Introduction

The twentieth century was the century of the state. While liberalism gained traction later in the century, such that Francis Fukuyama declared its triumph as the end of history,[1] during the mid twentieth century, state-led development and the welfare state were the reigning paradigms that transcended the borders of communism and capitalism. In a speech in Italy in 1954, the American sociologist Edward Shils declared that ideology had ended.[2] The division now was between individual liberalism and the state, with the latter winning. The victory of state-led development came alongside the expansion of the state itself and its bureaucracy. This expansion, during the first half of the twentieth century, was the result of several factors: The increasing politicization of the middle and working classes and the advent of the Great Depression drove the creation of the welfare state as a way to quell popular political unrest.[3] Plus, the Second World War culminated in the emergence of Total War, in which society and economy were 'retooled' under state management in order to direct the resources needed to win the war.[4] After the end of the war, the institutions and relationships that were created between the state and the industrial sector continued, necessitating the preservation of the position of the state and private managers. The rise of white-collar office workers, the result of an expanding bureaucracy in both the state and the private sector, was as much due to a need to generate new positions of employment for the expanding university-educated population as it was a way to ensure that these individuals did not become radicalized by ideas of Marxist class struggle.[5] Bureaucratic expansion was thus predicated on both external and internal threats and the need to create an effective strategy to combat these threats.

The rise of the state also heralded the rise of management as a science. Its intellectual origins come from two different fields. The first was the development of industrial Taylorism on factory shop floors.[6] These engineering

1 Francis Fukuyama, *The End of History and the Last Man* (New York: Simon and Schuster, 2006).
2 Nils Gilman, *Mandarins of the Future: Modernization Theory in Cold War America* (Baltimore: John Hopkins University Press, 2003), 58.
3 Frances Fox Piven and Richard Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York: Vintage, 2012).
4 Ronald Schaffer, *America in the Great War: The Rise of the War Welfare State* (Oxford: Oxford University Press on Demand, 1994); Reuel Edward Schiller, 'St. George and the Dragon: Courts and the Development of the Administrative State in Twentieth Century America', *Journal of Policy History*, 17/1 (2005), 110–24.
5 Jill Quadagno, 'Theories of the Welfare State', *Annual Review of Sociology*, 13/1 (1987), 109–28.
6 Craig R. Littler, 'Understanding Taylorism', *British Journal of Sociology* (1978), 185–202.

approaches to minute time-motion studies were meant to increase the efficiency of individual workers and, at the same time, monitor and control their movements. The second was the political science approach that was supported by American president Thomas Woodrow Wilson and the rise of what came to be called public and business administration science.[7] Coupled with the arrival of the new business organization, the corporation, these developments resulted in the emergence of a new elite for the century: the managerial class. Associated with the emergence of the prominence of the manager was that of the managerial state itself. The managerial state was the antidote to the external and internal threats that loomed large in the twentieth century. It replaced the late-nineteenth-century liberal night-watchman state with its limited bureaucracy.[8] Yet it was understood by many commentators that the managerial state, while promising welfare and efficiency, threatened individual liberty and integrated individuals as cogs in the machine, creating one-dimensional forms of human experience and outlook and, perhaps most ominously, resulted in massive and violent attacks on humankind.[9]

The twentieth century is thus also known as a violent century. The development of the tools of governmentality resulted in their application to discipline, and sometimes eliminate, segments of society. In Europe, the first half of the twentieth century was rife with the surgical removal of ethnic minorities and the elimination of unwanted groups in order to fulfil irrational desires for ethnic or racial purity, while simultaneously strengthening the state and its bureaucracy.[10] The Nazi state that committed crimes of aggression and the elimination of millions of ethnic, racial, political, and religious minorities also presided over an expanding welfare state and public-goods provisions, such as the building of thousands of kilometres of Autobahns.[11] The violence of the managerial state was significant because of its intrusive reach into the heart

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7 Larry Walker, 'Woodrow Wilson, Progressive Reform, and Public Administration', *Political Science Quarterly*, 104/3 (1989), 509–25.

8 Paul Edward Gottfried, *After Liberalism: Mass Democracy in the Managerial State* (Princeton: Princeton University Press, 2001). Gottfried critically examined how American liberal democracy was salvaged in the face of the ideological domination of the welfare state, something that never took place in Indonesia or many other Third World countries.

9 For more on this, see Charles S. Maier, 'Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity in the 1920s', *Journal of Contemporary History*, 5/2 (1970), 27–61; Herbert Marcuse, *One Dimensional Man: Studies in the Ideology of Advanced Industrial Society* (London: Routledge and Kegan Paul, 1968).

