



INDONESIA DEVELOPS

FIVE - YEAR DEVELOPMENT PLAN

April 1969 - April 1974

**DEPARTMENT OF INFORMATION
REPUBLIC OF INDONESIA**

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INTRODUCTION

The Five-Year Development Plan Document, as presented to the Gotong-Rojong House of Representatives consists of three volumes of mimeographed books of about 800 pages in all.

The first and second parts are divided into 16 chapters, and the third contains specifications of development projects according to the regions of Indonesia presented in maps.

This Digest of the Five-Year Development Plan is compiled from an official summary.

A complete translation of the Five-Year Development Plan Document is under preparation, for which this Digest may serve as a guide to the Document *).

It is our hope that this edition will be conducive to our readers abroad in their study of the complete set of three books.

Djakarta, 16th of January 1969.

**Department of Information
Republic of Indonesia.**

*) In the meantime, this first reprint went on the press, the Document entitled The First Five-Year Development Plan (1969/70 — 1973/74) has been printed and become available.

A. THE BASES OF THE FIVE-YEAR DEVELOPMENT PLAN.

Based on the evaluation of the results achieved within the last two years, we may draw the conclusion that the political and economic stabilization in Indonesia, as being a solid foundation for the implementation of reconstruction, have been established.

Meanwhile, the Indonesian Government has accomplished the work of composing the Five-Year Development Plan, the text of which has been poured into a Presidential Decision, as the realisation of one of the duties of this Government which shall be started on April 1, '69, coinciding with the beginning of the new fiscal year.

This Five-Year Development Plan, the text of which has already been presented to the House of Representatives by the President contains problems of development planning as a result of thorough and continuous processing, calculation and research.

The main material of this Five-Year Development Plan has already been described in the Presidential State address on the 16th of August '68. We will only give some additional clarifications and matters important to be known, while detailed and exact matters can be read from the document of the Five-Year Development Plan which consists of three volumes.

The Five-Year Development Plan has been composed on the basis of the existing MPRS (Provisional People's Consultative Assembly) Decrees and by paying due consideration to the actual facts and Indonesia's capabilities at present. Therefore this Five-Year Development Plan is arranged sufficiently realistic without neglecting long-term factors of principle.

In the frame of above-mentioned restrictions, the Five-Year Plan is directed toward the raising of the standard of living of the People at large and at the same time creating new foundations which enable planning and implementation of the second five-year plan.

Being based on the facts faced at the present time, especially Indonesia's present economic condition which is still very limited, the Five-Year Plan Indonesia has composed does not contain alternatives of targets, but it demands from Indonesia to make the right choice of priority. Without deciding this priority, the more so, if there are too many objectives that Indonesia wants to reach, that limited capability cannot be developed and it will be impossible to achieve targets which are beyond that capability.

In line with the stipulation of article 25 of MPRS Decree No. XXII/1966, the scale of priorities of the targets of development are the fields of agriculture, infrastructure, industry, mining and oil. In this Five-Year Plan agriculture not only should be given priority, but it has even been selected as the central point of development.

The agricultural field has been chosen as the central point of development because Indonesia's economic structure at present is heavily agrarian; the greater part of manpower is employed in that sector; so that sector constitutes the biggest part of our sources of National income; the greater part of our foreign exchange earnings comes from the sector of plantations. The climatological condition, adequate acreage of land and abundance of manpower, — furthermore if coupled with the utilization of modern technology and working systems — open up great possibilities for development in this fields.

Development in the field of agriculture means a widening of the field of employment and increasing the income of the greater part of the Indonesian People. Adequate food production, especially rice, is of great importance to price-stabilization in general, because rice is an important price-setter, so that economic stabilization can be achieved, which is a prerequisite for a smooth implementation of development. Besides the increase of rice production, this also means a saving of foreign exchange spent on the import of rice. The rise of income of the community opens a market for industrial production which is needed by the consumers. This increase of demand and price-stability in general, will result in stability of wages and this will be an incentive for the emergence of new industries.

In this way, development in the field of agriculture is a stimulus for greater economic development, i.e. the emergence of industry, which will be directed toward industries supporting the agricultural sector and industries producing substitute articles which are otherwise imported; in this way a wider field of employment will be opened.

Development in the agricultural field will, apart from saving foreign exchange, also be able to increase our foreign exchange earnings by increasing the production of export products from forestry, cattle-raising, fisheries, and so on, besides Indonesia's foreign exchange earnings from mines and tourism.

Development of the sector of mining also gets attention and priority, because the sources are potentially still capable for increased production which will increase Indonesia's foreign exchange earnings. Branches of mining which have very bright prospects are petroleum, tin, bauxite, copper, nickel, manganese, gold and silver, sulphur, diamonds and coal.

An integral part of the pattern of development in the sense mentioned above is the development of the infrastructure — land, sea, air and telecommunications — so that Indonesia as one economic unit, as one political unit, as one cultural unit and also as a defence and security unit, can grow more stronger.

Development in the social-welfare and spiritual fields will be implemented in the framework of raising the welfare of the people in general and with due regard for the available funds. With the improvement in the National economic condition, the efforts in the social-welfare and spiritual fields should always be guided and directed toward the maintenance and fostering of Indonesia's National identity, in line and in harmony with the economic progress mentioned earlier.

Thus is the general pattern and the strategy of the Five-Year Development Plan.

The following describes a more detailed picture of activities in every field and sector,

a. The Agricultural Sector

As explained above, development in the sector of agriculture is directed to the increase of food production, especially rice, and the increase of the quantity and the variety of export production output.

The aim of food production increase is that within the coming five years Indonesia will, on the one hand no longer need to import rice, and on the other improve the nutritive value of the diet of the Indonesian People through increased production of food containing animal and vegetable proteins.

As concerns rice production, the target Indonesia wants to reach in the coming five years is 15,4 million tons, which is indeed a big increase (50% within five years) as compared to the 1968 production figure. In order to

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reach that target efforts are made through intensification and extensification of agricultural activities. It is well-known, that this intensification is applied through the "Pantja Usaha" system (irrigation, superior seeds, fertilizers, insecticides and information).

During the coming five years efforts will be made to improve and expand the irrigation network in order to give water to 900,000 Ha of the rice-fields while the expansion will cover 480,000 Ha. Through this plan, it is calculated that the acreage of paddy-crops will increase with 1.7 million Ha within the coming five years.

Intensification efforts will be carried out through the expansion of the acreage included in the so-called "BIMAS" system (Mass guidance system) and by the use of new high-yielding seeds, i.e. PB-5 and PB-8, which is applied simultaneously with efforts to improve and expand the irrigation system necessary to obtain rice-fields with good irrigation. In this connection, the provision of high-yielding seeds constitutes one of the activities made on a large scale; both by the Government and private enterprises with the use of incentives.

The implementation of the agricultural intensification program, clearly needs much more fertilizers, apart from those needed for the plantations. To meet the increasing needs for fertilizers efforts are made to increase the domestic production of fertilizers as well as through imports which get high priority every year. For a smooth and timely reception of these fertilizers by the farmers, both in quantity and kinds, it is necessary to build store-houses or depots spread to the villages beside the provision of more transportation means, which should be synchronized with distribution activities and the perfectioning of agricultural production.

Besides the above-mentioned activities, the provision of insecticides and sprayers will be sufficient. Insecticid-

es should still be imported, for instance just for rice cultivation whereas sprayers can already be produced in the country. There should also be an adequate supply of agricultural tools, such as : hoes, sickles, plows, threshing machines and dryers, pumps and so on.

The increase of rice-production should be supported with activities of information, education and research, which are also given full attention in this sector of agriculture.

The increase of rice-production will only become a permanent stimulus to farmers if a good market prevails. Therefore, due attention is also paid to the problem of marketing in the development plan which among others comprises improvements in the fields of transportation, storing, processing, financing, etc.

Finally, in the efforts to increase rice-production, steps have been taken to provide the farmers with production and credits incentives, to be created through a price policy, guaranteeing a natural price balance and by securing profits for the farmer through new production markets, as explained before.

Credits for farmers, using new production structures, shall be released through Government and private institutions and able co-operatives.

In the next five years, a budget expense of Rp. 21 milliard is estimated for the increase of rice-production ; aside from that Rp. 236 milliard is earmarked for the rehabilitation and construction of irrigation works.

The same pattern for increased food production is also used in second crops, vegetables, fruits, fish and live-stock.

