

The Impossible is Possible: Hartarto Sastrosoenarto and Industrialization in Indonesia, 1983 – 1993

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ABSTRACT: *Hartarto Sastrosoenarto was an Indonesian statesman that hold some ministerial offices during the New Order and in the beginning of the Reformation era. He has a big concern for the development of industry in Indonesia. This article deals with his thoughts, experiences, achievements, and vision about how to make Indonesia as a world player in the industrial field in the future. “The impossible is possible” is his phrase that shows his optimism. From his life journey, he had a good opportunity to continue his education from ITB (Bandung Institute of Technology) to Australia. After the completion, he joined the Department of Industry. His academic background and experience brought him to run some industrial projects and then becoming the Minister of Industry in 1984. He began with the reorganization and the development of human resources. Besides, he raised such Main Strategic and Supporting Strategic Policies as a guideline to build the industry. He also paid attention to the small scale industry as the national advantage. Finally, he has a wish that Indonesia will be a world player in the international economics in the future.*

KEY WORDS: *Hartarto Sastrosoenarto, the impossible is possible, industrialization, world player, Indonesian nation-state.*

INTRODUCTION

“The impossible is possible” is a phrase from Dr. (HC, *Honoris Causa*) Ir. R. (Raden) Hartarto Sastrosoenarto, an Indonesian statesman, expressing his optimism on Indonesian future (Sukmawati & Tangkilisan, 2012:20). After the crisis of 1998, it seemed that it was hard for Indonesian economy to recover. Comparing with the neighbor country, like Thailand, the recovery process takes much more times. Behind this somber picture, some people still hold their optimism, like Hartarto Sastrosoenarto. Even, he does not

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agree with an idea that Indonesia is undergoing a deindustrialization. He always refers to the achievement and performance of manufacturing industries. The sector was ever hit badly by the crisis, but it did not take much time to recover.¹

Prior to 1970, some observers thought that it was hard for the country to achieve the welfare. Indonesia was characterized as a “chronic economic dropout” and as one of the poorest countries in the world. In this context, Gunnar Myrdal stated that few chances for Indonesia to have a rapid economic growth (cited in Hill, 2002:1). Moreover, no one would believe that Indonesia would be grouped as a member of the most exclusive club of “East Asian Miracle Economies” and with the highest economic group in the world in just 20 years (Wulansari, 2004:3). Masami Ishida, quoting a report of World Bank in 1993, stated also as follows:

During the period from the latter half of the 1980s until just before the Asian currency crisis in 1997, Indonesia’s economic development had drawn expectations and attention from various quarters, along with Malaysia and Thailand within the same Association of South East Asian Nations (ASEAN). In fact, the 1993 report of World Bank entitled “East Asian Miracles: Economic Growth and Public Policy” recognized Indonesia as one of the East Asian economies with the strong economic performance, i.e. sustained economic growth (Ishida, 2003:1).

In 1980s, the Indonesian economics showed an incredible growth as a result of the implementation of PELITA (*Pembangunan Lima Tahun* or 5 Years Development Planning) since 1969. The public welfare increased. The Planning put the agricultural sector as the first priority in order to provide the staple food for all people. Therefore, the production evolved. The period 1983 to 1993 showed a rapid industrial progress. Sumitro Djojohadikusumo, an Indonesian senior and prominent economist, was impressed by the progress (cited in Tambunan, 2006). Anne Booth (2001), an Australian and economic history of Indonesia expert, has a similar impression.

After the 1982 General Election, the elected President formed his cabinet. From the names, Hartarto Sastrosoenarto was in charge to lead the Department of Industry. This was a right choice because he had capabilities and experiences in the industrial field. He has an academic background in the chemical engineering and began his career from the bottom at the Department. Therefore, he endured many things in handling industrial matters, from the technical to administrative ones. Moreover, he was a hard working man and a man of vision.

¹An early version of this article already delivered at the Conference of International Graduate Students in Yogyakarta, Indonesia on December 2009.

Why was he, at the time was the Director-General of Basic Chemist Industry, chosen by President Soeharto to take an office that formerly held by A.R. Soehoed? There were some other Department high-ranked senior officials. According to Abdul Sjukur, the former supervisor of Hartarto Sastrosoenarto, it was because he had a close connection to Madame Tien Soeharto, the first lady who came from Solo, Central Java. “*Podo Wong Solo*” (the same Solonese), said Abdul Sjukur, but he admitted that Hartarto Sastrosoenarto deserved it because of his merits (interview with Abdul Sjukur, 11/4/2008).

In fact, Hartarto Sastrosoenarto never took an advantage from such ties. He did not know much of Madame Tien Soeharto. He belonged to some Ministers that seldom visited the President’s residence at Jalan Cendana during the *Idul Fitri* (the Islamic celebration day after a fasting month). According to Wardijasa, at the time he was a Director of PUSRI (*Pupuk Sriwijaya*), state owned fertilizer company, his achievements in the construction, procurement, and engineering fields – when formed the REKIN (*Rekayasa Industri* or Industrial Engineering) that was considered as a national asset – were the reasons behind the appointment (interview with Wardijasa, 29/4/2008).