10 Mark Mazower, *Dark Continent: Europe's Twentieth Century* (London: Allan Lane/The Penguin Press, 1998).

11 One paper pointed out the relationship between the culture of the car and how it prepared Germany for the violence of the war; see Kurt Möser, 'The Dark Side of "Automobilism",

of society. Society itself came to be recreated in the ideological image of its managerial elites.

For the non-Western, colonized world, the nature of the colonial state precluded a significant expansion of the welfare state because, especially in cases like the Netherlands Indies, it was the policy to limit the financial burden of the colony. Independence, then, came with the assumption that the provision of welfare would be expanded by the post-colonial state. These rising expectations put a heavy strain on the new national elites because, for many, their education and experience had been shaped through the world of colonial politics and revolution. In this world, those that rose up to the first ranks were charismatic individuals who were able to create followers through the power of their orations or political manoeuvring. Yet, the rising expectations necessitated the creation of a managerial/welfare state and the accompanying managerial elites.[12] The managerial elites obtained their legitimacy through the power of technical education in fields such as engineering, economics, and administrative and other social sciences. This know-how was mostly obtained by the new generation of students that had access to the educational opportunities of Western, especially American, universities.[13] The determining characteristic of the early post-independence period was thus the transition from the nationalist political class, which had won independence, to the new class of managers. This has been shown convincingly by Herbert Feith in his account of the political development of Indonesia in the 1950s and the conflict between what he termed the 'solidarity makers' and the administrators.[14] This book continues this analysis by looking at how and in what manner this administrator class was created and the kinds of ideologies and ideas about state–society relations that it entailed.

A new class of managers emerged alongside the political class, yet their position was weak. They lacked the charismatic appeal or institutionalized followings of the political class.[15] The issue of how to create and confer authority

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1900–30: Violence, War and the Motor Car', *The Journal of Transport History*, 24/2 (2003), 238–58.

12 See Anthony R. Oberschall, 'Rising Expectations and Political Turmoil', *The Journal of Development Studies*, 6/1 (1969), 5–22. Oberschall showed that rising expectations in poorer nations resulted in social unrest and political turmoil.

13 They also had access to Soviet curricula and teaching methods. See Joel Andreas, *Rise of the Red Engineers: The Cultural Revolution and the Origins of China's New Class* (Stanford: Stanford University Press, 2009).

14 Herbert Feith, 'The Decline of Constitutional Democracy in Indonesia' (Ithaca: Cornell University, 1962).

15 Whole studies were conducted by American social scientists on Asian forms of authority in order to understand how new forms of modern authority were being constructed in

became a major problem for the parties of the managerial class, which obtained paltry numbers of votes in national elections. How to control society was the big question for the twentieth-century state. The solution was found through the rise of so-called military managers and the increasing cooperation between the managerial class and the armed forces. The various armed forces' almost monopolistic control of the means of violence allowed them to shape society under the legitimizing guise of development, modernization, and the creation of the welfare state. The military gradually came to be seen by American social scientists as the prime agents of modernity in the Third World. They were seen as rational and goal-oriented, and their position as part of the elite of the nation was favourable to the development and modernization of their societies. Samuel Huntington and Amos Perlmutter painted the army as a Praetorian Guard, with a duty to protect the process of modernization against the ravages of the barbaric political class and the political yearnings of the masses.[16] The position of social scientists was important in this regard. They were not merely scientific observers or spectators of the changes in postcolonial societies but had key roles in helping to shape and create those societies.[17] Their actions and recommendations were guided by their ideological conviction of the good of the welfare state and the importance of modernity and development.[18]

The position of Western social scientists as technical experts operated within the new international aid structure that was developed in the post-war world. This technical aid structure allowed for the transfer of money, people, and ideas from the metropolitan centre to the newly independent states. This involved the creation and re-creation of educational institutions that were developed to produce a technical, managerial class, whose ideologies and theories functioned to legitimize their ruling position in this new society. The

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the post-war world. See, for instance, Mary W. Pye and Lucian W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge: Harvard University Press, 2009).

16 Samuel P. Huntington, *The Soldier and the State: The Theory and Politics of Civil-Military Relations* (Cambridge: Harvard University Press, 1981); Amos Perlmutter, *The Military and Politics in Modern Times: On Professionals, Praetorians, and Revolutionary Soldiers* (New Haven: Yale University Press, 1977); Amos Perlmutter, 'The Praetorian State and the Praetorian Army: Toward a Taxonomy of Civil-Military Relations in Developing Polities', *Comparative Politics*, 1/3 (1969), 382–404.

17 Arturo Escobar offers a critical study of developmentalism. See Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 2011).

