A Tribute to Our Guru, Mentor, Friend and Economic Commentator Par Excellence: Professor Mohammad Sadli

This tribute was compiled and written by Mari E. Pangestu on behalf of the Editorial Board of the Journal of Economics and Finance in Indonesia.

INTRODUCTION

Professor Mohamad Sadli or Pak Sadli as he is mostly known by, passed away on January 10, 2008 after a bout of illness that incapacitated him for a number of months. He passed away six months short of his 86th birthday and up to recently (2006) was still writing columns in newspapers. He was not just a person of great intellect and integrity who contributed greatly to the nation and internationally, but he will be missed by his colleagues, his friends, his protégées, his students, and his family because he was such warm and wonderful human being.

Ten days before passing away he could still comment on Miranda Gultom’s book, that he thought it was “too thick” and still wanted to eat “peanuts” according to his favorite nephew Adit.

THE MAKING OF AN ECONOMIST

Pak Sadli was born in Sumedang, West Java on 10 June, 1922 where he studied in the Dutch primary school and then moved on to Hogere Burgerschool (HBS) in Semarang until 1940. He claims that the thorough and broad pre war Dutch education would be “an important influence” on his career (Sadli (1993:35)).

He started out to study civil engineering at the Technische Hogerschool (Technical College) in Bandung. This was interrupted by the Japanese occupation and he went on to become a teacher in Yogyakarta and completed his engineering education at the University of Gadjahmada. According to Ali Wardhana he studied engineering to please his parents, because he really wanted to study economics. In fact

1 Minister of Trade and Member of Advisory Board Economics and Finance in Indonesia
whilst in Jogya he had already begun writing articles on economic issues in the student newspaper using the pen name Ildas (Sadli spelled backwards of course).

Writing for public discourse would become a Sadli trademark which continued till the end of his very fruitful life and career. It was his writings that apparently led to the invitation to join Professor Sumitro, then the dean of the Faculty of Economics of the University of Indonesia in 1953 (this fact was told by Emil Salim and acknowledged by Pak Sadli). Emil Salim also commented on how Sadli’s writings had inspired his interest in development issues. It is of course true that a number of Indonesian economists have also made their name and become known by mentors through entering the public discourse through seminars and writing in newspapers. This is the process of “being noticed” for your ideas and thoughts, a lesson that still prevails today and should be remembered by the current and upcoming generation of economists. Pak Sadli was of course always urging all of us to be able to write down our thoughts and ideas.

He went on to get Master’s Degree in Economics from MIT, studying under world renown Nobel Prize winners such as Paul Samuelson and Robert Solow, and he was proud to claim that he got “B+ from Samuelson, which was good enough for me.” (Sadli 1993:37). He went on for a year in Berkeley which he spent preparing materials for his Ph.D dissertation and teaching materials on industrial economics which emphasized the “workings of the market, industrial organisation and industrial development in developing countries” (Sadli (1993:37)).

Upon his return in 1957 he submitted his dissertation and started to teach at the Faculty of Economics. Pak Sadli came at a time when the others had left to complete their studies in University of California, Berkeley; the Dutch lecturers had resigned because of West Irian dispute and there were only three Indonesian lecturers left (i.e. Pak Sadli, Subroto and Maryono) who would work together with the affiliation program at the Faculty with the University of California, Berkeley. He became the Director of the Institute of Economic and Social Research (LPEM) at the Faculty of Economics, University of Indonesia which had been set up by Professor Sumitro several years earlier.

One of the important connections that Pak Sadli made was to fulfill the invitation of Colonel Suwarto, then Commander of the staff and Command School of the Army (Seskoad) in Bandung who was an old friend from Yogya days to train army officers. The eight month course was intended to train senior officers to understand non military issues
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such as economics, law, political science, sociology and philosophy. The Faculty of Economics, University of Indonesia, was asked to give the economic courses and the lecturers who participated were Widjojo Nitisastro, Moh. Sadli, Soebroto, Ali Wardhana and Emil Salim. One of the senior army officers who followed the eight month course was General Soeharto, and the rest is of course history.

Pak Sadli along with the other so called Berkeley Mafia, a central part of the group that participated in developing the economic vision that was to become the basis for the New Order period under Soeharto. This included the KAMI-FEUI Seminar of January 1966 and the Second Army Seminar in August 1966, which formed the basis of the new economic policy outlines of the New Order to deal with the structural economic problems.

