

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

ABDUL HAKIM NUSANTARA

**November 22, 1991
Jakarta, Indonesia**

Interview by: John Lewis, Richard Webb, and Devesh Kapur

FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997. It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

Abdul Hakim Nusantara
November 22, 1991 – Verbatim

[Begin Tape 1, Side A]

NUSANTARA: INGI [International Non-Governmental Group for Indonesia], it is international forum of the NGOs [non-governmental organizations] from Indonesia and from IGGI [Inter-Governmental Group for Indonesia] member countries. You know, IGGI is . .

LEWIS: Yes, yes, yes. [Simultaneous speakers, inaudible]

NUSANTARA: . . inter-governmental groups on Indonesia.

LEWIS: Yeah, yeah.

NUSANTARA: So, the membership of the INGI consists of Indonesian NGOs, NGOs from the United States, from Belgium, from the Netherlands, from Japan, and other countries who are members of the IGGI.

LEWIS: Right.

NUSANTARA: And the purpose of this INGI is to actively influence the development aid policy toward Indonesia.

LEWIS: Right.

NUSANTARA: So the development aid policy of donor countries, including the World Bank, of course, will respond positively to the real needs of the poor community in this country.

LEWIS: Right.

NUSANTARA: And the objective number two is to facilitate the people's participation in development in Indonesia.

Then we make a conference every year, and after the conference we produce aide memoires and also some studies which can be used as a lobby and dialogue with the World Bank officials and also with development officials from IGGI member countries.

Last time, for example, we brought Kedung Ombo case. The Kedung Ombo case is the development of hydro water dams, projects, huge water dam projects, which is financially supported by the World Bank.

LEWIS: Right.

NUSANTARA: But in our view, because in that area in central Java the people who have been forced to give their land for these projects, they refuse, because they receive only very low compensation, land compensation, and also people also questioning about the benefit of such huge water dam projects for them.

LEWIS: The compensation is small.

NUSANTARA: It's very small. It's about six--less than one-third of U.S. dollar for [inaudible] meters.

And we found that the World Bank fail to implement their own internal policy on involuntary resettlement. You see, the World Bank has internal policy on involuntary resettlement as regard to the implementation of World Bank financial--of projects which is financially supported by the World Bank. There is no active monitoring, which should be conducted by the World Bank officials. There is no process of consultation with affected communities. So, you see, in 1989, when about more than 2000 families still living in that area, the gate of this huge water dam projects was opened, and many people were thrown to the water.

LEWIS: Really.

NUSANTARA: We make petition to the World Bank and also to the government of Indonesia, and then we make dialogue, and we pinpoint the negligence of the World Bank to implement their own--its own policy.

LEWIS: How many were drowned?

NUSANTARA: Well, about--I can say about 1,000, 1,600 families.

LEWIS: All drowned?

NUSANTARA: All drowned. I mean have been in waters.

LEWIS: All killed--all died?

NUSANTARA: No, no, no, no, no, no, no, no, no. The land.

KAPUR: No, no. But their land was . . .

LEWIS: Oh, their land was flooded, flooded.

NUSANTARA: Not only land, but their house while they are still there . .

LEWIS: Yeah, yeah. Okay.

NUSANTARA: . . so they are swimming.

LEWIS: Yeah. Yes, okay.

NUSANTARA: And then we make--finally we make peace on that experience. We developed regular dialogue two times a year, every six months. This is very important, first because in Indonesia there has been a question of accountability, accountability as regard to the government

relationship with the World Bank. What the government of Indonesia, let's say, making loan with the World Bank or with other countries through bilateral cooperation, all this international economic dealing is not controlled by our parliament. The parliament does not--doesn't have knowledge about our--about government business with the World Bank. Where the parliament are informed is about--it's only, "Well, we make a loan. We still have foreign debt. We are," you know. But the detail, the consequences are not sufficiently informed by the--by our parliament.

LEWIS: How about the press? Does . . .

NUSANTARA: Also the press. Our access to World Bank information is very limited.

LEWIS: Limited by the government?

NUSANTARA: And also by the World Bank.

LEWIS: By the World Bank, also.

NUSANTARA: Because the World Bank always make an argument like this: "Look, all the informations as regard to projects proposed by the government of Indonesia to the World Bank are the property of the government of Indonesia, so we cannot give you information." While if you are talking about people participation in development, involving people in this, in the cycles of the projects--planning, implementation and evaluation--information is very important.

LEWIS: Sure.

NUSANTARA: But we do not--we are not able to get that kind of information. So all the information is only known by the government and the World Bank officials.

