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SUHARTO'S INDONESIA

Indonesia suffered bloody political upheaval during 1965 and 1966. Sukarno's presidency appeared, at first, to have survived a 1965 coup attempt, which led to the deaths of at least 100,000 people within weeks; but power gradually slid away from him. By late 1966, General Suharto had installed a military regime, which he headed himself. The new regime promptly made two remarkable policy decisions: economic development must have priority over all else, and civilian experts (rather than the military) would be put in charge of this goal. Indonesian academic economists thus attained great influence with, and indeed within, the Suharto government.

These economists were young, came mostly from Jakarta's University of Indonesia and had received postgraduate training in the United States. This last characteristic led to the group being referred to as the 'Berkeley Mafia', a sobriquet that they wore with wry pride, although it was originally coined as a term of abuse in a left-wing American magazine. The group—led at first by Professor Widjojo Nitisastro—had a profound and far-reaching influence. Indonesia's remarkable economic growth under Suharto owed a great deal to the group's development priorities and its policies of liberalisation. Heinz was lavish in praising its members: 'Their record of day-to-day co-operation, practical wisdom, technical competence and personal integrity, over a period of fifteen years, without a power base other than the confidence of the President and in circumstances, particularly in the early years, of appalling difficulty, has few if any parallels' (Arndt 1985:55).

As he grew older, Heinz's economic philosophy moved from Fabian socialist beginnings, through Keynesianism, to the Friedmanite position of 'free to choose'. In the 1980s, Heinz declared, in expressing enthusiasm for Henri Lepage's *Tomorrow, Capitalism* (1982), 'I am now a liberal if not indeed a libertarian.' This philosophic shift coincided with the Suharto administration's gradual acceptance of comparable advice from American free marketeers. Heinz found this acceptance increasingly congenial, and he had little difficulty in commending the Suharto era's economic policies.

Those policies had Indonesians' own initiative as their mainspring, but in later years foreign professional support played an increasingly large

role. Often this support went through channels such as the IMF and the World Bank, which had established resident missions in Jakarta. Later, the Harvard Development Advisory Service sent many more American-trained economists to advise the Bappenas authority. The flavour of overseas expertise was, broadly, 'free-market American', but the ANU Indonesia project, though a much smaller presence, was of significant influence. This was because of Heinz's good connections, cultivated with energy and enthusiasm, and the emergence of the *Bulletin of Indonesian Economic Studies* (BIES) as the only authoritative, independent and regular source of information and analysis published in English.

The new intellectual openness after 1966, and the regime's hunger for economic research and analysis to underpin its development drive, greatly improved the prospects of the ANU's Indonesia project. Such official openness to advice had its disadvantages for Heinz, as well as its advantages. In some ways, as Heinz explained, '[it] rendered our task more difficult. As the World Bank, the Ford and other foundations, the Harvard Development Advisory Service and other well-heeled institutions moved in and bid for the limited number of professional economists interested in Indonesia, we were quite unable to compete' (Arndt 1985:55).

Nevertheless, two related strategies ensured that the ANU retained a small but valuable niche in Indonesian economic development discussions. First was the ANU's policy of giving its graduate students an extended period of field-work in Indonesia. Thus, in fairly quick succession, Ingrid Palmer, Peter McCawley, Anne Booth, Howard Dick, Stephen Grenville, Phyllis Rosendale, Chris Manning and Hal Hill lived in Indonesia, researched and wrote PhD theses on Indonesia and published their findings, and thereby established their own and the project's reputations for serious work. Palmer we have already met. McCawley, PhD graduate, later research fellow and subsequently head of the project, became the BIES's joint editor after Heinz retired. Booth was another PhD graduate and later research fellow. Hill, yet another PhD graduate and later research fellow, ultimately attained a professorial chair in Heinz's department.

Secondly, there was the sustained influence of the BIES. The first 80-page BIES issue, as previously mentioned, appeared in 1965. It included the first 'Survey of recent developments', which was to become standard fare in each issue of the journal. The survey was invariably written—whether by an Indonesian or an outsider—in Jakarta. This fact greatly added to its immediacy and credibility. Given the small amount of intellectual capital available in those days within the ANU (and indeed within other Australian

universities) for work on the Indonesian economy, Heinz felt compelled to be an active participant in, as well as manager of, the Indonesia project.

Much of his own research contribution went into the BIES. 'Every year,' he recalled, 'I would contribute one or two surveys and an article or two of my own or written jointly...far more time was taken up editing contributions by others.' Very few contributions did not require some editing. Most needed a great deal. Problems of substance, presentation and expression abounded, especially, but not only, with Indonesian authors. Although Heinz was eager to obtain as many articles as possible from Indonesian authors, he found it remarkably difficult to do so. Those who could produce independent, publishable work usually occupied a rank so exalted, and so bound by proprieties, as to constrain them from publishing; or else they were so busy that they had no time for academic research and writing.