The last-mentioned opinion has a similarity with what Hartarto Sastrosoenarto thinks that his track record as the Director-General brought him to be the Minister of the fourth Indonesian Development Cabinet. As the Director, he developed and built many chemical industrial plants, ranging from cements, paper, pulp, pesticides to fertilizers. It seemed that his firm and fair attitudes also played a significant role. As an official who held a strategic position, he found a lot of opportunities to make himself rich. It was the time of full temptation. However, Hartarto Sastrosoenarto feels grateful that he could walk through leaving all of those behind. This is because of his father who is his role model. The father always told him not to consider the material well being as the top priority of life.

From international educational institutions, Hartarto Sastrosoenarto received 4 honorary degrees. In 1992, Nagpur University of India awarded him a Doctor of Letters. A year later, in 1993, he received a Doctor of Sciences from University of New South Wales, Australia. He own self graduated from the university (Bandung Institute of Technology) in 1959. Two other degrees were from Nanyang Technological University, Singapore; and Erasmus University, the Netherlands, in 1995.

This article based on a depth interview with Hartarto Sastrosoenarto and some other interviews with several key persons who once cooperated

with him as his staffs.² They know a lot about his performance and achievement. This research does not reach his opponents yet. It is not so easy to have opportunities to talk with them. However, the oral resources do not always say the good things about him. They also criticized his policy from different points of view. Some material resources originated from the literature studies that related to the economic and industrial subjects. Reading materials come from the Indonesian National Library at Jakarta and the Library of Indonesian Council of Sciences collections.

RESTRUCTURING THE DEPARTMENT

During the first months after the appointment, Hartarto Sastrosoenarto paid his full attention to the Department. He consolidated, restructured, and reordered the internal organization. The Department consisted of four the Directorate-Generals. The Directorate-General of Basic Chemical Industries was grown to give a birth for a new Directorate-General i.e. the Basic Metals, Machines & Electronics. He referred to the circumstances of developed countries like Japan. The concept included the big scale basic industries which provided the materials for the middle-ranged industries that were under management of the Directorate-General of the diverse industries. Next, the Small Industries Office had a role to spread the equality, especially to the common people by the opening of opportunities to run the business.

Related to the policies, the further actions were the making of national policy for industrial development that would produce an industrialization regulation as a momentum and starting point to build the industries that pointing to a certain way under a law. The policies destined to invite the foreign and domestic investors to run a business in Indonesia. They will be interested in the investment when the business climate was supportive. Therefore, Hartarto Sastrosoenarto improved it by the deregulation and the deletion of red tapes.

At the time, the Minister had a great span of control touching down on the ground level. The organization had a lot of branches and divisions such as the Directorate-Generals, the Directorates, the Regional Coordinators,

²Within 2 years, the depth interviews were conducted during the first year in 2008, i.e. on February 25th; March 3rd, 10th, 13th, 17th, 25th, 28th; May 21st; and June 27th at his residence in South Jakarta. The interviews involved a team consisting 5 people from different backgrounds. A few months ago, Hartarto Sastrosoenarto launched his biographical book in which I am as the co-author, entitled *Perjalanan, Pemikiran, dan Karya Hartarto Sastrosoenarto: Menteri Perindustrian 1983-1993, Menteri Koordinator 1993-1999* (Jakarta: Yayasan Pidi, 2012). Some parts of this article also based on the book. However, any mistakes in this article are my responsibility.

the Regional Offices, and the Centers. Those were under control of the Minister. The circumstances gave a lot of difficulties to control. Therefore, Hartarto Sastrosoenarto built a simple mechanism using the channel of journalism. Through the media, all his orders and correspondences flowed to the staffs and the under officials. Almost two times a week, he held a meeting with the journalists at the ground floor whereas the room was destined to them. He built a good and mutual symbiotic relation with the printed and electronics media. All information that needed to widespread was distributed to the offices by the media. It took only a couple minutes to reach the local staff to take an action as the implementation.

Trisura Suhardi, the former official of the Department, praises this strategy of information management that was excellent and effective. Indonesia is a big archipelagic country comprising many islands that need a media of interactive and fast communication. Comparing with the recent situation under a Reformation, the Department has no control to the provincial areas. All area offices are under provincial governments. They do not have a central control that can bring them to the same direction. Now, they have their own ways. For example, said Trisura Suhardi, a couple years ago he felt unhappy when visiting to Pasuruan, a city situated in the East Java. The chief of local industrial office was the former chief of cemetery office. In various areas, the positions of industrial office are filled by some incapable people who do not understand about industrial matters (interview with Trisura Suhardi, 14/4/2008).

In the time of Hartarto Sastrosoenarto, before holding a power the new officials, had to take a training for studying on crafts, textiles, metals, and others related to industries. Annually, they attended a meeting listening to a guidance from the Minister in order to adapt their programs with the main policies of the department.

