



POINT FOUR AND SOUTHEAST ASIA



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I WISH to make it clear that what I have to say here is entirely my own personal view, and does not in any way reflect the views or opinions of my government.

Point Four is an assertion of faith in a world based on the recognition of the interdependency, both economic and political, of all nations. It is inspired by the belief that if a new world is to emerge from the present chaos, it will have to be a world of peace and general prosperity, so that the peoples of the world can live in freedom and dignity. The opportunities are present. In south-eastern Asia especially, where the people have shaken off their chains and laid the political foundations for such a life, they are eager to get to work and reap the material and spiritual fruits which freedom can bring.

### THE RESPONSIBILITIES

The opportunities are tremendous; the responsibilities are equally great. Once this program is undertaken, we cannot afford to fail. The political loss to this country, to the nations which would benefit from this program, and to the rest of the world, would be far too serious.

All this puts a burden of tremendous responsibility on the governments and peoples which will participate in this venture. For the United Nations, this means the necessity of reconciling the basic conceptual differences still present despite the unanimous vote of acceptance of the United Nations Technical Assistance program. It will be the task of the United Nations to keep this endeavor as much as possible out of the

areas of conflict besetting the world organization.

For the governments of the underdeveloped countries participating in this program, the responsibilities are equally clear. These would entail the necessity of achieving political stability, the necessity of fulfilling honorably and scrupulously their international obligations, and the early establishment of efficiently functioning administrations. But they also entail the responsibilities of such governments toward their own people, the necessity of ensuring economic development of their own countries, and the raising of their own people's standards of living. It will be the responsibility of these governments to carry through those changes in the social and economic structure which are indispensable for solving the problems of poverty in these areas, and to stimulate the constructive forces and channel them in this direction.

For the governments and peoples of the economically advanced countries participating in this program, it is a vital necessity that they recognize their responsibility in this regard. This opportunity may well be the last one which will open up an avenue for peaceful and democratic development and the preservation of human rights. But to accomplish this it is essential that these countries see clearly what forces are at work in some of the underdeveloped areas, especially in southeastern Asia.

### IMPORTANCE OF ASIAN UPHEAVAL

It is almost a truism to state that the present upheaval in Asia may well be the largest single historical event

since the Second World War, in terms of spontaneous developments involving great masses of people. It would not be necessary to state this again, and to describe this upheaval as a historical movement in its own right, were it not that, in the minds of many, what is now happening in Asia is viewed as important only insofar as it has any bearing on the cold war.

The re-emergence of Asia in the world is a permanent phenomenon. Asia's political crystallization and stabilization and its economic development are bound to take place in the irreversible course of history. The big question facing both the peoples of Asia and the peoples of the economically more advanced countries is how this crystallization and stabilization and this economic development will be consummated, and in what direction they will go. The political and social forces now at work in southern Asia push for an early solution to the problem of immense poverty, aggravated in many parts of that area by tremendous population pressure; to the problems created by the outdated, outmoded methods of production and the general low productivity of labor; to the problem of land tenure; and in general to the problems created by the distorted colonial economy, and to the problems arising out of the aftermath of World War II.

No government in that area of the world can hope to achieve stability if these problems are not faced and solved in some manner. It was the fact that these problems could not be resolved within the framework of the colonial relationship that made the revolution in Asia a historical necessity. Now that the release from colonial domination has been won, the answers to these problems can be found only within the framework of a new society, through social reforms and economic development.

#### IMPORTANCE OF FOREIGN AID

But how can these goals be achieved? One thing is clear: the main burden will fall on us, but the question of whether we will be aided by other countries in this process will be of crucial importance.

If foreign aid is not available, Asia will have to depend upon the only resources open to her—her natural wealth and her abundance of human labor. This will mean rigid discipline and total planning, the regimentation of labor and the consequent restriction of human rights and freedom. This will result in continued if not aggravated misery, and a further deferment of the fulfillment of the hopes of the people of this area, who thought the attainment of their political freedom would also mean an early satisfaction of their most immediate economic and social needs, and the improvement of their living standards. The necessary controls could only be exerted, and the political tensions created by such a course could only be met, by strong, centralized, and dictatorial measures on the part of the governments involved.