18 Michael E. Latham and John Lewis Gaddis, *Modernization as Ideology: American Social Science and 'Nation Building' in the Kennedy Era*, Vol. IV (Chapel Hill: University of North Carolina Press, 2000).

technical aid structure also helped to establish the tools of governmentality which helped to control society and reinforce managerial authority, and positioned certain state institutions as command centres for integrated developmental planning. These structures allowed states with a weak institutional endowment to develop a foundation onto which a more robust developmental state could later be built.[19] This was a massive re-engineering of post-colonial societies, turning non-aligned Third World states into client states of the West.

1 Sukarno's Guided Democracy Revolution

This book will look into the foundation of Indonesia's New Order (Orde Baru) developmental state (1966–1998) during the tumultuous years of Sukarno's Guided Democracy (Demokrasi Terpimpin, 1957–1965). The book's main argument is that the development of a new managerial class during the 1950s and early 1960s resulted in the creation of both the ideological and the institutional basis for a military-dominated managerial state. In particular, I want to embed this discussion within the international context of technical aid. This technical aid, alongside the various institutions that enabled its application – universities, national planning agencies, the United Nations (UN), and national aid organizations such as USAID[20] – produced a global class of national managers which spread similar ideas of development and control. The rise of a so-called community of scholars that worked in a transnational manner to study the Indonesian case of underdevelopment included individuals from various (mostly English-speaking) Western countries and Indonesia, many of whom were taught by the same group of academics during their master's and doctoral studies in America.[21]

The institutional development of Guided Democracy and Sukarno's idea of revolution was, in many ways, a precursor to the New Order state and Suharto's idea of development. Major institutions, including the National Planning

19 For a closer study of the interventions in Third World societies by America and the USSR, see Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005).

20 USAID had previously been called the Economic Cooperation Administration (ECA) (1948–1951), the Mutual Security Agency (MSA) (1951–1953), the Foreign Operations Administration (FOA) (1953–1955), and the International Cooperation Agency (ICA) (1955–1961). These various names will be used in the book in concordance with their period of operation.

21 David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World* (Vancouver: UBC Press, 2010), 77–100.

Agency (Badan Perencanaan Pembangunan Nasional, Bappenas), the army, and regional and rural control authorities, found their roots during this period. The ideology of development had begun to find its voice during this period, couched within Sukarno's revolutionary rhetoric. One major question that arises from this is: why did Sukarno build an institutional basis that would later on challenge his control of the state? As we will see below, he did so reluctantly. The Guided Democracy was an effort by Sukarno and some others within the nationalist political class to co-opt the new managerial class into his revolutionary fold. His rhetoric on revolution included notions about development and modernization. During the initial phase, there was an effort to experiment with corporatist forms of institution-building, allowing for societal, mostly communist, representation in planning bodies and company boards. Yet, by the latter part of the Guided Democracy period, the state had become increasingly centralized and Sukarno's position more dictatorial. This was a result of the failure of societal participation. The Eight-Year National Plan (Pembangunan Nasional Semesta Berentjana), the first and only corporatist national plan, was published in eight volumes with seventeen chapters and 1945 paragraphs, mimicking the date of Indonesia's independence. The symbolism, while glaringly obvious, hardly inspires confidence. It also taught the New Order's nascent technocracy the importance of control and hierarchy, cementing their belief in the efficacy of a military-dominated state.

Indonesia's managerial elite was not a replication of the West's. Most of its members hailed from Indonesia's *priyayi* class;[22] thus, they were mostly Javanese and had a strong predilection for its feudal culture. They also differed from many of the nationalist politicians because they lacked a colonial education and, as a result, had different aspirations and cosmopolitan pretensions. The nationalist politicians were beholden to the ideas of their metropolitan Dutch model. They were enamoured by the spectacle of modernity as expressed through the bright, urban lights of European cities. In comparison, the managers were less convinced of the superiority of European social democracy. They were also less enamoured by the city and implemented pro-rural and pro-poor growth policies during the heyday of the New Order under the largesse of the oil boom of the 1970s.[23] As we will see, the ideas of society that

22 The Priyayi was the mid-to-upper class section of Javanese society that connected the government and the common people. They had traditionally worked in the indigenous administration of the colonial state. The sons and daughters of the priyayi had provided a significant bulk of the Indonesian nationalist intellectual groups.

23 Anne E. Booth, *Colonial Legacies: Economic and Social Development in East and Southeast Asia* (Honolulu: University of Hawai'i Press, 2018); David Henley, 'The Agrarian Roots of Industrial Growth: Rural Development in South-East Asia and Sub-Saharan

would later be expressed by these managers have their roots in Javanese feudalism as well as modern management. One of the important shared points of both was the idea of control. Indonesia's managerial control could not have been conceptualized by cosmopolitan nationalist politicians, but only by a militarized managerial class that operated within the strategies of control. Its rural focus, for instance, can be understood as part of a counter-insurgency strategy. This idea of control was shared by top echelon managers from both military and civilian backgrounds.