THE INDUSTRIAL ACT OF 1984

Even though having educational background and experience in the chemical engineering, Hartarto Sastrosoenarto has been fully aware of law. He felt that the industrial development needed a legal support. He thought that his priority as Minister of Industry, who had a functional responsibility for industrial fields, was to make an industrial act. The widespread of industrial location does not become a matter because of the similar pattern of industrial management. He was intended to make an integrated industrial policy. He did not compose the act directly chapter by chapter but he tried to comprehend the nature how to grow industries in the future. Afterwards, he poured it to the available draft.

Having a democratic national political structure does not mean that the similar political culture already exists. At the time, it still remained under influence of the traditional feudalism. There were several regulations from the Dutch colonial times. It takes time to change them. For example, the USA (United States of America) needs more than 200 years to shift its cultural values and national character, and the small country like Singapore experienced 40 years to change the social mindset.

In preparing the draft, Hartarto Sastrosoenarto gathered all staffs. He ordered them to write down the early version and the legal division had to make the concept. At the time, Trisura Suhardi realized that Hartarto Sastrosoenarto already thought that the Department had to be handled by sectors. Therefore, it was divided into some divisions i.e. the basic chemical, machinery metal, diverse industries, and small industries. Trisura Suhardi believed that nearly 80% of the act came from Hartarto Sastrosoenarto's idea. Meanwhile, the legal parts originated from the Legal Division and others. The initial draft was sent to the People Representatives Assembly and approved at June of 29, 1984 as the Industrial Act Number 5 (interview with Trisura Suhardi, 14/4/2008).

Hartarto Sastrosoenarto also saw that it was not enough to consider the sectors in common meanings. He also thought about the downstream. The result was a cluster of industries. It could be said that Hartarto Sastrosoenarto had a vision beyond the age. Because of the act, industrializing processes had a legal ground to secure all operations. It is important in order to avoid complains that might be come up in the future questioning the policies and actions.

To ensure that all staffs in the Department comprehended the act, Hartarto Sastrosoenarto often asked them chapter by chapter. He always said that they ought to understand it as a guidance of their work. In the meeting, he also asked to the audience about it and he would be upset when he did not hear a right answer. In this case, it seemed that he had a bad temper that is why some people called him as MBA or the *Management by Angry* (interview with Hartarto Sastrosoenarto, 5/5/2008).

For some industrialists, the act was considered as ineffective and containing no clear direction because it did not specify or mention a priority sector of industry. Sofyan Wanandi, a businessman and sometimes taking a opposite position to the government, unleashed a sharp criticism to the regulation. "So, it was useless", said him when being interviewed (interview with Sofyan Wanandi, 15/9/2009). When responding to this argument, Hartarto Sastrosoenarto said that it was not so surprised with the criticism because the businessmen always seeks for getting privileges

to raise more profits. He also told that Sofyan Wanandi was and still is one of his best friends and they sometimes had different opinions about some issues (interview with Hartarto Sastrosoenarto, 5/5/2008).

Moreover, the act has to be put in its spirit of age. The most important is actually the act was not belong to the Department of Industry anymore, but more than that, it already became a national asset. Because of that, the act had to be enforced into several regulations. Nowadays, Indonesia already has a new industrial regulation. This is a good action because the old one is not fit with the political circumstances. The nature of New Order politics was the centralization and authoritarian of power that changed since 1998. Today, politics is the decentralization and autonomy. Therefore, the legal products have to be reconsidered and improved. However, there is still a weakness behind the changes i.e. the discontinuities. This happens in the Department of Industry, as the new Minister, is reluctant to continue the policies of old Minister. Hartarto Sastrosoenarto said that all achievements of the old regulation have not to be neglected, especially its spirit and vision in developing national industries (interview with Hartarto Sastrosoenarto, 5/5/2008).

Furthermore, according Hartarto Sastrosoenarto, the relevance and significance of the act are: (1) for companies, the act is to secure and ensure to run their business; and (2) for common people as consumer and target of industrial activities, the act can be used to provide the legal protection (interview with Hartarto Sastrosoenarto, 5/5/2008).

Moreover, Hartarto Sastrosoenarto stated that the act covered the whole industrial conduct to become an operational stake for the national industrial development by doing as follows: (1) the economic democracy by involving all people in the industrial development; (2) the increasing wealth for all Indonesian people; and (3) by self dignity and self power to use the abundance natural resources with a consideration to balance and care of environment (Sastrosoenarto, 1987:100).

According to the rule, the role of government involved to handle and create the healthy business climate, the proper protection, the spreading a fair development, to prevent a monopoly that damaging the people business, to care the natural environment, and to enhance the industrial structure. The further role was to improve a linkage among the industrial sectors and between the industry and others, and also a collaboration between the middle scale and big industries, and to lift up all difficulties that preventing the industrial growth. Moreover, the government was to secure and to encourage the engineering and procurement in establishing the industrial standard to secure the consumer's needs and to strengthen the industrial structure in order to launch a linkage program.