An important sector in Indonesia's foreign exchange earnings are the plantations, which during the last years have contributed about 70% of Indonesia's total export value. Export commodities from estates and small-scale

plantations are : rubber, palmoil, tea, coffee, sugar, pepper, tobacco, copra, etc.

A series of efforts to increase the volume and quality of export products have been made through new investments in the form of rejuvenation and new plantations, reduced costs per unit, the use of new technology, a more efficient marketing, the rehabilitation of processing factories, and in the case of smallholders farms in particular, through intensive efforts of information.

Great attention will be paid to plantations, which are most efficient, to enable them to produce quick yielding crops. This will then gradually shift to less efficient estates if they can show enough proof of their power of existence for the future. Efforts will be made to convert unefficient estates to the production of other commodities or to transform them into other agricultural undertaking or to close them entirely.

Parallel with the above-mentioned targeting and efforts, the organisation, and working-procedures of the sector of big estates will be improved, by supplying them with short, medium and longterm credits. If the State financial situation permits, levies on exports will be lowered during the years to come, while for the time being revenues from this sector are to be utilized to improve the export-infrastructure. Expenses from the development budget earmarked for the program to step up the output of these plantations is estimated at Rp. 23 milliard for the period of five years and for 1969/1970 they are around Rp. 4.9 milliard.

Development in the fields of forestry is aimed at restoring the forests to their useful function. Indonesia's forests at present cover an area of 120 million Ha, or 2/3 of the entire territory of Indonesia, 97.5% of which is located outside Java. Protective forests which regulate

the water-supply, and prevent floods and erosion, cover 48 million Ha. Production forests cover 24 million Ha, which are useful for their yields of forest products needed by the society, for the establishment of industries and for export. Forests that can be converted to farmland, cover an area of 18 million Ha, whereas the remainder, i.e.: 30 million are damaged forests, primarily because of unauthorized cutting, fire, etc.

Today, only 3 million Ha of forests or 7% of the real forest area is exploited.

Production of the forestry is *very, low*. This is caused by the deteriorated infra-structure, and bad facilities of treefelling, a shortage of timber transporting vessels, and the lack of expertise and experience of the entrepreneurs.

At present, the best way for forest exploitation is a joint enterprise through foreign capital investment, in view of experience, expertise and capital, while foreign parties show sufficient interest in this field. With the participation of foreign capital, it is expected that lumber exports, now amounting only to 500,000 cubic meters a year, can be increased gradually to 5 million cubic meters a year in 1973.

Nevertheless, production should still be increased, because, besides the export, there is a great opportunity for the industries processing forestry products like veneer, plywood, paper, rayon etc. which are still fully open.

All development activities for the increased production of forest products, is estimated to consume Rp. 10 milliard in five years and Rp. 601.5 million for the period of 1969 — 1970.

b. The Sectors of Industry, Mining and Power.

In the development of industries, the following guidelines apply:

- The development of electric power supply will be such
1. industries supporting the agricultural sector ;
 2. industries earning and saving foreign exchange by producing substitutes for imported goods ;
 3. industries processing more domestic materials than imported materials ;
 4. industries which incite more regional development activities because of their character of being cumulative in effect.

Based on those principles the main attention is paid to the fertilizer, cement and chemical industries, the textile industry, the pulp and paper industries, printing industries, pharmaceutical and light industries, and people's industries, metal industry, machines, equipment and infrastructural industries. Activities in other industries are expected to come from the people themselves.

The production target of domestic industries for the period of five years is expected to increase production to 90% compared to the present level. The entire program on investment during five years is planned to be Rp. 250.66 milliard, specified into Rp. 110.16 milliard from the Development Budget and Rp. 140.50 milliard from other sources.

The contribution from mining to the economy at present is not so big yet and the number of people employed in this sector only totals 70,000 persons. It can be said, that since the second world war practically no new undertakings entered into this field. In fact, Indonesia's mining potentials are very big if they are exploited, so that they can contribute more to Indonesia's economy.

Mining enterprises, however, have special characteristics, namely they need big capital outlays and technical knowhow, the risks are enormous and it takes a long time to enjoy the results, and a continuous hunt for new deposits should exist.

Hence, for the exploration and exploitation of Indonesia's huge natural resources, the Government is compelled to invite foreign capital to explore, to dig and to process and develop the existing mineral deposits. Apart from the purpose of increasing Indonesia's foreign exchange earnings, the co-operation with foreign capital in the field of mining is synchronised with the processing of mining products at home into half-finished and finished goods, both for increasing the export value as well as raw materials for the export industry.

Because of the very limited knowhow, *and* data that are available and presentable, geological surveys and mapping are the most important activities as pre-investments which need special financing to be allotted by the Government.

The mining sector which receives attention covers bronze, tin, nickel, bauxite, diamond, gold, silver, sulphur, manganese, coal, petroleum and gas. In the matter of mining there are still many problems which should be thoroughly and extensively examined, especially in regard to their prospects for future exploitation.

Particularly as concerns petroleum, areas open for exploration and exploitation in the form of joint ventures with foreign enterprises are the off-shore areas, while on-shore areas will be reserved for the expansion of Indonesia's National State Oil enterprises, except for those areas still difficult for Indonesia to start. These activities have started to show cheerful results.

Indonesia's production of petroleum has indeed increased during the last few years; in 1967, for example, the output has shown an increase of 160% as compared to that of 1957. In spite of this, if compared with the world production, Indonesia's production in fact shows a decline.

The development of electric power supply will as such be directed in order to keep abreast and stimulate the economic development and to increase people's welfare.

Based on the problems that are faced now, the targets of reconstruction qualitatively cover the increase of efficiency in the utilization of electric power generating centers and the stepping up of the supply of electric power. Increase in efficiency covers rehabilitation and the stepping up of electric power capacity, the distribution and transmission network, whereas the increase of power generation covers investments for additional electric power resources, and new distribution and transmission networks.

For the coming period of five years the finances reserved amount to Rp. 100 milliard or 9.4% of the total development budget. This amount cannot possibly meet the needs of the society in all the regions. Therefore, priority is given to efforts stimulating economic life, especially those giving incentives to production.

Several measures will be taken to achieve the maximum efficiency in order that gradually the process of the sale of electric power can constitute a meaningful part for investment. Within the period of the coming five years the capacity of installed electricity will be increased with 65% i.e. 425,000 Kilo Watts as from the present situation.

c. The Sector of Communications

The aim of development in the sector of communications is to smoothen the flow of goods and the traffic of man needed to develop the economy and social life, Indonesia is realistically aware that the increase in volume of traffic cannot as yet be accommodated by a proper network of roads within a period of five years. In these

five years, Indonesia's efforts will be directed to catch up with mentioned drawbacks.

In the field of railways it is planned to accomplish part of the rehabilitation and to step up services within the coming five years.

The field of sea-communications covers the rehabilitation of maritime works and important port facilities. The fields of air-communications includes the upgrading and rehabilitation of important airstrips and its facilities; meanwhile efforts have been made to start modernization. In the field of postal and transfer services and telecommunications, their services are to be expanded and efforts to be made towards more significant modernization. Because of the limited finances, the Indonesian Government therefore will confine itself to activities which are really the duties and responsibilities of the Government, namely making provision for the infrastructure whereas for its implementation, the Government will give an opportunity to the private sector.

The entire financing of the development of communications within the period of five years is estimated at Rp. 230 milliard.

It is worth stressing that in general development in this field means rehabilitation and upgrading because the network of roads and the railway tracks, which for instance were built before the second world war, are not capable anymore to meet the demands of present day traffic.

d. The Sectors of Religion, Education and Manpower

Religion occupies an important position in Indonesia that is based on Pantja Sila. The practice of religion, which apart from individual worship to God the Almighty, also constitutes an important factor to mould Indo-

nesians into citizens having high morals, perseverance, and a deep sense of humanity, all of which being the mental requirements for the success of reconstruction. The strength of religious life also is the most solid bulwark in upholding Pantja Sila and resisting Communist threats.

In conformity with the spirit and the provisions of the Constitution, the Indonesian Government is obliged to give guidance and assistance to smoothen the development of religion in harmony with the respective religious teachings and to exert supervision in such a way that every citizen, in observing his religious duties and their development, can do it smoothly, orderly and in an atmosphere of brotherhood.

The policy of reconstruction in this field is primarily aimed at developing the religious spirit in that it may be reflected and practiced actually in accordance with the respective teachings in the context of an integrated national life based on Pantja Sila.

