Widjojo Nitisastro, the Praxis of Development in Indonesia, and Its Comparison with Allison Ayida of Nigeria

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Abstract

This paper is about Widjojo Nitisastro (born in 1927) the chief architect of Suharto's New Order economic development. It traces his intellectual and professional development as an economist-technocrat, particularly during his tenure as cabinet minister (1967-1983). Widjojo was instrumental in decisively reshaping Indonesia's development trajectory from the mid-1960s onward. Under the direction of Widjojo, Indonesia became a model for developing countries in successfully reducing poverty and boosting per capita income. Besides describing Widjojo's important role in developing a sustainable macro-economic policy, the paper also examines his influence in two key sectoral policy areas: agricultural development and population control. It was Widjojo's conviction that economic growth could only be sustained if the rural masses could contribute to the national economy. Widjojo's role in shaping the celebrated 'rural bias' of early New Order economic policy is often overlooked today, and his reclusive personality has made him something of an enigma in the political economy of Indonesia's development miracle. As a comparison to Widjojo I took Allison Ayida (born in 1930), a well-known Nigerian economist-
technocrat, who played an important role in the development history of his own country. Allison Ayida last position was Permanent Secretary, Federal Ministry of Finance, 1972-1977. This paper assesses the differences between Widjojo and Ayida in terms of thinking on strategic development issues, and asks how much those differences had to do with the divergent policy choices and development outcomes in their two countries. Did political instability, as many have argued, condemn astute and well-intentioned Nigerian technocrats to ineffectuality, marginality and insignificance? Or did aspects of their own beliefs and ideology contribute to their, and their country's, failure? The paper argues that committed technocratic leadership is critical if national planning institutions are to implement an effective development policy and that besides technical competence, effective technocrats also need a visionary nationalistic approach to improving the social and economic conditions of the people. Widjojo Nitisastro exemplifies the requisite combination of idealism and pragmatism, a combination from which lessons can be learned by other developing country.

Keywords: Widjojo Nitisastro; Allison Ayida; Indonesia; new order economic policy; sustainable macro-economic policy; agricultural development; population control; political economy.

JEL classification: E00; J00; O57

1. INTRODUCTION

Exogenous and endogenous factors play important role in transforming economic development of any country. From the mid-1960s through the 1980s the development path of the post-colonial states in Asia and Africa were influenced by the Cold War bipolar geopolitics. In Indonesia, the emergence of a new political regime under Suharto also benefited by the change orientation of the international environment. With the adoption of development as a working ideology, the Suharto regime aligned well into the geopolitical needs of the US and its allies, following the fall of South Vietnam to the communist north.² The changing path of many post-colonial states from their non-aligned stance as they declared in their first Asian-African Conference in 1955 in Bandung (Indonesia) marked the popularity of a more pragmatic economic ideology. While exogenous factors continue to play an important role in shaping the path of development, endogenous factors, however, cannot be ignored and are often more crucial in the making of real economic achievements. As a

developmental state Indonesia has been studied from various angles, a complete understanding of what made Indonesia a success in improving its economy, however will never be fully comprehended. There are always new insights whenever we tracked its economic development. The existence of committed economist-technocrats group that assisted Suharto in formulating and implementing economic development was well-known in the economic development literature. This paper intends to search further into this line of thinking by looking in greater detail the role of one particular person who was an enigma behind the success of Indonesia’s economic development, namely Widjojo Nitisastro.

Widjojo Nitisastro is an economist whose career was shaped in the heyday of the modernization schools of the 1960s and 1970s. His thinking was therefore strongly influenced by the positivism that was very influential during his time. Widjojo believed that social and economic progress can be achieved through careful development planning, in which economics should be the key and the most important factor to advance the country’s economic, social and political transformation.3 While he lived in a transitional period between the failure of the totalitarian/socialist state’s planning on the one hand and the ascendancy of market liberalization, he decided to solve the economic problems in his country in a more pragmatic manner in which economic development theory is used only in principle with greater adjustment to Indonesia’s existing economic and political conditions and available resources. Apart from the intellectual resources that Widjojo acquired through his academic training, the crucial factor was his careful personal connection with General Suharto who controlled the state’s power. However, without a strong commitment to his nation and a sense of purpose to improve the welfare of his fellow countrymen, all the available resources would not have been meaningful in the effort to change his society and country. It is argued that Widjojo was a scholar engaged totally in the development process which he was able to materialize through his ideas, knowledge and vision into practice. Widjojo Nitisastro was simply representing the praxis of development.4

The praxis of development that was represented by Widjojo should be understood within the context of a developmental state. Fritz and Menocal (2007) define the state as ‘an abstract yet powerful notion that embraces a network of authoritative institutions that make and enforce top-level decisions throughout a territorially defined political entity’. A

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3 Development jargons such as “sustainable development”, “human development” and “environmental friendly development” were not yet born during Widjojo’s time.

4 Praxis in this paper is defined as “the process by which a theory, lesson, or skill is enacted or practiced” en.wikipedia.org/wiki/Praxis_(process)
common factor among developmental states appears to be a committed leadership that is embedded in the ‘right’ context of demands. Developmental states are usually characterized by a leadership which is strongly committed to developmental goals, and which places national development ahead of personal enrichment and/or short-term political gains. Fritz and Menocal (2007) noted that the emergence of such a leadership often is associated with a severe economic crisis and the response that political elites have designed to overcome it. A certain degree of political stability is usually a precondition for such capacities to be sustained and to flourish. Aspects of the domestic context are important as well: demands arising from society, and in particular from wider elite groups, as well as international factors, may help or hinder the efforts of a national leadership in pursuing developmental goals. Fritz and Menocal (2007) argued that state capacities generally cannot increase if a developmental commitment among the state elite is missing or insufficiently resolute. However, commitment at the elite level is insufficient on its own. It is usually necessary for the elite to expound a vision that connects the state and society in a mutually binding way, through some form of shared ‘national project’. The developmental state is characterized by a leadership which is strongly committed to developmental goals, and which places national development ahead of personal enrichment and short-term political gains. Development states also assume the existence of a vision that connects the state and society in a mutually binding way, through some form of shared ‘national project’.

2. TRACKING THE PATH OF AN INDONESIAN TECHNOCRAT⁵

Widjojo Nitisastro was born in Malang, East Java, on 23 September 1927 from a strongly nationalist family background. His father was an inspector of an Elementary School and played an active role as a social volunteer in a village peasant organization, and as a member of Parindra (Partai Indonesia Raya or Greater Indonesia Party). The strong sense of nationalism was indicated by the refusal of the member of his family to be employed in the Dutch colonial government’s public service and

⁵ Mohamad Sadli, one of the key technocrats in the early years of Soeharto’s New Order defined the “technocrats” as top government officials who in preparing economic policy-making were guided by rational considerations, having the national interest at heart, and observing the major principles of economics, such as opportunity costs and the scarcity of resources. Furthermore Sadli said that the technocrat, instead of basing their arguments on ideology, their preferred guideline was pragmatism, which is the principle of “what is good is what works” (Thee Kian Wie, 2003: 22).
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instead chose to be teacher at a nationalist school, “Taman Siswa”. As a Senior High School student in Malang, Widjojo joined TRIP (Tentara Republik Indonesia Pelajar) and experienced the battle ground of Indonesia’s independence’s war against the Dutch and its allies in Surabaya, the capital of East Java. After the war and graduating from Senior High School, Widjojo Nitisastro studied economics at becomes a student of economics at the Faculty of Economics, University of Indonesia (FEUI) under the mentorship of Professor Sumitro Djojohadikusumo, the dean of the Faculty of Economics. Sumitro, a member of PSI (Partai Sosialis Indonesia or Indonesian Socialist Party), had received a doctorate degree in economics from the Netherlands School of Economics (Nederlandse Economische Hogeschool), now the Erasmus University, Rotterdam, the Netherlands. As a student Widjojo was also active as a high school teacher and a staff member at Biro Perancang Negara (The State Planning Bureau) that was created by Sumitro Djojohadikusumo) under Minister Djuanda. It was during this period (1952-3) that Widjojo was introduced to Professor Nathan Keyfitz, a demographer and consultant for Indonesia’s population program in the Biro Perancang Negara. During that time Widjojo had an opportunity to accompany Keyfits to East Java, “examining how the villagers made a living”. In 1954, Widjojo and Nathan Keyfitz published a book on the problem of development entitled “Soal Penduduk dan Pembangunan Indonesia (Population Problems and Indonesian Development)”. This book represented the beginning of Widjojo’s long interest on the nexus of economy, demography and development.

