

A WELL-BALANCED GROWTH COUPLED WITH JUSTICE: AN ECONOMIC OR A POLITICAL ISSUE ?*

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New thoughts and ideas, perhaps even a certain wisdom, result from the questioning of issues previously taken for granted. In this line of thought, reflexion on development should never end, since development is the manifestation of man's will to decide his direction in evolution, and this may at times entail no more than his survival. At any given time man should be optimistic about the outcome of his decisions. However, he should never forget that decisions are made only to be corrected in the course of time, as times change.

Reflecting on Indonesian development today one could see that the history of this young nation reveals a series of decisions, each of which has both its positive as well as its negative aspects but all of them possess a common characteristic, namely a gradual movement towards the definition of a third model of development, whatever the point of departure may be.

This article has no intention to discuss the sense and nonsense of economic growth for Indonesia. It is assumed as acceptable, at least politically, that a general development policy should be aimed at achieving a substantial economic growth rate as a precondition for the successful development of the country and society. Such general statements are indeed always debatable, but a discussion of such broad areas is always subject to the risk of leading nowhere because they are primarily problems of decision making at the political level. It is worth noting, however, that public opinion in

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Indonesia is increasingly concerned with the fact that the mechanism of economic growth does not by its very nature automatically serve to satisfy the sense of justice as understood in the society, and it is often argued that such a mechanism may in fact even work entirely against the principle of justice. Hence, in an attempt to solve the dilemmas of development, the policy makers have decided to define certain restrictions and limitations in the process of growth. According to them it should result in a pattern of a well-balanced growth coupled with justice.

This article will examine the phrase "well-balanced growth coupled with justice" the meaning of which rests largely on decisions taken at the political level. It is therefore obvious that at first sight a discussion on such issues appears to be nonsense. But is it really? One might find the answer by examining further the consequences of this phrase in the planning process. Generally speaking, it is the plan that will determine which of the problems are to be faced in implementing a development plan. A further basic hypothesis is that its planning is nothing if not the systematization of principles and targets, derived either from perceptions or calculations; then the philosophy of planning seems more practical than it at first appears: it requires that a clear distinction be made between strands of the web of problems which should be clarified theoretically and those which must be decided politically.

The desire to find a pattern of growth in accord with the demands of justice and capable of being worked out in a more balanced way is discernible in the Broad Lines of the State Policy (1973). There it is stated that "..... development, aside from increasing the national income, shall, at the same time guarantee an equal distribution of income among the people, in accordance with the sense of justice and in the framework of realizing social justice, thus on the one hand development is not only aimed at the increase of production, but it shall also prevent the widening of the gap which separates the rich from the poor by inculcating the principle of a modest life; in order to attain not only a prosperous society but also the realization of a just society. On the other hand, there shall be wider participation of society in development, in bearing the burden of development, as well as in enjoying the fruits of development". Furthermore it is stated "..... development shall not mean the pursuit of material progress

or inner satisfaction alone but a well proportioned, balanced and harmonious combination of the two.....".

It is certainly far from easy to work with the two notions "justice" and "balance" unless they are interpreted and defined with at least sufficient clarity to enable the planners to proceed with them in drafting plans. Given the lack of techniques available to convert such terms as "justice" and "balance" into derivatives operational for overall planning, theoretical considerations alone often prove inadequate, and must therefore be decided politically. Planners are not responsible for making the political decisions required in the process of planning; however, they certainly are responsible — particularly in the case of Indonesia, in face of a group of politicians whose lack of expertise is detrimental to decision making — for providing the instruments required for proper decision making. This should be manifested in the provision of a series of alternative development plans, with one aim, among others, to end stagnation in political life. It is a fact that the group of politicians in Indonesia is not accustomed to a *lingua franca* which enables them to make decisions based on more than generalities. The absence of a *lingua franca* as has been evidenced in the past 25 years of political life in Indonesia merely results in confusion and unnecessary controversies. This should actually have been overcome in the discussions of such sophisticated areas as the process of development. However, the hard fact remains that with the rise of the technocrats they can never supplant politicians in the latter's particular field.