KAPUR: Suppose you have a project which is--which is only a project of the government of Indonesia where the World Bank is not involved. Is the information available to you more or less?

NUSANTARA: No.

KAPUR: Or is it any different?

NUSANTARA: It's the same.

KAPUR: It's the same. So in your opinion is the difficulty in obtaining information, is it the government of Indonesia or the World Bank?

NUSANTARA: Both.

KAPUR: Both.

NUSANTARA: There has been kind of a--I will not say collaboration or conspiracy, but I prefer to say mutual understanding and consensus between the two, between the World Bank and the government of Indonesia not to release information as regard to any project planning submitted to the World Bank and about the detail of--and about the implication of these projects.

LEWIS: Are they--I suppose you can--you get more information from projects of the Ford Foundation? Or not?

NUSANTARA: From Ford Foundation? On what?

LEWIS: Well, they have projects . . .

NUSANTARA: Yeah, with NGO, yes.

LEWIS: NGOs, yeah.

NUSANTARA: With NGOs it's no problem.

WEBB: And the Asian Development Bank?

NUSANTARA: Pardon?

WEBB: Asian Development Bank?

NUSANTARA: It's the same.

LEWIS: Same as the World Bank?

NUSANTARA: Same as the World Bank.

LEWIS: Yeah.

KAPUR: And other bilateral donors, say a Japanese-aided project?

NUSANTARA: It's the same.

KAPUR: Same. So basically . .

LEWIS: How about the Dutch?

NUSANTARA: The Dutch is--I can tell you this one sad story about Dutch, although then they said there has been some reform inside--yeah?--inside their bilateral policy. There is one case in East Java; this is the development of salt factory.

KAPUR: Salt?

NUSANTARA: Salt, yeah? S-A-L-T. And for this project the Dutch government provide about 25 million guilders. And to implement this projects, it means that the government should take over land from the salt farmers in Madura. And those salt farmers will be employed in the salt factory, which is owned by the government, as laborer, which means they will be declining in term of income, because in the past they are master for their own.

Those people are not informed about the design of the projects, because the design of the project is made by the AKZO of the consultants in the Netherland. But when we handle this case, we advocate this case, we communicate also with the Netherland embassy here, and then we were told that the Netherland embassy, the government of the Netherland, has stopped to continue in financing this project. But up 'til now, I could not get letter of the decision.

LEWIS: To stop the . . .

NUSANTARA: Yeah. Because the decision to stop in financing this project, it must be put in writing, not just oral. Up 'til now, I couldn't find that.

But I was told by the Dutch ambassador here that the Dutch put a policy like this: they are actively monitor in the implementation process, especially projects, development projects, which will affect the property of the communities. Let's say, for example, if this project need to take over land from the people, the Dutch government will put Dutch officials as a--supervisors which actively involve in implementing, in the implementation of these projects. I don't know how this active supervision is conducted in the field.

LEWIS: You have not seen this, then.

NUSANTARA: No.

KAPUR: In your experience, if you look at all the World Bank projects, in which--are there any sectors, if any, where you think the projects are reasonable? Like, say, education? And which are the sectors where you think there has been more of a problem?

NUSANTARA: Uh, huge water dam project will be a problem. It has been a problem. Yeah? And, two . .

KAPUR: Examples?

NUSANTARA: Kedung Ombo.

KAPUR: Is the biggest one?

NUSANTARA: Yeah, the biggest one. And then, two, is--it will be a problems on the--in the integrated village development in Irian Jaya.

KAPUR: I see.

NUSANTARA: So the government--but it has not been decided yet by the World Bank. So the government of Indonesia proposed for World Bank support a project which is called "Integrated Village Development in Irian Jaya," where it will be a problem, first, because--you see, in Irian Jaya you have particular situation. The security measure is very, very high, which means the military play very important role than the civilian government.

KAPUR: Right.

NUSANTARA: And people in Irian also are--well, what do you call it? They feel that they are strictly controlled.

LEWIS: Mm-hmm.

NUSANTARA: Yeah? So they are not free to talk, to travel. And, too, also about the fact that in Irian you have a very, very underdeveloped community--yeah?--in terms of education, intellectuals, intellectuality, and also skills to compete in free market. So if this kind of projects is implemented now, although maybe the intention is positive, it may end up nothing for the local people.

LEWIS: Mm-hmm.

NUSANTARA: So we give input to the World Bank. We said to the World Bank it is better to postpone until certain conditions are fulfilled, among others is to lift out the high security policy .

KAPUR: Right.

NUSANTARA: . . . in Irian.