THE DEDICATED TEACHER AND MENTOR

Pak Sadli started out as a professor in economics teaching Industrial Economics at the University of Indonesia. He came back from MIT at a time when all his colleagues were in Berkeley and the Dutch professors had left after the Irian Jaya incident and a number of the others had left due to being accused as socialists. The Faculty of Economics was empty.

He had spent his time in Berkeley before coming back writing teaching materials for a course on Industrial Economics.

In 1957 he completed his dissertation on industrial location and transportation in Indonesia and shortly thereafter became the Director for the Economic and Social Research Institute (LPEM), University of Indonesia, whilst continuing to teach Industrial Economics.

One of his teaching assistants, Barata Simatupang describes him “as an inspiring and challenging teacher”. As Pak Sadli’s teaching assistant he had to read all the readings and text materials prepared by Pak Sadli, and he was even entrusted to mark the written exams for the Industrial Economics subject taken by doctoral students. Barata Simatupang was later sent to Stanford in 1959, but due to the reduction in scholarships for those studying in the US under the Ford Foundation grant, he was sent to Yugoslavia to study Socialist Economics. This is indicative of the economic thinking at the time. Barata Simatupang reminisced that the letter to reassign him to Yugoslavia came from Pak Sadli who explained the decision by the Faculty, the importance and relevance to study socialist
economics for Indonesia and a number of “practical tips” in studying in Yugoslavia such as knowing the language and “going native” so that one can really understand better about the country we are living in.

Pak Sadli was also a great mentor and supported many of the second, third and fourth generation of economists.

Sri Mulyani reflects that Pak Sadli was always giving good and practical advice, which she still follows today. She recalls that on one particular trip to London to attend a seminar at the London School of Economics and when she was expecting her third child, Pak Sadli’s advice on finding solutions to economic policy questions, “never hesitate to pose a lot of questions and to share your problems with others, you never know when you will get ‘the’ answer”.

As part of the “Sadli grill and test”, he of course practices what he preaches. He will ask the same question to a number of people and draw his own informed conclusions.

THE CABINET YEARS: PART OF THE NEW ORDER

During the early part of Soeharto’s new order an Expert Economic Team was set up comprising mostly of the group that taught at the Seskoad course in Bandung and Emil Salim describes Pak Sadli as follows:

“Pak Sadli was always the “devil’s advocate” and always played the role of the critical one and teaching me to think out of the box. Every issue was analyzed from various perspectives and a typical answer from Pak Sadli in analyzing any issue, is Yes and No. Yes on the one hand and No on the other hand just like any good two-handed economist. Every conventional analysis was questioned and criticized to eventually then lead to a responsible and well thought out policy recommendation.”

Pak Sadli was one of the technocrats to join the group of economists who joined Soeharto in his New Order government and was the “firsts” for many portfolios, in what one must admit were very challenging times of building confidence in Indonesia after years of economic chaos and hyperinflation, as well as political turmoil. He was the first Chairman of the current Capital Investment Coordinating Board (BKPM) in 1967 and had the tough task to invite foreign investment under the then open door policy. He joined the cabinet as the first Manpower Minister (1971-73)
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and had to manage very difficult labor relations right after the purge of leftist elements in the aftermath of the 1965 coup. He was then appointed as Minister of Mining (1973-78) during the difficult years of the Pertamina crisis.

Emil Salim describes those years,

"As head of the Technical Team for Investment, every investment project was evaluated by Pak Sadli in a rational and objective way. Pak Sadli adopted the overriding principle of efficiency and benefit for the people, as well as the principle of non-discrimination. When he was Minister of Manpower the principle was the relationship between the labor and employer in the context of accelerating development and cooperation to increase the development pie, which in turn should be distributed equitably. He also wanted the labor to be organized without political party ties, and this led to the creation of the Indonesian Labor Union (SPSI). As Minister of Mining, his main strategic task was to reestablish the position of Pertamina from being independent to being back under the management of the government. The receipts of Pertamina were tax revenues that should be part of the government budget and not treated as the receipts of the company. The task was a very difficult one, but Pak Sadli and the team was able to achieve this."

Hill and Thee (2008):

"Once Soeharto assumed effective control of the country in March 1966, these economists moved to centre stage, and were progressively inducted into the cabinet. This was a momentous time in the country’s economic history, as the hyperinflation of that time was quickly brought under control, investment increased and growth resumed. Looking back at this period, it is difficult to imagine a more talented group of economists in cabinet anywhere in the world, with Widjojo, Ali Wardhana, Sadli, Emil Salim, Subroto, Radius Prawiro, Sumarlin, Saleh Afiff and others.