With great editorial diligence, Heinz found more junior Indonesian contributors who were making their way in the academic world; but their efforts required heavy editing, which was received 'with mixed feelings of resentment and gratitude'. Otherwise, the contents of the BIES depended greatly on the work of Heinz's Canberra department. Fellows, visiting fellows and PhD scholars all contributed to the *Bulletin*, and for the juniors it was often their entrée into academic publishing.

Some idea of the energy that Heinz put into the *Bulletin's* production, and his resolution in setting a good example, emerges from this description

The early surveys usually took the better part of a month to produce. With practice, I got this down to three and, for the last few of my seventeen surveys, to two weeks. I would aim to arrive in Jakarta on a Friday and use the first evening to phone friends—phoning in Jakarta became easier as the years went by—to make appointments for Monday and Tuesday. On Saturday morning I would collect all the available recent statistics and use the weekend to identify the more important trends and compose tables to illustrate them. Having reached some tentative conclusions, I would try them out on my friends in the course of ten to fifteen interviews, Monday to Wednesday, revising my ideas in the course of often lively discussion, picking up new ones, sorting out arguments pro and con, getting additional data. On Thursday afternoon, after another morning round-up (in the VW Beetle which the project kept in Jakarta) to fill gaps, I was ready to write

my 'Summary' which also served as outline. Two 12-hour sessions on Friday and Saturday to write the draft, another on Sunday to retype it with a couple of carbon copies, and I was over the worst. On Monday morning I would give one copy, in exchange for three Xerox copies, to each of three well-equipped friends, so that by the evening I had up to ten copies in various hands. On Tuesday and Wednesday of the second week I was free to deal with other project business, on Thursday I would collect comments on the draft, on Friday I would revise it, and on Saturday fly home to Canberra. It was a strenuous business, but also exhilarating, and not all work. I had many friends, I enjoyed Indonesian food—especially the chili-hot West Sumatran version obtainable in one of the many *rumah makan Padang*—and for entertainment there was always chess. I never had any difficulty finding a partner, often the *jagah malam* (night watchman) at the gate of one of the neighbouring houses or one of the transport drivers of the Australian Embassy, all of whom played with enthusiasm, with Musa, the tall, friendly driver to the Ambassador, as their champion (Arndt 1985:58).

Peter Timmer—now a distinguished academic in the United States, but in 1970 the newest member of the Harvard group at Bappenas—affectionately recalled Heinz's determination to snare data for the *Bulletin*

One morning, Bill Hollinger, our Project Director, called all the staff together to announce that Heinz Arndt, the editor of the *Bulletin of Indonesian Economic Studies*, would be visiting the office to talk with any of us who were available. He would have two missions—ideas for future articles for BIES, and information on the current state of the economy for the 'Survey of Recent Developments', which he was writing for the next issue... Bill turned to me and said, 'Peter, you don't know Heinz. I encourage you to talk with him about your work and the possibility of publishing something. But be very careful to hide all documents and data while he is in your office. Heinz is very good at extracting them when you aren't looking.'

Over time, as the BIES became known and respected for its editorial standards, better-quality submissions were offered to it. By 1990, its twenty-fifth anniversary year, it could justly claim 'the reputation of being the best source of information about the Indonesian economy publicly available'.

Heinz's work for the BIES enlarged and strengthened his network in Indonesia. His web attracted cabinet ministers, civil servants, university professors, lecturers and young researchers, visiting economists, bankers and businesspeople. Two pivotal contacts, especially in the early years, were Jusuf Panglaykim and Mohamed Sadli.

'Pang', an Indonesian of Chinese descent, had business interests in banking, insurance and trade during the 1950s. These suffered under Sukarno, so he went to study economics at Berkeley, then completed a PhD at the University of Indonesia, and duly became head of that university's Business Management Institute. He had befriended Heinz on the latter's first visit to Jakarta in 1964 and, in 1966—'equipped', in Heinz's words, 'with fascinating statistics, into the provenance of which I was expected not to enquire'—he helped Heinz write the survey for the June 1966 issue of the BIES, which covered the first policies of Suharto's 'New Order'. Pang had friends and contacts everywhere and Heinz benefited from many introductions. Heinz, still building up the Canberra staff of the Indonesia Project, persuaded Pang to take a Senior Research Fellowship and bring his family to Canberra. There, his daughter, Mari Pangestu (later a distinguished economist and research leader in Indonesia, and now an Indonesian government minister), received much of her education. Pang, however, was somewhat uncomfortable with the research style of the Canberra department and increasingly nostalgic for Jakarta. He returned there in 1969, and successfully rebuilt his business and communications activities. He died in 1986.