Moreover, Hartarto Sastrosoenarto unleashed the several strategic actions that called a vision, mission, and operational manual with a field of supervision. He explained these parts by sectors. He was intended to direct his staffs focusing their own programs. These actions were accounted for every five years and the result would be under an evaluation annually. According to Trisura Suhardi, the birth of the Industrial Act of 1984 was a great achievement in the Indonesian development history. And also the act was born in the middle of change from the import substitution industrial policy to export the strategy of industrialization. It contained a point that stated to encourage the export of manufacturing (non oil and gas) products (interview with Trisura Suhardi, 14/4/2008).

THE LEADERSHIP STYLES

Hartarto Sastrosoenarto has a distinguished work habit. He likes orders and disciplines. He cares from the small to principle matters. He always put the paper clips neatly and at the same places. Solichin, who served him as the Minister Secretary, appreciates those habits. He was asked to do the same way. All letters for Hartarto Sastrosoenarto was put orderly and kept in big black suitcases. After works, he brought those with the full papers home. He always read those since early in the morning and wrote down his dispositions with blue or black inks (interview with Solichin, 17/4/2008).

Hartarto Sastrosoenarto gave a guidance how to order and put the incoming letters in the suitcases. He would correct his staffs when there was a mistake. To Solichin, he did it softly. Solichin knew how to deal with this Minister. Even though he came from Kertosono, East Java, Solichin admitted that he behaved *"softer than usual Solonese people habits"* to Hartarto. When getting upset because of something wrong, he called him as *"your majesty"*. And, then, Solichin said, *"When there was something wrong with me, he said as what's up your majesty? Usually he got mad with others"* (interview with Solichin, 17/4/2008).

Hartarto Sastrosoenarto always was able to deal with all his works. It does not a matter whether abundance or hard. He counted on his staffs when he had a very difficult and hardly to solve the problem. Before discussing it with them, he called them by a firm order as *"come immediately"*. By this disciplinary and orderly habit, the output was a decision to have the outcome. Because of the decision, the following effect came up. It meant that Hartarto Sastrosoenarto already predicted the final result based on a consideration of output, decision, and outcome.

Hartarto Sastrosoenarto built a work relation based on the continuity and intimacy, especially with his main staffs in the first rank of office.

This was a closed relation, but never be personal. He opened his room for them so that they could see every time and they did not have to make a meeting. Hartarto Sastrosoenarto coordinated them according to their responsibilities and duties. In the public administration in Indonesia, there was an official term as *TUPOKSI* i.e. *Tugas Pokok* (main duties) and *Fungsi* (function). For example, in the automotive sector, the authorized person was the Director of Automotives as a part of the Directorate-General of Metal and Machinery Industry. Therefore, the official had to be responsible and acted as a professional on duty. Again, Solichin said, *"When he did not understand in front of Hartarto, he would have a big trouble. He had to understand, able, good, and fast according to his own competencies. You could not deceive him"* (interview with Solichin, 17/4/2008).

Hartarto Sastrosoenarto was very careful to choose his men. He began his career from the bottom, by working in the plant and rising to be an official at the Department until a Minister. Based on the experience, Hartarto Sastrosoenarto was attentive to a regeneration process in all lines to put the right men on the right places. He did it in order to train them for better working in running the company. Wardiyasa, at the time he was a Director of PUSRI (*Pupuk Sriwijaya*), state owned fertilizer company, admitted that he learned a lot from Hartarto Sastrosoenarto. After a cabinet meeting, Hartarto Sastrosoenarto gathered all staffs and explained all results from the meeting. Meanwhile, before the Ministerial meeting, he called all the Director-Generals and asked them to make a report. He encouraged them to prepare the required reports. Wardiyasa said that on such occasions, he had to work hard until late in the night.

Hartarto worked from 5 a.m. in the morning to 12 p.m. at night. I had no other choice but to follow this habit. I always stood by for his calling. In my bed, I put all my paper works from cement matters to pulp, so when he asked me, it was easy for me to find the answer. I did it for 5 years (interview with Wardiyasa, 29/4/2008).

Trisura Suhardi, the former official of the Department, saw this habit as a capacity of a Minister. He then stated, *"I already knew when I had to make a report and in turn for my men. For us as his staffs, this routine was advantageous because we could prepare ourselves for the meetings or making reports"* (interview with Trisura Suhardi, 14/4/2008).

Eventually, the staffs could adjust this habit. They did not surprise anymore. In the meeting, they who were not ready or prepared would take back seats. Many of them were dared to have a seat at the front because they were afraid of to be asked and not able to answer. Hartarto Sastrosoenarto noticed this attitude and he was disappointed. However, he was aware that

there were some employees to whom he could count on to execute his ideas. And actually the attitudes showed the people who had hard wills and full attentions to the job. At such circumstances, he often encouraged them while widened their perceptions on the industrial issues.

