the fact that it does not share the priority of the industry. See Anne Booth, *Agricultural Development in Indonesia*, Allen and Unwin, Sydney, 1988.

⁴¹ The parametric mode assumes that the state is a quasi economic actor. Its role is limited to provide a framework of institutions and resources conducive to economic development. There are three forms of parametric action : to provide a regulative macro-economic management, to establish institutional context favorable to economic development and to provide infrastructure. White, Gordon and Wade, Robert, "Developmental State and Markets in East Asia", in White, Gordon (ed.), *Developmental State in East Asia*, MacMillan, London, 1988.

⁴² In the pervasive mode, the state is involved more directly in the process of industrial investment, production and circulation, elimination or circumscription of economic actors. The state has two ways to do so : through administrative and political measures.

can lead to two opposing dangers⁴³. Minimizing parametric involvement can lead to market failure. The weakening of competition over time results in the concentration of economic power in a few hands so that the market fails to provide desirable allocation of economic goods to a large part of the society. On the contrary, maximizing pervasive involvement can lead to bureaucratic failure. The excessive control of the bureaucracy over the economy can lead to inefficiency.

The challenges for the developmental state is to maintain the balance of those two types of involvement. In a more specific and operational sense, a balance should be made between: (1) government regulation and market processes, (2) state and civil society, (3) domestic and international economies. The notion of balance accords a substantial role to the state as the executor of national economic interest but encourages a vibrant micro-economy operating in a competitive market context.⁴⁴

The key to maintaining such balance is selectivity. State involvement in economic development is through a selective and systematic "intervention" of market forces. In regard to the neo-classical distinction of 'import substitution' vs. 'export promotion' strategies, for example, South Korea and Taiwan neither contradicted nor chose between them. Instead they

⁴³ White, Gordon, "Developmental States and Socialist Industrialization in Third World", in *The Journal of Development Studies*, Volume 21 No. 1 October 1984, p. 101.

⁴⁴ White, G. and Wade, R., in White, G. (ed.), *op. cit.*, p. 25.

combined the two strategies both sequentially and concurrently.⁴⁵ The underlying assumption is that the state has a reasonably efficient administrative institution. In addition, the state has the technical capacity to analyze problems, formulate feasible solutions and implement them in competent ways.

An illustration of state involvement is provided by Wade. In the context of capitalist development he suggests that the central economic role of the state is to use its power to:

raise the economy's investable surplus; ensure that a high portion is invested in productive capacity within the national territory; guide investment into industries that are important for the economy's ability to sustain higher wages in the future; and expose the investment projects to international competitive pressure whether directly or indirectly. The resulting intense cycle of investment within the national territory leads to rapid rises in labor demand, and hence to increases in labor incomes and wide distribution of the material benefits of growth (even in the absence of collective labor organization).⁴⁶

Wade suggests that the success of East Asian economies is due a combination of three factors: (1) very high levels of productive investment, making for fast transfer of newer techniques into actual production; (2) more investment in certain key industries that would not have occurred in the

⁴⁵ *loc. cit.*

⁴⁶ Wade, Robert, *Governing the Market: Economics theory and the Role of Government In East Asian Industrialization*, Princeton University Press, Princeton, 1990, p. 342.

absence of government intervention; and (3) exposure of many industries to international competition, in foreign markets if not at home. He explains further that these are the proximate causes. According to him, they are themselves the result, in important degree, of a set of government economic policies, such as the use of incentives, controls, and mechanisms to spread risk. These policies succeeded because they have been permitted or supported by a certain kind of organization of the state and the private sector.⁴⁷

Characteristic features of the developmental role of the state according to Park are: (1) the accelerated transnationalization of the economic structure, (2) the emphasis on undertaking autonomous accumulation in the public sector as well as support for accumulation in the private sector, and (3) the strong material and coercive capacities of the state to formulate and enforce its own priorities for accumulation.⁴⁸ These will be elaborated in sequence.

1. Transnationalization of the economic structure in Indonesia began when the New Order regime assumed power. An outward-looking strategy was adopted to stabilize the economy which was in crisis. The state established economic cooperation with capitalist states in order to channel investments and loans from international capital.⁴⁹ In order

⁴⁷ *ibid.*, p. 26-27.

⁴⁸ Park, Sa-Myung, *op. cit.*, p. 269.

⁴⁹ See Mas'ood, Mochtar, *op. cit.*, p. 61.

to guarantee a favorable investment climate the Foreign Investment Act (UU Penanaman Modal Asing, PMA) was enacted in 1966. To enforce this Act the state established Investment Coordinating Board (BKPM). The state pledged to return nationalized⁵⁰ foreign enterprises to their original owners and restore the role of market forces. As a result, foreign capital immediately organized the Inter-Governmental Group on Indonesia (IGGI) consisting of the World Bank, the IMF, and thirteen Western countries which regularly provided loans to Indonesia.⁵¹ The influence of a laissez-faire philosophy, aimed at producing maximum economic growth and relying heavily upon investment by international corporate capital, lasted until 1975, at which point there was a resurgence of economic nationalism stimulated by an oil-boom.⁵²

2. Autonomous capital accumulation was pursued through the control of strategic economic positions.

The New Order state monopolized many key sectors of the economy and participated in directly productive and entrepreneurial activities through state enterprises. It monopolized the all-important oil sector, which provided over 70 percent of total exports and more than 50 percent of state revenues, through the state oil corporation PERTAMINA, while most exploration, development and production were conducted by foreign capital under production-sharing agreement. The state also controlled the mining and processing of other minerals. In the agricultural sector, the state monopolized the

⁵⁰ Such nationalization was done under Sukarno.

⁵¹ Park, *op. cit.*, p. 276.

⁵² Robison, *op. cit.*, p. 131.

internal and external trade of main food grains, and state estates were major producers of sugar palm oil and rubber. In the manufacturing sector the state controlled most large-scale industries producing cement, fertilizer, steel, paper, textiles, petrochemicals, electrical equipment, and so forth. The financial sector was also controlled by the state, which supplied over 80 percent of all commercial credits through five state banks, and the role of private commercial banks was insignificant.⁵³

In order to encourage the development of domestic capital, the state enacted the Domestic Investment Act (UU Penanaman Modal Dalam Negeri, PMDN) in 1968.

3. In order to strengthen state's capacity in formulating and enforcing its priorities, the state has consolidated its power through the formation of authoritarian state and collaborate with the technocrat. This was the subject of the previous discussion and therefore needs no more elaboration.

D. EXCESS OF AN AUTHORITARIAN-DEVELOPMENTAL STATE.

The condition that allows the partnership between the authoritarian form and the developmental role of the state is the strength of state power. The transformation of the state allowed Mackie to assert that "No other non-communist state in Southeast Asia has anything like such a prominent state sector

⁵³ Park, *op. cit.*, p. 273-274.

as Indonesia".⁵⁴ Robison labels the Indonesian state as a pact of domination among the politico-bureaucrats.⁵⁵

Excessive state power in Indonesia, however, is problematic. The role of the New Order state in capital development is the subject of Robison's writings, one of which is Indonesia: The Rise of Capital.⁵⁶ Instead of the state replacing the role of capitalists and becoming the driving force of economic-oriented development, it has created what Kunio calls ersatz capitalist.⁵⁷ He means 'ersatz' as unable to function as that in the Western and Japan societies.⁵⁸

A parallel assertion to that of Kunio was made by Ariet Budiman who suggests that the state has fail in bringing about the developmental state. Instead, the state turned to

⁵⁴ Mackie, J.A.C., "Property and Power in Indonesia", in Tinker, Richard and Young, Kenneth (ed.), *The Politics of Middle Class Indonesia*, Monash Papers on Southeast Asia - No. 19, Center of Southeast Asian Studies, Monash University, Australia.

⁵⁵ Robison, Richard, *Power and Economy in Suharto's Indonesia*, Journal of Contemporary Asia Publisher, Manila, 1990, p. 150-151.

⁵⁶ Robison, Richard, (1986), *op. cit.*

⁵⁷ Kunio, Yoshihara, *op. cit.*

⁵⁸ According to Kunio, capitalism in Southeast Asia (including Indonesia) is ersatz in three different meaning. First, the development of capital in this region has been largely confined to the tertiary sector, unlike that of the West and Japan where it is confined to the industrial sector. Capital in the Southeast Asian region cannot act as the engine of economic development because it does not have export capacity.

Second, capital in this region is dominated by the Chinese. From the point of view of what he calls Muslim fundamentalist and chauvinistic nationalist which hold "anti Chinese" sentiment, this type of capital is ersatz.

Thirdly, from the point of view of laissez-faire economists the Southeast Asian capitalism is dominated by rent-seekers. In proving this he points out strange breeds of capitalism such as crony capitalists and bureaucratic capitalists and so on who seek not only protection from foreign competition but also concessions, licenses, monopoly right, and government subsidies in the form of low-interest loans *ibid.*, p. 3-4.

bureaucratic capitalist state (according to Arief Budiman) or military bureaucratic state (according to Robison).

According to the scenario of the developmental state, an efficient capital accumulation, either led by the state or private bourgeoisie, takes place after a strong and authoritarian state is established. This happened in South Korea, Taiwan, and Singapore but not in Indonesia. As Arief Budiman asserts:

After a strong state emerges, efficient capital accumulation does not follow. Instead the state bureaucrats starts to enrich themselves, using their bureaucratic power as their "means of production." They prevent the emergence of a strong bourgeoisie outside of the state.⁵⁹

Indonesia is unable to comply with the capitalist framework that it intended to, due to abuse of power. Budiman suggests that as a strong state was established, the state bureaucrats started to take advantage of their strong political position.

It is worthwhile noting that the bourgeoisie in Indonesia was divided into Chinese and indigenous businessmen. They all cooperate with the state apparatus in a pattern in which the latter gives political protection, market monopoly and other special facilities, while state apparatus and businessmen shared in profits. Usually, this co-operation between the Chinese and the state was mediated by a client

⁵⁹ Budiman, Arief, "The emergence of the Bureaucratic Capitalist State in Indonesia", in Lim Tech Ghee (ed.), *Reflections on Development in Southeast Asia*, Institute of Southeast Asian Studies, 1988, p. 112

bourgeoisie comprising mostly of close relatives of the bureaucrats.⁶⁰

The state, according to Arief Budiman, is not a tool of the bourgeoisie, but the "bourgeoisie" enters the state, becomes the state bureaucrats, and does business from inside the state. Therefore, the means of production is not monetary capital, but the bureaucratic power of the state.⁶¹

It is well known in Indonesia that the family of President Suharto is extensively involved in business.⁶² For this study, only their involvement in management of oil-and-natural-gas and forest are mentioned. Mrs Suharto's brother, Bernard Ibnu Hardjono who own the Gunung Ngadeq Jaya group of companies, involved in logging among other. The President's youngest son, Hutomo Mandala Putra leads a trading company PT Humpus. This company has given an exclusive agency right for the methanol and purified terphalic acid (TPA) that PERTAMINA, began to producing in 1986. The oldest son, Sigit Harjojudanto, is also involved in business. He is a key figure in the Hanurata group which bids for logging concessions. Together with his father's close associate, Bob Hasan, who is

⁶⁰ *ibid.*, p. 124.

⁶¹ *ibid.*

⁶² See *Time* 3 February 1992. Kunio asserts that President Suharto himself have invested in business, particularly in Liem Sioe Liong's companies. But, this assertion is unverified because he has not done so in his name. Kunio, *op. cit.*, p. 69. Liem shares monopoly on clove export with Probosutedjo, a half-brother of Suharto. Liem also a major supplier to the PERTAMINA.

well known as 'King of Timber', he plays a role in plywood industries. Bambang Trihatmodjo, President's second son, through his business group Bimantara -- comprised about 30 companies, is involved in LNG transportation and petrochemical manufacturing.⁶³ There is no legal basis, and even no need to prohibit President's families to be in business. However, their involvement is politically interesting because the use of state power is involved in promoting their business.

Most of the bureaucratic capitalists in Indonesia came from the military. The most prominent is Ibnu Sutowo, the former director of PERTAMINA. He was a lieutenant-general upon retiring. He established the largest private indigenous business group when he led PERTAMNIA. The group is involved in a wide range of activities: including manufacturing, auto assembly, trade, logging, banking of property and shipbuilding.⁶⁴ The use of state power is indicated by the blur between his public and private business empires, between his partners and clients in private business, and contractors and business partners of PERTAMINA.⁶⁵

⁶³ Kunio, *op. cit.*, p. 70.

⁶⁴ See Robison, *op. cit.* and Shin, Yoon Hwan, *Demystifying the Capitalist State: Political Patronage, Bureaucratic Interests, and Capitalist in Formation in Soeharto's Indonesia*, Dissertation at Yale University, 1989.

⁶⁵ Robison, *op. cit.*, p. 350.

E. CONCLUSION.

Indonesia is an authoritarian-developmental state. Authoritarianism is considered as the price for success in economic development. The perpetuation the authoritarian-developmental state framework dictates the adoption of technocratic reformism approach to sustainable development.

The authoritarian form of the state, in fact, was established by President Sukarno as a reaction to the failure of liberal democracy in 1950s. The New Order regime maintained it for a different purpose; securing the economic-growth-oriented development under the developmental state framework.

A series of restructuring processes have been undertaken by the New Order state aimed at safeguarding the relative autonomy of the state. This is considered a necessary condition to allow the state to implement its development strategy.

The results of the restructuring is not only excessive use of state power but also the apolitical attitude of the society. Moreover, the New Order state also replaced the political-oriented development model under Sukarno's leadership with economic-oriented development. While this replacement has successfully allowed the society to be free from pervasive political conflicts, the apolitical society is too weak to prevent the abuse of state power. As a result, the authoritarian-developmental state framework suffers from the

abuse of the power. It appears to be a bureaucratic or military capitalist state in which elements within the state apparatus can easily enrich themselves through the use of state power.

CHAPTER IV

LIMITS OF SUSTAINABLE DEVELOPMENT UNDER AUTHORITARIAN-DEVELOPMENTAL STATE FRAMEWORK

Chapter III described the authoritarian-developmental state framework as the manifestation of the technocratic reformism approach. This chapter discusses the limit of this approach.

It begins with a description of the official view and its policies on sustainable development. The official view is mainly managerialistic, which incorporates the technocratic and legalist approaches. This perspective, in fact, is the consequence of the domination of the state.

The second part discusses the paradox between the weakness of institutions charged with implementing sustainable development and the powerful forces which are controlling the development process in the traditional manner. The last part provides a political assessment of this paradox.

A. OFFICIAL VIEWS AND THE POLICIES.

1. OFFICIAL VIEW.

Managerialistic. From the state perspective sustainable development is a matter of a rational and wise management of natural resources and environment. This is expressed in the GBHN of 1978 which was the first document that took sustainability into account.

Rational use of Indonesia's natural resources is necessary in the execution of development. Exploitation of these natural resources should not destroy environmental living conditions and should be executed by an overall policy which takes into account the needs of future generations.

This statement is repeated in each edition of GBHN¹, meaning that a managerial approach is perceived as an avenue toward sustainable development.

The adoption to such an approach is easy to understand. To fulfil the obsession for economic growth the state needs access to huge amounts of capital. In the domestic economy, it has no option other than to rely on natural resources and environment to generate revenue or guarantee loans.² Such a reliance on natural resources, especially oil and gas in

¹ In each GBHN and REPELITA, excluding that of the first period, sustainable development is always defined as an issue of natural resources and living environment management issues. Period by period, these documents provide more detailed directives.

² In addition to this source the New Order used international capital to boost the economy. For the issue of the attitude of the New Order state toward foreign investment see Hill, Hal, *Foreign Investment and Industrialization in Indonesia*, Oxford University Press, Singapore, 1988. See also Mas'ood, Mochtar, *Ekonomi dan Struktur Politik : Order Baru 1966-1971*, LP3ES, Jakarta, 1989, translated from his dissertation, *The Indonesian Economy and Political Structure During the Early New Order, 1966-1971*, The Ohio State University, 1983. Also Robison, Richard, *Indonesia: The Rise of Capital*, Allen and Unwin, 1986. They suggest that as the New Order regime came to power it encouraged foreign investment, aid and loans to boost the economy.

Indonesia's economy, is well-known and will be discussed elsewhere.³ Massive exploitation of forest resources also began just after the New Order government came to power.