The Government will provide facilities for the construction of physical infrastructures within the limits of its abilities. Assistance for physical infrastructure includes the supply of Holy Books of the respective religions, the rehabilitation and the building of several houses of worship, among others the "Istiqlal" Mosque, providing facilities for religious education and information and the like.

Certainly, the Government will welcome every effort from the society itself which feels obliged to help build the physical infrastructure in the Religious field and which is always done in a gotong-royong (mutual assistance) way.

Education will be directed towards the moulding of responsible citizens, who are physically healthy and mentally able to play a role in the reconstruction of the Nation. Seen from the angle of reconstruction, education constitutes one of the most important investments of human skill.

The aim of development in this sector, besides the production of skilled manpower for the implementation of reconstruction, is also to build a new and more rational and democratic society in conformity with the identity of the Nation by developing and utilization of science and technology.

Based on the present condition, the program of education, horizontally, is more directed to the need of education and training for the sectors of reconstruction which had been given priority, while vertically it will be directed to improving the balance between elementary, secondary and higher education.

Educational programs which cover a very extensive field include the upgrading of the standard of primary education, the addition of vocational education at secondary schools, the upgrading of technical and vocational education, and of teachers' training, the guidance to institutions of higher learning, mass and adult education centers, the development of education in general, the fostering of culture and sports, institutional education and training, and the upgrading of research and surveys.

From the programs mentioned above it is clear that the problem of education is projected to a more integral and extensive field. The development budget allocated for this sector is Rp. 95 milliard within the period of 5 years and Rp. 10.5 milliard for the year 1969 — 1970.

Development in the field of manpower is an integral part of the entire process of the Development Plan.

Reconstruction itself calls for a correct planning of manpower, besides the execution of reconstruction and the target for expanding employment opportunities.

Based on the present conditions and the targets of the coming development plan, the general target of development in the field of manpower is to solve the problem of shortage of trained manpower and experts, and to create as many as possible employment opportunities. Development in this field also is as far as possible directed to labour-intensive projects.

Various opportunities for the upgrading of trained manpower have been made available, efforts in preventing the increase of unemployment of the young, improving the standard of organisation and leadership, the use of State enterprise workers and civil servants and reorganisation of the Government, improvement in collecting data of earning manpower constitute an important part of the activities in this sector.

Meanwhile efforts are being made for a better realization of the welfare and protection of manpower, such as the promotion of labour relations, the problem of wages, social security, etc.

e. The Sectors of Public Health, Family Planning and other sectors of Social Welfare

The aim to be achieved in the field of public health is the stepping up of public health, especially in the villages which simultaneously means the stepping up of working productivity. The activities undertaken include public health education, development of the infrastructure of public health, the eradication of contagious diseases, rehabilitation and improvement of health conditions, survey and research, increasing the number of health

workers, stepping up the production of home-made medicines, medical instruments, etc.

The aim of executing activities on family planning is in the first place to promote welfare of the family, especially of mother and child which at the moment still is not as it should be.

This program is a national program to be executed by the society with the assistance, support, and protection of the Government.

The implementation depends entirely upon the preparedness of society itself in the line with the Pantja Sila morality and the teachings of the respective religions embraced by the members of the society.

The entire budget for reconstruction in the field of health and family planning within the period of five years is Rp. 42 milliard and Rp. 4.689 milliard has been reserved for the years 1969 — 1970.

The welfare of the People in its broader sense will be realized with the success of the entire reconstruction. The program in this field therefore, is putting stress on the realization of the infrastructure enabling the stepping up of the people's welfare, such as efforts towards the realization of village social institutions for every village, the socialisation of isolated groups, family enlightenment, welfare, and rehabilitation of invalids, victims of wars and natural disasters, including attention to be paid to families and ex-detainees of the September 30 Movement/Indonesian Communist Party.

The development of people's welfare includes the construction of people's housing, city planning and regional planning, supply of more drinking water, etc. The entire

budget for the period of five years is Rp. 13.278 milliard, and Rp. 1.521 milliard for the years 1969 — 1970.

Particularly concerning the constructing of people's housing the Government will not provide gratis housing, but will provide facilities and construction materials in sufficient quantities and within the purchasing power of the People.

With the increase of the per capita income, the People are expected to be able to build modest houses fulfilling the requirements of health and welfare.

Efforts will be made to improve the organisation of co-operatives as one of the means of the People's economy, through guidance, information and protection by the Government.

With a more healthy organisation it is hoped that the confidence in and sense for organizing into co-operatives may grow stronger which in turn will provide wider possibilities for participation in various economic and social activities.

Regarding transmigration, it is hoped that this can be stimulated more properly by development projects outside Java and economic activities of the private sector and other such reconstruction activities.

Within these five years, transmigration is not yet able to plan and executive projects on its own, but projects should be synchronized within the existing development projects. Outside the context of the Government planned projects, efforts to stimulate voluntary transmigration will get greater attention.

f. Sectors of Defence, Security, Information and Executing Apparatus

Reconstruction in the defence and security fields is very limited because of the ability of financing. With

this notion reconstruction in the Defence and Security field has been limited within these five years to the conceptual fields, consolidation and the stabilization of its strength, and by the perfection of civic mission of the Armed Forces. In spite of this, the Armed Forces as an instrument of security and defence should always be on the alert in protecting the security of the State.

Information to the people plays an important role, the more so since this reconstruction has to be supported and implemented by the whole of the people.

The policy of information is not indoctrination which is to paralyze the creative power of the people, but will be more directed towards a proper understanding of national problems faced. In this context all the information media available, both Government owned and from the community itself (such as newspapers etc.) will be employed while community leaders will also be invited to participate.

Physically, reconstruction in this field is directed to improve radio and television broadcast's, the increase of newspaper circulations, the rehabilitation of printing offices and graphics, and so on.

In the interest of the implementation of development itself and to meet the needs of the State Administration as best as possible, improvement will also be made in the apparatus of the State. The target to be achieved within a short time is efficiency and effectiveness in the field of organization, procedural matters and personnel, so that the Indonesian State administration can draw up plans, programs and implement development. Thus, the State administration is not just performing its general function of handling the State administration, but its function should be raised to implementing development.

Several steps to be taken include improvement of the structure and organization; improvement of procedural matters and the field of personnel; of the administration of finance, of equipments and stock of goods, of statistics, and of state enterprises; improvement of research and the development of the science of state administration etc.

In this way, improvement of the State apparatus will be done simultaneously within the framework of the Five-Year Development Plan itself and will at the same time become an instrument of implementing reconstruction. Meanwhile, it is worth remembering that efforts to improve the State apparatus have already begun since the former Cabinet while the finishing touches are now being prepared by this Government.

g. Regional and Village Development

Starting from the principle of a unitary state, there is only one national development plan. Thus, regional activities and initiatives come within the framework of the general blueprint of the National Development Plan. This means that the working plan and regional activities will be directed to the fields supporting the national development plan.

By putting stress on the existence of one National Development Plan any activity and initiative of a region will therefore come within the framework of the general blueprint of that national development plan. To accommodate the working plans and activities of the regions, those fields supporting the national development plan, have been selected.

Within the context of this notion, regional development is all activities of reconstruction conducted in the regions, which consist of :

- (1) activities and projects of national reconstruction as well in the region itself;
- (2) activities and reconstruction projects of the region itself outside those planned by the Central Government.

In this connection, in reality, there is no project which is physically "located" in the Centre, since physically all the projects and exactly the big ones are located in the regions. What has been known so far as "Central projects" or "Regional projects" only differ in the responsibility of their technical implementation and financing. Projects known as "Central projects" are in fact development projects having a strategic value in the national framework. A project will be regarded as having a national value if, by the existence of that project, the national economic potentials can be developed in all regions within the context of the whole of Indonesia.

Just because those projects are meant to develop the national economic potentials, their locations therefore, have been decided as such, to bring it in line with the abilities and conditions of the respective regions. On the basis of this idea Indonesia may assume that a national project the location of which has been determined in a certain region, can certainly be realized with a minimum of financing and with the greatest advantage.

As regards national projects located in the regions, the responsibility of their implementation is fully in the hands of the operational Department concerned, while their financing will also be the responsibility of the Central Government. In this connection, the Governor/Head of the Region is co-responsible for the success of every development project within his region, in the sense that he is to provide assistance and to participate in control-

ling the smooth implementation of every project in his region.