The Department of Mining was more to his liking technically, and it set up his long association with the industry. However, he assumed the portfolio at the peak of the 1970s oil boom, when the state-owned oil company, Pertamina, was being run as a quasi personal fiefdom by its then president director, the colourful Ibnu Sutowo. When the company was to crash
spectacularly in 1975, leaving debts of $10 billion – then equivalent to one-third of the country’s GDP – it was Sadli and his colleagues who had to clean up the mess.

Sadli was the first of the so-called Berkeley Mafia to leave the cabinet. He was not reappointed in 1978. He never officially explained the reasons, but they were probably two-fold: he arguably lacked the fire and ambition to continue in political life, and there was a certain ambivalence (alongside a great deal of respect) for Soeharto’s heavy-handed style of government.”

His cabinet colleagues at the time have several reflections on Pak Sadli. J.B Sumarlin describes him as someone who was open, relaxed and very easy to coordinate and cooperate with.

He describes the period during the Pertamina crisis when Pak Sadli was the Minister of Mining as a particularly difficult one, but Pak Sadli managed to provide a convincing explanation at the Parliamentary hearings despite the complexities and difficulties at the time. Most memorable to all was of course the reason he had to step down as Energy Minister, related to the Pertamina crisis which ended with his resignation. One of his colleague ministers at the time, recalls that Pak Sadli had remarked philosophically on the outcome, “How can you force a tiger to eat grass”.

Shinji Asanuma Visiting Professor, School of International and Public Policy, Hitotsubashi University, Tokyo:

“As a development economist, I was most privileged to have had a chance of working for and with the Technocrats, a.k.a. the “Berkeley Mafia”, a group of economic ministers and high officials who guided the development of Indonesia from the late 1960’s. Prof. Sadli was a prominent member of that group from the very beginning and it was a great fortune of mine to have gained his acquaintance.

The so-called 1975 “Pertamina Affair”, with the ensuing balance-of-payment crisis, was my introduction to Indonesia. Soon after the first oil shock in 1973, Pertamina not only wasted a large part of Indonesia’s windfall revenue from oil and gas but also went on an unsustainable borrowing spree in international banking markets, in the misguided industrialization drive conceived by its President-Director Ibnu Sutowo. The Technocrats undertook the responsibility of crisis management, and decided to hire a group of international financial experts to advise and assist them.
in the debt consolidation and refinancing. The Technocrats were not only successful in resolving the crisis but also in instituting a new, effective external debt management policy.

Then working for a Wall Street investment bank, I was brought in as a member of the international financial experts, a.k.a. the "Advisory Group". It was in that capacity that I met Professor Widjojo and Professor Ali Wardhana and other members of the Technocrats. I remember very well meeting Prof. Sadli, a senior member of that group and then the Minister of Mines and Energy, in his office. Since then I have had chances of meeting him on numerous occasions at his Jalan Brawijaya residence, at the Borobudur Hotel cafe, and at conferences in Tokyo and Washington, D.C.. Initially I was to give advice on international financial matters, but very quickly he – along with other members of the Technocrats – became my Guru from whom I was able to draw insights and advice on Indonesian economy.

I brought many problems and issues of Indonesia’s economic policy to the meetings with him, and calm objectivity, moderation and balance in his judgments always had enormously salutary effects on me. He did this often by prefacing what he had to say with, “Look, look, when you get old, you realize that things are not as bad as you think, and not as good as you think” or something to that effect – and with his broad, reassuring smiles.

Indonesia’s success in economic development has made it truly a part of the East Asian Miracle. Indonesia was, during that period, a prototypical developmental state. The Technocrats, including Prof. Sadli, with their wise stewardship of economic management, were an essential ingredient of the developmental state. The ways in which Indonesian economy succeeded in maintaining macroeconomic stability, avoiding the “natural resource curse”, instituting structural reforms and in so getting out of the oil and gas dependence, attest to their great contributions.

