INDEPENDENCE DAY OF REPUBLIC OF INDONESIA

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Main Principles of Indonesia's Development

IN order to establish a just-and-equitably-prosperous society in a material and spiritual sense based on Pancasila, the People's Consultative Assembly of the Republic of Indonesia establishes the Guidelines of State Policy in a systematic pattern of National Development.

Based on the basic premise that the essence of National Development is the development of the complete Indonesian Man in all aspects of life and the development of the entire Indonesian society, the basis for the execution of National Development, therefore, is Pancasila and the 1945 Constitution.

The principle of benefits means that all development efforts and activities should be utilised to the maximum benefit of humanity, for the advancement of the people's welfare and for the personal development of the citizen.

The principle of joint efforts and the family system that all efforts to achieve the ideals and aspirations of the nation shall be the combined efforts of the nation and the entire people, carried out the spirit of mutual cooperation and the family.

The principle of democracy refers to democracy based on Pancasila, covering the fields of politics, social affairs and economics, whereby national problems, shall, as far as possible, be solved through deliberations to achieve a consensus.

The principle of justice and equity which states that the material and spiritual gains of development be equitably enjoyed by all of the people and that every citizen is entitled to enjoy the fruits of development that are normal human needs, each according to his share in the service to the country and the people.

The principle of harmony of life refers to a harmonious balance between the various interest, i.e. between worldly interest and those of the hereafter, between material and spiritual interests, between the interests of the body and those of the soul, between the interest of the individual and those of the society, between the interests of life on land, at sea and in the air, and between national and international interests.

The principle of legal consciousness means that every citizen of Indonesia shall always be aware of and abide by the law, and that the State has the duty to enforce and to guarantee legal security.

The principle of self-reliance means that national development shall be based on the confidence in one's own capabilities and strength, and based on the identity of the nation.

The concept to achieve the aims of National Development is the Indonesian Archipelagic Outlook, which includes:

1. The realisation of the Indonesian Archipelago as one political unity, in the sense:

a. that the entire territory of the nation with all its contents and resources forms one territorial unity, one place, one sphere of life and one set of norms of all the people, and is the assets and property of the people;

b. that the Indonesian nation, consisting of various ethnic groups and speaking a variety of regional languages, following a variety of religions and faiths and worshipping God in various ways, forms one complete national unity in the broadest sense of the world;

c. that psychologically, the Indonesian people should have a sense of belonging, having one destiny, and one sense of responsibility of being one nation and with one mother-land, imbued with a strong determination to achieve the national ideals;

d. that Pancasila is the only philosophy and ideology of the state and nation, whose basis is to guide and direct the nation towards its goal;

e. that the entire Indonesian Archipelago forms one legal unity in the sense, that there shall only be national legal system serving the national interest.

2. The realisation of the Indonesian Archipelago as one social and cultural unity, in the sense:

a. that the Indonesian society is one and lives in the pursuit of equal, widespread and balanced social progress such that life is in harmony and follows the advancement of the people;

b. that the Indonesian culture is essentially one, whereas the various forms are only a reflection of the cultural wealth of the people which is fundamental asset for national cultural development to benefit the people.

3. The realisation of the Indonesian Archipelago as one economic unity, in the sense:

a. that the potential and real resources in the territory of the Archipelago, are the collective asset and property of the people, and that the daily necessities of the people must be provided equitably throughout the country;

b. that the stages of economic development in all regions should be even and balanced without disregard to the specific characteristics of the regions in improving their economic life.

4. The realisation of the Indonesian Archipelago as one unity of defense and security, in the sense:

a. that a threat to any island or region is in effect a threat to the entire nation and state;

b. that every citizen shall have equal rights and duties regarding the defense of the country and the people.

Recognition

Indonesia succeeded in winning international recognition for the archipelagic state concept. In fact Indonesia fought for nearly 20 years to have the archipelagic state concept included in the 1982 United Nations Convention on the Law of the Sea of which only became enforceable on November 16, 1994.