Thus, although Indonesia only has one National Development Plan, the initiative of the region is still needed, it should even be developed to the maximum. Regional initiative in this way is simultaneously linked with a sound implementation of a realistic and extensive regional autonomy. Regional projects which have not, or not yet been included in the Five Year Development Plan are fully the responsibility of the region inclusive of their financing.

In developing mentioned regional initiative, all activities and undertaking in the regions, besides basing them on the real and legal abilities of the regions, have also been placed in the entire general blueprint of the national development. This means that activities and efforts of mentioned regions form the complementary components to the National Development Plan.

With the existence of a pattern on planning and activities within the national context and within the regional framework, the efforts and abilities of the regions can be mobilized effectively to support national projects.

Village development is executed in the framework of a proper and balanced responsibility between the Government and the village community. The task of the Government is to provide the infrastructure, to give guidance and control, while the rest will be based on the ability of the village community itself. On the one hand the Government endeavours to provide material assistance to the villages in order to mobilize and to intensify the implementation of work done in a "gotong-royong" way, while on the other hand the Government will assist in looking for and accumulating capital for the needs of concrete and effective production in the villages.

The measures needed to be taken in this context are :

- (1) Conducting correct research in regard to the position of the villages in the framework of village development.
- (2) Making efforts in stepping up the level of know-how and skill for the village community, to be directed towards increasing productivity, by paying due attention to the mechanism used by the village community based on a way of life which is very much influenced by convention, beliefs and the sense of the "gotong-royong" traditional way of working, etc.
- (3) Stimulating the building of credit institutions in the villages which can understand and serve the needs of effective production and which are able to adjust themselves to the degree of ability of the village community in general.
- (4) Making efforts in providing material assistance in order to mobilize and intensify the "gotong-royong" way of working to be directed towards efforts to improve production, and infra-structures in the first place and the social infra-structure also. Said assistance is not aimed at meeting consumptive needs, but to help obtain the materials not available in the villages.
- (5) Making the structure of village administration effective through improvement and synchronization of the village institutions.

The main basis of the planning is to implement reconstruction based upon Indonesia's own ability, which means that the financial resources at home should be mobilized as much as possible to finance mentioned plan, while foreign resources are only meant to fill the shortage. However, Indonesia has to admit that the

shattered financial situation this Government inherited from the past is responsible for the limited amount of domestic savings at the moment.

This objective situation has caused that at this first stage, part of the investments has to be financed through foreign capital. Meanwhile, this Government to the best of its ability will continue its efforts to increase domestic savings in line with the policy already pursued in stepping up the state income and stimulating the deposits in banks. In this connection the Government will continue maintaining a power balance between savings and mobilizing voluntary savings through financial institutions on the other, in order to achieve a maximum potentiality of domestic savings.

Financial sources which are expected to finance investments of the Five-Year Development Plan are estimated to amount to Rp. 1,420 milliard within a period of five years. Of this amount, the financing via the development budget is estimated at Rp. 1,059 milliard, while the financing outside the development budget is Rp. 361 milliard. The amount for 1969 — 1970 is estimated at Rp. 161 milliard, part of which amounting to Rp. 123 milliard goes through the development budget. All these estimates have been made on the basis of fixed prices at the end of 1968.

The financial sources of the development budget consist of Government's savings, counter value funds of aid programs, project aid and technical assistance. Government savings in the years 1969 — 1973 are estimated to amount to Rp. 24 milliard which constitute the difference between domestic earnings amounting to Rp. 228 milliard and routine expenditures amounting to Rp. 204 milliard. Government savings will be stepped up within the period of five years to achieve the amount of Rp. 226 milliard.

Considering the limited ability in stepping up people's savings within a short time, Government savings therefore play an important role in the Five-Year Development Plan. The second source are the counter-value funds of aid programs for the development budget apart from that used for short-term credits. Included here is the counter-value fund of foreign credits brought in balance with B.E. (Export Bonus), aid in the form of food-stuffs and PL-480. In the year 1969 — 1970 and during the first year of the Five-Year Development Plan, the counter-value of the Rupiah for the Development budget will be still low since for the import of certain kinds of foodstuffs subsidies and short-term credits are still needed for the import of various goods, such as fertilizers and cotton. In the following years the financing of short-term credits out of said counter-part of the mentioned aid programs can be incorporated into the development budget for the financing of investments in general.

The third source of the development budget is the project aid and technical assistance for which efforts will be made that the amounts will increase annually from Rp. 36 milliard in the years 1969 — 1970 to Rp. 140 milliard in 1974.

Sources of financing the development budget consist of medium and long term bank credits and direct foreign capital investment. These medium and long term bank credits will be partly financed from bank savings as a result of the present Government program to stimulate savings in banks. The other part will be financed from real increase of money. With the mounting degree of price stability, people will prefer to save their money.

This will result in a rise in the real demand of money for the financing of development activities. Bank credits for investments are estimated to increase every year, ultimately reaching the amount of Rp. 95 milliard during the coming years. Another source is direct capital investment. In accordance with the sectoral planning, the amount is estimated at Rp. 226 milliard within the period of five years. Out of this amount it is estimated that Rp. 25 milliard will be invested in 1969 — 1970.

This source includes capital investment and capital re-investments by domestic private enterprises, foreign private enterprises and state enterprises. It is difficult to estimate these resources quantitatively. The Government will pursue a policy which will more stimulate private capital investments, domestic as well as foreign, especially in the fields of industry, mining, fisheries and forestry. Policies will also be pursued which stimulate more re-investments of business profits from private as well as state enterprises.

The above-mentioned sources in fact do not yet reflect all the resources in the society available for investments, but they are the resources which are under direct control, or are within the Government sphere of influence. Direct financing by the community itself, such as the voluntary construction of school buildings, the purchase of farm implements and the improvement of irrigation canals by farmers and so on, together are among the resources available for development, but are at present very difficult to assess quantitatively. The Indonesian Government will pursue policies stimulating the mobilization of mentioned funds and the use of those funds for investments profitable for the country and the community. Seen from the number of resources as mentioned above, investments made in the context of the

Five-Year Development Plan do not yet reflect the entire real investments existing within the community.

Above-mentioned resources consist of domestic and foreign resources and Government as well as private resources. Seen from this angle, the Five-Year Development Plan on the one hand has a wider scope than the Government sector, while on the other hand it is not yet a Macro - Economic Development Plan which is overall in nature.

Resources as mentioned here only include resources of funds for permanent capital investments. Besides that, Indonesia still has resources of funds for the financing of working capital of a short term nature and of a complimentary character. These short term credits, it is hoped, will be financed partly from savings in the banks and from the real rise of the amount of money and the counter-value of program-aids. The amount of these short term credits is estimated to be from Rp. 60 milliard to Rp. 85 milliard in 1969 — 1970. Although not included as one of the resources of financing of the Five-Year Development Plan, nevertheless an annual credit program will be prepared for the entire banking system in order to guarantee that use of those credits, short, medium as well as long term, will be consistent with the priorities of the Five-Year Development Plan.

In conformity with the priority program of the Government to increase the standard of living of the People, the fields which receive priorities are the following :

- (1) The economic field, covering the sectors of agriculture, irrigation, industry and mining, electric power, communications, tourism and villages.
- (2) The second is the area of social affairs, covering the

sectors of public health, family planning, education, and culture, religion, legal order and so on.

- (3) The third field is general affairs covering the sectors of defence and security, administration, public administration, and so on. The details of financing of above-mentioned sectors and fields for 1969 — 1970 and for the period of five years can be seen in the Five-Year Development Plan Document.

The basic policy of the Indonesian Government in regard to the private sector is to give guidance and direction in order that the private sector will develop soundly and properly. The Government will directly engage herself in vital undertakings connected with the general welfare of the People. The Government will only enter into other sectors as long as they are not, or not yet sufficiently exploited by private parties.

This means that the greater part of the investments is expected to come from the private sector and financed by savings from the society itself. At present private investment is small however, because the level of savings of the society is still low. In this manner, the role of the Government is not only to create an economic atmosphere, which politically and judicially stimulate community savings and their channeling into investments considered important but will also result in savings for the Government itself to finance her investment activities.

The State budget also plays a role as an instrument for reconstruction, in the sense that the Government applies a fiscal policy which can mobilize sufficient funds for Government investments and which will stimulate people's savings and their channeling to various efforts of investments in line with development priorities.