Hartarto Sastrosoenarto often called his staffs on every time he wanted to. Sometimes, he did it early in the morning and sometimes late at the evening. He also frequently asked them to come to his residence. According to Trisura Suhardi, Hartarto Sastrosoenarto was a leader who does not want to lose any opportunities to solve a problem. He wished that he could find it as soon as possible without any time to be delayed. By doing that way, he built a direct communication with his staffs and it worked (interview with Trisura Suhardi, 14/4/2008).

Hartarto Sastrosoenarto likes a speed work but it does not mean in hurry. He had such parameters to control, i.e. the carefulness and orderliness. Even though working under a pressure, according to Solichin, he still conducted it as a system. On the other hand, Hartarto Sastrosoenarto expected for a systematical explanation from his staffs. He enjoyed such a clear and orderly presentation. Therefore, Hartarto Sastrosoenarto showed no attention when he did not find what he expected (interview with Solichin, 17/4/2008).

The next habit was that Hartarto Sastrosoenarto always asked his staffs about their performances. Tuk Setyohadi, the former Secretary-General of the Department, found that Hartarto Sastrosoenarto was a performance-oriented but unfriendly. The last mentioned would happen when he had the unexpected responses (interview with Tuk Setyohadi, 10/5/2008).

About Hartarto Sastrosoenarto relation with President Soeharto, according to Solichin, was close enough but they built an interactive communication on the line of full duties. When coming to see the President, Hartarto Sastrosoenarto was ready with all well-prepared report resources. He always read all received letters carefully with outlining yellow marks on the important parts. Solichin helped him to do that. After everything was ready, Hartarto Sastrosoenarto would arrange them neatly by himself and put them into the briefcase to be brought home. This order made the President Soeharto easy to evaluate and to give his disposition and instruction. In these matters, Hartarto Sastrosoenarto is a perfectionist (interview with Solichin, 17/4/2008).

THE POLICIES AND THOUGHTS OF INDUSTRIAL DEVELOPMENT

To implement the act, Hartarto Sastrosoenarto had the Main Strategic and Supporting Strategic Policies. The main policy consists of six points

and the supporting comprises four parts. The six points are: (1) to develop the structure of industry; (2) to develop the machinery and electronic industry; (3) to encourage the small industries; (4) to encourage the export of industrial products; (5) to develop the research and engineering in the industrial production; and (6) to develop the entrepreneurship (Sastrosoenarto, 2006:25-29).

Moreover, the four points are: (1) to lay down a legal base to regulate and encourage industrial development, i.e. the Industrial Act of 1984 number 5; (2) to clustering the existing industries into the Basic Industry, Diverse Industry, and Small Industry; (3) to intensifying the Linkage Program among all industries in scales and categories; and (4) to using the internal and foreign markets to increase the capability of business environment (Sastrosoenarto, 2006:30).

In the early version, the supporting policy consisted of 3 points and the point concerned with the performance of Department of Industry (Sastrosoenarto, 1987:103). Moreover, Hartarto Sastrosoenarto stated that:

According to the two policies, it was clear that ongoing industrialization today not to build merely plants. The more important is to making of industrial society with people's wide direct participation mainly by developing small, middle, and basic industries. It requires entrepreneurship and managerial professionalism with technological skills to grasp engineering, procurement, and construction (Sastrosoenarto, 1987:71).

According to Wardijasa, at the time he was a Director of PUSRI (*Pupuk Sriwijaya*), state owned fertilizer company, that:

Actually the six points are still relevant and significant for today because contain some priorities like every age has its own priority. There is a lead sector form the points. However, it could be applied with some modifications. At the time, it worked because was supported by the leadership and the system. But for today, it is very complicated. The industries are not under a Department and grow by their own policies (interview with Wardijasa, 29/4/2008).

Hartarto Sastrosoenarto followed the State Guidance or GBHN (*Garis-garis Besar Haluan Negara*). From an interview with magazine of *Business Forum* in the year 1984 (IV, 3:8), he confirmed that the goals of industrial development, according to the State Guidance, are: (1) to deconstruct unbalanced economic structure between agricultural and industrial sectors to achieve the strong and modern industries under a support of a firm agricultural sector; (2) to catch up the progress of agricultural sector that posed the first priority since the first Five Years Development Planning or

REPELITA I, *Rencana Pembangunan Lima Tahun Pertama*; (3) to grow job opportunities; (4) to encourage fair business opportunities; (5) to increase production in order to fulfill domestic demands; (6) to increase export of industrial products; and (7) to support regional developments (*Business Forum*, 1984, IV, 3:8).

Next, his ideas about industrial development are to build plants and making an industrial society, by: (1) developing small scale, diverse, and basic industries; (2) making a link with other sectors; (3) innovative and self sufficient; (4) entrepreneurship; (5) grasping the technology of plant engineering, construction, and procurement with the equipments; and (6) research and applied abilities (Sastrosoenarto, 2006:33; and Tangkilisan, 2012).