In 1955 in an academic symposium discussing the socio-economic basis of the Indonesian state, Widjojo disputed Wilopo’s view on the interpretation of the place of economy in the constitution. Widjojo was still a student while Wilopo himself was a lawyer and a former prime minister, a leader of PNI (Partai Nasionalis Indonesia or Indonesian Nationalist Party). The theme of the symposium was chosen as an attempt to influence the on going discourse on the notion of the economy.

6 The year of Widjojo’s birthday was coincidentally marked by two historically significant nationalist events. In 1926 the first nationalist rebellion against the Dutch colonial government led by Indonesian Communist Party broke up in West Sumatra. In 1928 the various youth organization, many based on ethnicity, organized a national meeting in Batavia (now Jakarta) and declared “one nation, one language and one country”, “Indonesia”.

7 See Keyfits (2007) “I will always be Proud of Having His Friendship”.

8 The Socio-economic basis of the Indonesian state: on the interpretation of paragraph 1, article 38 of the provisional Constitution of the Republic of Indonesia by Mr. Wilopo and Widjojo Nitisastro ; translated by Alexander Brotherton, and published in 1959 by Cornell Modern Indonesia Project. It should be noted that the wording of the article 38 of the provisional constitution was similar with the original text of the 1945 constitution.
within the Indonesian state that was strongly dominated by the perception that the economy should be controlled and planned by the state. In response to Wilopo's strong view that the state should control the economy through a populist and nationalistic planning, Widjojo argued while the state was important, market forces should also be given a space to avoid a totalitarian control of the economy by the state. In 1955 Widjojo Nitisastro finished his first degree in economics with a cum laude predicate, and was appointed as Director of LPEM (Lembaga Penevlidikan Ekonomi dan Masyarakat or Institute for Economic and Social Research), Faculty of Economics University of Indonesia. The study of rural areas became one of the priorities of its research activities. In 1956 Widjojo and his colleague J.E Ismael published their research report on "Beberapa Bahan Keterangan Mengenai Penduduk Djabres: Suatu Desa di Djaiva Tengah" (Some data on the population of Djabres: A village in Central Java, in Ekonomi dan Keuangan Indonesia (Economics and Finance in Indonesia) (December 1956), an economic journal published by LPEM-FEUI. This article was translated and published as a monograph by Cornell University in 1959 under the title "The Government, Economy and Taxes of a Central Javanese Village". The article clearly shows how Widjojo perceived the village economy from a multidisciplinary angle, exposing the linkages at the village level between the economy, social structures and the government. The study reflected Widjojo's broadminded view which was not only concerned with "macro problems" but also "micro problems" and other social dimensions beyond a narrowly defined economic point of view.

9 The symposium that was held in September 1955 a few months after Indonesia hosted a celebrated Asian and African Conference in Bandung, West Java, in which a non-aligned movement platform was declared. On this Asia Africa Conference, see Kahin (1956). Sri Edi Swasono (2002) a proponent of a populist economy (Ekonomi Kerakyatan), also from the Faculty of Economics, University of Indonesia, the major differences between Widjojo and Wilopo was centered around the interpretation of Article 33 of the 1945 State's Constitution. In his interpretation, Widjojo argued that cooperatives was only one avenue to improve the people's welfare, and stated that he was open to the idea of the market as another important way to increase income per capita and at the same time achieve economic equity. Widjojo noted the ambiguity of the "family principle" in the constitution and on the seemingly contradictory roles between the private economy on the one hand and the cooperatives and state's economic institutions on the other. Wilopo, on the other hand, argued that economic prosperity should be achieved through state's policy that is fundamentally based on populist ideals and economic democracy. Wilopo rejected market liberalism and insisted on cooperatives and a national economy based on the "family principle". The different views between Wilopo and Widjojo on the interpretation of the constitution, according Boediono (2007) reflected the sincere and unquestionable nationalist commitments of both on the urgency to improve the welfare of their fellow countrymen.

10 See Boediono's tribute to Widjojo (2007: 132-133). Boediono, a professor of economics from Gadjah Mada University in Yogyakarta, Central Java, received his PhD in Economics in 1979 from the Wharton Business School, University of Pennsylvania,
In 1957 Widjojo obtained a scholarship from the Ford Foundation to pursue a postgraduate study in economics at the University of California, Berkeley, USA. He needed only three and a half years to complete his doctoral study (1961), with a PhD thesis entitled "Migration, Population, Growth, and Economic Development in Indonesia: A Study of the Economic Consequences of Alternative Patterns of Inter-Island Migration". In June 1962, at the age of 34, Widjojo was promoted as professor in economics at the University of Indonesia, and delivered his professorial speech, in August 1963, entitled "Analisa Ekonomi dan Perencanaan Pembangunan" (Economic Analysis and Development Planning). In 1964 Widjojo was appointed as the dean of the Faculty of Economics, and also as the director of Leknas (Lembaga Ekonomi dan Kemasyarakatan Nasional, the National Institute of Economic and Social Research) as part of MIPI (Majelis Ilmu Pengetahuan Indonesia, Indonesian Council of Sciences). It was at Leknas - the first think tank after independence - that Widjojo gathered economist and social scientists to discuss the pressing social and political issues at the time. Aware of the need for rigorous demographic research for economic and development planning, in August 1964 Widjojo, together with Nathanael Iskandar, Kartomo Wirosoehardjo, and Kartono Gunawan, established the Demographic Institute at the Faculty of Economics University of Indonesia. Widjojo also taught as a lecturer at SESKOAD (Sekolah Staf dan Komando Angkatan Darat/ Army Staff and Command School), and at AHM (Akademi Hukum Militer/Military Law Academy).