The dependency on natural resources is apparent from export profile. Ten commodities (petroleum products, forest products, rubber, coffee, tin, palm-oil, tea, pepper, tobacco, and copra cake) make up 91.73 percent of the total exports in the period 1969-1978. The critical role of oil in export earnings of Indonesia is indicated by the fact that on average it accounted for 58.12 percent of the total.⁴

The changing role of oil is also apparent in the composition of the state's earnings suggested in Table IV-1. As the oil-boom in the 1970s faltered, the vulnerability of Indonesia's economy due to its dependency on oil revenue became overt. The government began promoting primary exports other than oil and natural gas products. The main contributor was the forestry sector but a variety of other primary resources also increased. By 1986 non-oil and gas earnings

³ The comprehensive study of the dependency of Indonesia's economy on oil and gas and other resources is done by Reksohadiprodjo, Sukanto; *The Role of Oil and Gas and other Resources in the Economic Development of Indonesia: Problems and Prospect*, Dissertation at University of Colorado, 1981. He lists the natural resources endowment of Indonesia, including both the non-renewable and renewable. The first includes: petroleum, tin, copper, nickel ore, bauxite, iron sands, manganese, coal, gold, silver, lead, zinc, granite, iodine, kaolin, quartz sand, limestone, chromite, volcanic sulphur, rock asphalt, phosphate rock and marble. The second includes: forest products, fisheries, water, and plantations that produce (rubber, palm-oil, coffee, tea, kernel, copra, and pepper). p. 3.

⁴ *ibid.*, p. 6.

Table IV-1. Composition of Domestic Earning During REPELITA IV, 1984/85 - 1988/89 (%)

	83/ 84	84/ 85	85/ 86	86/ 87	87/ 88	88/ 98	REPE- LITA IV
Oil and Natural gas	66.0	65.5	57.9	39.3	48.3	40.9	49.9
Other than Oil and Natural gas	34.0	34.4	42.1	60.7	51.7	59.4	50.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Rencana Pembangunan Lima Tahun Kelima 1989/90 - 1993/94, Buku I [Fifth Five-year Development Plan, 1989/90 - 1993/94, Volume I.

surpassed those of the oil and gas industry.⁵

Regulative. Since success of the authoritarian-developmental framework is heavily dependent on the ability to utilize the strength of the state, it is not surprising that the development process in Indonesia is overwhelmed with regulative measures. The Constitution and the GBHN, the REPELITAS, and many other official documents⁶ are the manifestation of the state's regulative characters. All of these documents are ordered in a hierarchical manner, meaning that regulations which are set at the upper levels affect all the lower levels.

Technocratic. Another derivative of the reliance on state

⁵ Reksohadiprodjo, Sukanto, *op. cit.*, p. 65.

⁶ Other legal products are (1) Acts -- which are decided collaboratively between the President and the People Representative Council (DPR) -- (2) Government Regulations (PP), (3) President Decree, (4) President Instructions, (5) Ministry Regulations, (6) Ministry Decree, (6) Ministry Instruction and (7) regulations each local governments, both at the provincial level and at the district.

power is technocratic problem solving. The Environmental Impact Assessment is a good example of the technocratic approach to sustainable development. Environmental Impact Assessment (AMDAL) is the main instrument for environmental protection in Indonesia. The legal basis of this measure is Government Decree (PP) Number 29 of 1986, which determines that Environmental Impact Assessment is required for the following projects: (a) landscape modification and alteration, (b) natural resource exploitation both renewable and non-renewable, (c) processes and activities which can potentially cause inefficiency and deterioration of natural resources, (d) process and activities which produce damageable product to social and cultural systems, (e) processes and activities which produce something that can influence the sustenance of natural resources conservation areas and cultural preservation, (f) the introduction of new plants, animals and organisms, (g) processes and utilization of organic and inorganic resources, (h) the utilization of technology which is potentially damaging to the environment.⁷

⁷ See Sunoto, *Developing Governmental Organization for Achieving Integrated Environmental Management in Indonesia*, Master thesis, Environmental Studies, York University, December 1989, p. 68.

Environmental assessment, according to the existing regulation, is not only required for the proposed, but also for the existing activities. The detailed guidance for conducting environmental impact assessment is provided by the *KLH* through the enactment of several Decrees by Minister. Mas Achmad Santosa suggests that "[t]here are thousands of potential candidate projects that can be reviewed. It was estimated that when the EIA Regulation was promulgated, 10,054 projects and activities were candidates for EIA review". See Santosa, Mas Achmad, "Environmental Law in Indonesia", paper presented at a 1990 Public Interest Law Conference, March 1-4, 1990, University of Oregon School of Law, Eugene, Oregon, p. 13.

Being technocratic measures of controlling the quality of

The previous discussion suggests that the managerialistic perspective, complemented by technocratic and regulative approaches are important in achieving sustainable development from the government perspective, but are insufficient with a deeper understanding of sustainable development. This is due to the naivety that the state is free from self-interest and completely serves the interest of the society. As the previous chapter has pointed out, the framework of the authoritarian-developmental state lead to the abuse of state power.

There are political factors which are hidden beyond the management process which are detrimental to the achievement of sustainable development. This is further elaborated in section B.2.

2. POLICIES ON SUSTAINABLE DEVELOPMENT.

Policies on environmentally sustainable development all stem from Act No. 4 of 1982 concerning Basic Provisions for

environment, *AMDAL* requires a lot of experts from various fields. Now, an attempt to meet the need of both the quantity and quality of experts for *AMDAL* is under way. Mas Achmad Santosa adds that by 1986 the number of practitioners who took the EIA course -- assuming that they have a basic knowledge of EIA -- was 2,061 of type A (basic) and 237 of type B (advanced). This simply is inadequate, especially in the Ministry of Industry, for largest number of development projects. 15 staff with type A certificate had to deal with 6000 new projects per year, in the period of 1982-1986. Santoso, *op. cit.*, p. 13.

The reliance of *AMDAL*/EIA on environmental controls should not overlook the weakness of only being appropriate at the project level. Sunoto, *op. cit.* suggests that they are unable to handle the large scale development process, such as mines, industrial development zones and land use planning.

the Management of the Living Environment.⁸ This Act provides a legal basis for the framework in managing the environment. This Act is considered an 'umbrella' for the provision of other regulatory initiatives and revisions. A list of some provisions of this document is shown in Tex Box IV-1.

**Tex Box IV-1 Selected Regulations for Sustainable
Development.**

1. Act no. 5 of 1984 concerning Industries.
2. Act no. 9 of 1985 concerning Fisheries.
3. Government Decree (PP) no. 22 of 1982 concerning Water System.
4. Government Decree (PP) no. 17 of 1986 concerning Regulative Authorities, Guidance and Development of Industries.
5. Government Decree (PP) no. 29 of 1986 concerning Environmental Impact Assessment.
6. President Decree no. 53 of 1989 concerning Industrial Zone.
7. Decision of State Ministry for Environment and Population no Kep-49/MENKLH/6/1987 concerning Guidance for Determining Significant Impact.
8. Decision of State Ministry for Environment and Population no Kep-50/MENKLH/6/1987 concerning Guidance in Conducting Environmental Impact Assessment.
9. Decision of State Ministry for Environment and Population no Kep-51/MENKLH/6/1987 concerning Guidance in Conducting Environmental Impact Evaluation.
- 10 Decision of State Ministry for Environment and Population no Kep-52/MENKLH/6/1987 concerning Deadline for Conducting Environmental Impact Evaluation.

From a political perspective, the Act: (1) guarantees the right of the people to a good and healthy living environment, (2) obliges everybody to maintain the living environment and

⁸ Conservation and preservation is the central focus. This Act is an umbrella for the more detail regulations in each development sector. For example this Act itself instructs enactment of acts on protection of inorganic natural resources (article 11), conservation of organic natural resources and its ecosystem (articles 12), protection of man-made resources (article 13), protection of cultural heritage and so on

to prevent and abate environmental damage and pollution, (3) guarantee the right of, and obliges the people to participate in the management of the living environment.⁹ These provisions are politically important because of the dominance of the state's role in management.

This study does not attempt to describe the detail of government policies aimed at sustainable environmental and natural resource management. Instead, it outlines the type of policies that the government pursues. See annex IV-1.

B. INSTITUTIONAL POWER ARRANGEMENT.

"Weak institution and powerful force" is a sub-heading that James Rush uses to describe the irony of forest management in tropical Asia.¹⁰ This, in fact, applies in the Indonesian case, even in a larger scale -- management of natural resources and environment. The powerful state's force is not balanced by strong institutions to allow effective natural resource and environmental management. The weak institutional arrangement will be shown by insertion of KUM into government structure and compared to the powerful forces which control oil and forest management. The unreadiness of

⁹ Articles 5 and 6, Act no. 2 of 1982.

¹⁰ Rush, James, *The Last Tree: Reclaiming the Environment in tropical Asia*, The Asia Society, New York, 1991, p. 48. In this sense the institutions are the rhetoric whereas the force is the political reality.

these institutions to initiate the managerial process is indicated by Emil Salim's popular metaphor "to sail the boat while making it".¹¹

1. WEAK INSTITUTION.

There are four types of ministries in the Indonesian government structure. The majority of the ministries, such as Education and Culture, Health, Industry, Agriculture etc., are distinguished from all the others by having local branches for implementing their policies. There are three ministries which coordinate activities between certain governmental departments: Politic and Security; Economic, Finance and Industry; and Social Welfare. The third type is a state ministry which is mostly responsible for policy formulation on certain aspects but relies on other ministries for implementation. The example of these are: Population and Environment; Secretary of State; and Role of Women. Finally there are a number of junior ministries which function within the larger ministries mentioned above: such as Jr. Finance, Jr. Agriculture, Jr. Industry, etc.

To carry out the measures toward sustainable development, a ministry known as the State Ministry for Development

¹¹ *Ibid.* See also Kiamadi et al. *Environmental Sector Review (Phase II)*, Vol. 3, Jakarta, March, 1988.

Table IV-2. Principal Government Agencies with Environmental Responsibility

Government Agency	Environmental Responsibility
Ministry of Health	Sanitation, food quality, pesticides
Ministry of Agriculture	Renewable resources, especially in agriculture, aspects of coastal zone management, fisheries, animal husbandry, pesticides regulation
Ministry of Forestry	Forest protection, production, nature refuges, forestry research, regreening and reforestation
Ministry of Mines and Energy	Non-renewable resources, off-shore mining, environmental geology
Ministry of Public Works	Water supply and management, human settlement, city planning, water and air pollution, energy
Ministry of Industry	Industrial control
Ministry of Communications	Noise pollution, pollution by shipping
Ministry of Manpower	Labor development and organization, occupational safety
Ministry of Transmigration	Transmigration settlements
Ministry of Trade and Cooperative	Trade in protected animals, plants and cultural objects
Ministry of Education and Culture	Environmental education, environmental study centers, protection of culture

Continued

Table IV-2. Continued

State Ministry of Research and Technology	Ecology, oceanography, natural resources inventory, supervision of research, technological development
Ministry of Justice	Codification of environmental law
Ministry of Finance	Environmental budget
Ministry of Internal (Home) Affairs	Supervision of municipal and provincial agencies dealing with environment
State Ministry for Population and Environment (KLH)	Coordinating of environmental and population affairs, environmental supervision of development projects, environmental impact analysis development and review
Specialized Agency (Selected):	
Bakosurtanal	National Coordinating Agency of Survey and mapping
Lembaga Ilmu Pengetahuan Indonesia (LIPI)	Indonesian Institute of Science and Constituent Institutes
Lembaga Biologi Nasional (LBN)	National Institute of Biology (Part of LIPI)
Lembaga Oceanografi Nasional (LON)	National Oceanographic Institute (Part of LIPI)
Agency for Agricultural Research and Development (AARD)	Working Group on Agro-ecosystems, Germ Plasm Protection, Commission, agricultural research and development
Forest Products Research Institute (LPPH)	Timber and other wood products development

Source: Kismadi et al., Report of the Environmental Sector Review (Phase II), Vol 3, Jakarta March 12 1988, p. 18a-18b.

Supervision and Environment (PPLH) was established in 1978. Later on, in 1984, this became State Ministry of Population and Environment or the KLH. From the beginning until the present, Prof. Dr. Emil Salim has been in charge of running this ministry.

KLH is a state ministry concerned with policy formation rather than implementation. The lack of enforcement power makes coordination extremely important because environmental affairs are under the jurisdiction of various ministries and non-ministerial agencies. Table IV-2 shows this. From this table, it is clear that there will be conflicts of interest between agencies in the implementation of environmental policies because they each have their own agenda.

Even though the success of the mission of KLH depends on the ability to coordinate activities among ministries, Sunoto's research shows that this is still far from being able to do so.¹² He concludes that interrelationships between governmental organizations (Departments), which are responsible for managing the environment, have not developed. He also suggests that:

Interdependent working system among sectoral organizations (departments) which are responsible for managing the environment are still not apparent. ... In addition, development policies and plans, which are usually prepared and formulated individually by sectoral organizations, do not encourage organizational participation in the process of achieving integrated environmental

¹² Sunoto, *op. cit.*, p. 119.

management. Environmental management is seen as a separate part of sectoral development programs which discourages increasing sectoral accountability and commitment to environmental management".¹³

KLH rely upon other ministries both to follow the policies formulated and to implement them at national and local levels. Unless other ministries do these two things it is very unlikely that environmentally sustainable development will be successful.

This means that there is ambivalence in the role of KLH as indicated by its status as a state ministry. It has been assigned a critical role in identifying and resolving certain problems but has no power to ensure that they are implemented.

The need to strengthen the power of the implementing institution in charge of sustainable natural resources and environmental management was apparent. In 1990 the government established the BAPEDAL (the Environmental Impact Control Agency).¹⁴ It will develop agencies at the local levels.¹⁵ These executive agencies, indeed, complement the role of the KLH. In fact, it is led by Dr. Emil Salim, who is also the

¹³ *ibid*, p. 143-144.

¹⁴ The functions of BAPEDAL are: (1) to assist the President in formulating action plans to manage environmental impacts, (2) to manage and monitor development which has significant impact on the environment, (3) to develop preferential laboratories to manage data and information on environmental pollution, (4) to enhance public participation in environmental control, (5) to carry out other tasks as instructed by the Presidential Decree No. 23/1990.

¹⁵ Communication with Cutrier, Deputy Environmental Impact Assessment (ANDAL) of the BAPEDAL.

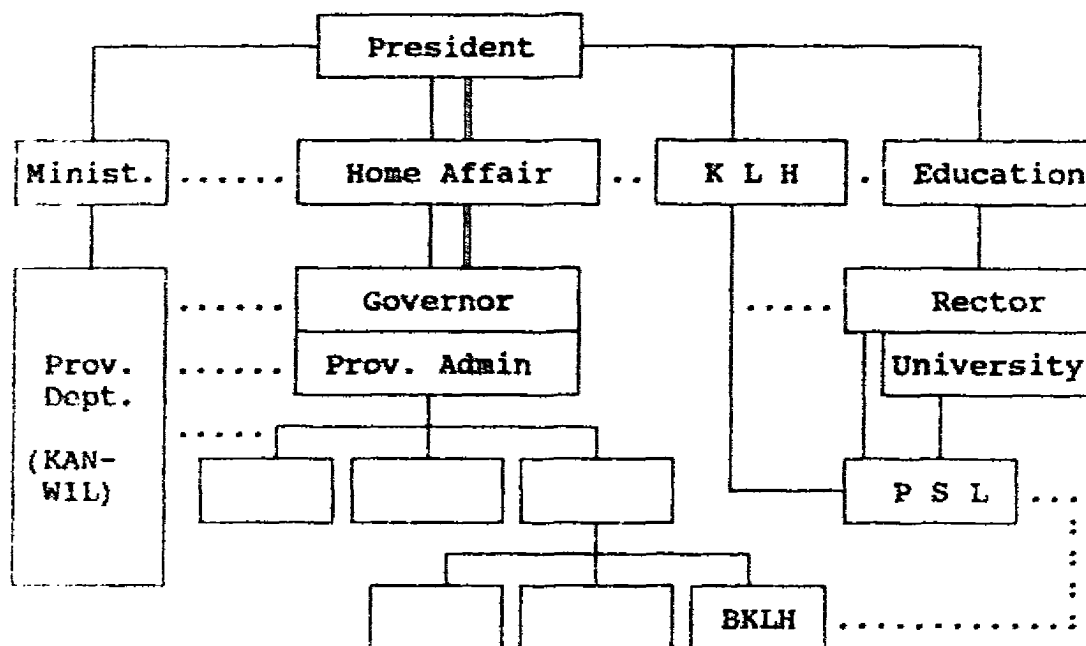
State Minister of the KLH. However, BAPEDAL's authority is limited mostly to pollution control.