On the efforts to increase the export of industrial products, the ideas involve the monitoring and using export data continuously from the various resources, to analyze them by computers, and to dominate exports. The way to achieve the last mentioned is to make a corporation by making strategic alliances with foreign countries, promotion, getting access for information from all over the world, and distributing the information to domestic businessmen. The increasing domestic market means to developing the upstream industries and the full capital industries, and also by implementing linkage programs and the transfer of technologies. It is clear that his ideas are interconnected and integrated each others to raise a full and deep comprehension on the industrialization. The main idea of industrialization is the advanced industry under a support of a strong agricultural base. Hartarto Sastrosoenarto still believes in it even after his resignation from the governmental duties (interview with Hartarto Sastrosoenarto, 27/6/2008).

As an everlasting commitment to the Indonesian industrial development, Hartarto Sastrosoenarto collected all related resources and recalled all memories that he has done and experienced for his tenures to be written down into a book. It contains his idea, thought, experience, reflection, and vision for Indonesia in the future based on the industrialization together with the service sector and agriculture development. His dream is that someday the Indonesian manufacturing exports could be a world player catching the lack from the developed countries (Sastrosoenarto, 1985; 1987; and 2006).

THE MANAGING OF PUBLIC COMPANIES

Until the Fifth Year Development Planning or PELITA V (*Pembangunan Lima Tahun Kelima*), there was no certain Department handling the public

companies, as the Ministry of Public Companies. Most of them were under the Department of Industry. Therefore, the Minister had much power over the companies. Since 1980s, the companies have a big task as profit makers for the government revenues. At the time, the government could not depend on the mining sectors, i.e. petroleum, because its price tended to decline. It is a duty of Hartarto Sastrosoenarto to develop the companies to make them effective and efficient to gain profits.

Some industries had such strategic values for the Indonesian national development, like the cement, fertilizer, salt, paper, and petro-chemical. As a developing country, the Indonesian government had to secure the supplies, especially for the common people. In the rural area, where nearly 90% of the people were peasants, the need of fertilizer was very significant to increase the production. The cement was needed for construction the companies to provide housing. To run the companies as good businesses, the competitive advantages became the first consideration. It meant that the leaders had to be the best and excellent.

At the time, the Minister of Industry had a great power, because he [Hartarto Sastrosoenarto] was the main shareholder. The other was the Minister of Finance. Beside of technical fields, the Minister had authority in corporate matters, how to raise profit, and so on. Therefore, Mr. Hartarto was able to call all company Directors that were under supervision of the Department for asking how the company performances. He managed them from "A" to "Z", because he was in charge to appoint or fire them (interview with Wardijasa, 29/4/2008).

As the Director-General, Wardijasa was delegated a power to prepare the new Directors to replace the old who were entering their retirement at the end of the term of office. Hartarto Sastrosoenarto usually directed him by saying, *"Some of the company's Board of Directors are closed to the end of their services. Prepare the candidates. For this is your duty and for the President Director is mine"* (interview with Wardijasa, 29/4/2008).

The Minister gave his staffs around six months to learn the management. Bearing the responsibility, Wardijasa admitted that he had to be really careful. He did not want to make mistakes and try hard to avoid nepotism. If he did so, Hartarto Sastrosoenarto would negatively see him as incapable to conduct his instruction. Hartarto Sastrosoenarto himself also was very carefully to make a selection. Wardijasa always prayed before taking a decision for the appointment. He recalled that the Minister had aptly methods for the selection by compiling all information about the candidates from the colleagues, superiors, and staffs. Based on the findings, he took a decision. It could be said that the appointed

boards following a tight selective process (interview with Wardijasa, 29/4/2008).

To control the companies, there was an annual meeting. At the forum, Hartarto Sastrosoenarto would announce openly such a report concerning the company performance for the fiscal year. To the low performance companies, that failed to raise revenues, Hartarto Sastrosoenarto was going to ask the Board of Directors to stand, so the audience could see them. The Boards of Krakatau Steel were once asked to stand. Probably, this caused a phrase for Hartarto Sastrosoenarto as MBA or "Management by Angry". A main Board of Trustee from the Barata Company also had a similar experience from the Minister when Hartarto Sastrosoenarto was asked to stand and getting angered because of the same matters (interview with Wardijasa, 29/4/2008).

Suparno was one of the staffs who frequently accompanying the Minister to visit some countries as comparative study on the industries. After every visit, Suparno immediately made a report and directly handed it over to the Minister, Hartarto Sastrosoenarto. The Minister composed the report very carefully in every detail. Hartarto Sastrosoenarto never got mad of Suparno. In some occasions, Hartarto Sastrosoenarto told to Suparno that he was belonged to his favored staffs. This accomplishment pushed him to work more harder and to minimize all failures and mistakes (interview with Suparno, 5/5/2008).

The Minister and his staffs also had a similar thought about how to start industrialization in Indonesia. Different with Korea that began to industrialize from steel, Indonesia has to initialize from basic chemical industries. Thereafter, it could be extended to metal and diverse products (interview with Hartarto Sastrosoenarto, 3/3/2008).

