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ADDRESS BY DR. A. K. GANI, INDONESIAN REPUBLIC.

Mr. Chairman,

Fellow Delegates:

On behalf of the Government of the Republic of Indonesia, the Indonesian Delegation brings greetings to you and also extends its thanks for the invitation to attend this International Trade and Employment Conference. Let me state in the first place that we wholeheartedly welcome the creation of the International Trade Organization. From a general point of view, we are convinced that only through international action and consultation can the purposes and objectives laid down in Chapter One of the trade charter of the ITO be achieved. We particularly welcome the ITO because my country is one which, though rich in resources, has up to now been denied the fruits of a proper and speedy economic development. Though providing great potentialities and possibilities for industrial development, our resources have as yet remained relatively untapped. Article 8 of Chapter Three, which deals with the importance of economic development, is in this respect, therefore, not without significance for us.

We also pledge ourselves to adhere to article 12 of Chapter Three of the draft charter, in respect of international investment for economic development. What is contained in the paragraphs of the article just mentioned has, from the very start of our existence as a free country, been one of the guiding principles of my Government in its economic policy. The Governments of the Republic of Indonesia will welcome and encourage, in complete accord with article 12, foreign investments in all fields, in order to raise the productive capacity of the country. My Government is prepared

(MORE)

to give the necessary incentive to foreign economic interests willing to take up economic activities in Indonesia. Such incentives can be given in the form of special Government assistance in accordance with Article 13 --regarding governmental assistance to economic development-- and also in the field of taxes, duties, etc. We pledge to bind ourselves by Section A of Chapter Four, dealing with tariffs, preferences, internal taxation, and regulation.

The Republic of Indonesia has never believed in the dishonest practice of unilateral confiscation. It is the firm belief of my Government that, in adhering to the principles enunciated above, we not only serve the interests of our own population, but what is even more important, the large common interests of all countries in improving opportunities for employment, by enhancing the productivity of labor, by increasing the demands for goods and services, by contributing to a balanced global economy, by expanding international trade, and by raising the levels of real income as specified in Article 8 and the subsequent articles of Chapter Three.

Indonesia is a nation with a great past and a greater future in Southeast Asia; blessed with enormous resources of raw materials and manpower, Indonesia is ready to play a part worthy of its geographic and economic position in the world of today and tomorrow.

The Delegation which I have the honor to represent has come here in a spirit of duty to acquaint this Conference -- and through this Conference the world at large-- with the huge potentialities of my country, whose great wealth of raw materials, agricultural and mineral, has been known to the world for the past thousand years.

The Republic of Indonesia since July 20th of this year has been the victim of a war of aggression which has laid waste large territories, reservoirs of wealth; and numberless human lives. Only through the intermediation and under the supervision and

(MORE)

guarantee of a third party will it be possible to solve this conflict, because facts show that mutual distrust is increasing. It is in the spirit of "live and let live" that we have come here to acquaint you with what my country can offer the world and what we expect in return, so that not only peace but material wellbeing can quickly be realized in Southeast Asia, one of the main trouble spots in the world today.

Perhaps it might be as well if I should outline to this Conference a few facts about Indonesia. The Indonesian Archipelago consists of the Greater Sunda Islands comprising Java, Sumatra, Borneo and Celebes, the Lesser Sunda Islands embracing Bali, Sumbawa, Timor and Moluccas, and one-half of New Guinea. The total land surface comprises an area of two million square kilometers, with an estimated population of 71 millions. The density of population works out to an average of 35 per square kilometer. The last census was taken in 1930, when the total population was returned as nearly 61 millions. At that time the number of Indonesians was a shade over 59 millions; Dutchmen, Eurasians of Dutch descent, and non-Dutch Europeans totaled a quarter million; the Chinese returned the figure of one and a quarter million; while peoples of other Asiatic countries resident in Indonesia accounted for just over a hundred thousand.

Owing to the Pacific War and the difficult conditions in which we have lived after the Japanese surrender --conditions not of our own making-- we have not been able to take a census. However, basing our estimate on a natural increase of $1\frac{1}{2}\%$ per annum, we reckon the present population of the Indonesian Archipelago at 71 millions, with 61 million in the Republican territory.

I stress this point particularly in connection with the proposed formula outlined in the appendix to the draft charter for determining the number of votes to be allocated to each member, and

(MORE)

in this connection I wish to make special reference to Formula A. In Table A, page 66, the Netherlands is stated as representing a population of 80 millions. This figure should be broken down as follows: Eight and a half millions in Holland; half a million in Surinam and Curaçao; ten millions in the Indonesian Archipelago outside the territory of the Republic of Indonesia, and 61 millions --gentlemen, I repeat this figure of 61 millions,-- in the territory of the Republic of Indonesia. In view of these facts, it is incongruous that the Dutch should be credited with representing 80 million people. The Mohamedans form an overwhelming majority of the population, the minorities being Cristians, both Protestants and Catholics, and Buddhistic Hindus. But whatever the religious outlook of any Indonesian may be, he is determined that the country shall be free. The basis of our society from the dawn of history up to now is what is known as "Adat", which is a code of conduct and a pattern of behavior prescribed by customary, unwritten laws. This, together with religion, has always given our society, a democratic orientation and proved our best guarantee against the emergence of unwelcome political ideologies.