Under the concept, Indonesia's sovereignty stretches to include all waters that lie between more than 17,000 islands that span across the archipelago, including the straits that have up to now been considered international sea passages. Thus, under the UN convention Indonesia's sovereignty, which originally covered five million square kilometers, has now expanded to eight million with the inclusion of 200-mile Exclusive Economic Zone and the continental seabed.

Based on the Basic Pattern of National Development, the General Pattern of Long-Term Development, covering a period of 25 to 30 years, has been drawn up in an effort to give direction to the advancement and development of the nation in general to achieve the national ideals.

This General Pattern of Long-Term Development shall form the basic foundation for the formulation of the General Pattern of Medium-Term Development, i.e. the General Pattern of Five-Year Development, which task in entrusted to the President/Mandatary of the People's Consultative Assembly.

The first Five-Year Development Plan (REPELITA I), from fiscal year 1969/70 through fiscal year 1973/74, emphasised the rehabilitation of the economy, particularly increasing agricultural produce, and improving irrigation and transportation systems. The production of rice, central to the economy and the welfare of the people, was targeted to increase by 47 per cent.

The government attempted to reach the objectives of REPELITA I primarily through increased public-sector investments. The development expenditure increased from 5-6% of GDP to 10-12%. Approximately half of the total development expenditure for this period was allocated to transportation, communication, agriculture, irrigation and subsidies for fertilisers.

Annual development expenditures increased more than three fold over the course of the First Five-Year Development Plan. Most production targets set for the first plan were reached and rice production has exceeded the anticipated 47% by 25%. During REPELITA I, the development expenditure had increased to 7% of the GDP, which was also less than expected.

The Second Five-Year Development Plan (REPELITA II), from fiscal year 1973/74 through fiscal year 1978/79, focussed on increasing the standard of living of the Indonesian people. The specific objectives of the second plan were to provide better food, clothing and housing, to improve and expand infrastructure, to expand and equitably distribute social welfare benefits and to provide more employment opportunities. Development expenditure for social purpose, such as education, health and family planning, accounted for larger amounts than in the first plan, as did development expenditures for industrial and mining projects. Agriculture and rural development continued to obtain a large sum of the budget.

The overall objectives of REPELITA II were largely reached, although the average annual rates of growth of real GDP and real per capital GDP, at 6.8% and 4.7% respectively, were slightly lower than the target of 7.5% and 5.2%. The agricultural sector grew on an average annual rate of 3.4% and rice production increased at an annual rate 3.8%.

Health and education development also substantially reached the target in REPELITA II. Over the course in the second five-year period, the number of doctors in Indonesia had increased by 68.1% from 6,221 to 10,456 when compared with the target of 68.8%. Children who obtained primary education rose from 13 million to 19 million. This means that children of primary school age who went to school rose from 65% to 89% while the target of REPELITA II was 85%

During the second five-year development period, development expenses have exceeded the budget-plan. This was partly because of the increase in the state revenues obtained from crude oil export.

The overall target of REPELITA III had been largely achieved, although the average annual growth of GDP was only 6.1% and GDP per capita 4%, a little bit lower than those of the previous period. The real growth in sectoral terms noted a yearly rote increase of 4.18% in agriculture with rice production by 6.5%, 9.74% in manufacturing; 14.78% in electricity, gas and water; 8.82% in construction; 7.96% in transportation and communications; 7.8% in trade, financial institutions and other services; while in the mining and energy sector an annual downward trend was recorded of 1.6%.

Improvement of the people's welfare was tangible: the number of inhabitants living below the poverty line dropped from 40.1% of the total population in 1976 to about 26.9% in 1981; the infant mortality rate fell from 103.8 per thousand live-births in 1978 to 90.3 babies in 1983; the crude death rate dropped from 13.4 per thousand inhabitants to 11.9 and the average life expectancy rose from 52 years to 56 years, while the literacy rate grew from 60.9% of the total population in 1971 to 71.2% in 1980.