The structural arrangement for the KLH also ambivalent in another respect. It desperately needs the ability to reach the masses but the existing arrangement does not provide a regular channel to do so. To alleviate this problem, the Bureau of Population and Environment (BKLH) was implanted under the directive of Governors and Head of Districts of the Ministry of Home Affairs. Therefore environmental policies at the local level are actually enforced through the Ministry of Home Affairs rather than the KLH. The structure of the BKLH is presented in Figure IV-1.

A close look at the state's internal arrangement in attempting to bring about sustainable development shows a vulnerable institutional arrangement due to ambivalence of state's interests. On the one hand, there is an interest to protect natural resources and environment, represented by the establishment of the KLH. On the other hand, the remaining institutions are still sustaining their usual business with limited environmental concern. The position of the KLH to instigate the sustainable development process, is constrained by the internal political structure and its insufficient power to perform its role.

A practical example of the weakness of institutions to control sectors of the environment is found in the forest industry. The Ministry of Forestry suffer from the same

Figure IV-1 Environmental Organization : Ministry of KLH, Ministries, Provinces



Key :

- _____ Lines of Direct Contact
- Lines of Direct Cooperation
- ===== Lines of Responsibility

Source: Modified from Bayliss, Michael, "Aspect of Locational Policy", Environmental Sector Review, Volume I, Jakarta November 1983, p 31.

institutional ambiguity as the KLH, in that there are six

ministries which are responsible in forest management¹⁶. Coordination among them has historically been poor with only minor improvements recently.¹⁷

According to the Forest Concession Agreement (FCA), the concessionaires are subject to a number of conditions¹⁸ aimed at establishing a basis for conservation and developing forest industries. They are responsible for preparing forest inventories, for protecting the concession areas from encroachment and fire and for proposing 20-year, five-year and annual operating plans to the Forestry Department. Included in the proposal is a plan to reforest the area. The World Bank, however, suggests that the Forestry Department has been unable to control the extraction practices of the concessionaires.¹⁹ An IIED report suggests that, although the concession agreement

¹⁶ Gillis outlines their responsibilities as follows: "The Forestry Department controls concession policy and log harvest; the Agriculture Department controls policies affecting conversion of forest land to estate crops; the Transmigration Department identifies land sites cleared for resettlement for families from heavily populated Java and Bali to the so-called outer island, principally Kalimantan and Sumatra; the Department of Public Work does the actual land clearing for this program, the Energy Department issues oil and minerals concession on both forest and unforested land; and still another agency, the State Ministry for Environment [and Population], attempts to introduce environmental considerations into the policies of the other five, but with infrequent success". Gillis, Malcom, "Indonesia: Public policies, resources management, and the tropical forest", in Repetto, Robert and Gillis, Malcom (ed.), *Public Policies and the Misuse of Forest Resources*, Cambridge University Press, Cambridge, 1988, p. 50.

¹⁷ *ibid.*

¹⁸ On conditions set by the state see Sidabutar, Hiras P., *An Investigation of the Impact of Domestic Log Processing and Log Export Restriction on Indonesia's Export Earning from Logs*, Dissertation submitted to University of Washington, 1988, p. 10-17.

¹⁹ The World Bank, *Indonesia: Sustainable Development of Forest, Land and Water*, Washington DC, 1990, p. 18.

is a good contract, for various reasons including operational irregularities and institutional difficulties, both parties have failed to uphold fully their commitment.²⁰ The inability of the Ministry of Forestry to enforce its policies is clearly a function of the structural arrangement.

The Ministry of Forestry's inability to control the operation of the business groups is not only because of its institutional weakness but also because of internal distribution of personnel. The World Bank reports that nearly 50 % of all forestry staff manage forestry resources on Java. However, most of the forest areas are in the outer islands. This implies insufficiency of personnel in the outer islands, which means Forestry Ministry officials are dependent on the information provided by the concessionaires to assess the actual condition of the forest.

This lead to (an) understatement of the volume and quality of merchantable timber, and hence the royalties to be paid, and (b) a tendency to ignore logging practices and breaches of regulations, such as those intended to prevent relogging in selectively logged areas. The negative consequences of these practices include an understatement of log extraction, significant reduction in revenues to government, overlogging and resource depletion.²¹

2. POWERFUL FORCES.

²⁰ International Institute for Environment and Development and Government of Indonesia, *Forest Policies in Indonesia: The Sustainable Development of Forest Lands*, Volume 3: Background Paper, p. 137.

²¹ The World Bank, *op. cit.*, p. 10.

The state assigned itself full control over natural resources, therefore it is responsible for their management. The cases of the oil and natural gas and the forestry industry exemplifies that state's managerial capability is unable to perform well because of the existence of other forces. These forces are represented by a development philosophy which stresses on material progress and therefore overwhelms efforts to achieve sustainable development.

a. Management of Oil and Natural Gas.

Management of oil and gas for the welfare of the people is conducted through the operation of PERTAMINA, the state-owned oil company.²² The history of this company provides an important lesson in the management of resources. PERTAMINA's strategic position as a main supplier of money to the state has allowed this company to avoid the management framework of natural resources and environment. Such an exclusion is reflected in a metaphor "government within government":

[M]any people within Indonesia, including highly placed government officials, had been concerned by

²² There are still many other state owned companies which have monopoly over natural resources and utilities. Some of them are P.T.s *Tambang Timah* (tin), *Arun* (natural gas), *Batubara* (coal), *Aneka Tambang*, and *Bukit Asam* (iron ore, nickel, gold, silver and others). See, Shin, Yoon Hwan, *Demistifying the Capitalist State: Political Patronage, Bureaucratic Interest, and Capitalist-in-Formation in Soeharto's Indonesia*, dissertation at Yale University, 1989, p. 113.

the manner in which PERTAMINA, under Dr. Ibnu Sutowo, had conducted its affairs, asserting that its growth was proceeding outside the framework of any government regulation, and that it was in fact 'a government within government'.²³

The lack of the accountability allowed the company not to report its records to the Ministries of Mining and Finance as originally required, therefore it was not subject to the audit of government agencies.²⁴ Robison asserts that PERTAMINA's annual balance sheets were never published, nor were open to discussion within the House of Representative (DPR). It was immune to the normal process of accountability. This led to several violations, which are listed by Robison as follows:

- (a) Pertamina did not pay taxes in 1958-63, and between 1967-69 at least Rp.6.8 billion in taxes had not been paid.
- (b) Pertamina neglected to contribute to the Development Fund 55% of its profits as stipulated under Articles 18 of Law 16, 1960.
- (c) Liquid assets and foreign exchange earnings of Pertamina were not deposited as required in the Bank of Indonesia, but in foreign banks.
- (d) Expenditure in excess of estimates were not explained.
- (e) Pertamina had not passed on to the government

²³ Ooi, Jin Bee, *The Petroleum Resources of Indonesia*, Oxford University Press, Kuala Lumpur, 1982, p. 30.

²⁴ *Ibid.*, p. 180. On this regard, Robison suggest that "[I]n years immediately following the establishment of the New Order Government, a struggle for control of Pertamina took place between those who wishes to regularize its operations and make Pertamina accountable to the Ministry of Mines and those who wished to retain its autonomy. The conflicts came to a head in 1967 when Minister of Mines, Bratanata challenged Ibnu Sutowo's authority over allocation of drilling concessions, the process of tendering and the investment of Pertamina fund. The President entered the struggle in a decisive manner, making Sutowo directly responsible to Cabinet through the Cabinet Presidium. Pertamina's operation became closed to public scrutiny and immune to public accountability", Robison, *op. cit.*, 234.

US\$64 million in so-called 'data compensation' fees collected from foreign companies.²⁵

The political interests in using the revenue of this company allowed it to expand its activities well beyond oil-and-gas affairs. It was involved in a 20,000 ha paddy estate in North Sumatra providing \$150 million. PERTAMINA also participated in a 60/40 joint venture with the Ministry of Industry in completion of the ambitious and expensive Krakatau Steel plant project.²⁶ The first phase of completion cost nearly \$1 billion. There were many other low-cost projects, such as schools, roads, television stations, government offices, mosques, bridges, which would not result in financial return and which under normal circumstance, should have been undertaken by development agencies and not an oil company.²⁷

Even though the Director of PERTAMINA publicly claimed in 1975 that the company does not grow for its own sake, in fact, it appears to grow for the sake of those at the core of state power. It serves as a main contributor to the extra-budget source for the President²⁸ and the military. Robison makes this point clearer.

²⁵ Robison, *op. cit.*, p. 235-236.

²⁶ This plant was originally started in the Sukarno Era, funded by Soviet Aid. It was suspended since the PKI failed coup d'etat, which then led to a ban in 1965.

²⁷ *Ibid.*, pp. 32-33.

²⁸ Mas'ood, Mochtar; *op. cit.*, p. 180.

Pertamina's monopoly position in the oil and LNG field and Sutowo's independence from ministerial control were secured in the mid- and late 1960s with the backing of the President and of Hankam [Ministry of Defence and Security]. The reason for this support relates to the importance of Pertamina as a source of finance for the military. ... it is generally accepted that only 40%-50% of the military's real expenditures come from official budgetary allocations. The shortfall is met through a variety of means ... Pertamina's role as channel for the major source foreign earning and state revenue made it particularly crucial.²⁹

The extra-budget money in turn is used for any purpose necessary to strengthen the legitimation of the government. There are many funds which allocate this money to the society, two such fund are the President Charities (Bantuan Presiden) and President Instruction (Instruksi Presiden).³⁰ The funds have financed programs for consolidating constituencies, or to gain support from the non-governmental political forces. The delivery system allows the establishment of patronage, through which political economic control is maintained.

The lack of accountability and political use of revenues earned by PERTAMINA continued while the company's revenue base was expanding. However, its activities were financed through loans and guarantees based on the assumption of high oil prices. The temporary drop of oil prices led the company to financial crisis and a restructuring of the organization.

Within a short period of time PERTAMINA's loans had

²⁹ Robison, Richard, *op. cit.*, p. 239.

³⁰ Mas'ood, Mochtar, *op. cit.*, p. 182.

exceeded the ceiling on short- and medium-term commitments set by International Monetary Fund (IMF) for Indonesia, so that the country lost its IMF stand-by drawing right. the company could not repay its short-term loan totalling \$100 million when these were due in February/March 1975. ... it found that the company had incurred debts totalling about \$7.6 billion, ...³¹

Ironically this happened at the middle of the 'oil boom' in the 1970s. Robison suggests that the total debt of PERTAMINA was US\$10.5 billion. Of this, US\$2.5 billion was owed for civil works contracts, US\$3.3 billion for tankers, US\$1.9 billion for the Krakatau Steel project.³²

To show the severity of the debt, Robison compares with development budget of the country.³³

For Repelita I, 1969/70 - 1973/74, the total development expenditure was Rp.1 232.8 billion or just under US\$3 billion, less than Pertamina's tanker debts. For Repelita II, 1975/76, the total development expenditure, swollen by oil earnings, had grown to Rp. 9,126.5 billion or approximately US\$22 billion, just over twice the size of Pertamina's US\$10.5 billion 1975 debt.³⁴

The state resolved the PERTAMINA crisis by removing its Director General, Dr. Ibnu Sutowo and restructuring the

³¹ *ibid.*

³² Robison, Richard, (1986), *op. cit.*, p. 238.

³³ Indonesia's budget system categorizes expenses into two main categories, routine and development.

³⁴ *Ibid.*, p. 238-239.

company.³⁵ Through Decree No. 4/1975 President Soeharto limited the activities of PERTAMINA, only to the operation of oil and natural gas activities by boosting outputs as high as possible for the welfare of the People and State; and to secure and supply the demand for oil, natural gas, and fuel for home industry.³⁶

b. Management of Forest Resources.

Indonesia is one of the world's most important tropical hardwood producing countries in terms of actual production and future potential. In Indonesia 63.5% of the land area is forest. It is more than twice the of world average of forest land per country. Ninety percent of forest land is state owned.³⁷

The state's interest in exploiting the economic value of its forest resources began when the New Order government took power. In 1967 the state established a framework for forest resource management by enacting Act no. 5. In it the forest is perceived more than just the source of revenue but is also

³⁵ On the way the state resolve such a crisis, see, Ooi, Jin Bee, *op. cit.*, p. 34-35.

³⁶ Ooi, Jin Bee, *op. cit.*, p. 35.

³⁷ Haeruman, Berman; "Forestry Development in Indonesia", Invited paper presented in the GLOBE-90 International Conference, March 19-23 1990, Vancouver Canada, p. 4.

highly valued for ecological, social, agricultural purposes (Article 6). Yet, two provisions emphasized the first over the latter three: (1) forest utilization is aimed at capturing a maximum yield for national economic development and social welfare, and shall be conducted in accordance with sustained yield and business principles, and (2) state forests are to be utilized by the state itself, by the state jointly with private concerns, or by private enterprises appointed by the state.³⁸

The exploitation of forest resources mostly relies on the collaboration between the ruling elite and capitalist groups. The state provides concessionary right, known in Indonesia as Hak Pengelolaan Hutan (HPH), to private enterprises. The forests "were consigned on a non-competitive basis to individuals closely related to the military government and its senior officials, and to business organizations controlled by the military".³⁹ Tempo reports that there are 558 entrepreneur owned HPH⁴⁰, but Rush suggests this is basically controlled by 50 conglomerates.⁴¹ This is because most of the HPHs are bought by the bigger companies.⁴² The list of the 15

³⁸ Sidabutar, Hiras P., *op. cit.*, p. 8-9.

³⁹ Rush, James, *op. cit.*, p. 36.

⁴⁰ Tempo, 26 Oktober 1991, p. 27.

⁴¹ *ibid.*, p. 37.

⁴² The government prohibits transfer of HPH, but Tempo 26 Oktober 1991 reports that it, in fact, is still happening.

biggest concessioners and the land they are controlling is shown in Table IV-3.

Based on Ministry of Forestry records, Gillis reports that by 1983, the total area under concessionary agreements was 52.2 million hectares, not including 13.2 million hectare under the Forestry Agreement (concession awards in process). It means that 65.4 out of 143.98 million hectares were

Table IV-3 The Fifteen Largest Concessionaires.

Company	Owner	Total Area (ha)
1. Djajanti	Burhan Uray	2,956,000
2. Barito	Prajogo Pangestu	2,721,500
3. Kayu Lapis Ind.	Gunawan Sutanto	2,484,500
4. Inhutani I	State Enterprise	2,422,000
5. Alas Kusuma	Suwandi	1,789,000
6. Poradisa	J.A. Sumendap	1,489,000
7. Mutiara Timber	John Wenas	1,447,000
8. Bumi Raya Utama	Adiyanto	1,275,000
9. Satya Jaya Raya	Susanto Lyman	1,235,500
10. Kalimanis	Bob Hasan	1,086,000
11. Iradat Puri		1,053,000
12. Uni Sraya	Muharno Ngadiman	985,000
13. Hutrindo	Alex Korompis	865,000
14. Korindo	Sung Im Young	863,500
15. Inhutani II	State enterprise	754,000

Source: Tempo, 26 Oktober 1991, p. 27.

conceded and in process of utilization through HPH mechanism. The World Bank in 1990 reports that there are now over 500 concessionary areas, with an average size of about 100,000 ha.

The collaboration between Indonesia's ruling elites with the business groups reveal important lessons about the forces preventing the success of sustainable development. First, the concession right embodies the interest of ruling elite in channelling funds from the exploitation of forest resources to political activities. Shin suggests this point.

Forestry concession ... were one of the major sources of political financing for the political military elites. Power struggles among political and military factions and their financial need caused hundreds of logging companies to pop up in the beginning of New Order.⁴³

Second, the dominance of the interests of the business groups led to bias in forest management. This was further encouraged by the government interest to generate revenue to finance the development process. Like the oil industry the management of these resources rests under the obsession for economic growth.

An example of the dominant interest of the business groups is the disregard for expertise in forestry management.