On the other hand, foreign aid could, under certain conditions, shorten this period of hardship, and could make possible the much earlier attainment of economic development, while preserving human rights and freedoms. Political and economic stabilization achieved in this way would safeguard the development of democratic government.

#### ATTITUDES TOWARD U. S. POLICY

The revolution in Asia is a revolution for freedom. We have to make this freedom meaningful to the masses of the people, and that demands the preservation of their individual freedom. Thus, when President Truman, in his inaugural speech, outlined the proposal now generally known as Point Four, it would

have been natural to expect the people of southern Asia to hail this program as a road to salvation. Why, then, was this program initially greeted in southeastern Asia with cautious silence? Why is it that no leader in southeastern Asia immediately hailed this plan, as Marshall's proposals had been immediately seized upon and embraced by the leaders of Europe?

To be sure, it was subsequently made clear to the United States how much hope this pronouncement had stirred in the hearts of many of the people of Asia; but the initial caution with which it was greeted is, in my opinion, deeply significant of the underlying attitudes with which United States policy toward southern Asia is seen in my part of the world. These attitudes cannot be ignored with impunity. They form part of the basic psychological and political pattern which has to be taken into account in any approach to the problems of that area. Therefore, let us look at the historical background from which these attitudes stem, and study the way in which American policy in the recent past has affected the people of southeastern Asia.

Out of the upheaval in southern Asia new nations have emerged, but they have come into being, not with a *tabula rasa*, but with very distinct attitudes and reactions conditioned by their hopes, their fears, and their disillusionments in the course of their birth and their struggle for freedom. Few people will now recall the almost naïve and pathetic appeals that the peoples of these countries made to the United States immediately after the war when the popular revolution for freedom started. At that time America's prestige in Asia was at its peak. America, in the eyes of most Asians, had emerged from the war as the leading crusader for democracy and freedom, and was expected to pursue those ideals with as

much vigor after the war as it had done during the battle.

The disillusionments came slowly but decisively. I will not remind you of the many instances when our hopes were shattered and the realization was brought home to us that only our own strength could help us achieve our freedom. America's failure to make a sufficiently early stand on the issues of colonialism, and the impression thus created of her acquiescence in continued colonial warfare by the metropolitan powers, left very serious doubts in the minds of many Asians as to America's true intentions. As a result of this, several leaders of Asia came to the desperate conclusion that nothing could be hoped for from the West or from the United States, but that they had to look elsewhere for support.

#### INDONESIA AND VIET-NAM

Nevertheless, despite the growing sense of frustration among the masses of the people, most of the leaders of southern Asia continued their policy of trying to come to a solution not upon the basis of hostility toward the West, but upon the basis of mutual understanding and co-operation with the Western democratic powers, even at the cost of serious internal dissension, as was the case in Indonesia. Of course, as a result of the successful resistance put up by the Indonesian guerrillas, the failure of the Dutch military forces to gain an early victory, and the growing resentment all over Asia coupled with the shifting balance in China, the United States had to change its position on the Indonesian question and press for an early and peaceful solution acceptable to the nationalist sentiments. This turn of events did much to dispel the doubts which had been created over this four-year period of indecision and wavering.

However, the recent recognition of Bao Dai's regime by the United States

Government has once again set in motion the whole chain reaction of doubts, suspicions, and fears. The alignment of the United States with what, in the eyes of many Asians, is a French colonial war, and with a feudal ruler who can maintain himself only by relying on foreign armed forces, necessarily makes these Asians wonder whether the United States is able to approach the problems of Asian nationalism only in terms of anti-communism and military force. In the opinion of many people in Asia, the core of the problem and the clue to its solution are still the popular struggle for independence in Viet-Nam. The recognition of Bao Dai means that the Vietnamese people are now compelled to carry on their struggle for freedom in hostility toward the West, which may very well hopelessly intertwine their fight with the whole complex of factors relating to the cold war. It is of course true that the problem of communism cannot be disregarded, but any solution to the problem of Viet-Nam will have to be based on the will of the people, and furthermore on complete freedom and national sovereignty.

The case of Viet-Nam illustrates how easily the problems of Asian nationalism can be distorted by the calculations and the stratagems of the cold war, and how easily, by taking the inviting short cut to armed force, one is pushed into a position alongside the forces of reaction, and in opposition to the inevitable social and political changes taking place in southern Asia today.