From the angle of State income, it is necessary to create a policy of taxation which stimulates reconstruction in the form of: stepping up Government savings through the increasing of earnings, the stimulation of savings by the society, the stimulation of investment and production, assisting in the redistribution of revenues toward more balanced proportions and simple in its administration.

For this, steps necessary to be taken in the field of taxation is the improvement in tax-administration which should be accompanied by efforts of intensification and extensification of tax collection.

Another step in a long term program is the change of the tax groups and the structure of taxation, the implementation of which should be preceded by an integral research regarding the present tax system.

As a general principle, efforts should be made that the taxes will be accentuated on luxury consumptive goods, wealth and high income and can also stimulate production and export.

Although the pattern of earnings will not experience many changes during the Five-Year Development Plan, efforts have already been made to increase direct taxes as a primary source of Government earnings.

The increase of the Government incomes from domestic sources are automatically not intended to cover the entire routine expenditures. Therefore continuous efforts are made to economize and to direct the routine expenditures.

Efforts are made in order to decrease the amount of repayments by the rescheduling of debts to western as well as eastern countries. Within the limits of capabilities of the Government, efforts are being made to increase the salaries of civil servants which are still low at present.

Purchases will also increase in accordance with the increase of the Government activities.

The Governmental development budget functions as an instrument which guarantees the implementation of the Government sector of the Development Plan. Besides that, by way of influencing the direction of activities in the private sector, it can also indirectly influence the implementation of planning in mentioned sector. In this connection, the budget system which is still being developed is a Government-program-oriented system which reflects priorities of development and which simplifies executive control in the fields of financing.

Other problems which are also important besides the mobilization of funds by the Government, is the channeling of those funds into desired investment efforts.

This channeling may have the form of :

firstly, direct investment by the Government, especially for the financing of the infrastructural projects in order to eliminate bottlenecks in economic development, to create a condition which stimulates private investment, and to achieve a balanced economic growth ;

secondly, Government loans which are made available indirectly through Banks for financing Government and private sectors, such as for the rehabilitation of estates, the financing of irrigation, small industrial projects and other activities.

In accordance with the regional autonomous rights, the regions are entitled to mobilize funds of the regions under their authority, especially those funds which are derived from taxes for the purpose of financing their household

expenses. They include, for instance, regional taxes, regional retribution, revenues from regional industries and other legal revenues of the regions. The regions must mobilize all those sources of revenues for regional development. At present, there are sources of income which have not been fully exploited, although the regional Government already has the authority to do it.

In case the regions have not been able to mobilize all the funds within the regions under their authority, the Central Government will give some contribution.

Financial sources for the regional development which are available at present include the IPEDA/IREDA, namely taxes of the Central Government which are directly allocated to the Provinces, and the ADO (Automatic Foreign Exchange Allocation). The IPEDA/IREDA taxes can still be intensified, whilst the ADO can be utilized more effectively.

One of the general characteristics of a Development Plan of a developing country is its limited resources. Consequently, the choice of objectives to be achieved cannot also be too extensive. In addition, there must be sufficient room to enable smooth and flexible adjustments, without impairing the Development Plan itself. Therefore, as explained earlier, the most important thing in the implementation of the Development Plan is the early planning.

In accordance with the principles that we always adhere to, the Government will always follow constitutional procedures in implementing this Development Plan.

In the V-th MPRS Session it was hoped that we should possess a Basic Blueprint of a Five-Year Development Plan, to be drafted by the MPRS itself. But further development showed us that in the end the MPRS issued Decision No. XLI, containing among other things, an

instruction to this Cabinet to draft and to implement a Five-Year Development Plan.

The substance of the Five-Year Development Plan which was submitted to the Parliament is the further specification of the considerations that have been submitted to the Working Committee Session of the MPRS in February 1968, and, similarly, to Parliament on August 16, 1967, which was later further specified in the Presidential State Message on August 16, 1968.

Some time ago, the President also submitted this Development Plan to the Executive Board of the DPR-GR in a consultation, as well as to the Executive Board of all Political Parties and the Joint Secretariat of the Functional Groups. From the political parties the President has received valuable materials and suggestions to bring the Five-Year Development Plan which was drafted by the Government to perfection. Basically, the political parties already agreed to the substance of the Development Plan. In this respect, the Government is of the opinion that the substance of this Development Plan has already received a wide support.

Based on the above-mentioned considerations, namely to keep it flexible, smooth-running and constitutional, the Government has decided that the proper legal form for this Five-Year Development Plan should be a Presidential Decision and consequently this Development Plan is embodied in the Presidential Decision No. 319 of 1968.

Just because it is an important factor, the implementation of this Development Plan is based on the Annual Planning as formulated in the State Budget, in which the Gotong-Royong House of Representatives will always participate in determining the implementation of this Development Plan.

Concerning the substance of the Five-Year Development Plan, the Government realizes that there are still weak

points. Therefore, the Government will be glad to receive suggestions and ideas from the House of Representatives, which will be taken into consideration and will be given attention in drafting the State Budget annually.

B. STATE BUDGET FOR THE YEAR 1969

The implementation of the Five-Year Development Plan, which is related to the Government sector, is formulated in the annual planning, in this respect in the State Budget. The objective of this annual planning is reflected in the physical, budgetary and policy planning, whilst priority in the annual planning remains geared with the priority in the Five-Year Development Plan. The annual planning makes it possible for readjustments and improvements of the Development plan itself.

This annual planning will be based on the results that can be achieved during the previous year and prognoses of the future.

Budgetary capacity will constitute the most important factor in the implementation of the development. Therefore, all the sources of income gained and saved by the Government as well as private sectors, will determine how far implementation of the development can be made in that year.

Within this context, implementation of developmental activities which are to be made by the Government for the 1969-1970 Budget, will originate from: 1) the counter-value in rupiahs of the B.E. Credits and the aid program, 2) the project aids, and 3) public savings.

In addition to the above-mentioned sources, there are other developmental activities which financing is expected to come from private sectors.

But, because of its non-budgetary character, it cannot be included in the 1969-1970 Budget. However, em-

phasis should be made here to the fact that implementation of development which is to be financed by private sectors must continually be increased by various incentives from the Government. Asian example, through its deposits arrangement, the Government expects to collect and utilize these potential social sources.

As far as the Government sector is concerned, the budget for development will total Rp. 123,4 milliard, to be collected from :

- (1) counter-value in rupiahs of foreign credits :
Rp. 63.184 milliard;
- (2) the value in rupiahs of project aids :
Rp. 36.234 milliard, and
- (3) Government savings :
Rp. 24 milliard.

The most encouraging fact in the 1969-1970 Budget is that part of the domestic revenues (totalling Rp. 24 milliard) will be used to finance part of the development. This is a step forward in the policy to have a balanced budget which had been implemented since 1967.

In 1967, the Indonesian Government started with a balanced budget, but domestic revenues at that time were not sufficient to meet routine expenditures, with the consequence that part of the foreign credits had to be used to balance routine expenditures. In 1968, the policy of a balanced budget had made it possible to use all foreign credits for financing development, whilst routine expenditures were entirely met by domestic revenues.

This progress demonstrates that Indonesia is determined and is really able to implement development on the basis of its own strength. Although this will be limited in 1969, but it is hoped that it will increase every year. It is hoped that within five years, the total Go-

vernment savings will increase and reach the amount of Rp. 226 milliard. This is feasible, because on the one hand, economic activities and national income will increase, which will bring about an increase in the state revenues, and on the other hand, austerity and efficiency in all sectors of state expenditures will be continued.

In implementing the 1969-1970 State Budget as the beginning of the implementation of the Five-Year Development Plan, the Government will do its best to maintain economic-financial stability which has been achieved in 1968, and efforts will be made to continually improve it.

Another aspect which needs explanation is the change and readjustment of the system of the Development Budget for 1969-1970. The system is adapted to the need for the implementation of the development. In implementing the development, the criterion being used is: how far can the objectives be achieved within the fiscal year concerned. In this respect, the objectives are manifested in programs, and various other matters which are connected or which have helped shape those programs.

For the this purpose, the Development Budget for 1969-1970 is divided into three categories, namely; the economic field, the social field and the general field. They are divided again in sectors, and each sector is divided into sub-sectors, and each sub-sector consists of several programs. Ultimately, each program is specified according to the projects which are to be implemented within the framework of that program. This is the general outline of the system of the 1969-1970 Development Budget.

In implementing each of those programs, there is the possibility that more than one department are involved. In such a case, each department is responsible for part of the program concerned. Thus it is hoped that in implementing

a program or a project co-ordination and synchronization will be further improved, whilst utilization of the budget can be made more effective.