Many of the businesses who were given the responsibility for managing the concession had little if any experience in forestry; their major interest was the quickest possible return on their investment. Moreover, the contractors whom they

⁴³ Shin, *op. cit.*, p. 232.

hired to conduct the logging operations often had little knowledge or experience of technically correct methods of felling and road building which would minimize environmental impact. As a result the damage to the logged-over stand was very high, affecting as much as 60 per cent of residual stand.⁴⁴

Another function of the profit maximization orientation of the businesses is the disregard of the biodiversity of Indonesia's tropical forest. The utilization of forests under HPH is only for wood products because they are the easiest way to generate revenue. By 1970 the production of Indonesia's tropical

Table IV-4 Annual Rate of Deforestation in Selected Areas, 1982-1990

Area	Annual rate ('000 ha)
Sumatra	367.7
Kalimantan	610.9
Sulawesi	117.5
Maluku	24.3
Irian	163.7
Nusa Tenggara	14.5
Jawa	16.1

Source: Tempo, 26 Oktober 1991, based on FAO Report, Forest Resource and Land Use in Indonesia, October 1989.

hardwood rose to 10 million cubic meters, from the average of 2.5 million cubic meters in between 1960-1965.⁴⁵ It peaked in 1979, at 25.3 million cubic meters. The production decreased to the level of 13.4 million cubic meters in 1982, due to the

⁴⁴ International Institute for Environment and Development (IIED) and Government of Indonesia, *op. cit.*, p. 137.

⁴⁵ *Ibid.*, p. 53.

ban of log exports. (The ban will be discussed later in this section). Production recovered to a level of 26.0 million cubic meters in 1987.⁴⁶ The environmental cost is represented by the rapid increase of deforestation. The World Bank estimates that 800,000 ha area is logged annually, more than the total area logged in all other countries in the region.⁴⁷ Moreover, rapid forest degradation has been taking place in main forest areas: Kalimantan, Sumatra and Sulawesi as presented in Table IV-4.

Government policies similarly emphasize the exclusive extraction of wood products:

Forestry Department budgetary resources have been heavily concentrated upon utilization of the forest's wood-producing capabilities. The Department has estimated its total financial resources in the last years from 1983 to 1988 to be about US\$2.95 billion. If programs directed toward improving identification and utilization of non-wood products had received the same budget as, say, the proportionate value of non-wood exports in 1982, then about \$384 million would have been spent upon these activities over the period 1983 to 1988. That is about US\$75 million per year, roughly 62 percent of the recent annual value of non-wood forest exports. But projected spending in programs and projects directed toward non-wood product was less than \$3 million per year over the period.⁴⁸

By overlooking the non-wood products, in fact, the government underestimates the value of the forest to the

⁴⁶ *Ibid.*, p. 53-54.

⁴⁷ The World Bank, *Indonesia: Sustainable Development of Forest, Land and Water*, Washington DC, 1990, p. 10.

⁴⁸ *Ibid.*, p. 67.

livelihood of local communities. Non-wood products, such as tengkawang, damar, lopal, bird's nest, resin, sandalwood, sago, honey, natural silk, fruit, meat and an immense variety of products for pharmaceutical and cosmetics, all can be harvested by local families without extraction of wood stand. Only the harvest of rattan and charcoal requires felling of wood stands.

Moreover, development of non-wood products would have a positive impact on the wood products.

"The greater the utilization of non-wood products, the more valuable becomes the tropical forest in its natural state, and the less is the incentive to extract wood products only. Therefore, policies that promote -- or at least do not hinder -- efficient utilization of non-wood forest products are consistent with maintenance of both the protective and productive function of forest. Policies in place however, have the opposite effects".[emphasis in original]⁴⁹

Third, the current arrangement while geared to maximize profits is actually inefficient in capturing rents.⁵⁰ This is exemplified by the government's decision to strengthen the development of wood processing industry by restricting log exports since 1979. The ban, however, was weakly imposed. Sidabutar notes this as follow:

⁴⁹ Ibid., p. 65.

⁵⁰ The World Bank defines rent as the difference between the sale value of the timber and the cost of harvesting it, including a reasonable profit margin to the concessionaires. It approximates the maximum amount a forest concessionaire would be willing to pay for the concession. The World Bank, *op. cit.*, p. 16.

Log export in 1979 amounted to over 19 million Cum. while domestic usage was less than 10 million Cum. The low volume of domestic usage is not surprising; exporting log was more profitable than domestic products, even in the presence of processing capacity. The high realization of log exports, over 100 percent of the quota, also indicates that the enforcement of FCA was still weak indeed.⁵¹

Fitzgerald's research quantifies the loss of rents resulting from the ban.

Fitzgerald (1986) found that, in constant dollars, for every dollar gained in value of plywood exports, more than four were lost in log exports. He estimates that forest investment of between US\$1.0 billion and \$2.1 billion in plywood factories caused a net drain on the nation's resources. Under these policies, domestic timber processing produces net social costs, instead of the benefits intended by the policy. In effect, potential rents were dissipated in the high cost of investing in and operating in effect inefficient plywood and sawnwood mills established merely to retain timber concessions. Under these policies, Fitzgerald notes Indonesians paid \$956 million to plywood exporters instead of log exporters, and lost value-added that would have resulted from additional exports of more than million cubic meter of logs per years.⁵²

The World Bank report also reemphasizes this assertion. It suggests that in 1980, the state captured about 40 % of available rent, about half the amount collected in the adjacent timber-producing area of Sabah, Malaysia. According to that report, the rent collection, since then, has fallen further. This results from (1) declining rates of collection

⁵¹ *Ibid.*, p. 13.

⁵² Quoted from Gillis, *op. cit.*, p. 97.

and (2) understatement of harvest volumes. With regard to the second, the state collected about 85.8 million cubic meters of logs in the period of 1979-84. This is much lower than the FAO's estimation of the harvest, 124.8 million cubic meters.⁵³

C. STATE POWER IN RESOURCES AND ENVIRONMENTAL MANAGEMENT.

The central issue in the development process under an authoritarian-developmental state is the use of state's power. The question is how to make sure that the domination of state over the society is capable in solving common problems.

This section shows the paradox of the consolidation of state power and the need for a participatory approach to achieve sustainable development. On the one hand, in the managerial view there is a need for a strong power in utilizing common properties, such as natural resources and the environment, efficiently. This is the rationale of the 1945 Constitution in giving the state responsibility to control and manage them. On the other hand, concentrating power threatens the effectiveness and the sustainability of environmental management. In the Indonesian case, it has led to the lack of accountability of those in power, who have utilized them to maximize economic rents.

⁵³ The World Bank, *op. cit.*, p. 16.

There are conflicting interests embedded in the functioning of the state. On the one hand, the state attempts to encourage sound management of natural resources and environment by creating sets of institutions. The soundness of the management is heavily dependent on functioning of those institutions. On the other hand, the core power of the state attempts to resist the framework of the management. This is shown by the interest of the ruling elite to gain an independent control over PERTAMINA and the state's forest for its political and economic interests. Bearing in mind that the current institutions attempting sustainable development are still weak, this inhibits progress in its implementation.

Unless the powerful forces of the state functioning in support of, instead of diverging from, the management of natural resources and environment the implementation of sustainable development suffers from internal barriers. In other words, the state reliance on its ability to manage natural resources and environment in achieving sustainable development is fragile due to the exclusion of state power from the practice of resources and environmental management.

D. CONCLUSION.

The persistence of authoritarian-developmental framework in Indonesia prevents the state from adopting sustainable

development as a new paradigm. Instead, sustainable development is perceived as a modification of the current development by adding an environmental consideration, e.g. Environmental Impact Assessment. Sustainable development in Indonesia means environmentally sustainable, as oppose to developmentally, sustainable development. This is a reformist, as opposed to radical definition of sustainable development which is taken in order to perpetuate the authoritarian form and developmental role of the state.

The fact that the state plays a hegemonic role in development is politically 'fragile'. The lack of control of from the society allows the state apparatus to manage natural resources according to their own political interest deviating from the managerial framework. The belief that the state-dominated management of natural resources and environment is the avenue to achieve sustainable development is deficient because there are forces within the state which are unresponsive to the official management framework.

ANNEX IV-1

Table IV-5 Policy Matrix of Sustainable Development in Indonesia.

POLICY AREA	STATED OBJECTIVES	PROPOSED ACTIONS	ENVIRONMENTAL IMPACT
Macro-economics:			
Government Revenue	<ul style="list-style-type: none"> * Increase Government revenue. * Give a greater portion of government revenues for regional development 	<ul style="list-style-type: none"> * Capture more economic rents from regional sources 	<ul style="list-style-type: none"> * More efficient use of existing and additional
Government Expenditure	<ul style="list-style-type: none"> * Halt natural resources degradation 	<ul style="list-style-type: none"> * Add an environmental line in the government expenditure 	<ul style="list-style-type: none"> * Increase environmental quality consideration
External Trade Policy	<ul style="list-style-type: none"> * Promote trade surplus * Promote export derived from renewable resources 	<ul style="list-style-type: none"> * Review incentives to activities that lead to lower level of population and efficient use of renewable resources 	<ul style="list-style-type: none"> * Reduce pollution within the area * Reduce natural resources degradation

Continued

Table IV-5

Continued

Investment Policies	* Created a more attractive business climate for foreign investors that encourage sustainable development	* Review investment policies toward more sustainable development	* Enhance more equitable income distribution and environment carrying capacity
Development Planning			
Regional Development	* Promote industrial development zoning in the region * Promote efficient spatial planning	* Introduce market-oriented policies in combinations with other policies: regulatory, standard emission, and spatial planning on the region	* Improve efficient use of resource
Planning Institutions	* Develop an institutional planning framework toward sustainable development	* Improve the function of district (Kabupaten) BAPPEDA (Planning Board) to include E1-c-E2 [Economic-cum-Environment]	* Improve the planning process toward efficient use of resources

Continued

Table IV-5

Continued

Data Base Planning	* Strengthen environmental information on E1-c-E2 analysis	* Strengthen environmental Balance Sheets and manage E1-c-E2 records to facilitate analysis of sustainable development question	* Improve environmental information acceptability
Sectoral Policy	* Achieve intersectoral integration to optimize investment options	* Propose development format for comparing intersectoral for comparing intersectoral projects, considering environmental consequences and opportunities foregone	* Improve efficient use of resources
Distribution of Natural Resources:			
Water Resources	* Optimize of water resources * Protect the river basin from pollution and natural resources degradation	* Enforce regulation for the use and charge of water * Expand effluent standard to the small industries	* Allow for more efficient use of water and slow down depletion of natural resources * Improve water quality

Continued

Table IV-5 Continued

Sand Mining	<ul style="list-style-type: none"> * Reduce siltation * Prevent natural resources degradation 	<ul style="list-style-type: none"> * Propose development format for comparing intersectoral, considering environmental consequences and opportunities foregone 	<ul style="list-style-type: none"> * Improve efficient use of resources
Agricultural Sectors:			
Irrigation System	<ul style="list-style-type: none"> * Optimize the utilization of water 	<ul style="list-style-type: none"> * Improve water charges 	<ul style="list-style-type: none"> * Efficient use of water
Forestry Management	<ul style="list-style-type: none"> * Increase the value of the forest land 	<ul style="list-style-type: none"> * Capture more economic rents through the forest 	<ul style="list-style-type: none"> * Protect critical lands
Industrial Sector:			
Pollution Control	<ul style="list-style-type: none"> * Internalize social cost of pollution 	<ul style="list-style-type: none"> * Introduce tax-base incentive and charge to reduce pollution 	<ul style="list-style-type: none"> * Reduce pollution in the basin
Industrial Location	<ul style="list-style-type: none"> * Discourage building new industries along Surabaya River 	<ul style="list-style-type: none"> * Provide infrastructure on unproductive land * Give incentive for the industries willing to set up plant in those areas 	<ul style="list-style-type: none"> * Reduce pollution in Surabaya River

Continued

Table IV-5 Continued

Energy Sector:			
Alternative energy sector	* Encourage the use of potentially non-polluting and non-depleting energy sources	* Encourage the use of hydro-power and micro-hydro-power	* Reduce pollution and depletion of forest
Infrastructure			
Infrastructure Development	* Improve market access	* Capture more economic rents from improved infrastructure	* Reduce congestion related to efficient use of resources
Institutions and managements:			
Environmental Management of natural resources	* Integrate environmental concerns with community development	* Develop participatory approach in management of natural resources	* Reduce environmental degradation * Increase environmental awareness
Education-Vocational Training	* promote the understanding of development with environmental consideration (E1-c-E2)	* Strengthen the teaching of environmental discipline throughout the educational system	* Increase environmental awareness

Continued

Table IV-5 Continued

Environmen tal legisla- tion	* Improve law enforcement capability * Enhance the public knowledge in environ- mental legislation	* Improve law enforce- ment capability * Enhance the public knowledge in environ- mental legislation	* Contain and reduce pollution and environ- mental degradation
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Source: Asian Development Bank, Economic Policies for Sustainable Development, 1990.

CHAPTER V

CHALLENGES FOR A NEW PARADIGM: FROM AUTHORITARIAN-DEVELOPMENTALISM TO SUSTAINABLE DEVELOPMENT

The framework of authoritarian-developmental state still exist in Indonesia. Bearing in mind that sustainable development is a new development paradigm, accordingly it should replace the authoritarian-developmental framework. In Indonesia this is not the case. Rather, the concept modifies the orthodox paradigm of economic-growth-oriented development by inducing concerns toward natural resources and environmental management. Most of its attempts are at strengthening state's ability to manage environment and natural resources.

The success of the authoritarian developmental state in bringing about material progress is not justification to preserve its current framework. Progress has been achieved on an unsustainable basis. From a political perspective, the authoritarian-developmental framework has difficulty allowing three criteria of sustainable development namely: (1) equality, (2) mutual vulnerability, and (3) participation, to manifest in the practice of development, except in the formal sense.

Conceptually, sustainable development is not a goal, but it is a process of ensuring that the development process improves people's well-being on a sustainable basis. It calls for a change at a paradigmatic level as well as at a practical level.

The state always claims that its main mission is to serve development. Such a claim has to be proven by showing that it is willing to radically change the current development framework in order to create a politically sustainable bases. With regard to map of sustainable development (Figure II-1 in chapter II), the government position needs to moved from the bottom-right to the middle-top of the map.

This chapter shows the inability of the authoritarian developmental state to comply with three criteria of politically sustainable development. In other words, it demonstrates the difficulty in shifting from technocentric reformism approach into a radical approach in which technocentrism and ecocentrism are complementing one another.

The chapter begins with an assessment of performance of Indonesia's current development, based both on the conventional and the politically sustainable development criteria. Conventional criteria are mostly concerned with the output but the other focuses on the process. To make the points clearer, the second part of this chapter presents illustrations of how development has proceeded. The third part identifies political challenges that Indonesia faces if

sustainable development were to be adopted as a new development paradigm.

A. THE PERFORMANCE OF INDONESIA'S DEVELOPMENT.

The main indicator of the orthodox style of development is economic growth. Indonesia's economy in the period of 1965-1980¹ has grown at 8.0 percent annually, despite the global recession occurring in 1980-1988, it grew by 5.1 percent annually.²

As the developmental framework proposes, the industrial sector is the driving force for economic growth. This sector grew by 11.9 percent during the 1965-1980 period and by 9.1 percent in the 1980-1988 period. Within the industrial sector, manufacturing has shown the most impressive growth, a rate of 12.0 annually during the first period and 13.1 percent annually during the second period.³

The growth of the economy has allowed the improvement of people's well-being. Some elements of improvement are

¹ Data on this paragraph are taken from The World Bank, *World Development Report 1991: Poverty*, Oxford University Press, Oxford, 1991, p. 180.

² At 1982, 1985 and 1986 the growth rate was very low. They were 2.24%, 1.87% and 1.62% respectively. See, Sudiman, Arief, "The Emergence of the Bureaucratic Capitalist State in Indonesia", in Lim, Teck Ghee, *Reflections on Development in Southeast Asia*, Institute of Southeast Asian Studies, Singapore, 1988, p. 127.

³ *Ibid.*

Table V-1 Trends in Some Aspects of Human Development.