Indonesia's managerial state can thus be seen as a counter-insurgency state.[24] The cause of this was paranoia about the enemies of the state: a shadowy force of potential aggression whose source lay within Indonesian society. The terrifying aspect of this enemy was its indistinguishability from ordinary Indonesians. This view allowed every Indonesian to become a potential enemy of the state. The definition of these enemies was discussed by military managers but also by civilian managers and economists, who would analyse the structures of Indonesian society based on their function in relation to the entire corporatist order. This societal control through indoctrination and 'retooling' was introduced during the Guided Democracy. After the rise of the New Order, 'the spectre of communism'[25] was invoked as a way to control society, yet its intellectual origin predated the 1965–1966 killings. Managerial control replaced democracy and civil society as a means of integrating every Indonesian into Sukarno's vision of Revolusi and later into Suharto's *pembangunan* (development). As we will see, fear of the undemocratic nature of the managerial state was expressed by nationalist politicians who saw through the smoke-screen of efficiency. Yet, instead of steadfastly supporting constitutional democracy, Sukarno ended it in a miscalculated effort to co-opt the rising managers in a state that he thought he could continue to control.

Africa', *Development Policy Review*, 30/1 (February 2012), s25-s47. Both Booth and Henley have shown that pro-rural and pro-poor policies were implemented in many parts of Asia, including Indonesia, during the post-war period. In Indonesia's case, the transition to the New Order was essential in understanding this shift.

24 Indonesia's counter-insurgency strategies were built upon the army's experience of putting down the Darul Islam rebellion in West Java, which comprised getting the locals to limit the movement of insurgents (*pagar betis*) and limited forms of infrastructure assistance; a combination of the Civic Action (Karya) programme and strike force action. David Kilcullen, 'Globalisation and the Development of Indonesian Counterinsurgency Tactics', *Small Wars & Insurgencies*, 17/1 (2006), 44–64; D. J. Kilcullen, 'The Indonesian Approach to Counterinsurgency', *Journal of the Royal United Services Institution of Australia*, 24 (2002), 85–93.

25 For more on this, see Ariel Heryanto, *State Terrorism and Political Identity. Fatally Belonging* (London: Routledge, 2006).

There are two aspects that I want to emphasize in understanding the Indonesian New Order state. The first is the institutional aspect. While writers like Ruth McVey and Benedict Anderson have depicted the historically rooted aspect of the institutions of the post-colonial Indonesian state as an old colonial bottle filled with new, elite wines,[26] what I hope to show is the importance of factoring in the presence of the new institutions that were created through both the post-war international aid structure and the institutional Zeitgeist of the Cold War period. That is not to say that the New Order state was the creation of Western social scientists; no doubt many of the technical experts became quite disappointed with the direction of the New Order which, in their minds, should have gone on to become a democratic welfare state in the image of the United States.[27] Instead, the Indonesian managers developed their own form of state–society relations that adapted to include both old feudal and modern management values.

The second feature of the New Order I want to emphasize is its cultural or ideological aspect. The book does not take a deterministic cultural view of Indonesia. As Benda says, why would Indonesians be enthusiastic about democracy when it was never part of their cultural repertoire?[28] No doubt, some elements of traditional and feudal culture must have seeped into the modern conception of the Indonesian state, yet these will also have been tempered by the context of modern management and ideas of control. Rather, culture is related to the institutions; that is, the working institutions of the New Order cannot be understood without taking into account the world view of the elites that determined those institutions – in this case, the managerial elite of this managerial state. Douglass North and others have pointed out the importance of belief systems in determining the functioning of institutions.[29]

Ideas of how the world works, of the relationship between society and the state, and of how the state functions are very much related to the ideology of scientific management. Management functioned more than merely as tools to create an efficient workplace. In fact, one may argue that the existence of

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26 Benedict Richard O'Gorman Anderson, 'Old State, New Society: Indonesia's New Order in Comparative Historical Perspective', *The Journal of Asian Studies*, 42/3 (1983), 477–96; Ruth McVey, 'The Beamtenstaat in Indonesia', in Benedict Richard O'Gorman Anderson and Audrey Kahin (eds), *Interpreting Indonesian Politics: Thirteen Contributions to the Debate* (1982), 84–91.

27 See, for instance, Benjamin Howard Higgins and Jean Higgins, *Indonesia: The Crisis of the Millstones* (Princeton: Van Nostrand, 1963), 10.