Other projects which will--which--I don't know . . .

KAPUR: How was the--what is your sense of the transmigration projects?

NUSANTARA: This is also problem in the past. Now there has been some improvement, but in fact my knowledge about this improvement is fairly limited. The problem in the past is this: because the transmigration program is designed to, only to reach a target, without considering the sociology, anthropology and cultural contacts of the people, both the people in the area where the people from Java will come and the people from Java itself. So then you have problem.

And, too, in that time the information regarding the land available for this transmigration project is very limited. So it is happened--it happened, for example, the resettlement area is in fact forest area which is--which has certain function, and it has just been cleared up for resettlement.

LEWIS: Yeah.

NUSANTARA: You have problem.

Now, the transmigration, the Department of Transmigration, developed environmental impact assessment procedure as a—they thought to improve the transmigration program. Last time, the NGOs, some NGOs were invited to the meeting in the Department of Transmigration to discuss about their environmental impacts procedure. But I don't know how it will be implemented.

LEWIS: The idea of transmigration came from the government, I guess. Is that right?

NUSANTARA: Yeah.

LEWIS: Not from the Bank, but the Bank supported it.

NUSANTARA: The Bank supported it . .

LEWIS: Yeah.

NUSANTARA: . . because--but the problem, also, the transmigration program at that time does not--did not link with regional development.

LEWIS: Does the Bank seem to avoid projects that involve the military quite a lot? In Irian, evidently, it has not--or is thinking about going along with an administration that's very heavily military. But is it--does it seem to avoid it usually, or is it--does it go along with military management?

NUSANTARA: Uh, you see, I don't think the World Bank put the military, whether the military will be negative factor or positive factors, in their high consideration.

LEWIS: Okay.

KAPUR: So whether the military is there or not, they . . .

LEWIS: [inaudible] the economics.

NUSANTARA: Yeah. They will see from technical management of projects, technical management, from the technicality--“technicality” means that if this workable or not. If the presence of the military there will make the project efficient, the World Bank doesn't care, although it may--it is quite possible the presence of the military there creates problem for the local people.

LEWIS: Right. You're head of a legal aid institute. You're a lawyer, and this suggests that you can use the law, the courts, to get relief or help for the poor?

NUSANTARA: To--especially for public interest cases—yeah?--if you defense farmers because their land will be used for government projects . .

LEWIS: Uh-huh.

NUSANTARA: . . or you challenge the government policy in the court, you will have always difficulty . .

LEWIS: Oh, you will have, huh?

NUSANTARA: . . because in this country you do not have independency of judiciary.

LEWIS: That's what I've heard.

NUSANTARA: But I think it is wrong if the World Bank say like this. I have discussion like this with the World Bank counsel coming: "Well, our policy is good, but this is domestic problem. This is--this is because your internal problem." You cannot say that. You see, because the legitimacy of certain projects based on certain assumption, yeah, I mean, the--you judge the project; the projects will good because of an assumption. But the assumption--if the assumption is not fulfilled, then you should develop different project, different strategy. This the World Bank will not do that, will never do that; they do not want to. They do not want to talk about, let's say, human rights impact assessment, for example. This is "domestic." But how can you talk about people's participation, as always the World Bank claim that they support people's participation, without talking about human rights?

WEBB: And does this continue or is there any change?

NUSANTARA: This continues still, until now.

WEBB: No change.

NUSANTARA: No change. There has--I was told by the former country director for Indonesia of the World Bank--I met him last time in Washington last--last April, I think.

LEWIS: This is Russ [Russell J.] Cheetham or . . .

NUSANTARA: Cheetham. He informed me that in fact there has been discussion among the funders of the World Bank, among the shareholders, about the need to change, to broaden the mandate of the World Bank to include democratic issues. But it seems to me this is still remote ideas, yeah? The World Bank will never--well, I agree that human rights impact assessment still need to be developed, the parameters. But we can start with step by step, for example, by judging [inaudible] projects from, let's say, certain rights perspective: how much a project will strengthen the rights, the economic rights, of the local people, the right to organization of the local people; you can start with that. But even in that fairly limited concept of human rights, the World Bank do not want to touch.

WEBB: Has the UN *Human Development Report* had any effect, do you think?

NUSANTARA: Yes, the UNDP [United Nations Development Program] on . .

LEWIS: Yeah, UNDP.

NUSANTARA: . . . on freedom?

KAPUR: Right, freedom index.

LEWIS: Mahbub ul-Haq.

NUSANTARA: Freedom index, yes, and make the Indonesian government was fairly angry with him.