The system of the Routine Budget for 1969-1970 remains the same, namely on the basis of allocation to departments. The only difference is that efficiency of the Routine Budget will be increased in accordance with the need and prerequisite of the development to be implemented.

The allocation of the Development Budget will be made on the basis of priorities and objectives of the development as explained earlier.

The increase of agricultural production, especially rice, is expected to be achieved through intensification as explained earlier, and the greater part of the expenditure will be spent for irrigation, information and research. For the agricultural and irrigation sector, an amount of more than Rp. 26 milliard is allocated in the 1969-1970 State Budget.

The objective in the infrastructural sector, apart from irrigation, is the expansion and improvement of land, sea and air communications, telecommunications and electricity, as part of the main infra-structure to improve the people's economy, public services and tourism. For these sectors an amount of more than Rp. 22,5 milliard is allocated in the budget.

In the industrial sectors and mining, for their rehabilitation, expansion and selective new development, an amount of almost Rp. 8.4 milliard is made available.

In the social sector, the emphasis is laid on the increase of vocational and specialized education, the elevation of the morality of citizens who are devoted to

God, the Almighty, as well as other social maintenance, with the aim of smoothening the implementation of national development in general. For the social sector, an amount of Rp. 17.6 milliard is made available.

The above-mentioned allocation of the budget will naturally be implemented with due consideration to the capacity of the State.

In addition, capital will also be mobilized from the society that has very great potentialities, through foreign as well as domestic private capital investment, and other social activities in general which constitute an investment of great value.

Development in the Defence-Security sector cannot be separated from the Development of the State in its entirety. Even so, the physical development at this time tenance, evaluation and developmetn.

In the framework of this Development, the man-power and the materials being with Armed Forces shall be put to advantage as much as possible by implementing "dharma" (civic assistance) operations. In the 1969-1970 fiscal year Rp. 4 milliard or 3.2% of the whole budget for development will be available.

The routine budget for 1969-1970 which will amount to Rp. 204 milliard is composed in such a way as to support the implementation of the Five-Year Development Plan. The implementation of the Development Budget for 1969-1970 shall be successful if the implementation of the routine budget for 1969-1970 is successful too. In fact the difference between the two types of budgets is only found in the "nature" of the type of

expenditure and not in their "essence". Thus, essentially the whole Budget for 1969-1970 cannot be separated from the implementation of the Five-Year Development Plan, though the real development plan is inserted in the Development Budget of said Budget. So the important thing to remember is : the Budget and the Five-Year Development Plan are not two different matters, but the Budget in its entirety is the implementation of the Five-Year Development Plan for each year.

Further, the pattern for routine expenditure too ought to be aimed at development so that in essence the routine expenditure is made to enable and to support the implementation of development. Therefore, keeping in mind the ability of financing, it is necessary to endeavour for the necessary preconditions, such as the operational pre-condition, i.e. the financing of the maintenance of Government equipment next to the purchase of other goods; and also as a pre-condition in the field of administration, as an important element in the execution of control and responsibility, endeavours should be made to perfect it as much as possible that it may support the activities of Development.

Regarding the routine State Budget for 1969-1970, it is necessary that some matters as follows are to be kept in mind :

1. The payment of debts, especially foreign debts, be adjusted to the achieved results at the international meetings concerning re-scheduling done multilaterally as well as bilaterally.
2. Especially concerning the expenses for fuel, it should be brought up that in the past years this matter has

not been included in the routine as well as in the development budget, but it has been balanced with the revenue of the oil-industry. Keeping in mind the principle of single-management of the State finance, in the Budget Year 1969-1970 the expenditure for fuel (oil) is included in the State Budget.

3. Concerning the expenditure for the Armed Forces, especially in the field of security operations, it is given attention in the framework of making the implementation of the fourth "Krida" (duty) of the basic task of the Development Cabinet a success.

4. Routine expenditure of foreign exchange be decreased as much as possible, so that in such a way its application can be directed at the need of the development or for the need of the society, in meeting its primary need. It is obvious, that the routine expenditure should be arranged in such a way that there is an objective guarantee for the possibility to put aside the State revenue for the need of the Development.

5. The baseline used in the estimates of the expenditure for civil servants for 1969-1970 is the transitional budget for 1969. The amount of salary received has been adjusted to the PGPS (Civil Servants payments regulations) of 1968. Next to that the officials of the II, III and IV salary-groups of the PGPS-1968 still receive rice, with the provision that they ought to pay part of the price of rice as determined by the Government i.e. not higher than Rp. 20,— per kilogram. Concerning the expenditure for foodstuffs it

is estimated to amount to four times the first quarter of 1969.

Based on the estimate of the situation and the results which have been achieved at the end of 1968, the State revenue, domestic (routine revenue) as well as foreign (development revenue) is estimated to have reached the amount of 327.418 milliards, i.e. 228 milliards have their source in the routine revenue and 99.418 milliards in the development revenue.

The routine revenues of the State can be divided into those which derive their source from taxes (direct or indirect) and from non-taxes.

The whole direct tax for the State Budget of 1969 — 1970 is estimated to yield Rp. 91.2 milliard, while the whole indirect tax is estimated to yield Rp. 134.3 milliard. This means that relatively the yields of direct tax amount to 40% of the entire yields of tax, which means an increase compared with the previous year.

The planning as well as the implementation of the collection of the state revenues, mainly by means of the MPO and MPS (self assessed and Government assessed taxes) systems, have been able to increase the state revenue. As this matter mainly concerns the direct tax, this is a sign of the improved situation of the state economy and administration.

Concerning the indirect tax we shall also be able to increase it compared with the past budget year, as the economic activities, domestic as well as foreign production and trade in the budget year to come, shall be

stepped up, so that they may yield a greater indirect tax, without influencing the process of production itself or be a burden to the people.

The non-tax revenue could not be estimated clearly in advance; for part of it is what is called "administrative revenues" (such as administrative fines, administrative payments to the public, the claim of state debts and so on) and another part are revenues as a consequence of the Government participation in "effort activities" (such as dividends from the Central Bank and other State Banks, profits as State Companies and so on).

In this connection, the Government estimates the non-tax revenues to amount to Rp. 2,5 milliard.

The development revenues shall have their source in the foreign credits and other foreign aids, yielding the counter-value in rupiah for the State. From the existing reserves it is but natural that the Government hopes that all of them can be solved realized.

With such an understanding the Government estimates that the BE credits, the aid for food, other aid shall yield a rupiah counter-value of Rp. 62.3 milliard, while project aid in the form of capital goods will yield Rp. 36.2 milliard.

It is necessary to explain that project aids, in this case resemble credits to be handed over to the Departments in the form of projects and in the State Budget only its rupiah-value is inserted.

It can be explained that the whole development revenue shall be applied to finance the Five-Year Development Plan for the Administration sector. Next to that,

the part which is put aside from the domestic revenue amounting to Rp. 14.0 milliard as mentioned above is also a source for financing the development.

Concerning the quantitative data it is worth to examine the annexes and the Bill on the State Budget for 1969 — 1970, which in its entirety will amount to Rp. 327.4 milliard consisting of Rp. 204 milliard for routine budget and Rp. 123.4 milliard for development budget.

Seen from the economic angle, the Five-Year Development Plan should be implemented immediately so that the results of progress in the economic field which we have achieved with great difficulties during these last two years, can be continued. Postponement of the implementation of the Development might result in a new decline of Indonesia's economy. Seen from the angle of the need of the people, it is this implementation of the Development which has been awaited by the Indonesian People.

April	41,804	
May	78,906	
June	56,773	
SECOND QUARTER		177,487
July	70,906	
August	49,577	
September	65,454	
THIRD QUARTER		185,935
October	54,065	
November	59,630	
December	59,630	
FOURTH QUARTER		163,325
JANUARY — DECEMBER		715,587

ANNEX I

BALANCE OF TRADE OF 1968

(In thousands US Dollars)

Export	467,118	Import	715,587
Overprice	120,000	Gift parcels	83,514
	<u>587,118</u>		<u>799,101</u>
Natural oil	294,3	Surplus	821,418
TOTAL :	881,418		881,418

With such an understanding the Government estimates that the BE credits, the aid for food, other aid shall yield a rupiah-counter-value of Rp. 62.3 milliard, while project aid in the form of capital goods will yield Rp. 36.2 milliard.