28 Harry J. Benda, 'Democracy in Indonesia. Review Article', *The Journal of Asian Studies*, 23/3 (May 1964), 449–56.

29 Arthur T. Denzau and Douglass C. North, 'Shared Mental Models: Ideologies and Institutions', *Kyklos*, 47/1 (1994), 3–31.

managers certainly does not automatically result in increased efficiency. What being a manager does, however, is to inculcate a certain sense of how the world works into the individual and give them a sense of their position in that world.[30] It brings forth a certain clarity of purpose and shapes the actions taken in the interest of the future. This idea was cemented in place by the reigning Zeitgeist of the period. Planning was certainly going to make the world a better place: state control would ensure the allocation of resources and manpower in a socially optimal way, and in a much better way than the market could achieve.

Discussing the ideology of managers is a central component of the book. The discussion looks into the relationship between scientific management and its suspicion of the inefficiency of the rule of law, party-based democracy, the separation of powers (*trias politica*), and the sanctity of property, all of which, amongst others, are meant to ensure individual freedom. In his seminal 1942 book titled *The Managerial Revolution*, James Burnham expounded the dangers of the managerial state, pointing out its anti-liberal and anti-democratic values. Burnham argued in the 1940s that both the Soviet Union and Germany were, in effect, managerial states and that America's New Deal welfare state represented 'primitive managerialism'.[31] Although Burnham wrote his book during the Second World War and prior to the collapse of Western colonialism, it was prescient in that the post-war world would continue on this path of state-led control of society. In the West, the rise of this managerial class was received by a public that was conscious of its dangers in a society that was, to a large extent, supportive of liberal values. This was not the case in Indonesia in the late fifties and early sixties. On the contrary, a large segment of the nationalist politicians, most prominently Sukarno, deeply resented liberalism and considered individualism to be a Western construct that endangered Eastern societies and values. Instead, they advocated corporatism and communalism, self-reliance and traditional village values as the core ideology of the Indonesian state. In this regard, scientific management contained no values that were contradictory to those supported by the political elite of Indonesia at the time. Thus, the modernization of Indonesian society often took the form of re-traditionalization.

30 For more on scientific management and its ideological nature, see Judith A. Merkle, *Management and Ideology: The Legacy of the International Scientific Management Movement* (Berkeley: University of California Press, 1980).

31 James Burnham, 'The Managerial Revolution: What is Happening in the World' (New York: John Daym, 1941), 74.

The managers were not oligarchs, as Winters has used the term; that is, the situation was not one of 'massive wealth in the hands of a small minority creat[ing] significant power advantages in the political realm'.[32] They were elites as a result of their institutionalized relationship with the state and the international aid structure that produced them. In this sense, the managers and the managerial state could not have come into existence without the specific historical context of the post-war period. Their main power lay in the absence of alternative, educated individuals to fill state positions. The success of European social democracy as a compromise between socialism and capitalism was something that was difficult to replicate. The educated Indonesian–Chinese middle class was prohibited from holding state positions, especially during the New Order period. Nor did they organize themselves in a coherent way so as to exert influence on the direction of development for a specific, imagined future Indonesian society. This absence of a capitalist class with a strong political pull resulted in the monopolization of power by the managerial bureaucracy, creating what Karl T. Jackson termed a bureaucratic polity, that is, 'a political system in which power and participation in national decisions are limited almost entirely to the employees of the state'.[33] This bureaucratically controlled society allowed the formation of what would then be called the developmental state. Atul Kohli pointed out that 'the creation of effective states within the developing world has generally preceded the emergence of industrializing economies'.[34] The Guided Democracy provided the blueprint for an eventually effective state.

2 Position in the Academic Literature

This book is situated in the discussion surrounding the rise of modernization theory during the Cold War and that of the rise of the New Order state itself.

32 Jeffrey A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011), 5.

33 Karl Jackson, 'Bureaucratic Polity: A Theoretical Framework for the Analysis of Power and Communications in Indonesia', in Karl Jackson and Lucian Pye (eds), *Political Power and Communications in Indonesia* (Berkeley: University of California Press, 1980), 3.

34 The image of the New Order as a corporate/technocratic state or bureaucratic polity conflicts with the view of those who see its powers as highly intertwined with the image of the patron–client. For more on the variety of ways specialists view the New Order state, see Donald K. Emmerson, 'Understanding the New Order. Bureaucratic Pluralism in Indonesia', *Asian Survey*, 23/11 (November 1983), 1220–41; and Atul Kohli, *State-Directed Development, Political Power and Industrialization in the Global Periphery* (Cambridge: Cambridge University Press, 2004), 2.