ENCOURAGING THE SMALL SCALE MANUFACTURES

In the time of regional autonomy today, all regional and branch offices are under of their own Provincial Governor. It seems the central government has no role anymore, and they walk along their own patches without any coordination. Trisura Suhardi, the former official of the Department, felt unhappy when about 5 years ago he went to Pasuruan, a regency in East Java and found that the Head of Industrial Office there was a former Cemetery Service Official. Also, in some other areas, the Chief of the Branches were held by incapable officials who did not have any knowledge, experience, or background in industrial matters (interview with Trisura Suhardi, 14/4/2008).

It was slight different when Hartarto Sastrosoenarto was the Minister. At the time, someone who wanted to be head of regional or branch office had

to take a course in the industrial training centre where they got knowledge and expertise in the field of crafts, textile, metal, and so on that related to industries. Annually, they gathered and guided by the Minister about the future plan as a guidance for their duties. Therefore, the industrial policies and action got along together in harmoniously from the bottom and vice versa (interview with Trisura Suhardi, 14/4/2008).

Trisura Suhardi was the person who was in charge for encouraging the small scale industries. One day, he came to see Hartarto Sastrosoenarto and explained his program for clustering the small industries according to their advantages and regions. For example, Special Province of Yogyakarta has the Kota Gede where the people working on silverwares. At Lasem, situated at Central Java, the advantage is *batik* (traditional cloths). Hartarto Sastrosoenarto agreed with the idea and instructed to Trisura Suhardi to form a central body of small industries for all over regions. There were at least 15,000 small industrial companies in Indonesia. And to unite all the bodies, Hartarto Sastrosoenarto told to Trisura Suhardi to take an advantage of technology by satellite networks that already belonged to INDOSAT (Indonesian Satellite). Because the computer was a luxury and expensive ware, every region and branch offices were equipped each by a set of the machine (interview with Trisura Suhardi, 14/4/2008).

Every month, they had to send reports about the bodies' performances to the Director-General of small scale industries. "*Therefore, I was able to tell the Minister at the same time*", told Trisura Suhardi. From the reports, he found that because of the lack of knowledge on computer as a new technology of information, he suggested to the Minister to open a computer training center. Hartarto Sastrosoenarto accepted the idea and immediately instructed his staffs to make such a center (interview with Trisura Suhardi, 14/4/2008).

The other program was to improve the management, marketing, and operation. The effort was to make the small sectors more modern and having a competence to compete. Related to the program, the Department provided field instructors to train the craftsmen. They were classified for certain product, likes the shoemakers were supported by a shoe specialist.

To increase small industrial markets, Hartarto Sastrosoenarto launched a corporative program with Central Bureau of Statistics in order to control the quantitative data about the growth. He considered it important to start from data before extending the market. From the figures, he would know about the flow of transaction. Trisura Suhardi found it as a need to take a course on statistics in order to read the figures. It was important to

monitor the circumstances in case to take an immediate action to handle a problem that could come up every time (interview with Trisura Suhardi, 14/4/2008).

Next, after consulting with the Minister, Trisura Suhardi arranged an event of award called as *Upakarti*. The award was a compliment from government to small scale business that succeeded to increase their using of technology, financial management, and production to be more modern. This initiative also got attention from the President Soeharto. And the event was uplifted as a national program where the President handed over the award to the nominees. The goal was to make the small businessmen more tuft, self-sufficient, and self-integrity (interview with Trisura Suhardi, 14/4/2008).

BETWEEN THE “BERKELEYS” AND THE TECHNOLOGISTS

Perhaps, only a few people knew that in the time of New Order there was a split in the cabinet into the technocrats, militaries, and engineers (interview with Hartarto Saastrosoenarto, 10/3/2008). Hartarto Sastrosoenarto did not belong to the groups. He had his own way and did not bother with the factions in the cabinet. This neutral position gave a lot of advantages for Hartarto Sastrosoenarto because he could make the coordination under an objective view.

Since 1969, the Indonesian economic development could not release from the role of economic experts who graduated from University of California, Berkeley, United States of America. Because of such a background, they had a notion as *Mafia Berkeley* or the “Berkeleys”. They had a similar orientation and program how to drive national economy that was destructed under Soekarno rule. Led by Widjojo Nitisastro, a Professor from the Faculty of Economics UI (University of Indonesia) and also a former student of Sumitro Djojohadikusumo, the group laid down some guidelines for the development planning that approved by President Soeharto.³

Since early of the New Order, the development program has been attached to this group. In general, their developmental concepts are the economic growth, liberalism (free market), and foreign aids. Because of the economic decline during the Soekarno’s era, they launched initially a rehabilitation and recovery program. At the beginning, the economic circumstances showed the high inflation, zero growth, stagnation of

³The further explanation on the rise of the group, see The Kian Wie ed. (2005). This book contains some recollections of the experts that involved in the team that helped the President Soeharto in the beginning of the New Order, including the “Berkeleys”.

real sectors, unemployment, decreasing of income, lack of capital, and deindustrialization. Therefore, they put a top priority to rebuild the economic foundation together with recovering everyday life by providing the people daily needs. The PELITA I (*Pembangunan Lima Tahun Pertama* or the First Five Year Development Planning) in 1969 imposed on the agricultural sector, to provide and secure the staple foods for all people. As a result, the industrial sector had an important role to support the program by supplying fertilizers, pesticides, and others (Siahaan, 2000:30; and Sastrosenarto, 2006:19).