II

Long term planning is the only framework capable of encompassing the dimension of growth with all its accompanying aspects. This explains why any development plan based on the dynamics of growth — including a plan with justice and balanced growth as its guideline — could never be expressed, let alone be explained, in terms of static analysis. Should one discuss the issue of a well-balanced growth coupled with justice in a static analysis, it is logical that at any given time one would expect a growth which would fulfill the demands for justice and which would simultaneously manage a balance between fulfillment of material and non-material

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needs. Although such an expectation is indeed desirable, it is however, unrealistic. One can observe a strong tendency in Indonesian political life to approach and judge the process of development by applying a static evaluation with the hour of judgement occurring annually at the time of the passing of the State Budget by the parliament. Here, for example, is balance viewed as the comparison between the budget allocation for economic development on the one hand and for social development on the other. A more extreme case occurs when the hour of judgement arises several times within the period of a year depending on the prevailing situation; such is the case with judgements on the process of growth with justice: a notion too seriously believed in by the public without giving due consideration to the continuing and gradual nature of the process.

In a way, these expectations and reactions are quite understandable, and one can argue, quite rightly, that the behaviour of the public is conditioned by the system as a whole, namely the operation of a planned society without the existence of a perspective long term development plan. The notion of a well-balanced growth coupled with justice is indeed the ideal, it should, however, be transferred to the operational level where operational means define the type of equitable and balanced growth which can be achieved within a certain time span. Besides that, it is of great importance — and perhaps this is the very essence of planning — to clarify how such growth can be attained; at whose expense and by what means, namely it must enumerate the economic and social sectors which have to bear the burden of development. In the absence of such clarification the phrase "well-balanced growth coupled with justice" becomes illusory. It may even emerge as no more than another political slogan serving ulterior political interests and purposes.

The Broad Lines of the State Policy is meant to give a framework for drafting a long term plan. Methodologically speaking, the basic concept of long term planning is none other than "the present viewed in retrospect, and the most important consequence of developing alternative expectations about the distant future is a better perspective on current trends and tendencies"¹. The general trend for most of the developing countries is that of a continual population growth, while economic growth merely limps behind it.

¹ Anthony J. Wiener, "The Future of Economic Activity, in *The Annals of The American Academy of Political and Social Science*, Vol. 408, July 1973, p. 48.

The dilemma for planning is due to the fact that everything is becoming a priority, while shortages in capital and skill continuously postpone the time for a take-off in economic development¹. At the same time there exists a new and phenomenal tendency of an increased consciousness for universal human values and aspirations which is not directly related to the living reality but could actually have been stimulated by alienation from the reality of the society.

III

"Justice" and "balance" are indeed philosophical values. However, since they are not just perceptions but are directly related to the feelings of human beings, they are by nature practical values as well. Being philosophical values they lie beyond the operations of planning. However, they will nevertheless be considered in deciding the general direction of the development plan. Being practical values, the notion of "justice" and "balance" are actually criteria of a relative nature. They are moving between the needs felt or defined by the society on the one hand and the fulfillment of needs resulting from development on the other hand. Thus, it is a permanent confrontation between two variables, each of which demands accommodation. Seen from this viewpoint the supply and demand model appears relevant for further analysis.

Following the evolution of the supply and demand model, one can see that at the very beginning of its validity in modern industrial societies, the rise of an independent variable, namely the demand for goods, determines — according to this logic — the birth and growth of the production sectors. The logic of this model is a continuous quest for equilibrium. In the course of time, however, and by using its own logic, the production sector went beyond its previous function as a dependent variable, expanding and transforming itself into an independent variable and hence determining the logic of consumption. To achieve a state of equilibrium in this changed role, the production sector use modern information techniques to penetrate the field of social psychology, thereby stimulating the consumer to buy more products. This phenomenon becomes one of

¹ Ali Moertopo, "The Future of Indonesia", in *The World of Strategy and The Foreign Policy of Nations* (Jakarta: Centre for Strategic and International Studies, 1973).

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the characteristics of the affluent industrial societies and at present has become the target of sharp criticism.