Taking effects as of fiscal year 1984/85 through fiscal year 1988/89, REPELITA IV put emphasis on the development of the agricultural sector to continue maintaining self-sufficiency in rice, while promoting the industries which could produce industrial machinery for light as well as heavy industries. Stress was also put on efforts to improve the quality of Indonesian individuals.

The successes of the previous REPELITAs were confronted with hard challenges and trials since the nation entered the period of REPELITA IV. The unfavorable global economic developments and trends as well as the drastic drop of oil prices in the world markets induced the Indonesian Government to take bold and effective steps from austerity measures to readjustments and reforms in various fields along with encouraging and promoting exports of "non-oil and gas" commodities.

The economic growth during REPELITA IV 5.1% on a yearly average. With a population growth rate averaging 2.1% per annum during the same period, the real GDP per capita had grown by about 3.0% per annum. In the meantime the real growth in sectoral terms noted a yearly rate of increase of 3.5% in agriculture; 13.2% in manufacturing; 6.4% in trade; 5.0% in transport and telecommunication, 2.2% in construction; 6.0 in other sectors but recorded a decline of 0.02% in mining and quarrying. The inflation rate during the period was recorded of an average of 6.6% per annum.

Improvement of the people's welfare brought the number of people living below the poverty line to drop from 26.9% of the total population in 1981 to about 16.4% in 1987; the infant mortality rate dropped from 90.3 babies per thousand live-births in 1983 to 58.0 in 1988; and the average life expectancy rose from 56 years to 63.

The Fifth Five-Year Development Plan (REPELITA V), from fiscal year 1989/90 through fiscal year 1993/94, is very decisive as it is the final stage of preparation to enter the outset of the "take off" era. Thus, the major question to face during this period is how to more strengthen, consolidate and improve development in every sector of the nation's life to prepare the nation upon entering the Sixth Five-Year Development Plan (REPELITA VI).

During this period, development in the field of economy is given top priority with emphasis on development in the industrial sector supported by a reliable growth in the agricultural sector.

With an average rate of population growth at 1.66% annually during REPELITA V, the country's economic growth rate is correspondingly reached on average at 6.8% annually. Ascribed to such growth is the increase of production in the sector of non-oil and gas which has grown by 6.9% annually.

The industrial sector during REPELITA V developed on average at 10.2% annually. The agricultural sector, during this period, experienced an annual growth rate of 2.99%, trade 7.9%, transport and communications 9.8% and sector of construction 11.9% respectively.

Changes in the economic structure are expected to take place continuously and increasingly towards a more balanced proportion: the share of industrial sector in Gross Domestic Product rose from 14.4% in 1988 to 22.3% in 1993, while on the contrary the contribution on the agricultural sector decreased from 23.2% to 18.5%. The oil and gas sector which still accounted for 19.8% of Gross Domestic Product in 1988 it reduced to 10.8% in 1993.

The volume of the State Budget during 1993/94 reached Rp 62,651 billion. Domestic revenues numbered Rp 52,279 billion, foreign assistance funds amounted 10,379 billion. In the meantime, routine expenditures reached Rp 38,799 billion and development expenditures were Rp 25,661 billion. Meanwhile, state savings totalled Rp 13,480 billion. This means a substantial increase compared the preceding REPELITA (1988/89) which was Rp 32.995 billion, Rp 23,004 billion, Rp 9,990 billion, Rp 20,739 billion, Rp 12,250 billion, and Rp 2,265 billion respectively.

The biggest proportion of the development expenditures went to the five main sectors i.e. the communication and tourism numbered Rp 5,191 billion or an increase of 20.9% annually during REPELITA V Rp 3.632 billion for the regional development or 26.3% annually, Rp 3,449 billion for the mining and energy or 10.7% annually, Rp 3,263 billion for the education, youth, culture and belief in One and Only God or 15.2% annually, and Rp 2,976 billion for the agriculture and irrigation or an enhancement of 13.0% annually.