In early May 1966, not long after the fall of President Sukarno, an important symposium "Kebangkitan Semangat '66: Mendjeladjah Tracee Baru" (Awakening of the 66 Spirit: Exploring The New Tracee) was organized by two anti-Sukarno campus-based organizations: KAMI (Kesatuan Aksi Mahasiswa Indonesia or Action Unit of Indonesian Students) and KASI (Kesatuan Aksi Sarjana Indonesia or Action Unit of Indonesian University Graduates) at the University of Indonesia in Jakarta. In this symposium Widjojo led the economic panel on the theme "Menyusun..."
Kembali Sendi-Sendi Ekonomi dengan Prinsip-Prinsip Ekonomi” (Rebuilding the Economic Foundations based on Economic Principles). This symposium was important because it laid the economic foundations for the creation of General Suharto’s New Order regime. In the same year (1966) Widjojo was appointed as the leader of the Team of Experts in the field of Economics and Finance, advising General Suharto on economic matters. The other team members were also economic professors from the University of Indonesia: Mohammad Sadli, Subroto, Ali Wardhana, and Emil Salim.\(^\text{12}\)

In July 1967 at the age of 39 Widjojo was appointed as Head of the National Development Planning Bureau (Bappenas) the powerful planning institution that he held for sixteen years. In September 1971 Widjojo was promoted as Minister for Economic Planning, and from 1973 to 1983 served as Coordinating minister for Economics, Finance and Industry. From 1967 to 1983 Widjojo was also active as the head of the Indonesian delegation in various international meetings and organizations, including the meetings with the Inter-Governmental Group on Indonesia (IGGI), the international aid consortium for Indonesia chaired by the Netherlands, and the Paris Club (1967-1970) to discuss the rescheduling of Indonesia’s foreign debt to the Western countries and Japan. Widjojo also served as member of the South Commission under the leadership of Julius Nyerere (Tanzania’s President) and as member of the Board of Inter-Action Council, under the leadership of Helmut Schmidt (West Germany’s Prime Minister). Widjojo officially retired from his formal state position in 1983 at the age 55.\(^\text{13}\)

\(^\text{12}\) According to Glassburner (1971: 433) the so-called economist-technocrats group originally consisted of five persons (Widjojo Nitisastro, Mohammad Sadli, Subroto, Ali Wardhana, Emil Salim), together with Sumitro Djojohadikusumo, Minister of Trade (1968-73) and Minister of State for Research (1973-78), Frans Seda (former minister of finance and subsequently minister of communications), and Radius Prawiro (Governor of Bank Indonesia, Minister of Trade (1978-83) and Coordinating Minister of Economic Affairs (1988-93).

\(^\text{13}\) Indonesia entered economic liberalization after Widjojo officially no longer in office. This new economic regime was led by Ali Wardhana that since 1983 promoted from Ministry of Finance (1968-1983) into Coordinating Minister for Economic and Finance and Development Supervision (1983-1988) replacing Widjojo Nitisastro. The shift from Widjojo to Ali Wardhana ensured the adherence of basic principles of economic development strategy that was laid down by Widjojo. On this particular policy shift, Thee Kian Wie (2003: 33) commented: “The last significant policy success of the economic-technocrats was the effective implementation of macroeconomic adjustment and structural reform programme in response to the sharp deterioration in the country’s term of trade in the first half of the 1980s. This occurred as a result of the steep fall in the price of oil 1982, and an even steeper fall in early 1986. The macroeconomic adjustment measures proved to be quite effective in restoring macroeconomic stability by 1985/86”.

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Suharto, however, retained Widjojo and Ali Wardhana as his senior economic advisors until Suharto stepped down from power in May 1998.

3. WIDJOJO NITISASTRO AS SEEN BY OTHERS

Muhammad Chatib Basri (2008), a representative of the third generation of economists after Widjojo, and currently director of LPEM-FEUI metaphorically described Widjojo Nitisastro as a Swiss watch: “detailed, working with a precision and known for its high reputation”. Widjojo, according to Basri, perceived Indonesia in the mid-1960s as a nation plagued with inertia and desperation, a big country where 80 per cent of its population were in absolute poverty, with limited government revenues and having a low international trust. Widjojo and his economic team proved to be able in pulling Indonesia from its dire economy, according to Basri, and belonged categorically in the Keynesian rather than the Friedmanian neoclassical economic school. Basri’s categorization of Widjojo’s school of thought was in line with Henry Rosovsky (2007), an economics professor from Harvard University, who argued that the success of Indonesia in reducing poverty was a product of a combination of three policies. Firstly, by adopting a rigorous agricultural policy and followed by labor intensive-processing industries; secondly, by providing access to the poor in development through improvements in education and health policies as well as in the investment of physical infrastructure, and thirdly, by reducing the rate of population growth. These three integrated development policy prescriptions, as described by Basri, “was a mixture of market forces and state intervention which was blended within the ideology of pragmatism”.

According to Nathan Keyfitz (2007: 34) “Widjojo first thought of himself as a demographer and that was indeed how he was trained, first at the University of Indonesia, then at the University of California, Berkeley, where he was a student of the already famous Kingsley Davis”. Keyfitz also noted that “no one was more aware than Widjojo of the need for education if Indonesia was to take its place in the world economy and society of nations”.14 Jakob Oetama (2007: 45), a senior journalist and

14 Peter McDonald, demographer, now director of the Australian Demography and Social Research Institute (ASDRI), Australian National University, Canberra, remembered that he did not sleep for two nights when he was asked by Widjojo in 1972 to make a projection of school age population in all the provinces in Indonesia. Widjojo need the data for the Second Five-Year Development Plan in which the government would embark on a free education policy for all primary and secondary school students in Indonesia. Peter McDonald was a consultant at the Demographic Institute Faculty of Economics, University of Indonesia, working with Professor Nathanael Iskandar, at the time Director of the Demographic Institute. (Personal communication with the author, 5 June 2009).
publisher of Indonesia’s largest daily newspaper Kompas, perceived Widjojo as a committed scholar who was fully engaged in solving the immediate economic challenges of his country. Widjojo and his economic team, according to Jakob Oetama, understood the primacy of politics in public affairs, including economic development. Widjojo and his economic team, however, realized that “the space of authority” under his control was limited. Widjojo was leaving politics to Suharto. “They were intentionally taking a distance and distinction that politics were not their business”, “politics is not his domain”, wrote Jakob Oetama. Widjojo knew very well his position and role as the “assistant” of President Suharto. The politics undertaken by Widjojo was, according to Jakob Oetama, the optimum effort to clear the way in order to maximize his duty in realizing the target of economic development. Economic development was perceived as a process of formulating strategy and planning, its elaboration into annual programs and implementation. Oetama argued that the kind of politics as perceived and conducted by Widjojo was within the domain of economic development which constitutionally the president was mandated to implement. When Oetama asked Widjojo what his view was about the critics’s allegation that the economist-technocrats were only concerned with economic growth and neglected equity and social justice. “Widjojo, as usual, would not directly answer the question. Only through his eyes did we know that he looked seriously reflective, and later on we would witness that he would show through his policy to solve the problem. Widjojo was well known for his habit of not answering the critics verbally; instead he would seriously find the way and concrete solution to the confronting problems.

Indeed, equality and social justice, have always been the disputed issues in Indonesia’s economic development, and constantly become the target of the Widjojo’s critics. Mohamad Hatta, the former vice president, himself an economist, was perhaps the first critic of the economic strategy of the New Order. Hatta, however, did not criticize Widjojo and his team openly. Hatta’s criticisms were only noticed later in the publication of his political biography which was written by Deliar Noer (1990). In the beginning Hatta was glad that Suharto had given his trust to the economists from University of Indonesia since he knew some of them well since their student years. Some of them were even part of the regular discussion group that he created around him. Hatta quickly become disillusioned with this younger generation of economists who in his view “could not resist the pressures from within and without”. According to Hatta the pressure from the IMF (International Monetary Fund) on the strategy of “politik uang ketat” (krapgeld politiek, tight money policy) to tackle inflation would weaken national production (Noer, 1990: 651). Although Hatta welcomed the success to reduce the high inflation rate within three
years, from almost 600 percent in 1965 to 10 percent in 1969, he argued that the economy as a whole was becoming more unequal as production was hampered. He criticized the emphasis on the monetary aspects of the economic strategy and also the tendency to move away from the economic ideals as enshrined in article 33 of the 1945 Constitution, where cooperation was given an important role. The pressure from within as seen by Hatta was particularly related to the persistent and unresolved problem of corruption. Hatta was also worried about the practice of liberal economic ideology and about giving foreign capital an important role in almost every sector without protection: agriculture, plantations, forestry and industry.\(^\text{15}\)

Hatta’s disillusionment with Widjojo and his team on the way the economy was directed coincided with the outbreak of large-scale riots on 15 January 1974 which subsequently was referred to as the “Maiari” (Maliapetaka 15 Januari) riots. These riots were sparked by the accumulation of student protests against the Suharto government on the path of economic development which was perceived as neglecting a more equal distribution of economic welfare to the majority of people. The students also criticized the government for allowing the domination of foreign capital, particularly Japanese capital, which was epitomized by the visit of the Kakuei Tanaka, the Japanese Prime Minister to Indonesia. Japan was perceived as a symbol of the domination of foreign capital in Indonesia. The extents of the riots were, for instance, evident from the burning of several show rooms of Toyota cars in Jakarta. The student protests and the people’s riots that followed must have been a heavy blow for Widjojo and his economic team. The political response from Suharto to the critics was very harsh, as reflected by the imprisonment of student leaders, lecturers and political activists some of whom were even brought to trial. However, Widjojo’s characteristic response could be seen from the changes in the economic development strategy in which equity was given more serious attention by the government.