In discussing the possibility of a democratic developmental state in a recent conference, I immediately thought of Prof. Sadli. For a democratic developmental state to succeed, we need somebody like Prof. Sadli who has been, throughout his public career, an excellent communicator in public policy. Indonesians have coined a word for such communications, “sosialiasi”, and Prof.
Sadli gave a meaningful expression to that word in discussing public policy issues. Under democracy, sosialisasi through all channels of communications – symposia, seminars, workshops, town meetings, etc. – is a necessary part of the process of public policymaking. I hope that Prof. Sadli’s legacy in sosialisasi will live long in Indonesia in its still long journey towards economic development.”

After leaving the cabinet, Pak Sadli contributed greatly to a wide range of domestic and international activities. He did a range of activities including domestic and advisory work, representing Indonesia at international conferences and high-level committees, continued to teach and also contributed greatly to the economic debate throughout the next three decades after he left cabinet through his economic commentary as well as being active in all manners of public discourse on Indonesia’s development. He was also an integral part of the business community, as the Secretary General of the Indonesian Chamber of Commerce (KADIN) and later heading its “think tank”, the Institute for Economic Research and Development (LP3E), as well as serving on the Board of companies. On the reason for being active in Kadin, Sadli writes:

“... Sukamdani wanted me to become active in Kadin. Perhaps his idea was to catch a thief with a thief, in his case to handle government technocrats with a former technocrat”. (Sadli (1993): 50)

In the 1990s he was also the Chairman of the Indonesia Forum, a group established by the Association of Indonesian Economists to promote a forum for discussions between policy makers, academics and business people.

Hill and Thee (2008) remarked that these activities were a great recognition of

“...his many strengths: his technical competence, his ability to get to the core of an issue, his credentials in having contributed to one of the great development success stories of the second half of the 20th century, and his charm and negotiating skills.”

CONTRIBUTING TO INTERNATIONAL AFFAIRS

Pak Sadli also represented Indonesia and the developing world in many international meetings and conference circuit. In his role as mentor he has also introduced many of Indonesia’s economists into the international circuit, including the author.
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A number of comments from senior economists from around the region attests to the respect he commands everywhere: comment from a Singaporean economist (Professor Chia Siow Yue) reminds us of how much Pak Sadli is known in the region:

"I first met Pak Sadli in the late 1960s. I have always regarded him as an Indonesian gentleman, scholar and technocrat par excellence." (Professor Chia Siow Yue, Singapore).

"He was a rare Indonesian who can work with foreigners as an intellectual." (Professor Ichimura, Japan)

He was also known for his work as the great statesman in ASEAN affairs and was a key contributor to planting the seeds for the framework and process of ASEAN economic integration, the results of which we are seeing today.

Jacques Pelkmans² who worked with Pak Sadli on the Eminent Persons Group (EPG) prior to the ASEAN Summit that provided the turning point in ASEAN economic cooperation recalls:

"My very fine memories of ASEAN are ultimately due to Pak Sadli. We quickly developed a great rapport when in Kuala Lumpur for no less than 9 days in a row in 1987 in the super-extended ASEAN conference organized by Noordin Sopiee (with the ICC ASEAN Committee of which Moh. Sadli was of course a prominent member).

The best period was undoubtedly the period of about 9 months or so during which (on and off) we were meeting/discussing brainstorming/writing the Eminent Persons Group (EPG) report for the January 1992 Singapore ASEAN summit (submitted a bit earlier of course, later in 1991 I believe).

Our discussions and indeed faxes as well as a few letters were a true joy. There was a half-agreed natural "role play": clearly, in the EPG I was hired to be the enthusiastic European 'advocate' of bolder steps and supplier of a range of ideas or suggestions which, wholly or partly, were borrowed from the European experience in the early days, whether economic or institutional. Pak Sadli was very open to these ideas because, for all his calm and wisdom, he wanted ASEAN to be vibrant and full of vitality.

² Now the Jan Tinbergen Chair, College of Europe, Bruges
Filtering a stream of ideas and at times confusing debates inside the EPG (not least since we all knew full well that the political leaders had to embrace all that as if it were their own product), he masterly steered the discussions to a two-level product. One is the 'published' report (even if it is very hard to obtain) and the other was an invisible trail of further suggestions for institutions and bolder economic initiatives, purposefully not included in the report, yet intensively discussed with ministers and top officials in all the (then) 6 ASEAN capitals.