The historical discussion of modernization theory placed the development of this ideologically based social science within the context of mid century American imperialism. According to historian Nils Gilman, the change in policy during the Kennedy administration pushed social scientists to become 'mandarins of modernity'.[35] These social scientists were promoters of American modernization theory, which, in many respects, had as one of its main aims the legitimization of the ending of democracy and the creation of military-dominated states in many of America's Cold War client states. Modernization theory assumed a staged developmental plan developed by W. W. Rostow,[36] in which a military leadership would provide guidance along the lines of Huntington's idea of the Praetorian state.[37] Within Indonesian history, this discussion is grouped around work by Richard Robison that takes a dependency approach to the New Order state, and includes the writings of David Ransom and Peter Dale Scott, leftist writers who 'exposed' the Berkeley Mafia and their complicity with the communist extermination of 1965/1966.[38] The dependency approach sees the New Order and their managerial elites as American agents who were subverting Indonesia in the context of American imperialism. Within Indonesia, this is best exemplified by the writings of the exiled Sukarnoist Ernst Utrecht who, along with Malcolm Caldwell, wrote a history of the New Order that characterized it as an instance of neocolonialism.[39]

The relationship between aid and American modernization theory has been discussed by a variety of scholars, including Michael Latham and John Lewis Gaddis in their book *Modernization as Ideology: American Social Science and 'Nation Building' in the Kennedy Era*, which looks at how social science affected America's foreign policy, especially in relation to the Third World.[40] This idea was further explored in Latham's edited volume titled *The Right Kind of Revolution: Modernization, Development and US Foreign Policy from the Cold*

35 Gilman, *Mandarins of the Future*; David C. Engerman et al. (eds), *Staging Growth: Modernization, Development, and the Global Cold War* (Amherst: University of Massachusetts Press, 2003).

36 Walt Whitman Rostow, *The Process of Economic Growth* (New York: WW Norton, 1952).

37 Samuel P. Huntington, *Political Order in Changing Societies* (Yale University Press, 2006).

38 Richard Robison, *Power and Economy in Suharto's Indonesia* (Manila: Journal of Contemporary Asia Publishers, 1990); Richard Robison, 'Culture, Politics, and Economy in the Political History of the New Order', *Indonesia*, 31 (1981), 1–29; David Ransom, 'Ford Country: Building an Elite for Indonesia', in Steve Weissman (ed.), *The Trojan Horse: A Radical Look at Foreign Aid* (Palo Alto, CA: Ramparts Press, 1975), 96; David Ransom, 'The Berkeley Mafia and the Indonesian Massacre', *Ramparts*, 9/4 (1970), 27–49.

39 Malcolm Caldwell and Ernst Utrecht, *Indonesia: An Alternative History* (Sydney: Alternative Publishing Co-operative, 1979).

40 Latham and Gaddis, *Modernization as Ideology*.

War to the Present, which used various case studies from during and after the Cold War to show how modernization theory was put to use in the US imperial effort to recreate national societies during the period.[41] Specific case studies of modernization theory include Larry Grubbs's *Secular Missionary: Americans and African Development in the 1960s*[42] and Joao Feres's *The Concept of Latin America in the United States: Misrecognition and Social Scientific Discourse*,[43] amongst many others. Bradley Simpson's *Economists with Guns* examines the relationship between authoritarian developmentalism and American economic aid in Indonesia.[44] Many of these books on American modernization theory tend to place too significant an emphasis on the role of the American State Department and its social scientists, as the discussions within them often focus on American history. While this book considers American engagement with Indonesia as crucial, I still place the role of Indonesian politicians and managers at the centre of the story. This is because, despite the strong influence of US social scientists and State Department bureaucrats, these American individuals never led the process and were mostly in the position of reacting to conditions on the ground.

Amongst political scientists there have been long discussions on the nature of the New Order state. Richard Robison has classified the various theoretical approaches used to deal with the New Order into three groups: the political-order approach, the economic- technocracy approach, and the dependency approach. We could perhaps add another one to the group, of which he is a part: the patronage/oligarchy approach. The political-order approach is basically part of the modernization theory discussed above. In Indonesia's case this was brought forth by the writings of Donald Emerson, Karl Jackson, and William Liddle.[45] It draws upon Talcott Parson's structural-functional analysis, which saw all parts of society as having functional relationships with the rest. The main problem it addresses is the contradiction between modern political

41 Michael E. Latham, *The Right Kind of Revolution: Modernization, Development, and US Foreign Policy from the Cold War to the Present* (Ithaca, Cornell University Press, 2010).

42 Larry Grubbs, *Secular Missionaries: Americans and African Development in the 1960s* (Amherst: University of Massachusetts Press, 2009).

43 Joao Feres, *The Concept of Latin America in the United States: Misrecognition and Social Scientific Discourse* (New York: Nova Science Publishers, 2010).

44 Bradley R. Simpson, *Economists with Guns: Authoritarian Development and US–Indonesian Relations, 1960–1968* (Stanford: Stanford University Press, 2008).