Heinz had first met Mohamed Sadli in Canberra and renewed acquaintance with him in Jakarta in 1964, when Sadli was Professor of Economics in the University of Indonesia. Later, benefiting from the increased levels of esteem given to intellectuals, which marked Suharto's rule, Sadli became very influential and achieved a cabinet post. Heinz had great respect for Sadli's intellect and integrity. They took to one another and Heinz stayed often with the Sadli family in their pleasant Jakarta house. There and elsewhere, Sadli introduced Heinz to many of Indonesia's leading economists, including Widjojo, who lived next door.

Beyond Jakarta, Heinz made lasting connections at Gadjah Mada University in Yogyakarta with Mubyarto, Sukadji, Ace Partadiredja and with the economics faculties at Hasanuddin University (in Makassar/

Ujung Pandang, South Sulawesi) and Andalas University (in Padang, West Sumatra). The last two campuses 'were situated in attractive cities—Makassar with its beautiful harbour and astonishing Portuguese fort, Padang the gateway to Bukittinggi in Minangkebau country with its singular art and culture'. Further afield, Heinz went to Syah Kuala University in Banda Aceh and Udayana University in Bali. Always his objects were to promote the work of the Indonesia project, to tout the BIES and to identify local talent for future cooperative endeavours.

As well as specific trips to Indonesia for the project, Heinz took every opportunity to stop over for a day or two on trips to Europe or Bangkok, and to attend conferences and seminars in or about Indonesia. These included conferences of the Pacific–Indonesian Business Association (Jakarta, 1967); the International Planned Parenthood Federation (Bandung, 1969); seminars on regional planning (Bandung, 1975), wages and employment (Jakarta, 1974) and transmigration within Indonesia (Jakarta, 1977); and the annual meetings of the Australia–Indonesia Business Cooperation Committee, which alternated between the two countries.

Heinz continued to maintain contact in Jakarta with the Ford Foundation resident office, the resident IMF and World Bank missions and the Harvard Development Advisory Service, as well as with Bank Indonesia, the Central Bureau of Statistics, government offices and foreign embassies. His vast network and accumulated knowledge must have attracted offers of paid consultancies, yet he commented that, before formally retiring from the ANU

I never, with one exception [in 1979, to do some work in Washington for the World Bank on central banking policy in Indonesia], acted as a consultant for the Australian or Indonesian or any other government or any international organisation. In the early years, it was our deliberate policy not to set ourselves up as advisers or consultants on policy, although the 'Surveys of Recent Developments', it must be admitted, were not reticent in offering suggestions, at least between the lines (Arndt 1985:63).

The work of Heinz and the project in Indonesia was aligned with that going on in Canberra. From that base, staff and research students pursued empirical studies of the Indonesian economy, which were of analytical interest and were relevant to policy formation. No other centre in the world was doing this kind of work, intended for publication, on

Indonesia. Now and then, the project's independence and public nature caused problems that Heinz regretted: 'Many times, friends in the World Bank resident mission would explain how important they thought our work was and how they wished to help, but when it came to the point, natural bureaucratic caution, reinforced by confidentiality commitments to the Indonesian authorities, would almost invariably stand in the way' (Arndt 1985:60).

The staff and students of the Canberra department constituted the best repository of intellectual capital on the Indonesian economy that any institution outside Indonesia could boast. Heinz announced in 1985 that the doctoral graduates of the department's project accounted for half of all the non-Indonesian academic economists in the world who specialised in Indonesia. Invidious though it would be to mention many names, the self-identified Indonesianists in the department included David Penny, as well as the doctoral graduates who stayed on and other figures cited earlier. Additional members of the department would occasionally work on Indonesia, as would various visiting scholars from Indonesia, the United States, Europe and even the former Soviet Union. One Russian, Seva Archipov, was a colourful character, 'worthy of a novel' in Heinz's opinion. In a class of his own was R.M. Sundrum, who joined the department in 1970 and held a senior position until he retired in 1991. Sundrum did a lot of work on Indonesia, in his own research and in editorial/administrative tasks. He was, however, much more than an Indonesia specialist. He had impressive skills in economic theory and econometrics, which he could deploy over a vast range of subjects that captured his interest.