Of this vast population of 71 millions, 85% are peasants. Going by the 1930 census, which was taken by the Dutch Colonial Government, then in power, only 7 out of 100 could read or write. The number of medical doctors in prewar Indonesia to serve a population of nearly 61 millions was only twelve hundred --one doctor to look after the health needs of 60,000 people scattered over an extensive land surface.

A word now about economic conditions in prewar Indonesia. The setting is that of a typical colonial economy, i.e., an export economy with the Dutch maintaining monopolistic control over exports and imports, over inter-island shipping, over the main agricultural products of the country, and over domestic trade and production in

(MORE)

general. During the twenty years ending 1939, Indonesia exported goods to a total value of 13,000 million dollars. Imports for the same period were 8,000 million dollars, with an export balance of 5,000 million dollars, which works out to an average of 250 million dollars a year. The trade volume for the same twenty years was 30,000 million dollars, equal to an annual volume of 1,500 million dollars. Let me pick one typical year to show you what conditions were like. In 1938 the excess of exports over imports netted 300 million dollars. Of this vast sum of money, only 38 million dollars went to the Indonesian population, which made up 98 per cent of the entire population. The remaining 262 million dollars went to the non-Indonesian population of two per cent. You can gather from this that the living standard of the Indonesians was deplorable and all the more so because Indonesia has been and continues to be a country with immense resources of raw materials.

In 1922 the Dutch Colonial Government issued a report on the cost of living and wages as affecting Indonesians. According to this report, the average Indonesian wage was sixteen cents a day for the single working member of a family of five. This works out at three cents a day per person. Again, in 1933, the Dutch Colonial Government issued a similar report. By this time the average wage of the Indonesian had sunk to five cents a day --one cent per person per day. The report arrived at the smug conclusion that two cents a day was quite sufficient for the livelihood of Indonesians --and added a rider to the effect that the Dutchmen, however, needed a minimum of three dollars a day (which works out at 300 times that of the Indonesian wage!)

It will be noticed that the national income of the Indonesians showed a steady deterioration over the years. While in 1929 the Indonesian population of 61 millions earned 2,000 million dollars, in 1933 the figure had dropped to 350 million dollars,

(MORE)

with a slight rise to 1,000 million dollars in 1937. It must, of course, be borne in mind that with a drop in the income there was a steady increase in population.

One of the consequences of this fall in national income was the reduced purchasing power of Indonesians, increasing illiteracy, and more opportunities for exploiters to take advantage of cheap labor. In 1928 the Dutch Colonial Government was spending 31 million dollars a year on its education budget, yet only a fraction of the Indonesian children of school-going age was able to take advantage of the meager facilities available for education.

In 1938, the Dutch Colonial Government cut the education budget down to nine million dollars, whereas in all other parts of the world it was the effort of all governments, including even colonial governments, to allocate more money for purposes of education. As a result of this Dutch policy, only seven Indonesians out of every hundred learned to read and write. On the other hand, with the standard of living being forced down for the Indonesians, the struggle for existence was so great that most parents were compelled to stop sending their children to school in order that the youngsters might help to keep the pot boiling.

In 1942, the Dutch Army of 100,000 strong surrendered to the Japanese after a week of steady retreat. For three and a half years the Japanese exploited the Indonesian Archipelago to feed their war machine. Raw products were taken by force or commandeered at nominal prices arbitrarily fixed by the Japanese. The Japanese flooded the country with military script, which was not worth even the paper on which it was printed. As the Japanese also seized crops without providing adequate reserves for the population, Indonesia, always self-sufficient in food, was faced by hunger; four to five million Indonesians fell victims to starvation, while millions of others still bear the scars of undernourishment. As a result of

(MORE)

hundreds of years of colonial domination and exploitation, you have in Indonesia a country rich in resources but with a pauperized population.

Since the proclamation of the Republic of Indonesia on the 17th of August, 1945, the Republic has been forced to lead a precarious existence because of the continual threat of war which paralyzed many activities of the Republic. The Dutch maintained a naval blockade of the Republic in order to strangle its commerce and also to prevent its rehabilitation. Even such urgently needed necessities as medicines, drugs, chemicals, textiles, clothing, and transport and communication facilities, imported into the Republic from abroad, were repeatedly intercepted and confiscated by the Dutch as contraband.

Fortunately for us, we have been able to produce enough rice, which is our staple, to feed the population.

While the shortage of food is the main preoccupation in most countries of the world today, we in Indonesia have up to now been getting along fairly well in that respect. Java alone produced four million tons of rice in 1941; there was a drop to 2.8 million tons in 1945; and a further drop to 2.1 million tons in 1946. In 1947, however, there was an appreciable increase to 3.3 million tons. The production of auxiliary foods as maize, tapioca, ground nuts and soya beans is still increasing. Famine, however, is a future threat because one of the objectives of the present Dutch war of aggression was the occupation of all rice-bearing areas in order to starve the Republic into submission.