Improvement of the people's welfare was tangible: the number of inhabitants living below the poverty line dropped from 60.0% or 70 million of the total population in 1970 to about 137% or 25.9 million in 1993.

Capital market: Another encouraging sign

President Soeharto

MESSAGE

Assalamualaikum Warohamatullahi Wabarokatuh,

Today is the 52nd Anniversary of Proclamation of Indonesian Independence. On behalf of the Government of the Republic of Indonesia and the entire Indonesian nation, I extend warmest greetings to the Government and the People of Bangladesh in this happy occasion.

This year, we celebrate the Indonesian Independence Day, both in Indonesia and in other countries including Bangladesh with a striking difference. Indonesia has entered the new phase of development taking the Republic to the 21st century under the dynamic leadership of His Excellency President Soeharto. The new century is expected to have in its fold many new developments for greater interest of the Indonesian nation. Here in Bangladesh, we celebrate the Indonesian Independence in a new democratic environment. A representative Government has assumed office in Bangladesh with Her Excellency Sheikh Hasina as the Prime Minister. Indonesia has acclaimed her election and hopes that Bangladesh has entered a new phase of political stability and economic development under her dynamic leadership. On this august occasion of the 52nd Anniversary of Indonesian Independence, I would like to take his opportunity to felicitate Her Excellency Prime Minister Sheikh Hasina completing the first year in office with notable success in different national fields.

Indonesia has reasons to be joyous in commemorating the 52nd Independence Day. Just after having celebrated the 51st Anniversary of Independence Day, Indonesia is now engaged in implementing the Second 25-year Long Term Development Plan which began with the Sixth Five Year Development Plan from 1st April, 1994. Today, Indonesia is being cited by international agencies as a model for developing countries to follow. This is because Indonesia's approach to economic management illustrates the need for a country to initiate the policy steps required for desired restructuring and reforms. By pursuing its own deliberate-strategies, Indonesia has demonstrated its ability to retain control over the pace and the manner of change. I am happy to note that Bangladesh Finance Minister SAMS Kibria has also reflected the priorities of Bangladesh economy in a similar fashion, when he said recently that Bangladesh will listen to the advice of donors but will choose its strategies as per needs of the people. Today, as the world's fourth most populous country, Indonesia has successfully diversified its economy. During the first stage of the Long Term Development Plan, the Gross Domestic Product has grown at a rate of 6.8 per cent a year. This has been made possible because of an average annual growth rate of 12.4 per cent in the non-oil industrial sector, while a 3.6 per cent annual growth rate experienced in the agricultural sector and a 6 per cent in the services sector.

In 1969, precisely at the beginning of the First Five Year Development Plan which is known as REPELITA-I, with population of 150 million Indonesia's per capita income was only US $ .70. At that time, Indonesia was classified as one of the world's poorest country. Exactly 25 years later, thanks to the success of the national development achieved during the New Order Government under the wise leadership of President Soeharto, with population of 200 million Indonesia's per capita income has gone up to US $ .920 which brings Indonesia to be regarded as a middle income country.

Indonesia also offers precious experience for developing countries in bringing the inflation under control due to a high growth of the Indonesian economy followed by an increasingly solid economic stability. The average inflation rate between 1961 and 1965 reached over 250 per cent. The highest inflation rate was in 1966 when it reached around 650 per cent. Entering the decades of the Eighties and the Nineties, the inflation rate was brought down significantly to only under 10 per cent.