Pak Sadli was proven right: the wavering about the AFTA option halfway during 1991 made our EPG work exceptionally difficult, and in the end the FTA parts were never included, thereby seemingly producing a timid report. However, Pak Sadli remained convinced that this was the preferred way to achieve more, first taking the hurdle of the AFTA decision directly at the top political level (so, not coming from an EPG report), while 6 of the 7 recommendations of the EPG report could thereby be adopted smoothly in the very same summit. Sadli was a defender of my strong plea of developing a kind of "OECD-plus circuit" around the ASEAN Secretariat, with Member States appointing ASEAN ambassadors stationed in Jakarta. A strengthened ASEAN Secretariat was accepted and whilst the idea of the ASEAN ambassadors was not adopted, you saw that idea coming back in the recent EPG report of last year (2007).

You meet far too few of such eminent, yes modest and tranquil, but also well-intended and caring people like him. In that sense he is not unlike the economic Nobel Laureate Jan Tinbergen (1969), who was brilliant and very influential, yet always remained a mild, modest and pleasant personality, open to literally everyone at all levels. My Chair is named after Jan Tinbergen because his pioneer economic integration books were written in the 1950s at the College in Bruges where he was then teaching. Pak Sadli knew Tinbergen. The one and only difference between the two that strikes me is that Pak Sadli was of course much 'wiser' and smarter in getting policies accepted and changes implemented. Tinbergen inspired all of development economics for many years but was less practical. Their personalities were however, equally impressive manifestations of the 'soft power of intelligence and wisdom'.
Indonesia has been known as one of the founders of the Non-Aligned Movement and when Indonesia chaired NAM during the period of 1992-95, Sadli joined a group of seven prominent Indonesian economists to advice the African countries about their debt problems as well as providing insights to the so called East Asian model of export led development. The group which included Emil Salim, visited several African countries and established a network with the African economists, which led to two major conferences involving economists from the African and Asian regions in 1997 and 1998.

SADLINOMICS AND SADLI THE ECONOMIC COMMENTATOR

Pak Sadli never suffered from post power syndrome after leaving the Cabinet in 1978 and continued to contribute in so many countless ways to public discourse on economic issues in Indonesia. One of the prevalent themes that emerged from those who wrote tributes for Pak Sadli was his great contribution as a public commentator on economic issues. He was a prolific and quick thinker as well as writer and commentator on the various economic issues of the day and wrote columns and commentaries in various media up until recently (2006).

As Peter McCawley\(^3\) wrote:

"Liberated from his responsibilities as a minister in 1978, Sadli took on on the role of senior economic commentator for the nation. He remained a key adviser to Soeharto, he fostered his many links in business circles, and he became an active economic journalist.

It was as an economic commentator that Sadli made his most important contribution in Indonesia in recent decades. His untouchable status was such that he could chide or praise almost anybody in public life at will -- and he did! He was one of the first senior figures in Indonesia to become openly critical of the Soeharto regime. And his most consistent theme was the need for good economic policy."

He supported economic growth, sound budgetary policies, and international trade reform. He opposed monopolies (including, pointedly, those linked to the Soeharto family), price-fixing, and the tendency of bureaucrats to dream up unhelpful regulations.

Mohammad Chatib Basri:

"It is hard for me to forget the regular phone conversations we had, at least once a week with the opening line “Halo Dede, Sadli disini...” (Hi Dede, this is Sadli). These conversations were actually more like interrogations because he would ferret out every single piece of information and thought on the economic issue for the day as fodder for his writings in the various media such as Bisnis News and others. He would always offer contrary arguments and push us to think through alternative thinking. I always wondered how could he have so much enthusiasm up until he was over 80 even though he claimed to be ‘lazy’.”

Iwan Azis:

"Through his articles he made the subject of economics seem both interesting and easy to comprehend. He introduced readers to the joys of understanding complex economic issues in a simple way. He explained them so well, without using “bahasa anak muda” (language of the young – the term he used for quantitative models)."

One of his greatest and longest contributions was to write weekly editorials (sometimes more than once a week since Business News comes out three times a week) for Business News, which has been running since 1953. All the editorials have asterisks as codes as to who writes the editorials and up until the 1990s was a source of good information and analysis, with the editorials being much sought after. Dr. Sjahrir who worked with Pak Sadli for a number of years at Business News had this to say:

"Pak Sadli had the best common sense out of all of us who wrote these editorials. He never pandered too much to academic or intellectual arrogance or overdosed on the journalistic angle. He always went straight to the issue and provided recommendations or way outs. His grasp of issues was also wide ranging since he wrote on almost all economic issues ranging from trade, investment, macroeconomics, growth and development, sources of growth, political economy and so on. Professor Sarbini was the most “left” and Sanyoto was the best economic journalist of all, whilst Pak Sadli was just the best.”
He was also never afraid to be critical of government policy or trends in economic thinking of the day and as Hill and Thee (2008) noted, he was at

"...his most forthright during difficult and challenging times. For example, in the immediate aftermath of the Asian economic crisis, and not without some personal risk, he wrote increasingly critical articles on Soeharto’s handling of the crisis. After Soeharto’s fall, he never shied away from criticizing the simplistic and populist views of ‘nationalist’ commentators, whom he chided as ‘supernationalists’.”