Along with the satisfactory food position there has been sufficient work in the Republic, with only a very few not gainfully employed. Because of the type of society in existence, where the family is the unit, religion and customary law make it possible for the unemployed to find food and shelter with their families till they can seek new employment.

(MORE)

Our living standard has been so low that we have practically nothing to lose. It is true the Dutch Army is well equipped, but it is equally true that every home in Indonesia has the means wherewith to produce a fire. If the Dutch persist in trying to occupy more territory, we shall be forced to continue our scorched earth tactics so that the invader may be denied the spoils of conquest. We know we are facing big odds, but we are convinced that right and justice must prevail, if not today, then tomorrow.

During the little over two years in which we have existed again as a free nation, and although all our activities have been hampered by the Dutch Colonial Government, we have endeavored with the slender means at our command to reconstruct and rehabilitate our country so as to insure to the people what they have been denied through the long centuries of colonial exploitation -- a standard of living commensurate with the great wealth of the country.

Political freedom has many aspects, but to us the paramount consideration is a quick heightening of the standard of living of our population. This is a just and reasonable demand because we feel that the richness of the Indonesian soil should be devoted primarily for the humanitarian work of lifting the living standard of our people.

This is one of the aims specifically stated in Chapter One of the draft Charter of the ITO, which defines its purposes and objectives.

The Dutch Colonial Government, in spite of the arbitration clause of the Linggajati agreement, has launched a war against us in order to reimpose the old colonial regime. The first essential for a rise in the standard of living, for the awakening of a new sense of freedom and worth in the indigenous masses, for the creation of a fuller, richer, and finer human life, is the possession of a government which feels it is intimately associated with the native population and its interests. No foreign or colonial government,
(MORE)

it being by definition alien, can possess this intimate association with the people, and, even if it should be endowed with the most elevated attributes of altruism, it would still fall short of interpreting the will of that people for its own destiny. The possession of the power of self-government is in the modern world the most vital instrument in the struggle for economic and cultural progress.

It is the general belief of a large segment of the Dutch population that the recovery of Holland is dependent on the exploitation of Indonesia. The same thing happened in the nineteenth century when Holland bled Indonesia to the bone after the Napoleonic wars. The system of forced labor was instituted together with an enforced monopolistic buying and selling of the raw materials produced in Indonesia. The Dutch want to regain their monopolistic control over trade and shipping.

In accordance with Chapter Four, Article 16, paragraph 1, concerning the general most-favored nation treatment, I would like to state that there should be free access to the material wealth of Indonesia. The Republic of Indonesia will not sponsor monopolies as was the case in the past under Dutch colonial rule for the benefit of Dutch business firms and industries. We are well aware of the possible dangers of restrictive business practices in their effects on international trade. Our experience under Dutch colonial rule in the past, and even at present as a result of the Dutch-imposed blockade and Dutch attempts to restore monopolistic regulations, proves that such practices are not only detrimental to our own nationals, but also disadvantageous to other countries of the world which are in need of the commodities we can supply.

We further hope that Article 44, Chapter Five, referring to general policy regarding restrictive business practices, will be instrumental in promoting direct trade between our country and the outside world.

(MORE)

This is a suitable point at which to tell you what Indonesia needs for her speedy economic reconstruction and trade rehabilitation, remembering all the time that Indonesia has been without any consumer goods for the last six years. Our immediate needs, our vital priorities, are: Textiles, medicines and medical equipment, chemicals, incentive goods, transport and communications utilities, and tools and equipment for agriculture and industry, as well as consumer goods of all kinds and varieties. Nearly two-thirds of the population of Java and quite a goodly portion of the population of Sumatra is to-day badly clothed as a result of the Japanese occupation, followed by the Dutch military and naval blockade. The Republic of Indonesia has not been able to carry out its reconstruction program at either the tempo or the extent desirable, because of the shortage of equipment and goods. Be that as it may, with the primitive means we have at our command, we have gone on with our reconstructive work in the fields of education, public works, agriculture, and health. In the great task which lies ahead of us, we look to nations and peoples of good will to give us a helping hand with technicians as well as the tools of reconstruction. With the manpower and resources which we are fortunate to possess, we shall be able to return to the world at no distant date the fruit of your assistance to us.

It is in this spirit that my delegation has been sent to this Conference by the Government of the Republic of Indonesia. The Republic pledges its full support to the International Trade and Employment Organization. The Republic can deliver direct to all who may need the surplus products of Indonesia, and we can right now ex-

port in big quantity to the international market. And the Republic agrees to take in increasing volume the goods which you can manufacture, and to take them without imposing unreasonable tariffs or export or import duties. We seek world trade, we seek the products of the industrialized countries.

Any decisions we arrive at here should be on the basis of moral worth, fair chance, and fair play. We have come here to achieve concrete results, not rigid formulas or outmoded practices, because it is vitally important that we should change the international economic aspect in the right direction for the benefit of all mankind. The Republic of Indonesia is prepared to accept whatever is just and reasonable, and we look forward to your cooperation and guidance in the achievement of our aims.

Mr. President and Gentlemen, I thank you.

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