At the international level, the critics of Indonesia’s model of development, for example, came from Herberth Feith, the doyen of Indonesian politics, who argued that the developmentalist theories and strategies could do little to alleviate poverty and which tended to turn poverty into misery for the rural masses, aggravate the misery of the urban masses and raise underdevelopment to even greater levels of extremity.\(^\text{16}\) Heinz Arndt (2007) in apparent response to such critics

\(^{15}\) Mohamad Hatta also regularly reminded the government through his letters to Suharto, Widjojo, Frans Seda, Radius Prawiro and Emil Salim (Noer, 1990: 636)

\(^{16}\) See Feith, IIES, April, 1974: 115. Herbeth Feith (1980) described Suharto’s New Order as a “repressive developmentalist regime”
argued that the objective of economic development created by Widjojo and his team was primarily to alleviate poverty and not equity. The poor could be made less poor if they were given a larger share of income or wealth. If the objective is the reduction of poverty, the most effective way is to increase the size of the cake, economic growth. Of course, economic growth is not a sufficient cure for poverty. Large pockets of poverty are left behind and need special attention. That is what Widjojo was doing with the creation of special welfare policies, such INPRES (Instruksi Presiden or Presidential Instruction) programs for housing, schools, roads and family planning facilities to which the Indonesian Government allocated much of its oil bonanza revenues in the 1970s and early 1980s. Arndt (2007) argued that Widjojo’s development target “was and is poverty reduction, not equity”.

4. ON AGRICULTURE AND POPULATION POLICIES

In the conclusion of his magnum opus “Population Trends in Indonesia”, which was a revised version of his PhD thesis; Widjojo Nitisastro (1970: 238) lamented the faith of Indonesia’s population and its related economic development prospects:

“As to the future population, the present study arrives at a number of alternative population projections based on alternative sets of assumptions concerning the future courses of fertility and mortality. A rapid decline in mortality, unaccompanied by changes in fertility, will result in a total population for Java in 1991 of more than 140 million, whereas if fertility also declines Java’s population will be about 125 million. Furthermore, the impact of out-migration on the future population of Java has also been investigated. A net out-migration from Java of 200,000 young persons annually will decrease by only about 7 per cent the 1991 population as computed on the basis of no out-migration. Thus, the high rate of population increase, the large burden of child dependency, the rapid process of urban growth, the heavy concentration of the population on a relatively small island, and the radical rejuvenation of the working-age population, all point sharply to the need for a massive development effort to create expanding employment opportunities, accompanied by a rapid spread of fertility control”

In December 1967, President Suharto accepted the advice of the economists and donor countries to sign up the United Nations sponsored
Declaration of World Leader’s on Population. By September 1968 Suharto publicly declared that family planning program would receive aid, support and protection from the government. President Suharto also officially established the National Institute for Family Planning (Lembaga Keluarga Berencana Nasional) which in February 1970 was renamed the National Coordinating Body for Family Planning (Badan Koordinasi Keluarga Berencana Nasional – BKKBN) that successfully implemented family planning in Indonesia.17 In his tribute to Widjojo, Nathan Keyfitz, Widjojo’s first demography guru, wrote: “The first step in the Indonesian development track was concentration on agriculture. The individual peasant could not be very productive on his small plot – after all he had been growing rice and vegetables on small plots for countless ages, and had always remained poor – but the policy did what it could to support him. It stabilized the prices he received, and distributed fertilizer and superior rice varieties. The outcome was an increase of nearly 5.3 percent per year in agricultural output between 1971 and 1983. At the same time the rate of population growth slowed down due to a highly successful family planning policy. The rate of population growth was 2.5 percent in 1970 and now (2007) is 1.7 percent and still falling. The combined effect of changes in agriculture and population resulted in output per head showing an increase whereas during the early 1960s it had been declining. As quoted by Keyfitz, Widjojo stated “This early emphasis on agriculture played a decisive role in breaking the downward cycle of poverty, population growth, and environmental degradation”.

On the early years of the New Order, Glassburner (1971), a sympathetic economic observer, wrote: “Indonesia enters the decade of the 1970s with greater hope, after having weathered a severe economic and political disaster in the 1960s. The last decade splits rather neatly into two parts, with the first six years (1960-1965) dominated by Sukarno and his unsuccessful attempt at social and economic re-ordering. The last four years (1966-1969) have seen a struggle for Orde Baru (New Order), under the leadership of a government in which the military plays a very prominent role. In economic policy this effort has been characterized by pragmatism, reliance on professional expertise, and gradualism”. Commenting on the First Five-Year Development Plan, Glassburner noted that the Five Year Plan for 1969-1974 appeared on schedule in April 1969, and was formally inaugurated during the fiscal year of 1969-1970. It is a modest plan, in keeping with the tone of governmental leadership. The heaviest emphasis is on creating a new vitality in the agricultural

sector—mainly in rice production. The main priority in industry is to be in agriculture-connected activity, such as fertilizer production, milling, and processing. “An Economist in Indonesia,” writing in the July 1969 issue of the Bulletin of Indonesian Economic Studies, published by the Indonesia Project, Australian National University, Canberra, summarized the theme of the plan as follows: “No major structural changes are envisaged; much of the Plan is concerned with rehabilitation rather than new investment; the economy will still be firmly agriculture-based with no attempt to achieve an industrial ‘takeoff’.”

The first task of the economist-technocrats was to fix the economy and develop a program of economic stabilization, since without stabilization a meaningful development is impossible to implement. The principle of macroeconomics was laid down in the early period of the New Order, in which applying a balanced budget became the fundamental rule. Economic observers generally agreed that since the beginning of the New Order, Indonesia have successfully achieved and maintained macroeconomic stability amid various shocks and pressures, internally and externally. What kind of economic system was adopted by the economist-technocrats? According to Suhadi Mangkusuwondo (2007), Widjojo and his colleagues since their high school through their university study had adhered to the notion of “Not etatism nor free fight liberalism, no exact system”. “What is practiced is pragmatism, adjusting to the process of globalization that tends to be more open and freer, where the role of private sectors is increasing”. Indonesia was also praised by many observers as a model for the developing countries that was successful in adopting structural adjustment policies in response to external shocks. In the adjustment periods, as Boediono (2007) argued, social indicators show no declining tendency, rice sufficiency was achieved and the poverty rate was steadily reduced.