#### NATIONAL PROBLEMS UPPERMOST

The problems of southern Asia are there, cold war or no cold war. How soon and by what means we solve these problems, will determine what southeastern Asia's position will be in the struggle between dictatorship and democracy. Therefore, the fate of southeastern Asia will not be determined by

its alignment with any power blocs, but by the outcome of our own war—our own war against poverty and misery. Or, to put it another way, the political and social structure with which Asia will eventually emerge will be that structure which gives the answer to the problems of poverty.

It should not be overlooked that by the very nature of the revolution in Asia, which is a struggle for a life of freedom, there is an inherent determination to reject subservience to foreign domination or foreign influence, be it from The Hague, London, Paris, Washington, or Moscow. It is perfectly clear that one of the elements of the upheaval in southern Asia is the desire for greater popular self-expression, and therefore for democracy. Thus, the best contribution that southeastern Asia can make to the cause of peace and democratic development is to answer successfully the immediate political and economic problems with which she is confronted. This preoccupation with national problems is not only justified but is the only course open, and no government there could survive the relegation of these problems to a secondary level. Therefore attempts to draw the countries of southern Asia into the immediate orbit of the cold war, as for example the pressure on these countries to recognize Bao Dai, can only deflect them from following the sole constructive course open to them.

It is against this background that Point Four has been launched. The psychological and political pattern of the southeastern Asian scene demonstrates that in the eyes of the people of that part of the world, Point Four cannot be separated from their reactions to other policies toward that area. If Point Four is launched on the assumption that economic aid is the best means of bringing about early stabilization and democratic development, then it should

be made clear to them that the other aspects of American policy in southeastern Asia are consistent with this program. The time is past when policy with regard to southeastern Asia could be based exclusively on the requirements of policy in Europe.

These political realities must be taken into account; they have to be dealt with before we even start thinking about implementing Point Four. But apart from these political factors, there are equally important social and economic factors involved in the revolution in Asia, and planning for Point Four must embrace consideration of these factors as well.

#### SOCIAL FACTORS

Colonial society, the legacy left to us, was a plural society without any organic coherence. It was comprised of distinct social strata, fundamentally separated by the differentiation of economic functions, a division which actually tended to fall along racial lines. There was the top layer composed of Europeans, who maintained the estates or other businesses, or were involved in the administration of the colonial government. The middle class consisted almost entirely of nonindigenous Asians, usually Chinese or Indians, who were mainly concerned with local retail trade. On the bottom layer was the native population, which was tied up with the economic machinery only insofar as its participation contributed to the functioning of foreign capital enterprise. In many ways this third layer lived in an entirely different world—a precapitalistic one—on the fringes of the economic processes that were taking place.

Because there was no organic coherence among the social strata, the different races lived side by side, tied to each other only by the common desire for gain. The center of economic and political activity was located entirely in the European upper class and the for-

eign Asiatic middle class. The native population played a passive role: they were the object of economic forces over which they had no control. On the part of the native population there was no sense of participation in or responsibility for the functioning of the machinery of state or its economic processes. Life for the native was senseless and purposeless.

The total reaction against this personal and collective frustration is the most dominant and the most deeply rooted feature of the present revolution in Asia. The reach for power on the part of the native population is in fact the reach for a new life. It is the dominating urge of a people for self-expression. The revolution in Asia was born out of the people's desire for responsibility for their own lives, thus opening up old sources of creative energy. This psychological element in the rebirth of Asia should not be underestimated in any evaluation of the forces at work in Asia today.

Collectively, this upheaval also means a new surge toward unity, toward social coherence, a desire to break up the social organization and stratification of the past and achieve a social reintegration. It means the formation of a society which will be the expression of the indigenous peoples themselves, a society in which the people can participate fully, with a true sense of purpose. Social change is therefore the essential, the primordial, element in this re-emergence of Asia.

#### ECONOMIC FACTORS

Within the framework of colonial rule a great number of the problems which clamored for solution, and which were responsible for the extreme poverty and misery of the vast majority of the population, could not be solved. The land problem, the outdated methods of production, the unavailability of cheap agricultural credit—these problems were

all tied in one way or another to the remnants of a feudal system which in many areas was maintained by the colonial rulers, a system incapable of adaptation to the money economy and to modern methods of production. Therefore, the revolution in Asia stands for the abolition of feudalism.