45 See, for instance, Donald K. Emmerson, *Indonesia's Elite: Political Culture and Cultural Politics* (Ithaca: Cornell University Press, 1976); Jackson, 'Bureaucratic Polity', 3–22; Liddle, R. William. 'Soeharto's Indonesia: Personal Rule and Political Institutions', *Pacific Affairs*, 58/1 (1985), 68–90.

structures and traditional political cultures; that is, how to create modern states when they are burdened by traditional culture. In my view, there is no major contradiction here. Javanese feudalism's inherent collectivism meshed well with modern corporatist and developmental political structures. The dependency approach has also been discussed above and looks at the development of the New Order state as part of a neocolonialism in which Indonesia maintained its prone position as a provider of natural resources.[46] Within this approach, the New Order elite were merely the compradors of vested global interests in the form of foreign governments and foreign multinational corporations. This structural integration would forever doom the Indonesian nation to peripheral servitude of Western-based global capitalism. This position became less convincing during the late 1980s and the 1990s, when the significant growth in manufacturing caused a structural transformation of the Indonesian economy that resulted in an economic 'take-off', seemingly allowing Indonesia to join the capitalist core economies, before collapsing in the 1998 Asian Financial Crisis which ended the New Order regime.

The third group uses a technocratic approach. This approach assumes 'state policy can be conceived and implemented by technocrats on the basis of criteria provided by objective and scientific theories of economics, transcendental to and autonomous of social and political conflict'.[47] These include many of the developmental-state scholars who view technocratic development as an apolitical process. Economists have tended to praise the developmental state, despite being fully aware of the lack of rights accorded by the state.[48] Peter Evans's strategy of embedded autonomy points to the importance of a politically protected technocracy and its relationship with industrialization.[49] Atuh Kohli has pointed out the importance of building a strong state as a precondition for the creation of a developmental state.[50] Linda Low acknowledged the lack of political rights accorded by the state, yet Low's technocratic approach assumes an empirical position in which moral value judgement was not part of the consideration. The third group's comparative approach was meant to pinpoint the specific institutional, ideological, and structural peculiarities that

46 See, for instance, Ernst Utrecht, *Indonesië's nieuwe orde: Ontbinding en neokolonisatie* (Amsterdam: Van Gennep, 1970) and Arief Sritua and Adi Sasono, *Indonesia, Dependency and Underdevelopment* (Jakarta: META, 1981).

47 Richard Robison, *Power and Economy*, 34.

48 Linda Low, 'Introduction and Overview', in Linda Low (ed.), *Developmental States. Relevancy, Redundancy or Reconfiguration?* (New York: Nova, 2004), 10–11.

49 Peter B. Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995).

50 Atul Kohli, *State-Directed Development*.

allowed certain countries, such as South Korea, to succeed in becoming advanced economies.

The last group has flourished recently, in conjunction with the rise of the idea of the oligarchy. This represents a new approach that looks at the state not as a unified entity, but as a collection of groups functioning along patronage lines. Thus, state policy is the product not of some rational technocratic decision-making process but of intense competition between differing patronage groups. While this condition is much easier to discern during the post-New Order period, what people like Robison, Vedi Hadiz, Christopher Chua, and Jeffrey Winters argue is that group competition within the New Order oligarchy was always present.[51] The development of the New Order state was based on the relationship between patronage groups within the state bureaucracy and with both multinational corporations and local capitalist groups. The fall of the New Order was thus not the result of a civil society movement against the state, but of a fracturing of the oligarchic order that resulted in the abandonment of Suharto by many of the oligarchs surrounding his power base. In such a context, the institutionalist approach taken by the World Bank to push forth good governance will not result in any changes because the problems have always been political in nature.

In the context of the political science discussion of the nature of the New Order state, the book situates itself with less certainty. This is not a social science book; rather it is a historical work. In theoretical matters, I have not placed much emphasis on discussion of the New Order state, but there are several points to make in conjunction with this. The first is that the belief in modernization theory appeared before the rise of the so-called oligarchy. When Sukarno fell, many of the business people closely identified with his palace, including Markam, Karkam, and Jusuf Muda Dalam, not only lost their wealth but also their personal freedom. Thus, they did not represent an oligarchic force independent of the state but were merely clients of Sukarno. While this may have changed during the interim developmental years of the New Order, during the rise of the Guided Democracy there was effectively no real oligarchy. Robison has further argued that Indonesian capitalism was forged as a result of state-building and thus was beholden to state interests. Second, the introduction of new ideologies and institutions during this period had an effect

51 Yuki Fukuoka, 'Oligarchy and Democracy in Post-Suharto Indonesia', *Political Studies Review*, 11/1 (2013), 52–64; Richard Robison and Vedi Hadiz, *Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets* (London: Routledge, 2004); Jeffrey A. Winters, 'Oligarchy and Democracy in Indonesia', *Indonesia* 96 (2013), 11–33; Christian Chua, *Chinese Big Business in Indonesia: The State of Capital* (London: Routledge, 2008).

on the path dependency of Indonesia's state formation and, alongside that, the formation of Indonesia's capitalist class. This conjunction between the colonial state and the developmental state represented an important change that determined Indonesian state–society relations for a long time to come. I argue that the ideological position that was forged during this period had an effect on the structural changes and determined a path-dependent bias that still reverberates today.