Ali Wardhana, apparently Widjojo’s closest team member, argued that the reason for Widjojo to focus on agriculture and rural development has nothing to do with a political strategy to curb communism. First of all, the major part of Indonesian population lives in the rural areas. Secondly, and this was, as you know, influenced by Pak Harto who held that agriculture should be the number one priority in development policy. So we should
develop the rural areas, because the majority of the Indonesian people were working in agriculture. Giving priority to industrial development would need a lot of investments, which is not the case with agricultural development. That was actually the main consideration of Widjojo when he gave high priority to agriculture, not political considerations. If we talk about communism, that's was only evident in a small part of East Java, and this problem was handled by the military. So agricultural development was not a politically motivated strategy, but it was economic pragmatism plus the attachment of Suharto and the people with a rural background. Ali Wardhana also stated that the idea of economic development in Indonesia was “completely our own”. We did it because the situation was different. We could not just apply certain foreign concepts to our development policies. You know whether you like it or not you have to do it into successive stages, step by step. There is no instant development. We never looked at Rostow’s views. Only when I was still teaching at FEUI, I assigned my students to study Rostow’s book on ‘The Stages of Economic Growth’. But when I was Minister of Finance, I just forgot all Rostow had said. Ali Wardhana agreed that Widjojo’s thinking on demography was influenced by Nathan Keyfitz, professor of demography from Harvard University, who in the early 1950s had jointly written a book, “Population and Development in Indonesia”.

The dire situation of the mid-1960s in the rural areas in Indonesia were emphasized by Guy Pauker (1968) who echoed the observation made by the IBRD (World Bank) who stated that: “The most salient fact is that, according to current estimates by the IBRD, during the period of 1960-1966, rice production increased at a rate of 1.6 per cent whereas the population growth rate was 2.4 per cent”. Apparently in response to this situation, in 1960 Sukarno had enacted laws of crop sharing and on land reform, favoring tenant farmers and landless peasants. It is an open question whether even a thorough implementation of radical measures of redistribution could have solved Java’s agrarian problem by 1960. As a matter of fact, the implementation of these laws was slow and sporadic”. According to Pauker (1968) the severe economic situation in Indonesia, particularly in Java during this time, strongly influenced Widjojo decision to look on the causal nexus of demography and economy, by making various future scenarios of population growth in Java. Apart from his formal study, in Berkeley, Widjojo also discussed the development challenges facing Indonesia with his close colleagues, including Ali Wardhana, Emil Salim, JB Sumarlin (“what can we do to help Indonesian to develop economically”), Harun Zain, and Saleh Affif.19

Emil Salim argued that agriculture became the development priority in the beginning of the New Order era primarily because Suharto himself came from a farmer’s family. Mentally and physically Suharto was a farmer, a rural resident. So anything related to rural areas, such as agricultural development, were easily accepted by Suharto as Suharto was familiar with these issues. Secondly, Indonesia at that time was the biggest rice importer in the world. Over 25 percent of the world’s marketable surplus was imported into Indonesia. According to Emil Salim such a situation was “crazy” and “dangerous”. In fact, Emil Salim argued; soil and water were abundant in Indonesia to grow rice. So if we plan it better, it can be done. The third reason is simply because the majority of Indonesian people live in rural areas. So if you tackle the problems of the rural areas, you tackle the problems of the majority of the Indonesian population, and in this way you enhance the economic strength of the majority who mostly live below the poverty line. As Suharto was familiar with agriculture, and we were faced by the threat of overdependence on imported rice which would absorb a large part of our national revenue and considering that ecologically Indonesia is suitable for rice agriculture, increasing rice production was made a priority. This goal was facilitated by a breakthrough in rice research conducted at the International Rice Research Institute (IRRI) in Los Banos, the Philippines. According to Emil Salim, the strength of Widjojo was his ability to sell ideas without imposing them on his colleagues. On the other hand, Suharto was a leader who practiced a belief of how to get things done without hurting. That was his key principle.

The rural areas of Java interestingly have been the focus of different research groups since the early 1950s. Benjamin White (2005) describes two mainstream schools of thought during the 1950s and the 1960s. The first group emphasized more the agrarian structure represented by academics on the left who were inspired by Sukarno’s characterization of the rural Javanese peasants epitomized by “Marhaen” and “Kromo”. This school of thought was also represented by a participatory rural study of the cadre of Indonesian Farmer Association (Barisan Tani Indonesia – BTI) under PKI (Partai Komunis Indonesia or Indonesian Communist Party). The other spectrum was represented by the MIT/Harvard group of...
young American social scientists, most notably by Clifford Geertz who introduced the term of "shared poverty" and "agricultural involution". The different schools of thought in studying rural agricultural society in Java accounts for the different explanation of mass poverty in rural Java. It is interesting that Widjojo and his colleagues at the Faculty of Economics also conducted their own study, as White (2007) noted: "We should also mention the more economic-oriented studies carried out in 23 villages in Central and East Java by the Lembaga Penelitian Ekonomi dan Masyarakat, Fakultas Ekonomi Universitas Indonesia (LPEM-FlUI) in cooperation with the Ministry of Home Affairs in 1954-1955". The defeat of the left and all its political and social organizations after the failed military coup attempt in 1965 influenced the way agricultural policy was implemented during the New Order. The invention of new rice seeds by IRRI in Philippines and the adoption of green revolution technology strengthened the policy on intensification and ignored those more structural approaches such as agrarian and land reform.

Hansen (1973) in the introduction of his monograph entitled "The Politics and Administration of Rural Development in Indonesia: The Case of Agriculture", explained that his study was an analysis of institutions and of their impact upon policy implementation and formulation in the field of agricultural development. The underlying analytical conception is that formal policies are frequently not achieved in practice, and that the gap between aspiration and achievement is particularly apparent in countries like Indonesia where complex national plans have been undertaken in the public sector. The study reveals that the breach between intention and reality occurs in response to tensions within public organizations and their surrounding environment. The analysis is particularly concerned with the formal linkages within organizational hierarchies and therefore with the interaction between central, regional, and local governmental units. Nonhierarchical concerns, i.e., the organizational environment and the interdependence between institutions, are also featured in this study. Here, the analysis is preeminently political and concerns the struggles which ensue in relationships of cooperation and opposition as organizations seek to protect and expand their control over scarce resources." The second source of tension and conflict revealed in this study, according to Hansen (1973) concerns the limits and dilemmas of national planning. In this instance, agricultural planning in Indonesia simply exceeded the capacity of public agencies to undertake massive change in the rural sector, and many of the problems and irregularities within the administrative process were derived from the government's commitment to this method - national planning - as a strategy of economic change. This is not to ignore cultural patterns as a determinant of administrative behavior, for the traditional absence of mediating institutions between the elites and masses on Java tended to multiply the
obstacles encountered by distant urban officialdom intent upon rapidly altering peasant patterns of production. However, it was the government's overreliance upon national planning (on nonmarket mechanisms of input allocation), rather than deep-seated and irrevocable cultural patterns, which sealed the fate of its agricultural policies.

Subroto argued that the most important factor for a successful national development is the existence of strong national leadership that is committed to economic growth and adhered to the pragmatic principle. Secondly, the national leadership is willing to be assisted by economic professionals who were free from the influence of political parties. And thirdly, which is very essential, is the existence of a group of economist-technocrats who originated from the same educational institution, namely the Faculty of Economics, University of Indonesia (FEUI). This group of economist-technocrats, according to Subroto, emotionally and professionally, constituted one school of thought. Those three factors, Subroto argued, are the most important aspects that made Indonesia grow fast. Hence, the five professors, Widjojo Nitisastro, Ali Wardhana Mohammad Sadli, Emil Salim and myself (Subroto) from the start already had a common understanding and a common perspective.