In general, the economy of a colony is always a distorted one, one-sided and extremely vulnerable to fluctuations in the trade cycle. In the colonial economy, foreign enterprises functioned as alien entities totally unrelated to the needs or wants of the population. While the flow of European capital into the colonies raised total production, this production was so geared that only those resources were developed which provided a highly profitable return for the investors. The result was not only a failure to develop more than a very small fraction of the total available resources, but inevitably a thoroughly uneven distribution of social wealth and national income. Thus it is clear that the struggle in Asia also aims at reaching a new, satisfactory relationship with foreign capital.

#### RELATIONS WITH FOREIGN CAPITAL

The direction in which the political and social forces in Asia move is clear. To cope with the present situation in Asia, any government will first of all have to exert every effort to transform the distorted colonial economy into a well-balanced, diversified one. The choice of the resources to be developed must be determined by the human needs of the area involved. Never again will alien economic forces be permitted to work without social control, without taking into account their responsibility for the social and economic consequences of their activities for the indigenous peoples. There must be found a new and equitable balance between the function and the remuneration of foreign capital.

All economic enterprise will have to be part of the total economic and social fabric, and cannot be allowed to operate as alien entities. Economic processes in these new states of Asia will have to encompass the people as a whole.

This trend must not be underestimated. It is a fact—it is one of the fundamental realities of the situation in southern Asia. It reflects the fundamental attitudes which were conditioned by the bitter experiences of our own contact with outside economic forces in the colonial era in the past. Now we shall have to find a new basis for our relationship with foreign capital, a basis which at the same time will provide foreign capital with a foundation upon which it can fruitfully and safely build for mutual benefit.

To ignore these trends as they present themselves in southern Asia would mean building in the air. Instead of thinking exclusively in terms of the interests of the foreign investor, as was the case under the colonial setup, we should now think in terms of mutual interests. Instead of exclusive foreign ownership of the new enterprises, we should rather think in terms of joint ventures, providing opportunities for indigenous capital accumulation, local managerial training, and the development of local skills. We must also find those forms of economic enterprise in which the population itself will participate to a greater degree. Such joint ventures will be an important contribution to over-all stability. In this way the apprehensions of foreign capital about the dangers of nationalization will be greatly diminished.

#### LOCAL IMPLICATIONS

It will also be necessary for the local government to stimulate indigenous economic endeavor. Because of the lack of local capital, it may be necessary in the

beginning for the government to step in temporarily to provide the necessary capital. The government shares of such enterprises can then be floated at a later date. Those forms of economic enterprise will then have to be found which will leave a sufficient margin for capital accumulation for the indigenous economy. The absence of any native economic bargaining power will make it impossible at this moment to work on the basis of an economic free-for-all. It is essential that those goods be produced and those resources developed which are most needed by the people. A system of priorities will therefore be necessary.

It must be realized that the problems of economic development cannot be met by a series of individual projects. What is needed is a multiple attack embracing all fields simultaneously, ranging from education to agricultural modernization and industrialization. Such an integrated multiple attack is possible only through careful planning.

Economic development necessarily brings in its wake social dislocations of a more or less serious nature. In fact, the whole process is in the first place a social process, the speed and success of which are determined not only by purely economic factors but by the factors which are related to the psychological atmosphere, the level of education, the level of health, and so forth. Because of this wide impact, the whole process of economic development calls for an integrated approach. We shall have to find, as we go along, those forms of economic enterprise which are equally beneficial to the foreign investor and to the indigenous peoples.

#### POSITION OF FOREIGN CAPITAL

Incentives for foreign capital will not be lacking, incentives in the form of transferability of a substantial part of the profits, and repatriation of invested

capital. The governments will also have to safeguard the interests of foreign investors and guarantee that there will be no expropriation without fair and reasonable compensation. The procedure for nationalization is not, after all, an arbitrary step taken by a government, but a parliamentary measure. The investor should have guarantees from the government that when, for reasons of public interest, nationalization must be decided upon, the investor will receive compensation in the currency of the original investment and not in local currency.