Aspects of human development	Value
1. Life expectancy at birth (years) * 1960 * 1990	41.2 61.5
2. Under-five mortality rate (per 1,000 live births) * 1960 * 1990	225 100
3. Population with access to safe water (%) * 1975-80 * 1988	11 46
4. Daily calorie supply (as % of requirement) * 1965 * 1985	81 116
5. Adult literacy rate (%) * 1970 * 1985	54 72
6. Combined primary and secondary enrolment ratio * 1970 * 1987	49 84
7. Real GDP per capita (PPP\$) * 1960 * 1988	490 1,820

Source: Adopted from United Nation Development Programme (UNDP), Human Development Report, Oxford University Press, Oxford, 1991, p. 127.

demonstrated in Table V-1.⁴ People's life expectancy at birth

⁴ This table is far from complete coverage of human development. With regard to the notion of balanced development discussed in chapter II, this table only covers parts of the dimensions of human development. It does not covers the spiritual, the social, the subjective and qualitative dimensions of well-being. This, however, will be discussed in the following section which examines the process of development.

in 1960 was 41.2 years; by 1990 it was 61.5 years. Meanwhile, the under-five mortality rate dropped from 225 per 1,000 live births in 1960 to 100 per 1,000 live births in 1989. People's access to safe water also has increased from 11 percent during 1975-80 to 46 percent in 1988. The daily calorie supply in 1965 was only 81 percent of the required. By 1985, it was 116 percent. The adult literacy has increased from 54 percent in 1970 to 72 percent in 1985. The combined primary and secondary enrolment ratio has increased from 49 in 1970 to 84 in 1987. The real GDP per capita has increased from US\$490 in 1960 to US\$1,820 in 1988.

In terms of poverty alleviation, Indonesia also achieved remarkable success. In the period of 17 years between 1970-1987, Indonesia reduced the number of poor from 67.9 millions to 30.0 million.⁵ The success in alleviating poverty is also confirmed by Sjahrir's research.⁶

The success of the state in bringing about development is shown not only by the objective indicators -- such as economic growth and poverty alleviation -- but also by subjective indicators. People throughout the country feel a high degree of satisfaction concerning their welfare as indicated by the

⁵ Ibid., p. 39-40.

⁶ Sjahrir, *Basic Needs in Indonesia: Economics, Politics and Public Policy*, Institute of Southeast Asian Studies, Singapore, 1986, pp. 73-80.

Table V-2 Province by Household Welfare Score 1979-1982 & 1983-1986

Province	1979-1982	1983-1986
(1)	(2)	(3)
1. Aceh	4.98	9.76
2. North Sumatra	5.25	9.03
3. West Sumatra	5.02	8.71
4. Riau	5.21	9.55
5. Jambi	5.21	8.72
6. South Sumatra	5.00	9.15
7. Bengkulu	4.12	9.20
8. Lampung	4.88	8.88
9. Jakarta	4.88	8.97
10. West Java	5.16	8.46
11. Central Java	5.19	9.40
12. Yogyakarta	5.32	8.49
13. East Java	5.30	8.51
14. Bali	5.22	9.22
15. West Nusa Tenggara	5.13	8.55
16. East Nusa Tenggara	4.79	8.99
17. East Timor	5.20	9.05
18. West Kalimantan	5.11	8.89
19. Central Kalimantan	5.13	9.06
20. East Kalimantan	5.08	8.91

Continued

welfare score from each province in Table V-2.⁷ This table,

⁷ Data on table V-2 are adopted from National Socio-Economic Survey 1982 and 1986. In each survey, the head of the selected household was asked to comment on selected aspects of welfare. In the 1982 survey they were six aspects: (1) Access to transportation facilities, (2) Public

Table V-2 Continued.

(1)	(2)	(3)
21. South Kalimantan	5.28	8.80
22. North Sulawesi	5.57	9.46
23. Central Sulawesi	5.44	9.12
24. Southeast Sulawesi	5.55	9.12
25. South Sulawesi	5.72	9.28
26. Maluku	5.54	9.38
27. Irian Jaya	5.25	8.23

Notes: Score means the average number of aspects of welfare the households feels comfortable.

Source: Indikator Kesejahteraan Rakyat (Welfare Indicators) 1990, Biro Pusat Statistik, Jakarta, 1991.

however, need to be read carefully because the score of 1979-1982 (column (2)) uses 0-16 scale whereas that of 1983-1986 (column (3)) uses 0-11 scale. Therefore a larger number in column (3) does not necessarily indicate an increase. For the

order and safety, (3) Health condition of household members, (4) Housing facilities, (5) Household socio-economic conditions, and (6) The balance of household income consumption. Those of the 1986 were slightly different and covered eleven aspects. They were: (1) Access to enroll in elementary School, (2) Access to enroll in Junior High School, (3) Holiday celebration, (4) Access to transportation facilities, (5) Public order and safety, (6) Health condition of household members, (7) Housing facilities, (8) Household income, (9) Food consumption of household, (10) Shelter condition, (11) Cloth of household members.

Welfare Indicator 1990 explains that for each question, there were four possible answers available: better, worse, continuously good and continuously bad. Households giving an answer: "better" or "continuously good" all scored as 1 and those giving "worse" or "continuously bad" as 0. After that, the average score of the sample household in each province was calculated. For the 1982 survey the score ranged from 0 to 6 and for the 1986 survey the score ranged from 0 to 11. Score 0 means that the average household did not live comfortably in any particular aspect. Score 6 -- in the 1982 survey -- and score 11 -- in the 1986 survey indicated that the average household felt comfortable with the indicators of welfare. See *Welfare Indicator 1990*, Biro Pusat Statistik, Jakarta, 1991.

period 1979-1982 the score was between 4.12 and 5.72 of a maximum of 6. In the period of 1983-1986 it was between 8.23 and 9.76 with a maximum of 11.

The success story of Indonesia's development still can go on and on, but there is one thing to be bear in mind, all of those successes represent the product of development. It does not tell the full story of the process of development. In this regard, most of the state's concern is on the 'product' of development, i.e., economic welfare, rather than on the process of achieving it.

B. POLITICAL SUSTAINABILITY OF THE DEVELOPMENT PROCESS.

Bearing in mind that sustainable development essentially is a methodology in the process of development, assessing the product of development is not enough. In fact, the problems of politically unsustainable development arise from the process of development. Since the goal of sustainable development is the improvement of human well-being, it must be conducted humanely.⁸

Essentially, the root of the politically unsustainable development is the way the state exercise its power. The state's authoritarian style in exercising power does not encourage the three indicators of politically sustainable

⁸ See the UNDP, *op. cit.*, 1991, pp. 13 and 79.

development to perform well. The rest of this section shows that authoritarianism does not provide the conditions for: (1) enhancing equality in sharing the processes and the product of development, (2) implementing the spirit of mutual vulnerability between the state and the society and (3) allowing a politically meaningful participation in development.

1. EQUALITY.

The authoritarian structure does not only have a difficulty in allowing an equal role between the state and the society, but also in distributing the successes of development discussed earlier. Because sustainability is about distributional equity⁹ allowing the aggregate results of development to be distributed unequally negates any quantifiable the success.

There have been attempts of the state to redistribute the fruit of development,¹⁰ however the inequality is difficult

⁹ As Professor Solow argues, sustainability "is about who gets what. It is about the sharing of well-being between present people and future people" Solow, Robert M., "Sustainability: An Economist's Perspective" The Eighteenth J. Seward Johnson Lecture, June 14, 1991, Marine Policy Center, Woods Hole Oceanographic Institution, Woods Hole, Massachusetts, p. 6.

¹⁰ Emil Salim suggests policies targeted to lower the inequality which includes: "1. Credit policies favoring the economically weak and disadvantaged such as small-scale investment credits, capital investment loan and so on. ... 2. Policies aimed at developing small-scale industries through promoting "foster-company" relation with big industries; the establishment of small-scale industry complexes and "Industrial Village."

to reverse. As Table V-3 shows, the Gini Coefficient of income distribution has been increasing since the New Order government in power. It was 0.22 in 1964, increased to 0.30 in

1971 and to 0.34 in 1976.

By 1980 it was 0.46. The

increasing concentration of income distribution also indicates the decline in share of the lower 40%

income-group of the

national income. In 1964

it took 25.5 percent of

the national income. In

1971 the share increased

marginally to 26.8 but in

1976 it declined

dramatically to 12.7. By

1980 the lower 40% income group received only 10.4 percent of national income.¹¹

The deterioration of income inequality has coincided with the success in reducing poverty. This is an unusual phenomena.

to accommodate cottage industry and handicraft. 3. The establishment of "nucleus plantations" responsible for the development of smallholder plantations around them. 4. Policies aimed at encouraging cooperatives, ... 5. Food production policies providing subsidies and facilities ... 6. Policies favoring the economically weak Government purchases and contracts. 7. Government spending aimed at employment creation. See Salim, Emil, "Development with Equity: Indonesia's Future Challenge", in *Prisma*, No.27, March 1983, p. 15.

¹¹ Budiman, Arief, *op. cit.*, p. 125.

There is no sign that the inequality in the near future will get better, as Indonesia has been implementing Structural Adjustment Program.¹² This has been done in response to the decline of the revenue from oil-and gas since the early 1980s.¹³ As the external debt increased¹⁴ liberalization of the economy encourages the private big business groups to gain more control of productive assets. As Robison argues, the economic development in the New Order era has given rise to a number of very large and diversified domestic business

¹² Structural Adjustment Programs (SAP) are specific "packages" of policies measures carried out under the auspices of the International Monetary Fund (IMF) and the World Bank. This "packages" aims at correcting economic destabilization, especially related to debt repayment problems experienced by most of Developing Countries. Chossudovsky points out the measures as follow: "(1) Devaluation and unification of the exchange rate and elimination of exchange control and multiple exchange rates; (2) Liberalization of trade and elimination of protective tariff barriers; (3) Market liberalization within the national economy implying *inter alia* the elimination of subsidies and/or prices control; (4) Privatization of parastatal, *de facto* privatization of some social services; (5) Reduction of budget deficit and contraction of national and real government expenditure, austerity in government spending; (6) Control of internal demand implying *de facto* control over real wages and labor cost through de-indexation; (7) Poverty alleviation schemes directed toward target groups."

See Chossudovsky, Michel, "The Third World Structural Adjustment Programme", Paper presented in Friday-Noon Lecture Series at Saint Mary's University, Halifax, Canada, March 1991, p. 14.

Studies on SAP are numerous. Some of them are Levitt, Kari; "Debt, Adjustment and Development: Looking to the 1990s", *Economic and Political Weekly*, July 21 1990. The World Bank, *Africa's Development and Growth in the 1980's*, IBRD, Washington, 1988.

¹³ On research on structural adjustment in Indonesia see Arndt, H.W., and Hill, Hal, "The Indonesian Economy: Structural Adjustment after Oil Boom", in Sandhu, Kernial S., *Southeast Asian Affairs 1988*, Institute of Southeast Asian Studies, Singapore, 1988. See also Hill, Hal and Hull, Terry (eds.), *Indonesia Assessment 1990*, Department of Political and Social Change, Research School of Pacific Studies, Australia National University, Canberra, 1990, Part 2.

¹⁴ According to The World Bank, Indonesia's debt service ratio (DSR) had increased from 19.8 percent in 1983 to 46.7 in 1988. The World Bank, *World Debt Table: External Debt of Developing Countries*, First Supplement, 1988-89 edition, p. 31.

groups.¹⁵ They are the only economic agents benefitting from the liberalization measures which leads to conglomeration.¹⁶

The emergence of conglomerates leads to political vulnerability in pursuing sustainable development. Most of the conglomerates are in the hand of the "non-indigenous" groups (non-pribumi): the Chinese. Of the 40 largest big business, ten are regarded as pribumi; of these all but three are in the bottom half of the rankings.¹⁷ The issue of pribumi vs. non-pribumi in Indonesia is very sensitive.¹⁸ In fact, conglomeration just accentuates the present condition in which there are tendencies for conflicts to emerge. The core of the problem is racial jealousy toward the Chinese.

Spatial inequality is another problem that the New Order has been attempting to resolve. Economic activity has been

¹⁵ Robison, Richard, *op. cit.*, 1986.

¹⁶ Hill, Hal, "Ownership in Indonesia: who owns what and does it matter?", in Hill, Hal and Hull, Terry, *op. cit.*. The Most prominent conglomerate is, Liem Sioe Liong, one of the world's 30 richest men. See *Asiaweek*, May 18, 1990, p. 21.

¹⁷ Hill, in Hill and Hull (eds.), *op. cit.*, p. 57.

¹⁸ In responding to the issue of conglomeration, President Suharto had made an interesting 'manoeuvre' by "forcing" big business to assist the poor. It was done in the meeting 31 prominent Indonesian businessmen - 29 of whom were Chinese descent. The meeting was well covered by mass media, including the TVRI, the national television.

At that meeting President asked these businessmen "to sell a quarter of their companies' stocks to cooperatives, which extend credit to farmers and workers. Twenty-seven business groups subsequently pledged to hand over an initial 1% of their equity." *Asiaweek*, May 18, 1990, p. 20.

Economically, the manoeuvre had a negligible impact, but politically it made a considerable sense, by boosting his popularity and by the same token putting the blame of the worsening inequality on the conglomerates. MacIntyre, Andrew, "Political Dimensions to Controversy over Business", in Hill and Hull (eds.), *op. cit.*, p. 122.

historically located in Java, and to a lesser extent, Sumatra. Hill and Weidemann noted that in 1983, these two regions produced 50 and 32 per cent of Indonesia's GDP, respectively. They were 55 and 29 per cent in 1971.¹⁹

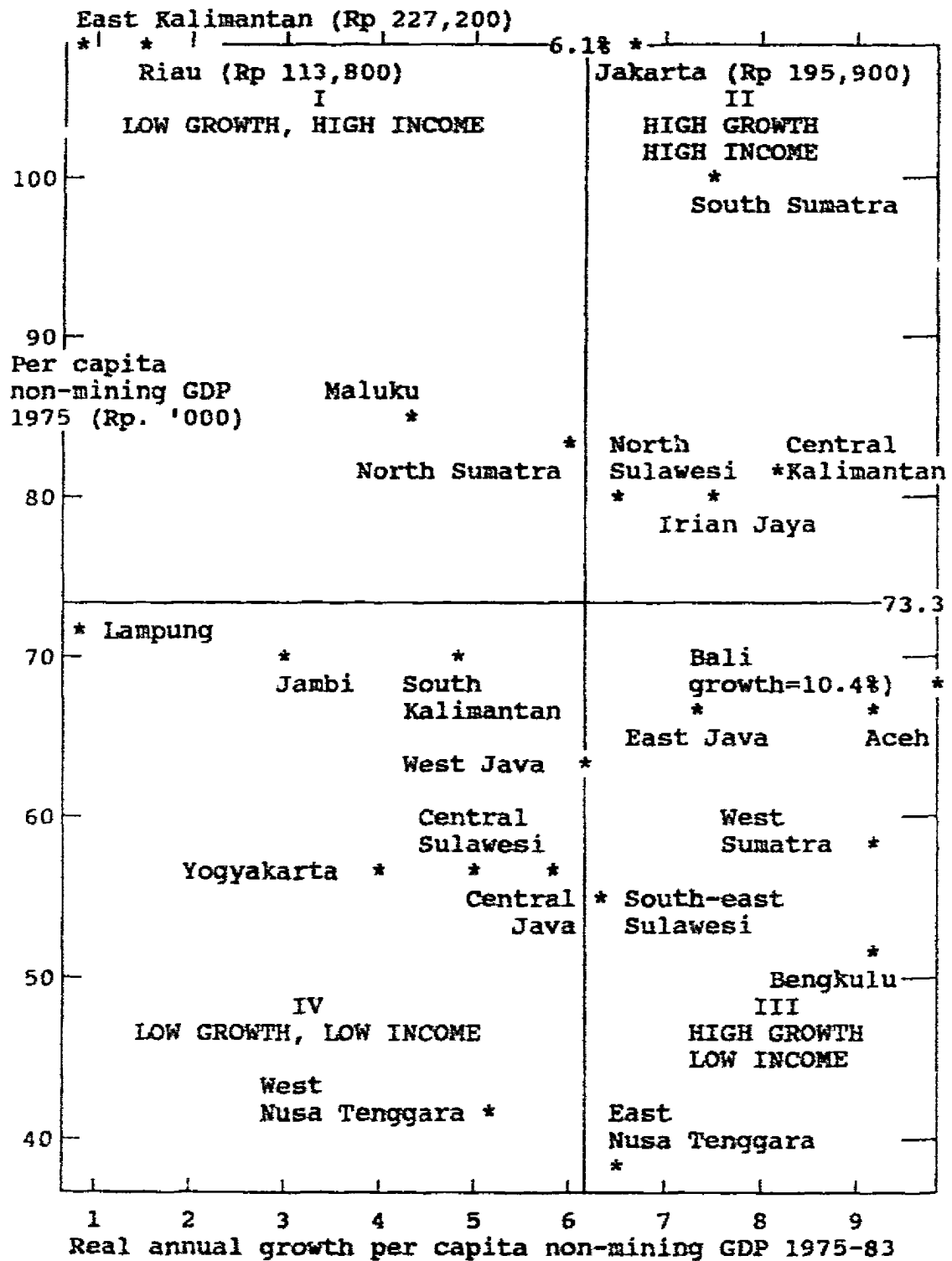
That assertion, however, does not mean that economic development only takes place on Java. In fact, measured by national average of Rp 73,300 per capita non-mining GDP in 1975, all provinces in Java island fall under category of low income, excluding Jakarta (Figure V-1). Among these low-income provinces, only East Java experienced a growth in non-mining GDP greater than the average of 6.1% in the period of 1975-83. West Java and Central Java grew at about average rates and Yogyakarta much less.