Since the beginning, according to Subroto, Widjojo and his economic team were aware that since 70 percent of the Indonesian people live and work in rural areas, we should start from the rural areas if we want to improve the economic welfare and income of the people. And since the majority of these people are employed in agriculture it is logical that we have to give priority to agricultural development. If the rural sector could increase agricultural production, this would have a favorable impact on the demand for manufactured products that in turn would have a positive impact on industrial production required by the rural sector, such as pacul, arit, fertilizers, etc. So we were developing a strategy from the rural areas up to manufacturing industries. So this was perhaps uniquely Indonesian in which we had such a technocratic leader like Widjojo who had both the expertise and the right approach and strategy that was adopted. Before a particular strategy was implemented we, the economic team, under Widjojo, were working very hard to formulate the program. If there were different opinions on a particular matter, we had to reconcile first the different views within the team members. When


Widjojo proposed the program to Suharto, the formulation and the strategy of the program had been solidly conceptualized. The president then only decided “go” or “not go”.

Suhadi Mangkusuwondo, Widjojo’s colleague at FEUI, who had first studied for his Master’s degree at MIT, and subsequently pursued his Ph.D. degree at the University of California, Berkeley (1967), noted that the then dean of FEUI, Professor Sumitro Djojohadikusumo, had sent his best students to the US in the late 1950s to pursue their postgraduate studies in economics, primarily to upgrade them as lecturers in economics, and not to train them to be technocrats. Professor Sumitro was planning to replace the Dutch professors as lecturers. So they were not being designed for holding the government positions. In the beginning of the New Order, General Suharto handed over the economic matters to the economic team headed by Widjojo, while the political matter was control by Suharto himself. Interestingly, there was a tacit understanding between Widjojo and Suharto as every economic policy, would have political implications. This implied that there were groups who would gain and also groups who would lose. Widjojo and his economic team therefore had to think very hard on formulating their economic planning and programs, while taking into account the political implications of economic programs and policies.

According to Suhadi, normally Suharto would say “please formulate”. Suharto therefore provided room for the economist-technocrats to freely formulate their economic plans, programs and policies. Although the room and freedom to formulate an economic plan or specific economic policy was wide, Widjojo was always very careful in formulating his economic program and policies. Widjojo was always formulating at least two, or sometimes even three different policy scenarios, and considering the different political implications of each scenario. Widjojo, for example, always considered the political implications of any economic program or policy on the military or on the different interest groups who were close to the military or the government, or of the political implications to the different regions. Widjojo was very sensitive in considering the political consequences of any economic program and policy. Any economic proposals that were prepared were submitted to Suharto together with the possible political implications for the different groups. Of course it was up to Suharto to decide which economic scenarios would be implemented after considering which group would oppose a particular program, for instance the farmers, the workers, or the military. According

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to Suhadi, in proposing any economic policy package, Widjojo was very sensitive and carefully calculated any possible political consequences, although the final decision would be made by Suharto. Johannes B. Sumarlin argued that there were four reasons that made economic development under Widjojo a success.\textsuperscript{24} Firstly, was the strong commitment from the political elite to the idea of national development. Secondly, the realistic national development plans had clear and measurable goals. Thirdly, the existence of a capable bureaucracy in formulating, implementing, managing and supervising national economic development. Fourthly, the society at large which in general supported and participated in the national development. According to Sumarlin, who wrote a dissertation on aspects of stabilization and institution problems in Indonesia, 1950-1965, under Sukarno, Indonesia devoted its resources to save the nation from falling apart when the Dutch tried to return and several regions attempted to secede. Programs on economic stabilization were there, but not effective as the focus of the government was not economic development, but survival of the nation, and nation building.

5. IN SEARCH OF COMPARISON: ALLISON AYIDA OF NIGERIA

It was perhaps only a historical coincidence that Indonesia and Nigeria underwent a similar experience in the mid-1960s. Both countries had a new political regime, after a series of killings, coups and counter coups, involving the military elite. In 1966 the apparent result of several months of political tensions and military conflicts, both in Indonesia and Nigeria was pretty clear. In Indonesia, General Suharto came to power through a creeping coup d’estat that toppled President Sukarno, and which led to the killings of hundreds of thousands of communists and their alleged sympathizers. In Nigeria, Lieutenant Colonel Yakubu Gowon, came to power as the president after a series of military coup d’etats, that had toppled and killed two former presidents: Balewa in January and Ironsi in July 1966. The course of development of these two countries, by looking from a distance after more than three decades, shows different paths. Indonesia was ruled without a pause for more than three decades


Interview J.B.Sumarlin, Thursday, 23 October 2008, 14.00.

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by General Suharto, while President Gowon in Nigeria only survived for less than a decade. While Suharto successfully consolidated his power and transformed Indonesia into an effective developmental state for more than three decades (1966-1998), Gowon had to struggle to hold on his power, which made development a difficult undertaking before he was overthrown by Brigadier Murtala Ramat Mohamed.

Under president Gowon, Nigeria began to restructure its politics and economy. As in the case of Suharto, Gowon also recruited economic experts to assist him in the field of economic development. In the mid-1960s the number of technocrats in Nigeria exceeded that of Indonesia. While Indonesia was a relative latecomer in sending university lecturers to study abroad, Nigeria’s universities, particularly the University of Ibadan, had already developed strong linkages with western universities, particularly in the UK and the US. The British educational system was kept intact in Nigeria after independence. The situation in Indonesia was quite different, which had almost totally overthrown Dutch education after independence. Only in the mid-1950s had Indonesia began to send its economic lecturers to universities in the US, under the guardianship of a Dutch-trained economist, Sumitro Djojohadikusumo, the dean of the Faculty of Economics, University of Indonesia (FEUI), in Jakarta. Gowon did not have difficulties to find good economists to plan Nigeria’s economic development. Yet, Nigeria’s experience shows, its path of economic development was very different from Indonesia’s experience, since the technocrats only played a peripheral role in the whole process of governance. Apart from the fact that Nigeria was endlessly plagued by political instability, the way the technocrats formulated the development strategy also contributed to the failure to provide real economic growth and welfare improvement.25

Allison Ayida, born June 16, 1930, in Gbelebu, Siluko, Benel State, was educated at King’s College, Lagos; Queen’s College, Oxford University, and the London School of Economic and Political Science (LSE), 1956-1957. He began his carrier at Chase Manhattan Bank, New York, October-December 1958; and then went on to work at the Federal Reserve Bank, New York, January-March 1959. Within the Nigerian government, he was appointed as respectively Assistant Secretary, Federal Ministry of Finance, 1957-1963; Permanent Secretary, Federal Ministry of Economic Development and Reconstruction, 1963-1971; Permanent Secretary, Federal Ministry of Finance, 1972-1977. Ayida also served as president of the Nigerian Economic Society (1972-1973) and was active in many other public activities in the field of economy and finance, nationally and

25 On institutional factors that led to the divergence of development in Indonesia and Nigeria, see Erik Thorbecke (1998) and more comprehensively in Peter Lewis (2007).
Ayida was a leading civil servant in Nigeria during the early years after independence and during the civil war with Biafra which wanted to secede from the Nigerian Federation in the late 1960s. As the Permanent Secretary at the Ministry of Economic Development he was instrumental in shaping Nigeria’s post civil war economy. Later in life he was on the boards of several companies and chaired a Nigerian bank. His autobiography sheds light on a generation of public servants and development economists over a period of four decades, which saw dramatic changes in the practice and politics of economics, and in the local and international environments. Compared to Widjojo whose knowledge was more broad based (demography, economy), Ayida’s knowledge was more concentrated on conventional economics and finance. Aside from his broad knowledge Widjojo was exposed to the microeconomic realities in the rural areas, while Ayida was more exposed to the macroeconomic situation of his country. While Widjojo had a strong support from his university, Ayida did not have such an academic institutional support apart from his long career as a civil servant within the Ministry of Finance. Widjojo, on the other hand, had successfully established a strong team of competent economists who were not only loyal to him, but were also clean and not corrupt aside from their shared nationalist-pragmatist characters and commitment to improve the welfare of the people.