Emil Salim also paid tribute to this characteristic of Pak Sadli:

“Pak Sadli’s major trait was that he felt it was perfectly appropriate and acceptable to speak honestly even though the opinion was against the current thinking and was critical of the whoever was governing policy. He would in a clear way without any euphemism or innuendos state his opinion. During changing political circumstances, from Bung Kamo, Pak Harto and other Presidents, many intellectuals hid behind euphemisms. But Pak Sadli wrote very clearly and simply. He wrote not to seek popularity, but because he believed that the main function of an intellectual is to become the conscience (hati nurani) of the nation and be the lighthouse that leads the captain of the ship to safety amidst typhoon and darkness.”

Pak Sadli himself described his role the best,

“... after leaving my government position under Soeharto in 1978, I continued my role as the economic analyst outside of the government.... I continued this role until now (he was 80 at the time) because it has become such an integral part of me and partly because in Indonesia there always has to be external pressure so that the government is not going to mismanage because of populist tendencies and narrow nationalism.” (M. Sadli in the book published for his 80th birthday, Bila Kapal Punya Dua Nahkoda, Freedom Institute, Jakarta May 2002).

What about Sadlinomics? Again the prevalent view that emerged was Pak Sadli as the brilliant economist, but one with a clear understanding of the political economy of implementation and thus a pragmatist in approach. He was also considered as someone who is always willing to learn and challenge the norm.
Iwan Azis commented:

“His ample experience did not make him intractable nor to preach and his outstanding attribute of being humble but deep with substance, yet not dogmatic and can accept volte-face. He was always open to new ideas and criticisms, even willing to change his stand when presented with the evidence.”

Moh Chatib Basri:

“Pak Sadli never stopped thinking of the solution for Indonesia's economic problems and his ideas are always original. ... On other occasions when I would talk about economic models and quantitative economic methods, he would always humbly defer by saying “I don’t understand your young peoples language”, but then proceed to have a debate with me on the issues. He often raised sharp questions and was a tough discussion partner to convince.”

His views were not based on neoclassical market economy, but more Keynesian with a belief in the workings of markets, but also the importance of good policies and also a very pragmatic approach to reforms.

Moh Chatib Basri:

“Many argued that technocrats—including Pak Sadli—were loyal defenders of market economy or libertarian. I don’t think this argument is entirely correct. The technocrats, including Pak Sadli, were Keynesian. They do believe in market and but they see the importance of government in economic policies.

This was clearly reflected with respect to his views on industrialization policy. Based on an email dated 27 September 1998 regarding the protection policy undertaken in 1970: “protection is based on the recommendation/perception that the domestic market is still very potential after the domestic industry was destroyed during the deindustrialization during the Old Order Period. Even though I was not the Minister of Industry (at that time the Minister of Industry was Moh. Jusuf and the Secretary General was Barli Halim) I supported this policy as part of my investment promotion policy as I was Chair of the foreign and domestic investment committee.” So basically Pak Sadli did not fully believe one should let the market work, he saw the importance of industrial policy and the role of Government. Some have criticized him for this view.
However, he could also be critical about the lack of effectiveness of protection or government intervention. In another email: “what is also equally important is to discuss leakages in all systems. As a footnote, with an archipelagic country like Indonesia which is next to Singapore being a free port (like the Philippines which is near to Hong Kong), there is a natural limit for protection. The cost of smuggling is around 15 percent of the cost of supplying goods.” So Pak Sadli clearly felt that trade protection was not effective and only created price disparities between the domestic and international market so that it gives incentive for smuggling.

So how does one reconcile the two viewpoints that Pak Sadli held? In fact this is what I think makes Pak Sadli unique because he was not dogmatic nor did he believe that there was only one right answer in life. Pak Sadli was open to look at the issue of government failure and market failure. It is also the reason for not coming to Sadli with normative and first best arguments, because he will jokingly say, ah yes that’s wishful thinking.”