3 Division of the Book

The book consists of seven chapters and is divided into three parts. Chapters 1 and 2 will deal with elite ideology and formation. The first chapter discusses the fragility of the new, managerial elite, 'the experts' as they were called by nationalists. I look into the rationale for the dislike shown by Sukarno and some of his close nationalist entourage towards the experts as an upstart generation. I argue that it was a generational problem; in a sense, the mental framework of each elite group's thought process was the product of, to use the Marxist term, the relations of production: a colonial, empire-dominated and a post-colonial, American-dominated environment. The second chapter discusses the rise of the military elite as the result of two general developments: the experience of the revolutionary war that bifurcated the military into a similar division of nationalists/solidarity makers and experts/administrators; and the expansion of American education and the introduction of counter-insurgency strategies under both the Kennedy Administration and Sukarno's increasingly belligerent Konfrontasi policy. This then divided the military elite into territorial/managerial and counter-insurgency/strike groups. These two chapters will hopefully help us to understand the rising elite of the period and their stance on the relationship between state and society

The second part of the thesis focuses on the development of institutions and the importation of ideas and ideologies during the 1950s, when Indonesia was nominally a 'liberal' democracy. Chapter 3 discusses the Indonesian effort to produce experts through the expansion of higher education, sending Indonesians abroad to study, and the importation of technical advisers. This resulted in the formation of what one expert has called a community of scholars, whose power and authority was disdained by many nationalists and communists. Many of these scholars clustered around that growing institution so typical of the 1950s: the institution of national planning. Chapter 4 discusses another significant import of the 1950s: scientific management. Its purpose is to show how scientific management has contributed to the re-evaluation of

liberal institutions in the country, in particular, the rule of law and the separation of powers, or *trias politica*, during the 1950s. The rise of the managerial experts legitimized both their authority in policymaking and the need to revamp state–society relations to enable their smooth control. These chapters show that the international developments of the 1950s were very important in understanding the rise of the Guided Democracy by the end of the decade.

The last section of the thesis covers three chapters and examines the development of both national planning and scientific management within the context of the Guided Democracy. Chapter 5 discusses the implementation of national planning, the transition from corporatist to technocratic institutional forms, and the rise of a new generation of social scientists. The recentralization of the decision-making process under the office of the president and the incorporation of the regional and departmental heads within and under a planning body were testament to the shift away from corporatist ideas towards the implementation of the idea of a strong state. Chapter 6 considers the expansion and implementation of managerial ideas and their relationship with the implementation of the control techniques that the state imposed on both civil servants and civil society. Structural and behavioural control by the state became a pre-eminent strategy of the Guided Democracy state. This was then continued by the New Order state in ways very similar to the Guided Democracy effort. Chapter 7 discusses the latter phase of the Guided Democracy (1962–1965) by looking at the way in which both the nascent technocracy and the communists argued about their ideas of state–society relations. The purpose of the chapter is to show the extent to which the defining characteristics of the difference lay not between capitalism/liberalism and communism but between a state-centred and a participative type of ideology.

It is important to demystify the hallowed classification that is used in understanding the moral positions of the actors in this particular period. Classifications such as leftist or liberal, communist or Berkeley Mafia, the United States of America or the Soviet Union/People's Republic of China, force us to make easy moral choices while interpreting the 1950s and 1960s. By re-evaluating these labels, Indonesians can re-engage with a troubled past and move beyond the generally accepted interpretation made by the state and its elites. By widening our viewpoint and seeing the ideas of the modern Indonesian nation-state through a long-range lens, we can begin to understand the limitations of looking at our history from the perspective of what Hobsbawm called the 'age of extremes'.[52] It is, perhaps, necessary for

52 Eric Hobsbawm, *Age of Extremes. The Short Twentieth Century, 1914–1991* (London: Abacus, 1995).

the Indonesian intellectual to start to deal in an honest and engaging manner with the liberal tradition, or the lack of it. In the present liberal age, it is time we shed our petrified twentieth-century perspectives and look anew at our recent past.