But the best guarantee for safeguarding foreign interests is sound political development. Foreign investors cannot fail to realize that the raised standard of living and the increase in political stability in these areas will lead to greater markets and a tremendous expansion of world trade. But it only stands to reason that before private capital can really begin to operate on projects of sufficient maturity, the basic human and material resources of many parts of the area will have to be developed first—for example, harbors, roads, communications, public health programs, and education. The development of these fundamental resources will of course not be sufficiently attractive to the average private capital investor; therefore public or private loans on a long-term basis will be needed to meet these ends. At the same time, part of the expenses of these basic projects will have to be met through domestic financing.

The legislation on Point Four now under discussion envisages a program for technical assistance and measures intended to widen the powers of the Export-Import Bank. The export of technical skills to these underdeveloped areas will be invaluable for coming to grips with the problems before us. But without a revival of the flow of invest-

ment capital to these nations, there are definite limitations to what this technical assistance can achieve. The fate of the Point Four Program, therefore, will not be determined primarily by the degree and amount of technical assistance available, but rather by the amount of capital that will move into these areas and the conditions under which it will operate. The question of the revival of the flow of private capital under the terms of the present proposals will be dealt with at a later stage, after "a favorable atmosphere" for foreign investment will have been created.

#### NEW CONCEPT NEEDED

I think it is clear from what I have said that the old concepts regarding private investment find no place in the world today. Capital coming in under Point Four should not merely replace colonial capital. What is needed instead is a new outlook, a new concept of investment for the underdeveloped areas all over the world. The concepts and the forms of economic enterprise of the colonial era have become obsolete with the disappearance of that era. They are no longer politically acceptable to the underdeveloped countries. Foreign investment will have to take place in such a way that the necessary social changes in these areas will be stimulated, not impeded, by it.

Surely this is a huge task, but I am inclined to believe that the entire problem goes even deeper than that. The crucial point may very well be that world peace and stability, and certainly peace and stability in the underdeveloped sectors of the world, will depend on whether the Western countries will be able to formulate these new concepts of economic enterprise. The present comparatively easy and remunerative conditions in the home markets may conceal the acuteness of the necessity

for generating these new concepts; but the political and economic cost of the failure to do so may very well be disastrous, ultimately, for the present foundations of the Western world. On the other hand, failure on the part of the governments of the underdeveloped countries to provide those conditions of stability on which these new concepts can operate safely and with sufficient remuneration would prove equally disastrous.

#### AN AMERICAN PROGRAM

I have been addressing myself here to the American program of Point Four. But it is clear that any endeavor not undertaken on an international basis is of necessity closely tied up with the individual state's general policy objectives in a particular area, and the reactions those objectives arouse. Thus it is also clear that there would be fewer political obstacles and less political friction if such a program were developed as an expression of international endeavor and co-operation. Nevertheless, because the United States will be the main source of exportable private capital, I feel that I have been justified in limiting my remarks to the American program.

The success of Point Four in southern Asia, insofar as it is launched as an American program, will depend on whether the political background of southern Asia and also the implications of United States foreign policy in that area are fully understood. It is essential that southeastern Asia should not be left in any doubt as to America's intentions in her approach to the problems of that area, and that the United States, recognizing the facts of the situation, should be willing to come to grips with the problems of southeastern Asia as problems in their own right.

This means that the plans for eco-

conomic development and the time schedule envisaged in this program of aid should not be determined by the cold war. Thus, for example, what is required in southern Asia is not merely the reaching of prewar levels of production, nor the rehabilitation of the old economic framework as a useful factor in the cold war in Asia or Europe. What is needed, instead, is a complete revision of the production patterns and of the resources which are to be developed. Foreign capital cannot afford to insist upon conditions which would perpetuate rather than change the old colonial social and economic structures. The United States must identify herself with the necessity for social change and the abolishment of colonialism.

#### THE CHALLENGE

The opportunities which lie before the entire Western world as a result of President Truman's "bold new program" offer a challenge not only to America but to all the West in dealing with the rest of the world. This is the challenge which will have to be met for the survival of freedom and democracy in this world. The opportunities to find new bases for co-operation between the developed and the economically underdeveloped areas exist. It is the obligation of the governments and the peoples of both groups of countries to work together to build upon these foundations. The stakes are high. This is the challenge for freedom.

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