The primordial independent variable, namely the demand of the consumer for goods, is in the Indonesian case, and perhaps in most of the developing societies, predominantly determined by external influences. Progress in communication and information techniques result in a desire by the people to emulate the pattern and standard of living of the more advanced countries. It should be clear that this rising demand is not equated to either the existing financial-economic capacity nor to the social condition of the country. This explains why the supply and demand model applied to current Indonesian conditions results in distortions. The nature of the problem is a game situation, the reality is a non-game situation. However, since the logic of the model persists, the distortion automatically creates supplementary manifestations on the part of the consumer: expressed in terms of a demand for opportunities. This phenomenon is the most important political aspect of development. It is an issue which enters into the realm of politics. Hence, if the model is to be applied to the Indonesian situation it should operate with parameters of differing characteristics: *quality and opportunity* replace price and quantity.

If this analysis is correct, then one ought to examine further the functioning mechanism in such a model. It is not too far fetched to state that in Indonesia the government is presumed to be and is expected to play the role of the producer and supplier in satisfying all the people's needs. This means that the government has to provide goods and at the same time opportunities to enable the population to consume such goods which are not only of a material nature but non-material as well. It is argued that this political culture is a sequel to the traditional pattern and way of life in Indonesian society where the king or ruler was fully responsible for the fulfillment of the people's needs. There are schools of thought that are of the opinion that proper planning should try to depart from the living reality and aspirations in the society. However, once the functioning of the mechanism is examined, the reality shows a lack of any sense of real participation on the part of the people, whereas opportunity is actually a function of participation. It is precisely the sense of participation which determines the social mobility of the society, and which in turn would stimulate the creation of social institutions required by the mechanism as such, namely to satisfy

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the demand for opportunities. Opportunity is indeed not a gift, it has meaningful implications only if it is excersized in an organized way.

In the existing political culture the problem of participation is not a matter of semantics, but rather a matter of standard. The notion of participation is not the same as the sharing of responsibility but is seen rather as being present within the machinery of authority. Beyond this machinery there is nothing called participation. This is the reason why private activities and enterprises were never very attractive and carried a somewhat negative connotation. On the other hand, although since the birth of the nation, political institutions have been established, there has never been real participation of the masses in politics. The power and impotence of the political reality lies in one fact, namely that the people's needs are defined by only a small group of the urban population. Political struggle neither serves the people, nor is it a class struggle. It is more or less a chronic struggle within the elites, all of them having but a single aim: to gain control of the machinery of authority. One, however, should not ignore the impact of this limited political struggle, for it contributes to the ever rising expectations of the people.

IV

Given the existence of distortion within the supply and demand model, it is obvious that the equating of supply and demand is one of the big issues of development. Logically, it is exactly through development that the demands of the people is to be fulfilled. One could, however, never expect that all aspects of development could proceed in a synchronized manner. This means that there are always overshadowing problems which often turn out to be precisely those to be solved first.

It should have been clear from the outset that the restoration of the mechanism for the functioning of the supply and demand model could not be approached in terms of techniques, and that given its nature, the solution is more likely to be found through the utilization of strategies. The model is functioning if one of the two variables is dependent on the other, or if they are interdependent. Such could be seen in the behaviour of the parameters. They operate

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in a system if it is valid to state that "if you want to have better quality you must pay this with less opportunity and *vice versa*". Thus, the general strategy is to make the *non-game* situation a *game* situation. Since the problem is basically none other than that of an uncontrolled rising demand of the people, namely the demand for maximum of quality and simultaneously for maximum of opportunity, its first solution lies in the choice of using information strategies which could result in a more modest demand. One extreme example of such a strategy is the use of repressive practices supported by an ideology or by military force. These practices are indeed very effective. Indonesia, however, has decided to find a more humane strategy. Since the birth of the *New Order* the belief in the power of planning, hence in entering a technocratic age, is aimed at overpassing the ideological imperative in achieving a break-through, or in producing a qualitative structural change, namely the passage from stagnation to intensive development. There is, however, always a great danger and risk in such an undertaking. A transition period, that is, where the system is no more than series of atomistic political decisions, could only survive within the framework of a perspective long term development plan. Preoccupations with the phrase "well-balanced growth coupled with justice" are misleading if there still exist inadequate adjustment mechanisms. It is the distortions within the supply and demand model which have to be solved first, since any development policies ignoring this fact would only result in greater distortions. The really important objective of development efforts is to get people well-off. Ultimately, if a proper mechanism is at work, any development policies will gradually seek for more justice and equality. There still are some reasons to hope that as the process of industrialization approaches its completion, income distribution will become more equalized. There is also another view, the *neo-Malthusian*, which believes that a transition to economic equality and social justice can be made at a very low general standard of living. The choice is a problem of decision at the political level.