Beginning in the mid 1980s and actually until today, the subject of economic reforms and what is right or wrongs sequencing has been the subject of much debate and discussions. In the mid 1980s the debate was whether Indonesia undertook reforms in the reverse order, by having opened up its capital account first and reformed financial sector before the real sector reforms were completed.

Ted James\(^4\) notes that:

“In conducting our research, we had several discussions with Professor Sadli to seek his views on the reasons for this unusual sequence of reforms. He quite simply argued that “we were pragmatic and did what we could whenever we could do it.” In other words, the sequencing was a result of the existing circumstances facing the economy and the political reality that any reform had to receive the approval of the President. To this

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insight Sadli also added that “pressure from the international side was helpful in our pursuit of reform, even when the inclination of the President may not have been to accept a certain reform.” Among the most memorable reforms that can perhaps be explained in this manner were decisions to open the mining sector to FDI in the early 1970s, the famous sacking of the customs and replacement with pre-shipment inspection in 1985 and the May 1995 tariff reform package. Professor Sadli recognized that reforms were essential to growth and took whatever yardage he could get when he could get it, almost like a running back in a grid iron football game.”

There was also the famous ‘Sadli’s Law’ with the essential notion is that ‘bad times may produce good economic policies, and good times frequently the reverse’ (Hill and Thee, 2008). One of his toughest tasks was to attract foreign investment at a time when Indonesia was facing tough challenges. In a combination of an open door policy and pragmatism, and he had this to say:

“When we started out attracting foreign investment in 1967, everything and everybody was welcome. We did not dare to refuse; we did not even dare to ask for bonafidy of credentials. We needed a list of names and dollar figures of intended investments, to give the credence to our drive. The first mining company virtually wrote its own ticket.”

Those who are pessimistic on the Indonesian economy should learn from Professor Sadli. Pak Sadli was a personification of optimism. He always thought that there was always a way to solve the problem and he always felt that we would somehow “muddle through”.

Mari Pangestu (2008) reminisces:

“Professor Sadli was also known for his optimism and half full glass philosophy, as well as having a remarkable sense of humor. In dealing with my sadness at his passing away, I went through my old emails from Pak Sadli and I want to share some exchanges to show the famous Sadli “muddling through” philosophy.

In 2002, John Macbeth, then correspondent to the Far Eastern Economic Review, sent me an email indicating that he had “been intrigued for some time by the phrase ‘muddle through’ “, and asked what we economists meant by this term. I replied that this was not an analytical economic term, and that “the first time I
heard it used in Indonesia was by Pak Sadli many years ago -- so perhaps he is to blame! Whenever we have our economic debates analyzing how inappropriate policies were for one reason or another, Pak Sadli who always belonged to the optimist camp, would say oh well never mind, we will muddle through somehow. It basically means you don’t get all the reforms and policies done for various reasons ranging from -- ineptness, political constraints, corruption, vested interest, capacity and so on. But you do get some of it right, so that you still get growth, albeit a lower growth.” His optimistic wisdom rings true today.”

He remained optimistic to the last. Dr. Simatupang, Sadli’s ex teaching assistant who was sent to Yugoslavia, would visit Indonesia on a regular basis after the fall of Soeharto in 1998 and on his last visit to Pak Sadli in 2007, when he was already on dialysis, commented:

“Upon relaying to him that 6% growth in Indonesia was a positive sign, Pak Sadli commented that outside of China and Vietnam, Indonesia’s growth in East Asia was one of the highest and that he was optimistic that this growth rate was sustainable as long as Indonesia does not undertake unconventional or strange policies (kebijaksanaan yang “aneh-aneh”).”

THE REAL HUMANIST

In all the remembrances of Pak Sadli there were many reflections of his kindness and generosity because he helped so many people from all walks of life and from many countries, not just Indonesia. He helped many foreign researchers, journalists and friends who wanted to know more about Indonesia. He had the kindest and warmest attitude to helping out people.