Jakarta is a region with high income and experiences a high growth. But high income does not necessarily lead to a rapid growth. The income of two resource-rich provinces of East Kalimantan and Riau rank at the top but their growth rate is among the lowest. On the contrary, the fairly poor provinces of Aceh, West Sumatra, Bengkulu and Bali experienced the most rapid growth, exceeding 9%.

Even though most of the economic activities are concentrated in Java, this region has the highest proportion of the population living below poverty line (Table V-4). In

¹⁹ Hill, Hal and Weidemann, Anna, "Regional Development in Indonesia: Pattern and issues", in Hill, Hal (ed.), *Unity and diversity: Regional Economic Development in Indonesia since 1970*, Oxford University Press, Oxford, 1989, p. 5.

Figure V-1 Provincial Economic Performance 1975-1983



Source: Hal Hill and Anna Weidemann, in Hal Hill (ed.), 1989.

Table V-4

Percentage of People Living Below the Poverty Line and Living in Discrepancy and index of GDP Per Capita at Provincial level.

Province	Percentage living below the poverty line, 1980 ^{a)}	Percentage living in deprivation 1980 ^{a)}	Index of GDP Per Capita (without mining) 1983 ^{b)}
(1)	(2)	(3)	(5)
1 Aceh	8.8	1.6	113
2 North Sumatra	20.4	2.6	113
3 West Sumatra	14.0	3.3	101
4 Riau	13.3	6.7	110
5 Jambi	7.9	2.4	76
6 South Sumatra	13.6	3.8	149
7 Bengkulu	21.0	8.9	88
8 Lampung	45.5	5.1	65
9 Jakarta	16.9	0.6	276
10 West Java	32.7	0.3	87
11 Central Java	57.9	0.7	74
12 Yogyakarta	59.9	3.6	65
13 East Java	54.9	0.7	97
14 Bali	38.3	20.6	127
15 West Nusa Tenggara	50.0	20.9	52
16 East Nusa Tenggara	56.6	44.4	54
17 East Timor	n.a.	n.a.	n.a.

Continued

Table V-4 Continued.

(1)	(2)	(3)	(5)
18 West Kalimantan	9.4	5.3	96
19 Central Kalimantan	12.3	insignif.	129
20 South Kalimantan	12.5	0.9	129
21 East Kalimantan	13.4	8.8	206
22 North Sulawesi	32.7	0.6	112
23 Central Sulawesi	28.8	4.1	70
24 South Sulawesi	42.3	4.2	81
25 Southeast Sulawesi	49.1	5.3	74
26 Maluku	39.0	13.5	100
27 Irian Jaya	7.8	5.9	120
Indonesia	34.3	3.3	100

Note/Source: ^{a)} From Christine Drake, 1989, p. 280. ^{b)} In this index, Indonesia = 100. From Hal Hill and Anna Weidemann in Hal Hill (ed.), 1989.

West Java, Central Java, Yogyakarta and East Java, the proportion of people living below the poverty line is 32.7%, 57.9%, 59.9% and 54.9% respectively. The concentration of poverty in this region signals regional and national inequality. In addition, the adjacent provinces, such as Lampung, West Nusa Tenggara and East Nusa Tenggara also share a high proportion of people living below the poverty line, 45.5%, 50.0% and 56.6% respectively. The places in which most of the economically disadvantaged are located are also well-

known as 'the poverty pocket'.

2. MUTUAL VULNERABILITY.

By definition, the idea of authoritarianism is contradictory to the idea of mutual vulnerability. The first aims at strengthening political power in order to assure domination and hegemony upon the society.²⁰ The authoritarian-developmental state of Indonesia creates structural conditions conducive for pursuing a state-led, economic-oriented style of development. Because control over the society becomes the main concern, sharing responsibility between state and society on a mutual basis entirely depends on the willingness of the state to do so.

It is widely documented that Indonesia civil society is weak vis a vis the state²¹ and therefore the development

²⁰ On the hegemony of the state of Indonesia over its society see some articles in Budiman, Arief (ed.), *State and Civil Society in Indonesia*, Monash Papers on Southeast Asia No. 22, Center of Southeast Asian Studies, Monash University, Victoria, 1990. Among the most explicit explanations on this book are Langenberg, Michael van, "The New Order State: Language, Ideology, Hegemony", Foulcher, Keith, "The construction of an Indonesian National Culture: Patterns of Hegemony and Resistance".

²¹ See Budiman, Arief (ed.), *ibid.*, See also Jackson, Karl D, and Pye, Lucian W. (eds.), *op. cit.*

process virtually is out of society's control.²² The inevitable consequence is the vulnerability of the development process to the abuse of state power. As the state's self-interest is unchallenged, the development process is in a vulnerable condition. This will be illustrated in the case studies.

There have been attempts of the society to share control of the development process, but the structurally weak position that it has does not always allow this. Worse still, it sometimes invites a repressive response from the state.

A more detailed analysis on the issue of mutual vulnerability will be discussed later on the commentary regarding of the case studies.

3. PARTICIPATION.

Officially, people's participation in Indonesia is well understood as a necessity for the success of development. This is, for example, emphasized in the concluding remark of the 1989 GBHN. Participation is legally guaranteed, including that which creates an environmentally sound development.

Despite that guarantee, the meaning of participation has

²² In response to this phenomena, Rizal Mallarangeng suggests that Indonesia needs an autonomous institution to ensure a process of achieving sustainable development. Mallarangeng, Rizal, "Dibutuhkan Lembaga Otonom sebagai Pengontrol" [Autonomous Institution is Required], *Prisma*, No. 1, January 1991, pp. 61-62.

been distorted due to the state's dominant role in development. The state usually defines it in the context of state-led development, and hence, people's participation must be to support its initiatives.

This study suggests that participation is self-actualization of both individuals and communities aimed at the betterment of their well-being. The condition for participation is reciprocal, people participating in state programs and projects but also the reverse, the state participate in people's activities.

Currently, the range of participation, is determined by the state. The authoritarian structure of the state only allows participation as far as it is apolitical²³, in the sense that it is not: (1) challenging the state's monopoly in decision making²⁴ (2) not in opposition to the state²⁵. These two points inhibit meaningful participation in development.

Participation is usually perceived as people's

²³ It was mentioned earlier that for the sake of creating socio-political stability as a necessary condition for economic-oriented development, the state has depoliticized the society. This implies that people's response to the development process need to be *apolitical*. Politicizing the people is believed to lead to political destabilization.

²⁴ Hardjasoemantri, Koesnadi, *Aspek Hukum Peran Serta Masyarakat dalam Pengelolaan Lingkungan Hidup [Legal Aspect of Mass Participation in Environmental management]*, Gadjah Mada University Press, 1990, p. 4.

²⁵ Rhetorically, the state is seen as a big family which has to live in a harmonious condition. The official circles uses three words: *keserasian*, *keseimbangan* and *keselarasan* which together mean harmony. Because this harmony is ideologically and culturally determined, opposition is rejected or not recognized because it leads to disharmony. Any conflict should be resolved through the deliberation mechanism (*musyawarah*) to achieve agreement (*mufakat*). See Yap Thiap Hien, "Law, State and Civil Society", in Budiman, Arief (ed.), *op. cit.*, p. vii.

involvement in planning, implementing and evaluating development projects. These are, indeed, important but politically insufficient because the structure on which the management proceeds has discouraged people to bargain strongly for power vis a vis the state.

The discouragement of strong bargaining power of the society has been done through at least two ways. First, the state has created a corporate structure aimed at controlling people's activities.²⁶ Corporate organizations are "state-owned" rather than "society-owned." This implies that serving the interests of the state are more important than that of the society. Second, most of the resources and the ultimate authority to make decisions are in the hands of the state, especially that of central government. Moreover, the development policies flow from the top-down rather than bottom-up.²⁷ This indicates that participation is a marginal thing because without it development proceeds anyway.

There are, however, attempts to break the apolitical atmosphere of popular participation through the work of non-

²⁶ As being discussed earlier, there are overwhelming numbers of corporate organizations, KORPRI for the civil servants, HKTI [Himpunan Kerukunan Tani Indonesia] for farmers, HNSI [Himpunan Nelayan Seluruh Indonesia] for fishermen, SPSI [Serikat Pekerja Seluruh Indonesia] for labor, ANPI [Angkatan Nuda Pembaharuan Indonesia] and KNPI [Komite Nasional Pemuda Indonesia] for youths, PKK [Pembinaan Kesejahteraan Keluarga] and Dharma Wanita for women, KADIN [Kamar Dagang dan Industri] for businessmen and so on.

²⁷ MacAndrew, Colin, "Central Government and Local Development in Indonesia: An overview", in MacAndrew, Colin (ed.), *Central Government and Local Development in Indonesia*, Oxford University Press, Singapore, 1986, p. 9.

governmental organizations (NGOs). They play a political role in enhancing popular participation but they have to conceal their activities so that they look non-political. First of all, the NGOs tactically label themselves as Lembaga Pengembangan Swadaya Masyarakat/Lembaga Swadaya Masyarakat (LPSM/LSM).²⁸ Self-Reliance Community Institution. The notion of 'non-government' could easily be perceived as 'anti-government'. By using this label they formally show a non-oppositional attitude. Second, they have to play a 'double game'. On the one hand they have to be government's partners but on the other hand they have to exercise their own political interests against the government, such as empowering the poor or conducting highly-political activities.

C. DEVELOPMENT IN PRACTICE: ILLUSTRATIONS.

It is important to bear in mind that there is a strong state structure reaching from Jakarta down to the village level. The following are development cases selected to show the functioning of the that structure. Since sustainable development in Indonesia is approached from the technocratic reformism approach, the cases study also exemplify development

²⁸ Conceptually, the LPSMs are in charge of facilitating and guiding the LSMs. In practice, LSMs some times take LPSMs's role at the same time because they are facilitating and guiding the activities of other, usually the smaller, LSMs.

practices under it.

Unlike the case studies in chapter IV, which illustrated the exemption of powerful forces from the current managerial framework, the case studies in this chapter shows the manifestation of the three criteria of the politically sustainable development.

1. CASES.

The Dukuh Tapak Case. The community of Dukuh Tapak in Tugu sub-district is not far from the city of Semarang, the capitol of Central Java Province, suffered from water pollution caused by eight industrial factories for fourteen years. It was reported that many people lost their livelihood as fish-farmers. Even though water tests by Indonesian Environmental Forum (Wahana Lingkungan Hidup, WALHI) and by the local Diponegoro University confirmed the pollution, the government failed to act²⁹.

In 1990 people launched a public protest. With the assistance of a local NGO, Legal Aid Institute (LBH), they threatened to sue the polluters if they persisted with their action in the area without compensating to the community. They asked US\$1 million in compensation of 242 families, and provision of a clear water supply system and rehabilitation of

²⁹ *Down to Earth*, No. 13, May 1991, p. 7.

the area. Negotiations were attempted several times but were unsuccessful. Repeated complaints articulated through NGOs were unheeded by both the industries and local government offices.³⁰

In response to this dispute, 15 NGOs, including WALHI (Indonesian Environmental Forum), YLBHI (Legal Aid Foundation), YLKI (Indonesian Consumers Association), announced and urged a national boycott to 13 products and any dealing with those factories. In the following months 16 Sumatra-based NGOs joined the boycott.

The response of the state apparatus was split. The Coordinating Minister for Political and Security Affairs, Sudomo, warned the NGOs not to be extensions of foreign subversive forces. At the same time he called for a professional handling of environmental problems, implying that they were involved in subversive activity and were not professional³¹. He prefers persuasive solutions, such as negotiation, which according to the NGOs did not work. The same position was taken by the Mayor of Semarang. He appealed to the NGOs to change their mind, arguing that the action would cause at least 1,000 job losses or reduced pay.³² The opposite position was taken by Emil Salim, the State Minister

³⁰ *Indonesian Observer*, Tuesday, April 23, 1991.

³¹ See *Berita Yudha*, 23 April 1991, *Media Indonesia* 23 April 1991 and *Indonesian Observer*, op. cit.

³² *Down to Earth*, no. 13, May 1991.

for Population and Environment the key person in both KLH and BAPPEDAL. He welcomed the boycott as a measure to protect the local people and the environment.

The boycott seemed to have forced the companies to the negotiating table. Initially the company was willing to pay compensation to 61 families, since the others no longer had fields and wells affected by the pollution.³³ Supportive action of the State Ministry of Population and Environment (KLH) hand in hand with the Environmental Control Board (BAPPEDAL) in favor of the community and the NGOs led to the solution of the dispute. The industries were forced to clean the environment and to pay the compensation

The Case of Kedung Ombo Dam. The surface of this case is about conflict over land³⁴ between communities and the state

³³ This, however, does not make sense to the people because the pollution forced the families to sell their land. "The companies have also been accused of attempting to buy off villagers by offering Rp. 2.5 million (US\$1,315) to drop the charges. *Down to Earth*, No. 14, August 1991.

³⁴ The 1945 Constitution granted a right to the state to control the land. According to Basic Agrarian Act of 1960, the ultimate right over land is in the hand of the state. There are several degrees of individual right over land, but all of them are granted by the state. See Gautama, Sudargo, and Harsono, Budi, *Agrarian Law*, Padjajaran University Law School, Bandung, 1972.

in the dam area. The state's dam project³⁵ of Kedung Ombo in Central Java eventually displaced 23,380 people (5390 families)³⁶ of which approximately 5,000 accepted offers of relocation. *Environesia* notes that the compensation ranged from 300 to 700 rupiah per square meter. This is equivalent to the price of three to seven eggs.³⁷ The remaining refused to do so on the ground that the compensation was not fair.

In fact the issue is more than that, namely an unjust

³⁵ The project cost US\$283.1 million, most (74%) came from a World Bank loan, and additional funds from Japan Import-Export loan. The dam is design for multi-purposes : controlling of flood and managing water flow of four rivers, generating 30 mega watts hydroelectric power, providing irrigation for 43,340 hectares of dryland, developing aqua-culture. See Nusantara, Abdul Hakim G, "Human Rights and Environmental Protection: An Approach to Sustainable Development", A conference paper, Oregon, March 3, 1990, p. 4. The project covers 6,207 hectares submerging 20 villages. *Environesia*, Vol. three, no. one, March 1989, p. 1.

³⁶ The state's typical alternative offer to those replaced by a development project in Java (the most densely populated area) is to move to the outer island under government's transmigration scheme. People do not seem to be attracted to this alternative.

Environesia quotes the World Bank statement that 75% of the villagers originally were willing to relocate to transmigration areas. It then turned out that only 10% of those people have actually moved. "There are reports that many of those willing to leave were coerced into their decisions by local officials". See *Environesia*, vol. three, no. one, March 1988.