V

It has so far been assumed that we are facing an uncontrolled rising demand. On the other hand, the supplier — that is the

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government, mainly — is facing its own problem. Taking into account the currently excessive number of civil servants still being ineffectively, and less productively employed, the expansion of the government apparatus to meet the demand of the people appears out of the question. Moreover, it has been acknowledged that the state's expenditure in this sector is becoming an increasing burden.

Departing from the traditional maxim of the government being the sole "producer", another alternative would be met, namely that of the private activities and enterprises in the society taking over part of the government's role, thereby not only lessening the government's burden but moreover creating a supplementary mechanism for the proper functioning of the supply and demand model. With the government gradually relinquishing its role as a producer it would mainly function as a body which controls and regulates the enlargement of society's opportunities to participate in the process of development,, either through economic or social as well as through political institutions. Negatively speaking the government is interfering, positively interpreted it is giving directions to public activities. This issue is sensitive in developing countries. The other strategic point would then be that of strengthening the ability of the society as a whole to provide any kind of commodity or service the people want and need.

VI

Since the *quality* parameter always tends to work against the *opportunity* parameter, the political decision should be made by giving preference to one or the other. Should the decision be a rational one, planners could calculate an *optimum* solution. The conflict between quality and opportunity is seen as a match between the cost of living and the standard of living.

Indonesia's development will always have to come to face with the rapid increase of population. This means also increasing food supplies, expansion of educational facilities, creation of more job opportunities etc. It is acknowledged that in the Indonesian economy rice plays a decisive role. An increase in the price of rice always has a direct effect on the cost of living in general. This was evident, for example, during the 1972/73 fiscal year when the rate of inflation rose to 20.8% as a consequence of a sudden increase in

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the price of rice at the end of 1972. This increase in the cost of living is significant if compared to the rate of inflation at 0.9% in the preceding fiscal year, and this would also mean a decrease in opportunities. There is also a tendency for prices of food to increase continuously as a consequence of various global technical and ecological problems. On the other hand, the Indonesian open economy is susceptible to external inflationary influences as was apparent during the recent international monetary crisis. This means that inflation in Indonesia in part results from imported inflation. The general policy should therefore be oriented towards keeping the cost of living at a reasonable level — a policy of prime importance in such a period of transition — which at the same time would eliminate sources of domestic turmoil. In carrying out this policy it would seem desirable to examine further the possibility of maintaining the price of rice at a reasonable level, if necessary by making sacrifices in other sectors.

One such alternative is through certain *intersectoral arrangements* in which the most lucrative sectors should share the burden of developing the other vital sectors which are still unable to attain a self-generating growth. Such an attempt does not aim at splitting up development planning into independent intersectoral units but is rather intended to provide clarity about the burden of each sector. A division of development planning into intersectoral units, each with a particular function, seems to be much better than the current sectorally planned development. For the next 10 years, that is the period for achieving a break-through, it should be feasible to arrange such intersectoral operations: the mining sector, forestry and tourism could, for example, be made responsible for financing the development of agriculture, education and public health; private national and foreign enterprises for the promotion of trade, the development of the industrial sector, and for education and training; and foreign aid for infrastructure. Such an arrangement is again a political decision. If such a formula is accepted, then planners could start drafting a proposal which could regulate the relationship and the mechanism among those sectors mentioned before.

VII

The rising demands of the people as observed in the society is to a large extent a quest for material progress and welfare,

partly because of the rising expectations stimulated by an economic-heavy development plan, and partly because progress in communication and information techniques accelerate an internationalization of consumption. On the other hand, it is at the first instance politics which will decide whether Indonesia will make use of the internationalization of production — introduced by the most controversial enterprise of today: multinational corporations — to meet the demands of the people.

The current scene, however, will show an increasing tendency of an internationalization of culture as well. It is expected to result in cultural shocks, and not least in a confrontation with the prevailing political culture. And this political phenomenon will determine the outcome of any development plan.