In political arena, both Indonesia and Bangladesh follow the Charter of the Non-Aligned Movement which was born in Bandung, Indonesia in 1955. The Indonesian Government is delighted that Her Excellency Sheikh Hasina, immediately after assuming her office as Prime Minister of Bangladesh, reaffirmed her Government adherence to the principles enunciated by the Non-Aligned Movement. Bangladesh is also on record as having lauded Indonesia's leadership and role in espousing the cause of non-alignment.

I am pleased to note, on the occasion of the 52nd Anniversary of the Indonesian Independence today, bilateral relations between Indonesia and Bangladesh are coming more closer with the passage of time. Today, thanks to the initiatives of private sectors of the two friendly countries, various Indonesian commodities such as steel products, textiles, chemicals and many more items are available in Bangladesh market, in Dhaka and other cities as well. Besides, furniture, glasswares, toiletries, instant noodles and canned food from Indonesia, have found their way into the homes of Bangladesh people. This is in effect brings to the fore, people-to-people contacts which both the Governments of Indonesia and Bangladesh are striving to achieve. The Indonesian Embassy in Dhaka has, over the years, worked hard to remove information gap that was long existing between the two friendly countries. High level visits to and from Indonesia by political leaders and high officials have further narrowed down the gap. While His Excellency President Soeharto visited Bangladesh in 1979, a number of political leaders and high officials from Bangladesh paid visits to Indonesia to beef-up the bonds of amity between the two countries.

Most striking feature of Indonesia-Bangladesh relations is the fact that Indonesian experts and officials continuously share their rich expertise and experience with their Bangladesh counterparts under the ambit of the Technical Cooperation among Developing Countries (TCDC), sponsored by the Government of Indonesia. Hundreds of Bangladesh experts and officials including senior bureaucrats went to Indonesia to gather experience through participation in various training programmes organised by the Government of Indonesia and subsequently to apply those appropriate technologies of different core fields in Bangladesh.

The TCDC Programmes, which results in Enhancing south-south cooperation, began after the signing of its Agreement on 21 November 1979 in Dhaka during the visit of His Excellency President Soeharto to Bangladesh. Since then, an average of 17 training programmes are being offered by the Indonesian Government to the Government of Bangladesh annually. The average number of experts and officials from Bangladesh participating in those TCDC training programmes is 22 annually, while in fiscal year 1996-1997 a total of 23 was participated. The annually, programmes being offered by Indonesia to Bangladesh under the TCDC cover various fields such as Integrated urban development; Rice production technique; Earthquake disaster management; Agricultural Extension; Oil refinery operation; Community participation in family planning; Rehabilitation of the handicapped persons; Community Health development enhancement; Irrigation and drainage engineering; Pest surveillance; Veterinary drug improvement; Development of self-engineering; Integrated technology for housing strategies; Value added tax; Housing for low income community and many more. All those training programmes go a long way complementing efforts towards alleviation of poverty of millions, being actively undertaken by the Government of Bangladesh.

Indonesia also feels proud of being associated with Bangladeshi in its struggle to control population growth as a pre-condition to a successful national development. About 800 family planning officials from Bangladesh have so far participated in training-cum-study tour in Indonesia to gather expertise and experience in controlling its population growth.

I am looking forward to burgeoning Indonesia-Bangladesh relations under the democratic government of Her Excellency Prime Minister Sheikh Hasina. I am happy to learn the political commitment made by Foreign Minister, His Excellency Mr Abdus Samad Azad to forge closer relations between our two friendly countries. Let the 52nd Anniversary of Indonesian Independence be a turning-point in further enhancing bilateral relations between Indonesia and Bangladesh. Indonesia greatly values the people's will displayed through the June 12 Parliamentary Election in Bangladesh. I sincerely hope that a politically stable Bangladesh will emerge as one of the tigers in Asia.

Long live Indonesia-Bangladesh friendship.

Dirgahayu persahabatan Indonesia-Bangladesh.

Wassalamualaikum Warohmatullahi Wabarokatuh.

Sabilillah Maqom

Charge d'Affaires of the Republic of Indonesia, Bangladesh