

# Indonesia : The Changing Face

A country of 13,867 islands which stretches from the longitude of Burma to longitude of Japan, and which straddles the equator. The archipelago, once described by a Dutch poet as the "Chain of Emerald", offers unbroken stretch scenic beauty, from the forest clad mountains and plains of northern Sumatra to the snow capped peaks of Irian Jaya. That is Indonesia. A country with a fabulously rich economic potential known to the traders and invaders from the beginning of recorded history in Asia.

**HISTORICAL BACKGROUND**  
The history of Indonesia is a long series of beginnings and no ends. It is as if the country were building up for some thing one is never sure quite what and that something never arrived.

Musically orchestrated the history of Indonesia would be a series of first movement (with here and there the theme of a great third movement rumbling away down in the basses and cellos, and hints of promising scherzos leaping with laughter out of the strings and the woodwinds...) and then another movement and another.

religious upheaval that the first Europeans the Portuguese arrived. Indonesia was not to have an extended period of centuries of Muslim rule before the advent of western influence; the transition from a mediaval to a modern period was ferociously cut short.

By the end of the sixteenth century the Muslim states of Moluccas, Makassar in South Sulawesi, Mataram in Central Java and Banten in West Java were to face the power of the western world. The demand of Europe for flavours and spices rocketed. And the Moluccas, a bundle of islands at the eastern end of the Indonesian Archipelago, are where it all began. The British, Dutch, Portuguese and Spanish empires in the East started here in the wars the horse-trading colonies, the world-wide battles for sea power the plantations the bombing, the shipping the insurance and finance in short, the story of 350 years of colonial subjugation started here. The rapid Japanese occupation of Indonesia during Second World War, for many Indonesians, proved to be the weakness of the former master. The nationalists were able to organise the independent

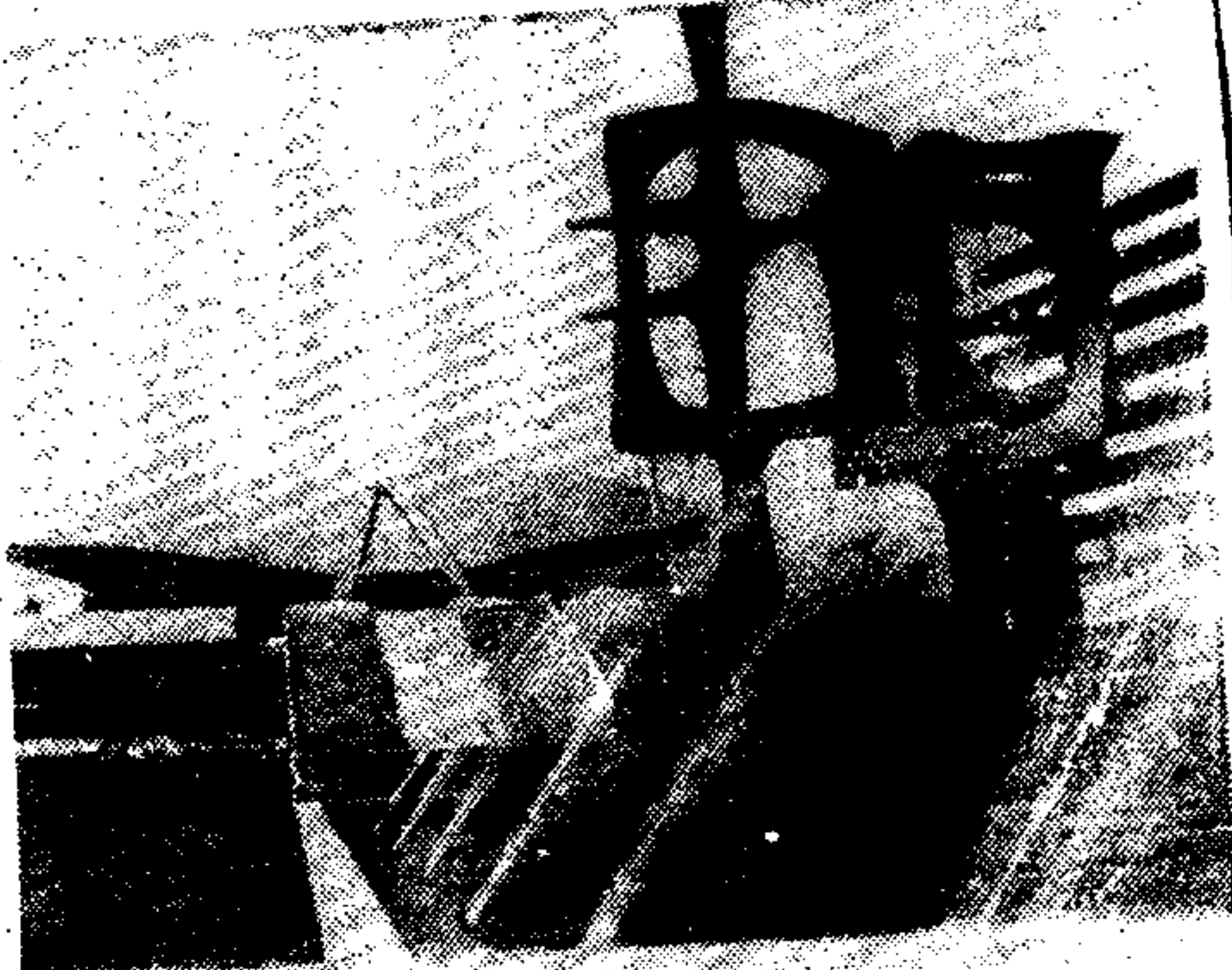
sharpened teeth began to take large bites out of other countries' balance of payment the encouraging progress has become more evident.