Here are a few such reflections:

“Prof. Sadli was always kind, and introduced many experts based on his broad human network....Sadli-sensei was always smiling. Every time I was very happy to see his warm heart on his moon-like round face.” (Hirohisa Kohama, Professor of Economics, University of Shizuoka, Japan)

Another comment from Ted James who spent many years in Indonesia as an economic adviser to various Ministries and the Central Bank,
"I had the opportunity to learn from Professor Sadli and to enjoy his wit and humor. He always had a bright smile and kind spirit. His ideas and knowledge about the issues at hand were unsurpassed by any observer of the Indonesian economy....He eagerly read and commented on the writings of scholars, particularly those like myself that came to Indonesia from foreign countries. He made us feel welcome and appreciated our efforts to help Indonesia advance. Professor Sadli was always prepared to meet the senior officials and scholars visiting Jakarta, and to engage with various agencies assist in the government in evaluation of projects and the quality of technical assistance."

It would be remiss not to mention the side of Pak Sadli that could perhaps be rightly called a Practicing Feminist to use a term coined by Mayling Oey-Gardiner or to use another term used by this author "perhaps the word gender sensitive was invented for Pak Sadli". Mayling further comments:

"Most of the group of technocrats and economists commonly referred to as the 'Berkeley Mafia,' that guided Indonesia's economic resurgence in the 1970s were hardly known to be 'gender sensitive.' But at least one of them proved to be different. Prof. Moh. Sadli was a man who strongly supported the role of women in society, in academia and even in his own chosen field. This can be seen in his dedication to his wife, Saparinah Sadli, in her pursuit of academic excellence – through her undergraduate and graduate study in Psychology (her PhD in 1976) to her Professorship achieved in 1980. Her own study and activism to address issues of gender inequality was embraced by Prof. Sadli and influenced his own thoughts and writing over the years.

The Sadli household was a place where relatives, friends, colleagues, and students – young and old, male and female – were always welcome. It was a place where all kinds of issues, including those related to women could be openly discussed and where Prof. Sadli showed his humanist and feminist side. In recognizing the struggle faced by women in achieving gender equality, among others he publicly supported effort by women to break the glass ceiling in academic and government circles. Among his colleagues, this included such notable achievements as Mayling Oey-Gardiner, the first female Professor in the Economics Faculty, University of Indonesia; and the group now
known as the ‘three divas’ whom he mentored and supported - Sri Mulyani, the first female Minister of Finance; Mari Pangestu, the Minister of Trade; and Miranda Goeltom, the first female Senior Deputy Governor of the Indonesian Central Bank. We should all be proud to have been able to count Prof. Sadli and a friend and as a standard – a truly practicing feminist and humanist in Indonesia.”

His interest and hobby with electronic gadgets and keeping his network with his Sadli-net is also well known. Until recently he would obtain the latest electronic gadget and was very internet literate before many of us. He would download information sent to him from various sources such as the Joyo network, pass it on to his network and often times in bold would add his own comments and remarks. All of us looked forward not to be kept up to date on Indonesian affairs, but also to the remarks attached to some of these emails.

Moh Chatib Basri recalls

“...his interest in electronic gadgets, especially the computer/laptop and we would spend many times in between attending conferences in Japan at Tokyo’s electronic center, Akihabara. We would end up eating udon in one of the stalls.”

He was also no doubt someone who was easy to work with and got along with everyone – not an easy task given the number of brilliant and talented economists in his peer group, many with strong personalities and views:

Syahrir comments

“...that one of Sadli’s strength was his ability to place himself between the great economic thinkers ranging from Professor Sumitro (his teacher), Professor Sarbini (his friend) and Professor Widjojo (the leader of the New Order Economic team). He never had any problems with any of them and he never also got involved in the conflicts that arose between them, he was able to gain the trust from each of them in his own way.”

Another similar comment from Rosihan Anwar (2008) from his last telephone conversation and how Pak Sadli even though he was already not well, had thanked him for calling,

“Typical Sadli, I thought, always correct, a gentleman, balanced, discipline and without any enemies”.


CONCLUSION

After reading all the remembrances of Pak Sadli from various generations, the consistent message is of Pak Sadli as the eternal optimist. This is what we all remember him to be.

With all his contributions to Indonesia, Pak Sadli was a true hero for all of us:

"Pak Sadli was buried at Taman Pahlawan (Heroes’ Cemetery) at Kalibata with full military honours. Even though Professor Sadli was not a military man, he was a pahlawan nasional, a national hero who deserved to be buried in the Heroes’ Cemetery." (Thee Kian Wie)

Pak Sadli, thank you for all your contributions. We will miss you, but you will always be with us in spirit. Whenever we feel gloomy we will remember your optimistic wisdom and that muddling through is after all not that bad, as long as we are heading in the right direction. Farewell Pak Sadli.

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