Federalism, as the state’s format that was adopted by Nigeria since its independence in 1960, constitutes a different political dynamics and context that were not experienced by Indonesia which adopted a unitary state. While in Indonesia state power is centrally controlled by the national government in Jakarta, state power in Nigeria tends to be diffuse and highly contested between the different states and power centers. The decentralized nature of power and authority in Nigeria contributed to the difficulties for the economist-technocrats to supervise the implementation of development plans. Compared to Widjojo which “isolated” him in a position where economic policy was freed from politics, Ayida neither did not have the luxury to do the same as Widjojo nor had any intention whatsoever to isolate himself from politics. Ayida’s attitude towards politics is clearly evident from his writings in which he liked to be called the adherent of a new political-economy approach. Ayida criticized the orthodox economy approach which assumed efficiency as the highest value, while neglecting the importance of power in the allocation of resources.

Ayida noted in his article “Development Objectives” that planning for economic development essentially means an attempt to affect the greatest volume and the best possible allocation of resources for economic growth
in order to reach the goal set by the people through the government.\textsuperscript{26} Ayida argued that the philosophy of development in an open society with diverse and conflicting interests as in Nigeria was not easy to determine. The need for planning and development was undisputed, but what could be debated were the objectives, the strategy and priorities that were appropriate for Nigeria. Nigeria, according to Ayida, should learn from the experiences of other countries, but at the same time, rely on the native genius for realizing the ultimate goals and objectives of development, namely to reduce poverty and misery, the operational content of which had to be increased through a fast growing and independent economy. Ayida, in his article on the economic consequences of the civil war, argued that the war of economic survival was about to begin for most Nigerians.\textsuperscript{27} Until this economic war was won, the whole population of this country should be prepared to face continued economic deprivation. It would be naive to expect that with the end of the war, the Nigerian economy would regain its pre-war appearance of prosperity and affluence for a few amidst mass poverty and squalor. Nigerian economy, after the civil war, according to Ayida, should be seen through the new political economy framework in which the balance of power was very important. This position, among others, was evident in his presidential address at the Nigerian Economic Society meeting in which he reflected on the so called “Nigerian Revolution”, which was essentially mapping the balance of power in Nigeria according to the ideal number of states based on ethnicity, territoriality and religion.

Politics in Nigeria is state-based and south-north territorial divides constitute the geographic distribution of power that in turn should be considered in formulating the economic plan and its implementation. In Indonesia, politics was centralized and a public domain that was fully controlled by Suharto. Suharto was the protector for Widjojo from the harm of politics. Suharto cleared the way for Widjojo and his economic team to formulate and implement economic the development plans and policies. The centrally controlled politics by Suharto provided a public space in which Widjojo could formulate and implement development strategies and policies. Ayida, on the other hand, was often left unprotected as the president would firstly think about his political survival rather than anything else. In the aftermath of the civil war, Ayida argued that the threat to the continued existence of Nigeria would not come from the East, but would originate from economic problems and social conflicts.


\textsuperscript{27} See Ayida, 1970, “The economic consequences of the Nigerian civil war”.
Agriculture was the “topmost priority” in Nigeria’s national development, but the major problem in financing agricultural development was not inadequate public savings or lack of funds. The problem was related to the lack of communications between those who managed the agricultural sector and the administrator; between the farming community, the agriculturalists, extension workers, and research workers, on the one hand, and on the other hand, the administrators in the Ministries of Agriculture, Planning, and Finance. According to Ayida, another serious problem was the communication gap between the technocrats and the political leadership concerning the rational allocation and responsible use of resources. Ayida noted six main bottlenecks that inhibited the flow of public investment resources to the agricultural sector: (1) Inadequate projects and well thought-out schemes with feasibility studies, and the absence of executive capacity to carry out such major projects. (2) Inadequate communications between the professional wing of the Ministry of Agriculture and the traditional administration. (3) The constraint emanating from the political and constitutional framework that hampered the coherent policy on agricultural development between the federal and states’ governments. (4) The institutional bottlenecks in agricultural credit financing. (4) The lack of financial support for agricultural research programs. (5) The low absorption capacity, both in the federal and states’ levels of government, to finance agricultural development.

Concerning Nigeria’s demography, Ayida argued that as the most populous country in Africa, demography constituted a significant factor in Nigeria’s economic development. However, the divisive nature of post-colonial politics along the lines of ethnicity and territory unfortunately affected the production of demographic statistics in Nigeria. The problem of available census data in Nigeria was one reason that planning seemed an elusive undertaking. The lack of demographic data constituted the major problem for the formulation of development planning. When a country does not know, for example, the size of its childhood population or the proportion attending schools or the number and distribution of adults unemployed, its planning process is likely to be confused and haphazard, such that resources may be allocated to persons and areas which needed them the least. Ayida argued that the population problem in Nigeria involved delicate and controversial policy issues which the planners and the policy-makers have to handle with great care. The statistical basis itself was yet to be firmly established. In a situation where reliable demographic data was lacking, economic

29 See Ahonsi, 1988, “Deliberate falsification and Census Data in Nigeria”.

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planning in Nigeria mostly relied on demographic estimates. In his concluding remarks in the paper on demography and planning, originally written for a symposium on Population and Development, in Cairo, in June 1973, Ayida wrote: “The current rate of population growth in Nigeria is postulated at 2.5 percent per annum. This demographic factor was given full recognition in the two National Comprehensive National Development Plans which were formulated for the 1962-1968 and 1970-1974 development plan periods. It was believed that although population growth could seriously impede the national development effort, this position had not yet been reached in Nigeria. The capacity of the economy to cope with the population growth of 2.5 percent per annum was not in doubt. It is not surprising, therefore, that the Nigerian Government had not accepted population control as a matter of public policy. Instead, it adopted a four-pronged policy strategy, comprising voluntary family planning, the inculcation of skills to prospective applicants, the encouragement of labor mobility and of rural development in dealing with the so-called “population question”.”

In Nigeria, economic development planning had existed since the 1960s, as pointed out by Olu Falae, a well-known Nigerian economist, during interview. Theories and knowledge, as shown from Ayida’s writings on various economic development issues in his country, are not in short supply. David Henley (2008) argued that the failure of technocrats in Nigeria was due to their flawed vision and illusion about the magic of urban-based industrialization rather than rural-based agricultural

30 See Ayida, 1987, “Demographic Aspects of Economic Planning”.
31 “There have been indeed attempts at formal planning since independence. For example, the 1962-68 development planning was to guide government spending...potentially. And of course, there were two other plans after that, which I was involved. I worked closely with Professor Aboyade whom we borrowed from the university to work in the Ministry of Development. The 1970-74 development plans was a very ambitious one. We tried to have a program in all the sectors...even the private sector. And in the 1975-80 plans, I was very much involved in that; I was in charge of all the macro-economic projections in the planning document. Our clear objective was to achieve and sustain a prescribed overall growth of GDP. This was followed by specific sectoral targets: transportation, education, manufacturing, agriculture etc. To achieve sectoral growth rates, there were specific program and projects, designed to achieve those rates. And budgetary allocation of the capital nature...it was very comprehensive type of planning. It was very ambitious but the database was not strong enough...clearly to sustain that degree of detailed planning. But, surely we had a development policy, designed to make the national economy to grow, and the sectors as well. Implicitly we adopted balanced growth across sectors. Though sectors were imbalanced, one sector provides a powerful stimulus for other sectors to come along...we thought that was realistic. Surely some sectors will grow faster than others. I can say that from 1962 till about 1984, we did have formal development policy and planning documents”. (As told by Olu Falae, during interview with Akinyinka Akinyoade and Jan Kees van Donge, Akure, Nigeria, 18 February 2008)
development. Despite the fact that institutional and structural problems constituted major factors in producing political instability that in turn hampered collective actions (Lewis, 2007), the technocrats group that existed was seemingly unbounded by the lack of leadership. Allison Ayida, as well as Olu Falae and Aboyade; while undistputedly capable scholars who mastered the necessary theories and knowledge on economic development, in practice failed to effectively influence the power holders on economic development matters. The praxis of development in Nigeria has gone in disarray compared to Indonesia’s economic development that was strongly guarded by such technocrats like Widjojo Nitisastro.