Although Heinz did not lightly decline invitations to lecture or write on Indonesia for Australian audiences, neither did he seem to have a goal to educate Australians at large about the economies of Indonesia and other Asian countries, in the visionary—if somewhat inchoate—way that J.G. Crawford did. And, unlike several political science, history and geography professors of things Asian, he never took an active part in the Asian Studies Association of Australia or its country-focused subgroups. Rather, Heinz preferred to advance Indonesia's cause through the media—principally newspapers and magazines, though at times radio and television appearances as well. Often his contributions were responses to carping criticism, by most of the Australian media, of Indonesia during Suharto's long reign. Heinz found himself a prominent defender of the regime, but by no means an uncritical one; he always acknowledged that corruption and authoritarianism existed in Indonesia.

Heinz took an especially prominent media role in 1986, a year that saw sustained criticism of Suharto in the *Sydney Morning Herald*, a very cool public statement on Indonesia–Australia relations by Bob Hawke (then in his second term as prime minister) and Indonesia’s temporary refusal to permit the Royal Australian Air Force (RAAF) to land on Indonesian soil, an action thought to have been provoked by the criticisms made by a Perth-based academic Dick Robison. The flavour of Heinz’s stance is best captured in his Shann Memorial Lecture, delivered at the University of Western Australia in September 1986, in which he claimed that sectors of the Australian public and media had intermittently soured relations between Australia and Indonesia

Particularly after the death of five Australian journalists during the Timor fighting, the Australian public received a highly slanted picture of events in Timor and of Indonesia generally...Australian journalists, with the ABC well to the fore, have been only too eager to pillory the inequities of the Soeharto regime...part of the problem has been the Timor legacy...part of it has been sensationalism...no small a part has been ideological antipathy to the Soeharto regime.

The Shann Lecture appeared in *Quadrant* in November 1986. When challenged on this choice of outlet, because of its limited circulation, Heinz responded by letter

Shann Lecture: I could not send it to *Australian Outlook*, the next issue of which is entirely devoted to a symposium on Australia–Indonesia relations edited by Dick Robison!...I agree in *Quadrant* I preach to a handful of converted. That is why I was so disappointed to get no coverage in the dailies [This is incorrect: the *Sydney Morning Herald* reported the lecture reasonably well as soon as it was delivered]. But Foreign Affairs [now the Department of Foreign Affairs and Trade] are also putting it into their monthly *FA Record*. That is not widely read by the general public, but it goes in 10,000 copies to every conceivable official agency at home and abroad.

Public debate in 1986 also reflected a long-standing, and indeed continuing, intellectual rift in the Australian academic community on the subject of Indonesia. For example, Monash University political scientists, led by Herb

Feith and Rex Mortimer, held views on the country that completely opposed the views of Heinz's ANU circle. Mortimer, in his critique of Indonesia entitled 'Showcase state of accelerated development', denounced Heinz as symptomatic of the intellectual and moral decadence of the Australian bourgeoisie. Non-governmental organisations and church groups—with an innate distaste for economic analysis—mostly leaned to the side of the political and historical radicals. A publication 'by the Australian Council on Overseas Aid, during a phase of radical management, showed up the Indonesia project as a reactionary, if not CIA-inspired, plot, of which donations by the Ford Foundation and multinationals were clear and blatant evidence' (Arndt 1985:65). Heinz noted, however, that, when corporate funds ran out, the Australian government made a substantial grant to the project.

There also was division of intellectual opinion internationally, especially among economists, about the relative importance in the developing world of economic growth versus interpersonal equity. Indonesia was an unappealing example for those who gave priority to the redistribution of income and wealth in the name of equity or social justice. Heinz remarked: 'At a conference of the Indonesian Studies Association at Berkeley in 1979, I was one of only three economists among a hundred sociologists, political scientists, anthropologists and historians, most of whom had no time for economic growth' (Arndt 1985:65).

Even within the Indonesia project, various shades of opinion coexisted. After all, experience in the field had shown staff and students plenty of corruption and conspicuous consumption within the regime. At the same time, the project members recognised objectively the evidence of a high GNP growth rate noticeably benefiting the otherwise impoverished peasantry and the workers in the new factories. The debate about development and equality was not conducted only in the departmental tea-room. Commendably, the project produced and published three substantial books on that theme in the early 1980s.

Heinz entered into retirement at the end of 1980 and handed over the BIES editorship at the end of 1982. Thereafter, his opportunities to visit Indonesia diminished. In late 1986, he bemoaned the fact that he had spent only three days in each of the previous two years in Indonesia. He never gave up on the country; he continued to write about Indonesia for academic and popular publications and managed at least one brief visit to Indonesia in most years until the end of his life.