³⁷ "Water Rise at the Kedung Ombo Dam", *Environesia*, Vol. Three, No. One, March 1989, p. 10. Klinken reports in more detail. "The compensation prices are Rp.700-800/m² for house yard and Rp. 300-400/m² for rice fields. (AUD\$1.00 = Rp.1,500) The farmers are demanding Rp. 10.000/m² for farming land and Rp.35,000/m² for land on which their houses were built. As well, they seek compensation for crops and trees destroyed, plus other land to replace that lost. In order to purchase comparable land in the vicinity, they would have to outlay many times the price they were offered." Klinken, Helena van, " 'We just want to share in the fruits of development': The Kedung Ombo Dam court cases", *Inside Indonesia*, No. 26, 26 March 1991, p. 18.

share of development process and benefits.³⁸ The people were determined not to leave until they get are given equivalent land.³⁹ The prolonged conflict eventually hindered the realization of the project's time schedule. As both parties insisted on their own demands, the conflict culminated in a tragedy:

"with full knowledge that many people still resided in the area, the government opened the gates of the dam and allowed the flood of water to inundate inhabited settlements. ... The intentional drowning of some of the Kedung Ombo community was a truly callous act committed in the name of development".⁴⁰

There had been nation-wide support from both communities and individuals, including university students, and

³⁸ An expression of a resident is reported by *Environesia* vol. three no. one, p. 10 as follows "We just want a piece of land near the dam, the same size as our original land. We have been forced to leave our home, but other will receive the benefits. No, we want a part of this development, too." Another resident expresses the same thing as quoted by Klinken "We just want to share in the fruits of development. We are not trying to hinder progress". See Klinken, *op. cit.*, p. 17. See also, Nusantara, *op. cit.*, p. 5 for confirmation. But he also reports another issue, namely top-down planning. He notes "From the outset the planning of the dam was solely in the hands of technocrats and government decision makers. Local residents knew little of the plan for the dam. Resident were called-in by sub-district government or by other local officials and informed of their fate: i.e., that in order to support national development they would have to voluntarily surrender their land and relocate. ... The local resident understood the benefits of the dam, but not why they would be the ones asked to make heavy sacrifices".

³⁹ Culturally, the Javanese put a high value on land. This is represented in a popular phrase "although it is a piece of land only as wide as our forehead and as long as our finger, we will defend it with our lives". See also *Environesia*, Vol. Three, No. One, March 1989, p. 10.

⁴⁰ Nusantara, Abdul Hakim G., *op. cit.*, pp. 5-6.

intellectuals.⁴¹ Such efforts amplified the criticism against the state.⁴² In responding to the criticism, the state appeared to terrorize local people as part of its justification for mal-development.⁴³ The residents who objected to the state were labeled 'anti-development' and

⁴¹ Both NGOs and university students launched a campaign, both at national and international levels on behalf of Kedung Ombo's community. The student call themselves as *Kelompok Solidaritas Korban Pembangunan Kedung Ombo* [Solidarity Group for the Victims of Development at Kedung Ombo]. See Cribb, Robert. "Indonesia's Political Developments, 1989-1990", in Hill, Hal and Hull, Terry (eds.), *op. cit.*. The Group compiled nearly 1,000 signatures for a letter recently sent to President Suharto, various government ministries and provincial government of Central Java. The letter demanded (1) the halt of the flooding until the disputed were settled, (2) a decision regarding the compensation based on negotiation with the residents, and (3) the formation of an independent development advisory group. Another student effort was to organize demonstrations in several strategic places simultaneously. *Environesia*, vol. three. No. one., March 1988, p. 10.

Romo Mangun Widjaya (a prominent priest and professor at Gadjah Mada University) Kiai Haman Dja'far (a prominent muslim scholar who lead *Pesantren* (traditional Islamic school) of Pabelan) and Slamet Rahardjo (a professor at Diponegoro University who also the chairman of Central Java Red-Cross) attempted to help the sufferers by providing education for the elementary school children. On their capacity as individuals, they formed Voluntary Committee for Kedung Ombo's Children (*PDK-AKO*). Their actions were eventually prohibited by the security officer on the grounds that the government has been taking care of the children. See *Tempo*, 25 Maret 1989.

An example of NGOs effort is that of the Legal Aid Institute (*LBH, Lembaga Bantuan Hukum*) to persuade the World Bank to put the pressure on Indonesian government. In fact, the World Bank's first recognition of the occurrence of the conflict was from LBH as it explained a chronology of the distressing event covering 1984 to 1987. *Appen Features* 9/89.

⁴² The Kedung Ombo case was taken up by Indonesian and Western NGOs at the April 1989 meeting in Brussels, and the Indonesian NGOs in turn were severely rebuked by the Internal Affairs Minister Rudini in August for allegedly blackening Indonesia's name abroad. See Cribb, Robert, *ibid.*, p. 33.

⁴³ *Tempo*, 25 march 1989.

'communist remnants'⁴⁴ and the outsiders who supported their struggle were labelled 'subversive'.⁴⁵ Moreover, the residents were then isolated from outsiders as the military sealed the area restricting entrance to through several gates.

The state apparently was unable to entirely resist the residents demands due to nation wide and international pressures. It offered an alternative to settle in the state's forest nearby. This, of course, was not designed from the outset. Previously, this land was allocated as a "green belt" around the dam.

The solution inevitably sacrifices environmental considerations. The offer comprises 1,000 square meters to accommodate 600 families.⁴⁶

The Becak Ban. Since 1972 Jakarta had been attempting to

⁴⁴ Nusantara, Abdul Hakim G, *op. cit.*, p. 5. It has been typical in Indonesia to label those who challenge the authority of the state as either communist (PKI) remnant or anti development. It is worth elaborating what 'communist remnants' implies in the context of the anti communist state of Indonesia. Communist party has been banned since 1965 and the remnant has been discredited by the state. Therefore, having a label of communist remnant mean a severe discreditation.

In relation to the label, President Suharto and the current Minister of Home Affairs Rudini stated that it is possible that the PKI's remnants stimulated and encouraged the residents to refuse the state's plans to move the people out. The grounds for the statement is that the area was formerly a PKI stronghold.

⁴⁵ *Environesia*, vol. three, no. one, March, 1988, p. 10. This publication suggests that the label, in fact, is directed to the Solidarity Group for the Victims of Development at Kedung Onbo.

⁴⁶ Because the new land is not ready for habitation and must be cleared the government provide 150,000 Rupiah (US\$ 85) to tide them over until their land is ready for cultivation. See "Kedung Onbo Dam: Resettlement Policies Gone Awry", in *Environesia*, Vol. three, No. two, June 1989, p. 7.

get a rid of becaks -- pronounced 'bechaak'. This is a tricycle vehicle or trishaw with driver pedalling. The legal basis for the action is the Jakarta Municipal Government Regulation no. 3/1972 on the removal of becaks. Operation Hopeful Future [Operasi Esok Penuh Harapan, OEPH] was a concrete effort to ban the becaks, targeting that by 1990 Jakarta would be becak-free. The banning is part of the government attempt to make the city clean, humane and authoritative [bersih, manusiawi dan wibawa].⁴⁷

The ban was made on the ground that the job of pedalling the becaks is an inhumane livelihood, as the driver has to spend most of his energy to deliver passengers.⁴⁸ Besides, the becaks are 'slow and inefficient' so cause traffics problems. Moreover, they are perceived as 'eyesores', therefore detract from the appeal of the city for tourists. Simply put, becaks hinder the governments ambition to make the capitol a "modern" city.⁴⁹

According to the government scenario, the becak drivers will be given training and converted to drivers of small motorized transport, bus conductors, vegetable vendors or transmigrated to the outer islands. The government has allocated Rp. 2.1 billion to implement this program.

⁴⁷ This is motto of the city.

⁴⁸ Ironically, a poll done by *Tempo* indicated that 92% of 240 becak drivers denied the charge that their livelihood is inhumane. See *Tempo*, 3 Februari 1990, p. 76.

⁴⁹ *Environesia*, Vol. four, No. One, p. 10.

This scenario, however, was insufficient because it only focuses on those who are officially residents of Jakarta. According to the government statistics they are only 3 percent.⁵⁰

Only 2,200 drivers, those who possess other skills or [were] lucky enough to enter training programs, take on new jobs such as motorized pedicab drivers, minibus conductors or vegetable sellers. Those becak drivers who do not fulfill the rigid requirements needed to enter the government "change of profession program" have been "invited" to join Indonesia's transmigration program of returning to their home village.⁵¹

Environesia estimated that between 1985 and 1990 approximately 75,000 becaks were dumped into the bay while another 49,000 were held in a storehouse waiting for the dump.⁵² Environesia reported by March 1990, more than 130,000 becaks has taken over by force by the government, forcing twice that number into unemployment.⁵³

The banning of the becaks is subject to criticism in terms of its goal, in the way of achieving it, and in its socio-environmental effect. In terms of goal, the government manipulated the word of 'humane' livelihood. It is unjustified

⁵⁰ *Tempo*, 3 Februari 1990.

⁵¹ *ibid.*, p. 7.

⁵² *Environesia*, Vol. four, No. one, p. 7.

⁵³ *ibid.*, p. 7. See also *Tempo*, 3 February 1990, p. 73. Usually the becak drivers do not own the becaks. He has to pay rent either on daily or weekly basis. Therefore, the suffers are not only the drivers but also the owners

that to be jobless is more humane than pedalling becaks. Moreover, the earnings of the becak drivers was better than those of a factory laborer. "A Becak driver can earn Rp. 3,000 (US\$1.70) to Rp.6,000 (US\$3.35) per day while the unskilled laborer earns only Rp. 750 (\$0.42) to Rp.1,500 (\$0.83) per day ..."⁵⁴ In terms of the other goals, getting rid of traffic problem caused by becaks raises suspicion this "humane" policy resulted from the lobby of upper and middle-class car owners who are bothered by becaks crossing their paths.⁵⁵ Another suspicion is pressure from car and bajaj -- Indian motorized tricycle -- manufacturers and owners,⁵⁶ who want to enlarge their market and intensify their operation in Jakarta, and later in other cities in Indonesia. The assumption that becaks detract tourists is doubtful since many foreign tourists enjoy riding these vehicles as it a unique experience.

The manner the government evacuated becak from Jakarta is really inhumane. Nusantara suggests that through a violent campaign against becaks, KAMTIB [acronym of keamanan dan ketertiban, meaning security and order keeper] officers confiscated and wrecked becaks, anywhere they found them,

⁵⁴ *ibid.*, p. 6.

⁵⁵ *ibid.*, p. 10.

⁵⁶ In this context, it important to bear in mind that military take significant role in both the car and manufactures businesses.

including in private residences.⁵⁷ In most cases the becak drivers were abused by the KAMTIB officers and in many cases arrested. Many of those who did not get access to "change of profession program" were returned to their area of origin by force.⁵⁸ All of this runs roughshod over their basic human right: the right to work and receive a decent wage as guaranteed in the National Constitution.⁵⁹

The ban on becaks inevitably had social and environmental impacts and therefore could be subject to stipulations of Article 16 of the Environmental Management Act and its implementing regulation, conducting an Environmental Impact Assessment (EIA). This, has never been done because the EIA is mainly geared toward physical projects, such as industries and therefore overlooks social programs and policies.

The impact of the ban of becaks to the social environment is clear from the previous discussion, namely the increase of unemployment which increases the builds potential for social unrest.

The physical-environmental impacts of the ban are

⁵⁷ "... it is against the law to take someone belongings without proper permission; the task force could be likened to common thieves. These thieves, however, were on a mission by the government to take away the belongings of people who should be protected by the government". *Environesia*, Vol. four, No. One, p. 6.

⁵⁸ By February 1990 the government has sent 1,500 becak drivers back to their original villages. To make sure that they went to their villages police officers accompanied their travel.

⁵⁹ Nuaantara, *op. cit.*, p. 9.

twofold. First, replacing becaks with motorized vehicles obviously exacerbates Jakarta's air and noise pollution problem.⁶⁰ Second, the dump site in Jakarta Bay created water pollution. Environesia reports that research being done in that site shows that iron levels have risen markedly. This negates the government's program aimed at cleaning up Jakarta Bay and contradicts to the government stated goal to make Jakarta as a clean city.

The PT. Inti Indorayon Utama (IIU). In 1984 PT. IIU granted a concession covering 86,000 ha of natural pine forest in Sibatuloting. This land supplies raw material for a pulp factory built in 1986. This US\$360 million project was expected to produce 165,000 tonnes of pulp and 54,000 rayon of tones annually.

The allocation of land for the pulp factory raises pros and cons at the state level. The area contains a water catchment for 6,526 ha of sawah (wet rice paddies) supporting the life of 668,000 people. This area is well-known as the "rice bowl" of North Sumatra. The pros and cons are as follow.

⁶⁰ "The pollution from exhaust fumes of motorized vehicles in Jakarta has already reached an alarming level. According to the studies done by the University of Indonesia Environmental Research Institute as well as the Department of Health Environmental Center, the lead (Pb) content in Jakarta's air is already 90 micrograms per cubic meter, higher than the World Health Organization (WHO) standard of 60 microgram per m3. Lead pollution in Jakarta comes mainly from high-octane fuel released by automobiles using super gasoline." Environesia, Vol. four, No. one, March 1990, p 1990. This document also suggests pollution from CO, HC, NOx and SO has attained alarming levels.

"Initially, construction of IIU plant was not supported by either the Minister of Environment and Population (KLH) or the Minister of Public Work. ... Later, however, the two ministries and three others were coordinated by Minister of Politics and Security Affairs Sudomo to offer top level of support".⁶¹

This pro position implies a close relation between the industrialists and parts of state apparatus, but their decision is formally justifiable because the industry is part of the strategic development plan. Moreover, it will strengthen the state's ambition to become the biggest pulp producer in the world.

From the local people's point of view, however, the establishment of PT IIU raised at least two issues. The first issue is land transfer. Part of the land allocated for the factory was owned by the community. The conflict emerged because the transfer of the land, according to local customary law, was illegal.⁶² Regardless of this dispute, the PT IIU staff proceeded the take-over. This of course raised the anger of the community because the land is the only source of income that the people have. Some of the community members fought for the right to retain their land. This conflict eventually led

⁶¹ *Environesia*, Vol. four, No. two, p. 4.

⁶² "..., their land was transferred to IIU by the village headman. He had cooperated with the Camat (subdistrict chief) in facilitating this takeover (*pago-pago*) for the amount of Rp. 60,000 (US\$360) without consent of the landowners. Such transaction is not legal in the Batak region, as customarily only the tribal leader, in this case the Barimbing clan, may carry out *pago-pago*. Customary law forbids the village headman from representing tribal interests." *Environesia*, Vol four, No. two, April/August 1990, p. 3.

ten elderly women to be sentenced to six months in jail as the judge decided that they were guilty of destroying ten ha of PT IIU eucalyptus plantation.⁶³

The second issue was law suits. At a provincial level, with assistance of LBH Medan, nine villagers from the factory area sued their local government and PT IIU for compensation. They sued for "the damages to crops and loss of income due to deforestation and water drop in the area water table".⁶⁴ This suit was eventually abandoned due to alleged intimidation from North Sumatran officials including the military.⁶⁵

At the national level WALHI, represented by LBH sued PT IIU and five governmental units including the Governor of North Sumatra, the Board of Investment (BKPM) and Ministers of Industry, of Population and Environment, and of Forestry on behalf of the environment. This law suit was grounded on two things. First, PT IIU has irrevocably damaged the local environment. Second, the government agencies issued the business license improperly. WALHI accused the government officials of granting a forest concession in the absence of an Environmental Impact Assessment (EIA) required by Government Regulation No. 29 of 1986 (PP ANDAL). This suit served as a testing ground to measure the seriousness of the government to enforce its own environmental laws.

⁶³ *Ibid.*, p. 3.

⁶⁴ *Environesia*, Vol. three, No. One, March 1988, p. 9.

⁶⁵ *Environesia*, Vol. Three, No. two, p. 8.

The critical question of this study is not the degree of environmental degradation, or whether or not the environment was degraded. Instead, it is how the state responded. From this regard, there some interesting points. The first is in regard to WALHI's right to sue. Initially the defense council, part of the state apparatus, charge that WALHI had no right to do so, later on it reversed this claim.⁶⁶

Second, "[p]olitical control in Indonesia has made it difficult for WALHI to counter the unsubstantiated evidence provided by the Government".⁶⁷ For example, during the trial period in April 1989, TVRI, the state-owned television company and the only domestic television broadcast available at that time, twice broadcast a report in favor of PT IIU. "In its world news program it reported that the factory does not cause pollution, especially to the nearby rivers. The broadcast had Coordinating Minister for Political and Security Affairs Sudomo and local people talking in support of IIU".⁶⁸

The verdict of that trial allowed both parties to claim success. The judge decided that the Government was not at fault and the procedure of Environmental Impact Analysis was valid as undertaken.⁶⁹ WALHI on the other hand claim a success in that its right to sue was granted. In fact, this

⁶⁶ *Environesia*, Vol. three, No. one, p, 10.

⁶⁷ Nusantara, Abdul Hakim G, *op. cit.*, p. 16.

⁶⁸ *Environesia*, Vol. three, No. two, p. 8.