At that point Indonesians could see the glittering light at the end of the tunnel. During the Repelita I, 1969-1973, Indonesia's economic growth rate of an average of 7.6% per annum was relatively high and only outstripped by Brazil's 9.1%. The rate of inflation due to the economic crisis of 1966 which reached its highest peak at 650% came down to 47.4% at the end of Repelita I and during the first eleven months of fiscal year 1977/1978 i.e. fourth year of Repelita II (Second Five Year Development Plan) the rate was only 9.5%.

With the rate of population growth of around 2.3% per annum real per capita GDP increases by 5.2%. Agriculture which is the most important sector of the economy is expected to yield an average annual increase of 4.6% per year. Industrial growth of between 11%-13% during Repelita II will serve to improve the standard of living through expanded availabilities of basic consumer goods and creation of

Socially and culturally there is overlay on overlay; only under the thinning layers of the onion of the country peeled off one by one does one find the thickening cores of the Malay people part of that are of golden brown races that sweep round from southern Thailand through Malaysia and over the necklace of Sulu Islands to the Philippines. But compared with her neighbours, the Indonesians appear to have endured more unfolded more cultures fought more battles, had more moments of glory.

By the seventh and eight centuries A.D. Buddhist and Hindu Kingdoms arose in Sumatra and Java. Empires such as the Sriwijaya and Mataram under the Sailendra dynasty flourished and declined leaving in their wake some of the most magnificent monuments and temples in human history. The rulers of these empires introduced Sanskrit and Pali into the islands and their glory is still seen in such architectural achievements as the Borobudur the Prambanan



People's Consultative Assembly Building, Jakarta Indonesia.

and the Mendut temples. It was during this period that Sriwijaya empire, a maritime power was formed in Sumatra and for 600 years it remained the most important commercial centre in South East Asia. Other Hindu empires rose in Java in the East was Majapahit and in the West Pajajaran.

In 1293 Kublai Khan launched an attack on Java but failed to achieve his aim and eventually withdrew. The new empires' Prime Minister, Gajah Mada, under king Hayam Wuruk succeeded in expanding the power and his system of laws and administration continued to function long afterwards until modern times.

The Hindu Buddhist kingdom was the last empire of a united Indonesia until modern times. Civil wars, rebellions, and the advent of Islam brought their downfall. Islam was introduced by traders from Persia and Gujarat and by the 13th century a Muslim state had been established in Aceh, North Sumatra. The expansion of Islam was generally peaceful and it spread through Sumatra and Java.

Thus, Islam which arrived with the subcontinental Muslim traders soon found many followers. For the coastal Muslims of Indonesia, however, as a 'hand-maiden appropriate to the somewhat trade' spread of Islam was also greatly accelerated once the town of Malacca was held for the Malay peninsula and islands. It was during this period of tumultuous social and

movement and revolution started. The surrender of Japan to Allied Forces created a vacuum of power and the proper time to issue the Proclamation of Independence on August 17, 1945.

Indonesia ushered in the physical revolution and offered fierce resistance to defend the independence and the Dutch finally recognised its independence in 1949 and the following year Indonesia was admitted to the United Nations.

**THE ECONOMY.**  
For some, it seems Indonesia is something of an anomaly in the developing world. With a per capita income of US \$240 in 1977 Indonesia must be placed on the lower rungs of the economic ladder among the ASEAN countries. The condition was caused by the fact that only since 1969 has Indonesia really embarked on national development.

Recent history recorded that after the revolution there came the tasks of nation-building of which the national leaders did their utmost to unite the 350 tribes with various languages, traditions, customs and culture and scattered over 6000 islands to become a nation.

Whenever the effort started there came the rebellion, the separatist movement political upheaval in which culminated in 1965 coup in which the place took Indonesia has a sorry record of financial and order extravagances the old order regime began to crumble under the weight of financial and debt which brought the economy to a standstill.

However, since the Year Development Plan (Repelita II) has been launched, the economic growth has been rapid and the balance of payments has improved.

nearly 12 million jobs. In the meantime Indonesia's balance of payments reached a surplus of over US\$ 1 billion in fiscal 1976-77 as against a deficit of US\$ 364 million in fiscal 1975-76.

The nation's monetary authorities project an overall balance of at least US\$ 525 million for fiscal 1977-1978. As a result the Republic's net official foreign reserves have risen dramatically reaching a level of US\$ 2.7 million in October 1977 as compared to US\$ 1.2 million in January 1976.

Total exports for 1976 were US\$ 8.6 billion; imports US\$ 6.8 billion. Exports in the first half of 1977 were US\$ 5.3 billion and import for the same period were US\$ 4.7 billion.

**THE CHANGING FACE**  
The accelerated development has enabled it to provide communication network across the six inhabited islands and to divide into 27 provinces and extending across the archipelago. Indonesia has adopted a plan-bypassing directly the space age. More and more nations are stepping into the domestic satellite system. The two domestic systems bought from the Corporation from the United States and the Soviet Union are being used to connect the islands.