It is necessary to explain that project aids, in this case resemble credits to be handed over to the Departments in the form of projects and in the State Budget only its rupiah-value is inserted.

It can be explained that the whole development revenue shall be applied to finance the Five-Year Development Plan for the Administration sector. Next to that,

ANNEX II

IMPORTS IN 1968

- a. The development of imports (supplementary foreign exchange included) in 1968 based on the figures of L/C applications of January — October 1968 and with the estimates that imports in the months of November and December 1968 are similar with the average monthly figures of imports of January — October 1968, will give the following illustration:

(In thousands US Dollars)

January	344.686
February	51.062
March	93.096
FIRST QUARTER	487.844
April	41.804
May	78.906
June	56.773

SECOND QUARTER	177.483
July	70.906
August	49.577
September	65.454

THIRD QUARTER	185.935
October	54.065
November	59.630
December	59.630

FOURTH QUARTER	163.325
JANUARY — DECEMBER	715.587

If compared with the import figures (including supplementary foreign exchange) in 1967 amounting to US\$ 585.271 milliard, it is estimated that in 1968 an increase in the import figures amounting to US\$ 130. 316 milliard or approximately 22% will occur.

- b. Imports of gift parcels within the period of January — November 1968 amounted to US\$ 76.554.560 so that with the calculation that the figure for December 1968 is similar to that of the average figure of January — November 1968, in 1968 the import figure for gift parcels is estimated at US\$ 83.514 milliard. Compared with import of gift parcels in 1967 amounting to US\$ 96.936 milliard, a decrease is noted in 1968 amounting to US\$ 13.422 milliard or approximately 14%.
- c. Thus the estimate of the entire import in 1968 compared to the total import of 1967 will give the following picture :

(In thousands US Dollars)

	1967	1968
Import (including SFE) Supplementary Foreign Exchange	585.271	715.587
Gift parcels	96.936	83.514
TOTAL	682.207	799.101

This means that the total import of 1968 has increased with US\$ 116.894 milliard or approximately 17% of the total import of 1967.

- d. Import figures (L/C applications) January — October 1968 give the following picture of the composition of imports :

ANNEX IV

(In thousands US Dollars)

Consumptive goods	US\$ 275.951	(46,55%)
Raw materials	„ 241.747	(40,78%)
Other goods	„ 67.414	(11,46%)
Capital goods	„ 7.169	(1,21%)
	US\$ 592.781	(100%)

e. Viewed from the standard of essentiality, the specification is as follows :

(In thousands US Dollars)

Group A	US\$ 297.234	(53,25%)
Group B	„ 177,146	(31,73%)
Group C	„ 66.182	(10,06%)
Outside A, B & C groups	„ 27.672	(4,96%)
TOTAL :	US\$ 558.234	(100%)

The target for 1968 was 455 Km, of which up till the end of 1968, 83% has been accomplished.

Big and important bridges, such as the Bonga Ma bridge in South Sumatra, the Sekogan bridge in West Kalimantan, bridges between Djakarta and Semarang and other bridges numbering 47 will be accomplished within a period of 2 to 3 years.

From the target of work for the year 1968, 84% has been accomplished or 36% of the total target of bridges.

3. The Project of the Kalimantan-Road.

Covering :

a. the construction of new roads :

Balikpapan — Samarinda, with the target for 1968

ANNEX III

The estimated production output in 1968 for some commodities vital to Indonesia's economy as compared to the production output in 1967 will give the following illustration :

	1967	1968
1. Rice	9,3 milliard tons	10,16 milliard tons
2. Textiles	638.000 tons	680.000 tons
3. Coffee	138.268 tons	_____
4. Palm oil	115.031 tons	120.750 tons
5. Palm oil kernels	22.255 tons	22.250 tons
6. Petroleum	183.140.334 barrels	202.154.300 bbl.
7. Bauxite	920.166 tons	894.156 tons
8. Nickel	170.601,75 tons	261.028 tons

(In thousands US Dollars)

	1967	1968
Import (including SFT) Sup-	585.271	715.587
plementary Foreign Exchange		
GHT parcels	96.936	83.544
TOTAL	682.207	799.101

This means that the total import of 1968 has increased with US\$ 116.894 milliard or approximately 17% of the total import of 1967.

d. Import figures (L. C. applications) January - October 1968 give the following picture of the composition of imports :

ANNEX IV

A.) AIM, TARGET AND RESULTS ACHIEVED IN THE PROJECT OF LAND COMMUNICATION IN 1968.

1. Rehabilitation of roads/bridges.

In a selective way aimed at the restoration of the conditions of roads/bridges in order to function at the maximum, of economic roads from producing to consumptive regions and from producing to export regions.

The planned target is 1250 Km and up till the end of 1968 accomplishments have reached 68%. The target for bridges is 216 with an achievement of 64%.

Work of rehabilitation of roads/bridges are scattered all over Indonesia.

2. Upgrading of roads.

It is especially aimed at first class roads having a high intensity of traffic, for instance Djakarta — Tjikampek, Chirebon — Semarang, Djakarta — Bandung, Lho Seumawe — Langsa etc.

The target for 1968 was 455 Km, of which up till the end of 1968, 83% has been accomplished.

Big and important bridges, such as the Bunga Mas bridge in South Sumatra, the Sekogan bridge in West Kalimantan, bridges between Djakarta and Semarang and other bridges numbering 47 will be accomplished within a period of 2 to 3 years.

From the target of work for the year 1968, 84% has been accomplished or 36% of the total target of bridges.

3. The Project of the Kalimantan-Road.

Covering :

a. the construtcion of new roads :

Balikpapan — Samarinda, with the target for 1968

first phase, the completion of the road-bed up till the end of 1968 up to 87% of the total trace could be finished.

3. Upgrading of the Tandjung — Barabai road, till the end of 1968, 80% could be accomplished of The 1968 target is stressed on the upgrading of bridges

4. **The Nusa Tenggara Timur Road Project.**

The 1968 target is stressed on the upgrading of bridges between Ende — Maumere and Kupang — Kefamenanu. The results achieved up till the end of 1968 were respectively 89% and 62% of the total target of bridges.

5. **The Takengon Road Project.**

This covers the upgrading of the road between Biraueu — Takengon. The 1968 target was stressed on the stabilisation of road foundation and till the end of 1968 74% has been accomplished.

6. **The Riau Bridge Project.**

The 1968 target was the construction of the substructure of the Danau Benkuang bridge. Up till the end of 1968, 50% has been accomplished.

7. **The Tuban/Bali Airport Project.**

The 1968 target was the accomplishment of the first stage (civil engineering) and up till the end of 1968, 85% could be accomplished and it is hoped to complete it entirely in the beginning of 1969.

8. **The Material Provision Project.**

The 1968 target was the purchase of asphalt/spare-parts and equipments needed by the projects. Up till the end of 1968, 70% could be accomplished.

9. **The LPMTD Project. (Institute for soil and road research).**

The 1968 target was the preparation for the construction of the Central Institute For Soil and Road Research in Bandung.

And 80% of the target has been accomplished.

10. Survey and Planning Project.

The 1968 target :

1. To make an inventory of State roads/bridges 10.000 km long.

Up till the end of 1968, 90% has been accomplished.

2. To conduct measurement/road planning/bridges for implementation in conformity with the planning. For 1968 the target has been accomplished.

— EXECUTION AND ACHIEVEMENTS IN THE FIELD OF IRRIGATION IN 1968.

Achievements :

a. Djatiluhur Irrigation work :

— Exploitation :

Able to irrigate 191.040

Hectares of paddy fields
with dry season crops.

Explanation :

Target : To bring water up to the ricefields;

to secure a 180.902

Hectares of Gadu (dry season) paddy crop.

Due to alteration in the construction.

— Construction : 85.80%

b. New Development Project :

The Brantas River Project

1. Karangates :

— Main dam 25%

— Reallocation of Rail-road 86%.