6. WIDJOJO NITISASTRO AND DEVELOPMENT PRAXIS

Widjojo Nitisastro is a simple person with a complex personality. He is simple because he could explain in a simple way a complicated matter where he delineates a clear way to tackle the problem. Widjojo’s simplicity is reflected in his thinking and the way he perceived development problems. While his thinking is simple, Widjojo is a person with a multifaceted personality. The complexity of Widjojo Nitisastro’s personality is shown in the way he maintained relationships with others. Widjojo is a very cautious person who will not let even a small friction with others to be publicly noticed. Widjojo looks warm and intimate, yet is very secret and aloof. The undisputable reputation as the chief architect of the New Order economic development made Widjojo an enigma. The enigmatic posture of Widjojo continues, even after he no longer held any formal position in public. The obscure role of Widjojo, as he almost never appeared in public forums, was commented on by Taufik Abdullah, a historian who noted that “he seems to become a mysterious national figure; his presence was felt, but not his face and voice”.

This paper demonstrates Widjojo as a showcase of development praxis. It is argued that Widjojo is a person who is not only well versed in the theory of development, but more importantly, he made the important decisions and was fully engaged in achieving his ideas, theories and knowledge into practice. Widjojo is an example of a critically important human agent in the praxis of development. Since his early carrier as a student of economics Widjojo was actively engaged in the making of an


33 Human agency is the capacity for human beings to make choices and to impose those choices on the world. http://en.wikipedia.org/wiki/Agency_(philosophy)
epistemic critical group which slowly emerged as national leaders at a time of crucial political transition in Indonesia. The structuralists will argue that the various external factors in relation to the Cold War play the major factor in shaping the Indonesia’s successful national development, yet it would be misleading to ignore the crucial role of human agency in shaping up the direction of the development. The New Order in many ways followed the Old Order, particularly on the primacy of “top down approach” in development. The success of Widjojo and his team in implementing economic development cannot be understood without acknowledging the setting of social institutions and bureaucratic structures which play an important role in translating economic ideas into real economic development. The success in reducing population growth through a family planning program also resulted from the massive top down approach that coercion was often used as some critics have noted.

Widjojo’s praxis of development should therefore be understood within the context of the developmental state which is characterized by a leadership which is strongly committed to developmental goals and places national development ahead of personal enrichment and short-term political gains and looked at Indonesia as a shared national project. Widjojo Nitisastro, and his economist-technocrats team might be described as “the pragmatist-nationalists”. Born in the 1920s, at a time under Dutch colonial rule that was described as an “age of motion” (zaman bergerak), grown up in the time of the armed struggle for independence, while being educated and beginning his career under the heyday of the socialistic ideology of Sukarno. The political upheaval that led Indonesia into a severe economic crisis in the mid-1960s was a challenge and an opportunity to lead under Suharto’s repressive developmentalistic ideology (Feith, 1980); Widjojo however continued to be haunted by his nationalist conscience to find a pragmatic way to help his fellow countrymen out of poverty. The limitation of Widjojo’s economic development plan and strategy mostly related to the absence of a clear strategy to make economic growth more evenly distributed, that is equity. While Widjojo was undoubtedly responsible for improving the economic conditions of the majority of the rural population and reduce the number of people below the poverty line, he was criticized for not considering the distributive dimension of economic growth.34

34 On this issue see the arguments made by Arndt (2007) “Is Equality Important?” in defending to the critics of Widjojo’s economic development strategy. Inequality was raised by Jan Pronk (1993: 260), in the conclusion of an NGOs workshop to review Indonesia’s development in April 1991 in The Hague. Pronk at the time was the Netherlands Minister for Development Cooperation, argued that after considering different concepts of poverty, the various nuanced views on Indonesia’s performance as
An important element that can be found both in Widjojo and Ayida is their consciousness in taking part in the process of nation-building and their strong desires to improve the economic situation of their country. Widjojo’s strong commitment to the policies of agricultural development and population control however reflects his deep knowledge of Java’s economic-demographic dynamics which was then translated into development praxis. These two policies, in Widjojo’s view, were imperative for poverty reduction that was a necessity to pull out from Indonesia’s development impasse in the early 1960s. Widjojo’s success in the reduction of poverty should be seen in tandem with his success in reducing the growth of the population through a government-imposed family planning program. Widjojo’s deep personal conviction on the mechanics of population dynamics and rural development in Java was not something without precedent. Born and grown up into a Javanese family during the long years of the independence struggle gave Widjojo a strong sense of nationalistic purpose of the urgency to improve the welfare of the majority of Indonesians. The discipline of economics with a strong tradition of fieldwork in rural areas provided him with an empathy and understanding of the livelihood of the common people.

Widjojo Nitisastro is an economist-technocrat who brought together with him several unique personal traits. A deep empathy and strong conviction on the faith of the Indonesian people, an unwavering patriotism, broad knowledge and pragmatism. Yet these personal traits will be only meaningful in public affairs if complimented by an ability to think strategically and an astute capacity to achieve a consensus. At this point I would like to make a final note by quoting Mwalimu Julius K. Nyerere, the former president of Tanzania (194-1985) and the former Chairman of the South Commission (1986-1990), of which Widjojo Nitisastro was a member) who in his perceptive view on Widjojo Nitisastro stated: “In his typically reserved and soft-spoken style, he made very useful interventions at strategic moments, which contributed to the adoption of the report and the fashioning of the final consensus in the commission. I was struck by his precision and ability to articulate the consensus”.

well as a comparison between Indonesia and other countries the following consensus would emerge: “economic poverty has decreased while inequality has increased, because polarization has increased”. Pronk noted that there was a consensus on the factors behind the Indonesia’s remarkable performance: “this is due to governmental policies”. The Indonesian policies were oriented towards rural development, infrastructural development and human resources development, with priority for agriculture. Other developing countries, according to Pronk, “would have been wise to follow the Indonesian example”.  

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In viewing the development prospects, particularly in Africa, there are apparently two existing views, on the one hand there are observers who believe in the “deep” determinants of development, namely geography, institutions and history which may account for their more pessimistic outlook, and on the other hand, observers who hold that the solution of problems lies in the policies, and that what matters is whether or not the right policy levers could be pulled at the right time to give the big policy impacts.\(^{35}\) As the case of Widjojo Nitisastro of Indonesia has shown, perhaps, our colleagues in Africa should be optimistic and convinced that no matter how deep the challenges of development, a right policy can always be formulated at the right time, and more importantly, by the right person who not only possesses knowledge, but also can exert strong leadership.

REFERENCES


\(^{35}\) See Johnson et. al. (2007: 26).


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