There are several different opinions between Hartarto Sastrosenarto and the group about the industrialization. According to Trisura Suhardi, Hartarto Sastrosenarto counts on the national ability to exploit all resources to the national welfare. Meanwhile, the “Berkeleys” tend to provide everything of the people need immediately with all means. They do not care even they had to exploit the national natural resources or by importing as long as the economic growth still on the right track. At first it succeeded to sustain the growth (interview with Trisura Suhardi, 14/4/2008). President Soeharto lent on them for economic matters.

Although having a different point of view, Hartarto Sastrosenarto never wanted to bump with the policy that already received from the President. At the time, if the national budget (APBN, *Anggaran Pendapatan dan Belanja Negara*) endured lack of income, they went to the IMF (International Monetary Fund), IGGI (International Governmental Group for Indonesia), and then the CGI (Consultative Group for Indonesia) as the replacement of IGGI, for asking the financial supports. They count it as revenues. As long as the economics run smoothly, everything seemed alright. The trouble began when the global market changed. The financial policy made a dependent tie of Indonesia to the global economy. Because the debt was received in the foreign currency, i.e. the US Dollar as the formal international exchange. The currency often fluctuated following the US economics performances. The Indonesian economy also hit by a crisis when the rate of exchange fell and the debt value increased (Tambunan, 2006:40-41).

According to The Kian Wie (1994:22), up to 1982, Indonesia still held a substitution orientation in the industrialization and afterwards it shifted to export strategy. Hartarto Sastrosenarto did not focus on a certain export commodity from the mining resources. Despite of it, he wants that all mineral resources are to exploit and be used for the domestic needs according to the Constitution. In turn, the people will enjoy the benefits. In the matters, he refers to the Founding Fathers of Indonesia. For a country

likes Singapore that has a disadvantage such a lack of the natural resources, the Berkeley's economic philosophy is correct.⁴

CONCLUSION

It sounds arrogant to say that nothing is impossible to do. And it is not intended to act like God the Almighty. However, people have to have a dignity to do something. Otherwise, Hartarto Sastrosoenarto cannot make his dream comes true. Thereafter, he has to have a vision and commits to work hard. His effort will result in success. Hartarto Sastrosoenarto was sincere when stated that the "impossible is possible". This saying does not stand at an empty foundation but based on his experience in building the Indonesian industrialization.

Hartarto Sastrosoenarto is a man of vision, bright, and hard working. He believes to a system. He is an industrial man as he pays full attention to the industry. He is very confident and still hold a belief of the better future for Indonesia. Therefore, Hartarto Sastrosoenarto offers the Main Strategic and Supporting Strategic Policies that consists of six points of the main policies and four of supporting. At the end of his latest book about his life journey, it contains about Hartarto Sastrosoenarto's optimism for the progressive Indonesia.

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- Interview with Abdul Sjukur, as the former supervisor of Hartarto Sastrosoenarto, on April 11th, 2008 at South Jakarta.
- Interview with Sofyan Wanandi, a businessman and sometimes taking a opposite position to the government, on September 15th, 2009 at Jakarta.
- Interview with Solichin, former the Minister Secretary of Hartarto Sastrosoenarto, on April 17th, 2008 at East Jakarta.
- Interview with Suparno, one of the former staffs who frequently accompanying the Minister to visit some countries as comparative study on the industries, on May 5th, 2008 at Jakarta.

⁴This statement based on my observation during the interviews with Hartarto Sastrosoenarto in 2008, i.e. on February 25th, March 3rd, 10th, 13th, 17th, 25th, 28th, May 21st, and June 27th at his residence in South Jakarta. I might be wrong to understand his statements.

- Interview with Trisura Suhardi, the former official of the Department of Industry, on April 14th, 2008 at Jakarta.
- Interview with Tuk Setyohadi, the former Secretary-General of the Department of Industry, on May 10th, 2008 at Jakarta.
- Interview with Wardijasa, former a Director of PUSRI (*Pupuk Sriwijaya*), state owned fertilizer company in Indonesia, on April 29th, 2008 at Jakarta.
- Interview Hartarto Sastrososenarto, Minister of Industry, with magazine of *Business Forum*, IV, 3, in the year 1984, p.8.
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**Hartarto Sastrosoenarto as Minister of Industry
accompanied the President Soeharto of Indonesia**

(Source: www.google.com, 1/10/2012)

Hartarto Sastrosoenarto was sincere when stated that the “impossible is possible”. This saying does not stand at an empty foundation but based on his experience in building the Indonesian industrialization.