2. Seloredjo :
- Diversion tunnel completed.
 - Cofferdam completed.
 - Main dam 34.3%.
 - The Sempor project :
 - The cleaning of Cofferdam.
 - ABD aid expected in 1969.
 - The Karanganjjar Project.
 - The pumphouse building.
 - The installation of pumping machine to be completed in March 1969.
 - In 1969 staircase will be constructed.
 - The Way Seputih Project.
 - Secondary canal the Transend capable of water conduct.
 - Will be continued with the assistance of I.D.A.
 - The Tadjum Project :
 - Dam completed.
 - ABD assistance expected in 1969 for canals.
 - The Sisir Gunting Project :
 - Surrounding dykes completed.
 - Drainage canals completed.
 - Flood gate valves 50% completed.
 - The Ogan Kramasan Project :
 - Construction of drainage canal.
 - Alabio Polder Project :
 - Construction of pumps 100% completed.
 - Irrigation network.
 - The Kelara Project :
 - Waterworks completed.
 - Canal for 30% completed through gotong-royong.
 - Work on construction of canal will be transferred to the Public Works Department.

b. Survey and Planning :

- The Bengawan Solo Project :
 - In the stage of research and planning.
 - F.A.O. aid is sought.
 - While awaiting the overall planning, improvement of dykes have been made, in the frame of flood prevention.
- Dratunseluna Project.
 - In a stage of research and planning.
 - Co-operation with the Netherlands is sought.
- The Progo River Project :
 - In a stage of research and planning.
 - Co-operation with England is sought.
- The Tjitanduj River Project :
 - Main blueprint of the extension of the Tjitanduj River basin.

d. Rehabilitation :

Rivers : scattered all over Indonesia
70% of the 1968 target.

— IMPLEMENTATION AND ACHIEVEMENTS IN ELECTRIC POWER GENERATION

Achievements :

- Water Power Generation (PLTA) :
 1. The Riam Kanan : Diversion tunnel completed.
PLTA Project
 2. The Ngebel/PLTA : Completed stabilization of
East Java Project network of Madiun and vicinity.
 3. The Asahan PLTA : Securing of present situa-
Project tion and preparing for reconstruction.

4. The Batang Agam : Securing of present situation and preparing for reconstruction
PLTA Project
5. The Garung PLTA : Securing of present situation and preparing for reconstruction.
Project
6. The Karangates : Preliminary preparations.
PLTA Project
7. The Seloredjo PLTA : Construction of the foundation of machineries and complimentary works.
Project
8. The Tonsealama : Construction of the foundation of machineries and complimentary works
PLTA Project

— Steam Powered Generation (PLTA) :

1. Makasar PLTU Pro- : Chimney completed, foundations, borter machines, water treatment intake-outlet.
ject
Ferdwater system \pm 70% completed.
- 2 The Palembang : The spraying of soil, the
PLTU Project system of logistic accommodations.
3. The PLTU-Priok : The perfection of Unit I
Project I + II + and II improvement of
III + IV logistics and preparations
for Unit III + IV.

Gas Electric Generation (PLTG) :

1. The Medan PLTG- : Completed, can be utilized,
Project improvements/Medan network stabilisation equipment.

2. Palembang PLTG Project : Accomplished, can be utilized, improvements/

Palembang network stabilization equipment.

3. The Semarang PLTG Project : Completed can be utilized, improvements/Tuntang

system network stabilization equipments.

— Diesel Power Generators :

Addition of installations : 22,400 Kw.—

Scattered all over Indonesia.

NOTE :

Besides, rehabilitation of transmission (West, Central and East Java) survey and research, rehabilitation of gas installation, etc.

— RAILWAYS

	1967	1968	Explanation
Production :			
Passengers-	4.739.156.086	4.336.676.836	decrease
Cargo ton-	575.707.296	633.460.237	increase
Kilometre 1)			8,5%
North Su-		204.966.616	
matra			
Cargo ton-	575.707.296	633.460.237	increase
kilometre			10%
North Su-		82.523.432	
matra			
Passen-	Rp. 1.09.729.952	Rp. 3.687.934.575	increase
gers			10%

Cargo	„ 1.812.140.458	„ 3.089.453.060	increase 68%
Other services	„ 166.501.410	„ 254.290.739	increase 56%

TOTAL : Rp. 3.788.380.320 Rp. 7.081.678.374 increase 88%

Infra-structure :

	1967	1968	Explanation
Rehabilitation of tracks — kilometre	51.5 km	46 km	Outstanding 200 km.
Rehabilitation of sleepers	277.000	131.000	Outstanding 1.000.000 pieces

Equipment

Locomotives	Addition 27 locs	Addition 3 locs
Carriages	„ 46	„ 45
Vans	„ 524	—

Additional data

Railways	26.169.889 km	27.004.683 km	incr. 4%
North Sumatra kilometre 1)	—	—	
Total passengers 1)	74.078.895	69.493.792	decrease 6,3%
North Sumatra	—	3.412.412	
Total cargo ton 1)	2.115.167	2.550.189	incr. 20%
North Sumatra	—	761.217	
1) exclusive North Sumatra.			

— PRODUCTION OF MARITIME SERVICES IN 1968

1. Capacity :

- | | |
|---------------------------------|--------------|
| 1.1 Ship repair, max | 20.000 tons. |
| (floating dockyard in Surabaya) | |
| 1.2. Ship building, max. | 1.000 dwt. |

2. Production :

- | | |
|----------------------------|------------|
| 2.1. Ship repair : | |
| a. in the dock yard | 218 ships. |
| b. floating/running repair | 769 ships. |
| total | 987 ships. |
| 2.2. Ship building : | |
| a. steel ships | 14 ships. |
| b. wooden ships | 44 ships. |
| total | 58 ships. |

3. Salvage of wrecks :

- | | |
|-----------------------------|--------------|
| 3.1. P.T. Indonesia Salvage | |
| — Tjilatjap : | |
| steel ships | 360 tons. |
| wooden ships | 240 tons. |
| 3.2. P.T. Yala Gada : | |
| a. Tjilatjap : steel ships | 1.300 tons. |
| a. Teluk Bujur | 8.500 tons. |
| 3.3. P.T. Antasana : | |
| a. Tandjung Priok | 1.200 tons. |
| b. Tandjung Perak | 400 tons. |
| c. Tjilatjap | 150 tons. |
| Total | 11.960 tons. |

3.4. Distribution of scraps :

- | | |
|-------------------------|-------------------------|
| a. Government | 6.725 tons. |
| b. Contractors | 5.235 tons. |
| 3.5. Total area covered | 39.920 m ² . |

**DECISION OF THE PRESIDENT OF THE REPUBLIC
OF INDONESIA No. 319 OF THE YEAR 1968**

**concerning
THE FIVE-YEAR DEVELOPMENT PLAN.**

**THE PRESIDENT OF THE REPUBLIC OF
INDONESIA,**

Considering :

1. that the aim of the struggle of the New Order is to improve the standard of living of the Indonesian People, which can only be achieved by carrying out a planned development scheme by stages ;
2. that the results achieved by the program of political and economic stabilisation have now constituted a sufficiently strong basis for carrying out the development ;
3. that on the basis of the M.P.R.S. (Provisional People's Consultative Assembly) Decision No. XLI/MPRS/1968 the drawing up and implementation of the Five-Year Development Plan is one of the duties of the Development Cabinet (Pembangunan Cabinet) ;
4. that at present the Government has succeeded in preparing a Five-Year Development Plan (1969 — 1973) to become the basis and guide for the Government in implementing year by year the said MPRS Decision ;
5. that based on the matters mentioned above, it is deemed necessary to issue a Presidential Decision for determining a Five-Year Development Plan (1969 — 1973) ;

In view of :

1. Article 4 paragraph (1) of the '45 Constitution ;
2. MPRS Decision No. XLI/MPRS/1968 ;
3. Decision of the President of the Republic of Indonesia No. 183 of the year 1968 ;

Having heard :

the consideration of the BAPPENAS (The National Planning and Development Board) and session of the Cabinet ;

Has decided :

To enact the DECISION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA CONCERNING THE FIVE YEAR DEVELOPMENT PLAN of 1969 — 1973.

Article 1.

The Five-Year Development Plan of 1968 — 1973 as contained in Books I, II and III, attached to this Presidential Decision from the basis and guidance for the Government in implementing the Five-Year Development as was instructed by the M.P.R.S.

Article 2.

Policies of implementation of the Five-Year Development Plan would be stipulated in an Annual Plan, as reflected in the State income and expenditures and other policies.

Article 3.

The stipulation in an annual plan as was mentioned in Article 2 of this Presidential Decision is to be executed by paying attention to possibilities of alterations and be development of the situation which necessitate adjustments in conformity with the Five-Year Development Plan.

Article 4.

This Presidential Decision comes into force on the day of its sanctioning.

On : 30th December '68.

Sanctioned in: Djakarta.

President of the Republic
of Indonesia

sgd.

(SOEHARTO)

General of the TNI.