⁶⁹ Nusantara, Abdul Hakim G., *op. cit.* p. 16.

was WALHI's main "political" target, to be the first institution to challenge the state through the court in defense of the environment.

2. THE RELEVANCE.

The unequal burden and benefit of development. There are many legal provisions granting the same right and obligation to everybody. This is, however, merely a formal opportunity. The granting of formal opportunity is important but it is politically insufficient if people are unable to use it effectively. If the opportunity granted was practiced, there would have been relevancy for WALHI to sue the government.

Politically, the burden of development is not set equal automatically. For example, those who were displaced by development projects have to struggle for fair compensation of material and immaterial losses they experience. There are many cases in which people or communities fail in their struggle due to state's resistance. The typical attitude of resistant is met by the state accusing people as being "trouble maker", "anti developments", or "communists", essentially discrediting them from the rest of the society.

The state has not always resisted popular demand for equal share of the burdens and benefits of development. The WALHI' lawsuit is one example. Initially the state denied

WALHI's attempt to sue the government. WALHI, a big NGO with linkages both at national and international levels, sufficiently countered with strong political influence. Conversely, the attempt of the politically weak people from the surrounding PT IIU to sue their local government and PT IIU, was abandoned due to the state's political control and resistance.

Comprehension of the spirit of mutual vulnerability. Mutual vulnerability is a spirit needed to be manifested in carrying out development activities. It rejects one group dominating another. Instead, it calls for mutual assistance.

The Dukuh Tapak case provides a lesson of the manifestation of the lack of the spirit of mutual vulnerability. On the one hand, protection of industries from part of the state's apparatus -- in the name of industrial development, political stability or job creation -- permitted vulnerability through the lack of protecting the environment. On the other hand, local community groups and NGOs remain vulnerable since the political structure allowed an easy denial to their demands. At the community level such vulnerability causes further deterioration of the environment and also their livelihood.

The involvement of NGOs in the Dukuh Tapak case means an attempt to raise mutual vulnerability between the society and the state. Their attempts, were not effective until two

national environmental agencies, the KLH and the RAPEDAL, supported the boycott.

The absence of support of those two environmental agencies would maintain complete vulnerability of both the local community and NGOs. The point here is that the willingness to exercise state power in defence of environment and vulnerable social groups has led to problem solving.

The willingness of the local community and NGOs to demand that industry actually meets its responsibilities lessened the vulnerability of the state to control all industries, especially in that area. There is no question that the state by itself was unable to control them.

The Kedung Ombo case is a good example of the failure of the state to comprehend the spirit of mutual vulnerability. The Kedung Ombo community, is a vulnerable social group. Yet they are perceived as the "hindrance" of development because they prevented state's intention to finish the project on time.

The involvement of a third party (NGOs, students, intellectuals, mass media etc.) lessened local people's vulnerability vis a vis the state. The support community encouraged the local community to insist on their demand and has its bargaining position.

The state's insistence, on the other hand, eventually showed its vulnerability. As the state responds to people's demands with force, i.e. inundate the community, it

jeopardizes its credibility. National and international support to the Kedung Ombo community, which arose due to a repressive measure, eventually lessened the state's insistence to deny the demand of the community. State compromise was unavoidable, with an environmental sacrifice, allowing the green belt to become less functional.

Regardless of the strength of the state, its apparatus in fact is fragmented into competing factions. For the purpose of this study they are categorized into those who defend the politically sustainable development and those who are indifferent or in opposition. The enhancement of the spirit of mutual vulnerability is highly dependent on which faction has more power.

The essential spirit of mutual vulnerability, however, is not weakening the state against the society or vice versa. Instead, it is a driving force to help each other in resolving problems of development.

Politically meaningful participation. WALHI's lawsuit also aimed at breaking up the conventional expectation that participation means obeying state's policies or guidance, but also includes actions in objecting them. In this sense, it is an unconventional style of participation. The future challenge is to turn this into convention.

WALHI's lawsuit brought two interesting points. First, this kind of unconventional participation is elitist in the

sense that it could not be understood, let alone to be done, by ordinary people. Second, because WALHI's attempt essentially was political, the state response was also political. The overwhelming power and facilities available for the latter made it easy to counter-act that kind of participation. The use of television broadcasts to negate information distributed by WALHI is evidence.

Popular participation as a self-expression in seeking the betterment of their well-being is not always constructive, if it is understood as a self-interested struggle against others. It should be done in the spirit of mutual vulnerability; The weak bargaining position of the society against the authoritarian political structure. However, there is no guarantee that the powerful state would not serve its own interest. The lack of such guarantee, in many cases, stimulated people's commitment to destructive measures.

To avoid destructive popular participation, the authoritarian state of Indonesia needs to more participatory so that people may struggle for the betterment of their well-being.

All three criteria of politically sustainable development ideally reinforce one another and therefore need to be comprehended simultaneously.

D. THE POLITICAL CHALLENGES: CONCLUSION.

Assessment by the three criteria -- equality, mutual vulnerability and participation -- shows that an authoritarian form of the state is not conducive for politically sustainable development. Nonetheless, there are factions within the state attempting to create conducive conditions.

The authoritarian-developmental state finds it difficult to allow politically sustainable development to proceed as a new paradigm. The seriousness of the state to adopt sustainable development at a paradigmatic level is tested by the unwillingness to revise, if not to abandon, the authoritarian-developmental framework.

Objections to the current framework is not only that authoritarianism yields weak performance in the three criteria of politically sustainable development, but also in that the developmental role of the state tends to overlook non-economic-oriented development. The objection to the developmental state framework is not only in that it exaggerates the importance of economic growth but also that it take a partial view of human development.

The main challenge for Indonesia's political sustainability is to restructure the state, namely transforming the authoritarian-developmental state into an alternative form. Such an alternative however, does not necessarily mean reviving Western liberal democracy that

Indonesia failed to implement in the 1950s.⁷⁰ The local-form of democracy, attributed as democracy of Pancasila, is not well established, so far subject to the persistence of authoritarianism.⁷¹

In searching for alternatives, this study proposes three requirements. The new format of the state should: (1) facilitate the orientation of sustainable development, (2) promote partnership between the state and the society, (3) be capable of sustaining the current successes. Needless to say, the three criteria of a politically sustainable development discussed earlier are conducive to these requirements.

1. Facilitation of the orientation of sustainable development. In terms of this goal, sustainable development should be oriented toward human development. Methodologically the required facilitation is to replace the output-oriented development with a process-oriented development. This is critical because currently the state tends to overemphasize the urgency of economic output, and hence overlooks the appropriateness of development process. Included in the reorientation into process-oriented development is a spiritual aspect to ensure a humane type of development. For example, it

⁷⁰ J. Soedjati Djiwandono, suggests that the failure was not only because Western liberal democracy was unsuitable to Indonesian conditions, but also Indonesians themselves are not -- at least as yet -- capable of practicing modern Western liberal democracy. See Djiwandono, J. Soedjati, "Progress in Democratic Experiment in Indonesia", in *Southeast Asian Affairs 1989*, Institute of Southeast Asian Studies, Singapore 1989, p. 158.

⁷¹ This is understandable because historically Indonesia has been lacking in democratic tradition. *Ibid.*, p. 156.

is contradictory to the spirit of development when the state apparatus discredits people who demand equal treatment as "anti-development", "subversive" or "communist".

In terms of human development index (HDI) the UNDP ranked Indonesia in the 98th, but its GNP is rank 19 points lower.⁷² This fact does not necessarily mean that Indonesia's development is more oriented toward human development than economic development. First, HDI only measures life expectancy, adult literacy, years of schooling and income per capita.⁷³ Bearing in mind the broadness of the concept of human development as being discusses in chapter I, HDI only measure a small part of it.⁷⁴ Second, HDI only measures the output and not the process of development. In the Indonesian case, measuring this aspect would negate the relatively strong performance of HDI. In terms of human freedom index (HFI), for example, Indonesia is ranked in 5th from the bottom.⁷⁵ This confirms the earlier assertion that Indonesia's development is more output-oriented rather than process-oriented.

Shifting into process-oriented type development will be conducive to the state's current attempts to strengthen its

⁷² From both indicators, however, Indonesia is still in the lowest group. UNDP, *op. cit.*, 1991, p. 120.

⁷³ See technical notes in UNDP, *op. cit.*, 1991, pp. 88-100.

⁷⁴ In commenting to the limitation of the HDI, the UNDP acknowledges that "... the concept of human development is much broader than its measurement." See UNDP, *op. cit.*, 1991, p. 15.

⁷⁵ See UNDP, *op. cit.*, 1991, p. 20.

capability in environmental protection and management. Moreover, the humane development process would encourage people to participate in environmental protection and management.

2. The promotion of partnership between the state and the society in development process requires a shifting from state-led into participatory form of development. The success of the state-led development in providing material progress, to a considerable extent, depends on the availability and the control of natural resources. Assuming that the natural resources become scarcer and the life support system become more vulnerable, the state-leadership would lose its relevancy for future development. This is exactly the case with the declining revenue from the main natural resources, namely oil and natural gas, has forced the state to withdraw state leadership by launching SAP. This suggests an urgency of strengthening the society in order to be ready to share the "cost" and the "fruit" of development.

Sustainable development demands the strengthening of society's bargaining position vis a vis the state in order to partnership between them occurs. Otherwise the state has a potential to resist popular needs of equality, mutual vulnerability and participation. As was mentioned earlier, the legal guarantee from the state for equal right and obligation before the law, the right and obligation to protect the environment and resources are meaningless if the society is

kept apolitical.

3. Sustaining the current success. There are two salient legacies of the authoritarian-developmental state which are relevant in strengthening the pursuit of sustainable development: (a) The provision of material needs. This is crucial in overcoming the persistence of poverty and bare subsistence. (b) The provision of stability. This is necessary condition for development process to succeed. In terms of pursuing these two, however, the New Order state is subject to criticism. It exaggerates material progress and socio-political stability and at the same time sacrifice other important aspects. In many cases popular initiatives were barred as socio-political destabilizers. In other cases the state overlooks the protection of survival of the weakest economic groups in the name of material progress.

The state needs to redefine the concept of stability. In the current framework stability only refers to socio-economic aspects and excludes environmental aspects. In order to achieve sustainable development the environment requires stability, in the sense that the process of supporting the improvement of quality of life should not exceed the carrying capacity of the nature. Integrating this dimension with the current development efforts dictates a comprehensive understanding of political stability. For example the state discouragement of the rise of social movement in defence of environment was unjustifiable because the short-term socio-

political stability that the state wanted to maintain was done at the expense of environmental stability and even particularly, of long-term political stability.

The proposed idea of stability is not easy to realize in Indonesia due to a competition between technocrats and the military within the state.⁷⁶ Such a competition potentially hinders the inclusion of environmental concern within on the concept of stability. There is no need to explain that stability affairs are under the control of the military. Such an inclusion might lead the military to take control of environmental policies which are currently under a technocrat's control.

The question of who might be the agent of change -- whether elite or masses -- is very interesting. This, however, is not addressed because it is beyond the scope of this study.

⁷⁶ On the issue of competition between technocrat and military, see Robison, Richard, *op. cit.*, 1986.

CHAPTER VI

CONCLUSION

This study departs from Timberlake's premise that sustainable development is about making development developmentally sound, instead of environmentally sound. In making development, developmentally sound, a political analysis is important because: (1) it complements the economic and the ecological perspectives which dominates the current discussion of sustainable development; (2) it brings the idea of sustainable development into reality.

With regard to the map of the thinking of sustainable development, this study endorses a radical position which attempts to interlock technocentrism and ecocentrism. As a new paradigm, sustainable development respects the existence of natural limits and social limits. Consequently: (1) the pursuit of material progress should be replaced with the pursuit of human development, (2) it calls for social, economic and political rearrangement.

The political arrangement of the current development paradigm in Indonesia is authoritarian-developmental. The perpetuation of this political arrangement led the state to adopt technocentric reformism. The technocentric character of development in Indonesia manifests in the reliance on state's power. The reformism character is indicated by unwillingness to redefine the notion of development. Rather than modify the

orthodox paradigm of economic-growth-oriented development most of its attempts to bring about sustainable development rely on the ability to manage environment and natural resources.

The state admits that authoritarianism is a cost for bringing about economic-growth-oriented development. The authoritarian form of the state inherited from Sukarno's era has been preserved by the New Order Government. Moreover, a series of transformations was launched in order to ensure relative autonomy of state in implementing the material-progress-oriented development. Mochtar Mas'ood points out five pillars of the formation of the authoritarian-developmental state in Indonesia: (1) control of the civil bureaucracy, (2) the coordination of the armed force, (3) loyal popular representatives, (4) simplified system of political parties, and (5) the President's office as the core.¹

The developmental state framework assigns the state leadership in development by creating a balance between: (1) government regulation and market processes, (2) state and civil society, and (3) domestic and international economies.² The way to do so is to selectively intervene in the market.

The implementation of the developmental state framework in Indonesia is characterized by (1) the accelerated transnationalization of the economic structure, (2) the emphasis on accumulation in the public sector as well as

¹ Mas'ood. Mochtar, *op. cit.*, p. 150-184.

² White, G. and Wade, R., in White, G. (ed.), *op. cit.*, p. 25.

support for accumulation in the private sector, and (3) the strong material and coercive capacities of the state to formulate and enforce its own priorities for accumulation.³

Treating sustainable development as a subordinate of authoritarian-developmental state is deficient. The unchecked concentration of power in the hands of the state inevitably has negative impacts: abuse of the state's power. The state has been unable to comply with capitalist framework that it intended to do because of the lack of competition. State bureaucrats started to take advantage of their strong political position to enrich themselves.⁴ This deviation is labeled as 'ersatz capitalism' by Kunio⁵, as 'bureaucratic capitalist state' by Arief Budiman and as 'military bureaucratic state' by Richard Robison.

The powerful state's force is not balanced by strong institutions to allow effective natural resource and environmental management. Moreover, the powerful forces do not always operate within the institutional arrangement. Instead, they operate within the political framework which is beyond that of natural resources and environmental management.

There are conflicting interests embedded in the functioning of the state. On the one hand the state attempts

³ Park, Sa-Myung, *op. cit.*, p. 269.

⁴ Budiman, Arief, "The emergence of the Bureaucratic Capitalist State in Indonesia", in Lim Tech Ghee (ed.), *Reflections on Development in Southeast Asia*, Institute of Southeast Asian Studies, 1988, p. 112

⁵ Kunio, Yoshihara, *op. cit.*

to have sound management of natural resources and environment by creating sets of institutions. In this respect the soundness of the management is heavily dependent on functioning of those institutions. On the other hand, the core power of the state attempts to resist the framework of the management. This is shown by the interest of the ruling elite to gain independent control over PERTAMINA and the state's forest for its political interest. Their success in achieving their goal inhibits progress in implementing sustainable development.

Unless the powerful forces of the state function in support of the management of natural resources and environment, the implementation of sustainable development suffers from internal barriers. In other words, the state reliance on its ability to manage natural resources and environment in achieving sustainable development is weak due to the exclusion of political power from the practice of resources and environmental management.

Regardless of the deficiency of authoritarian-developmental state framework in politically guaranteeing the sustainability of Indonesia's development, there has been no attempt to abandon the framework. Currently sustainable development is implemented as a subordinate of that framework. Bearing in mind that sustainable development is a new development paradigm, accordingly it should replace the authoritarian-developmental framework.

There is no doubt that the implementation of the authoritarian-developmental state framework has led Indonesia to considerable progress, such as economic growth, reduction of poverty, the increase of life expectancy and so on. But this is not a justification to preserve it because it does not guarantee success in the future. Moreover the sustainability in achieving that "success" is questioned. The assessment in chapter V has shown, based on the criteria of the politically sustainable development -- equality, mutual vulnerability and participation -- the current political arrangement does not provide a sufficient guarantee of political sustainability. The authoritarian form of the state is not conducive for creating a politically sustainable development.

The seriousness of the state to adopt sustainable development at a paradigmatic level is tested by the unwillingness to transform the authoritarian-developmental framework. Therefore, the main challenge for Indonesia's political sustainability is to restructure the state's power and approach, namely transforming the authoritarian-developmental state into an alternative form.

In searching for the alternative this study proposes three requirements. The new format of the state should: (1) facilitate the orientation of sustainable development, (2) promote partnership between the state and the society, (3) be capable of sustaining the current successes. Needless to say the three criteria of a politically sustainable development

discussed earlier are conducive to these requirements.

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