LEWIS: With Mahbub, huh? [Laughter]

NUSANTARA: Right. It helped us.

KAPUR: How was--do you see some of the UN agencies more open to this, relative to the World Bank?

NUSANTARA: What do you mean? The . . .

KAPUR: The UN agencies like UNDP or . . .

NUSANTARA: Yes. Yes, more open than the World Bank.

WEBB: More concerned.

NUSANTARA: More concerned about human rights.

Let me tell you this. The World Bank praised the Indonesian government. According to the World Bank report, during the adjustment period, so from changing--shifting from industrial substitutes, import substitutes industry policy to export-oriented industry policy, according to the World Bank, it does not create negative effect to the poor sections of the community. I doubt very much. If you look at the standard of living, income, of the workers, the industrial workers, there has been declining during the last 10 years. And those industrial workers, they survive although they receive small amount of salary, less than one U.S. dollar a day, because informal sectors, because informal sectors provide, let's say, a possibility for those workers to develop activities to get extra income.

LEWIS: Yes, yeah.

NUSANTARA: Or to get cheap food. And because the--our national, our office, the Central Statistic Bureau, does not collect data: "How much? How many?" During the last 10 years, the farmers has lost their land, has lost their property, and what happen now with those people, the Central Bureau of Statistic doesn't have that data because they are not--they don't care.

KAPUR: So you mean that . . .

LEWIS: They--do they try and calculate income distribution?

NUSANTARA: They calculate income distribution, but . . .

KAPUR: But not, say, the degree of landlessness.

NUSANTARA: Yes, the degree of landlessness. But, you see, the--I doubt whether the research on income per capita, yeah . . .

LEWIS: Yeah.

USANTARA: . . . is based on, let's say, sufficient research.

LEWIS: Well, but income distribution would be even more difficult than income per capita.

NUSANTARA: Even in--well . . .

LEWIS: Do they publish . . .

NUSANTARA: I cannot say that.

LEWIS: You don't know. Do they publish numbers on indexes?

NUSANTARA: Yes. Yes.

LEWIS: They do.

NUSANTARA: Yes.

LEWIS: Every year or every . . .

NUSANTARA: Every six months, I think.

LEWIS: Every six months?

NUSANTARA: Yeah.

LEWIS: My.

NUSANTARA: If I'm not wrong there.

WEBB: You referred to people who lose their lands. In what way do they lose their lands?

NUSANTARA: You see, the government of Indonesia in 1975 issued land policy. It is called "land condemnation" in American terminology . . .

LEWIS: Yes, that's right.

NUSANTARA: . . . or "land confiscation" or something like that.

LEWIS: Condemnation, I think, yeah.

NUSANTARA: So, under this, under this rule--this is a ministry regulation of 1975 and 1976--if you are private investor, you would like to set up factory here or what and you need land and there is no government land, there is no land which is--the government land is limited--then you can apply to get permits from the local government to take over land from the local people. And in practice, in practice, you will be backed up by the local authority to take over this land from the local community. Then there is no free transaction. There is no market transaction because the price of land has been set up by the local government: "The maximum is this." And those who reject can be arrested or accused of being anti-development and end up in jail.

LEWIS: Yeah. This is sort of true also in the United States. I mean, you have eminent domain, so called, to take over certain land, and then . . .

NUSANTARA: But eminent domain is for public interest.

LEWIS: Uh, it depends.

NUSANTARA: This is for private purpose.

LEWIS: Yeah, well, I mean it's supposed to be for the public interest, at any rate, but . . .

WEBB: You referred to the fact that dialogue has begun to develop twice a year. Could you tell us more about that? With whom is this, and how did it work?

NUSANTARA: Sorry.

[Interruption]

NUSANTARA: In the dialogue usually we have discussed many things as regards to World Bank projects in Indonesia like family planning. The discussion on Kedung Ombo has been completed, so there is no more discussion on that, but especially on family planning and, too, on labor issues, especially woman laborers. And then during the meeting with the World Bank, we also discussed about--the World Bank asks our opinion on projects which are submitted by the government of Indonesia to the World Bank: "What is your opinion about this project, this projects?" But the information is always limited, yeah? We do not—we are not able yet to get detailed information.

LEWIS: What about the family planning thing? How do you--what is your position on that? And is the Bank being helpful?

NUSANTARA: Uh, on the family planning issues, we have an opinion like this: we do not challenge the concept, the idea, of birth control, demographic control, that's all right. But the problem in this country, the family planning has been designed in such a way, which finally--you have the government forced, force people, while at the same time the accessibility of people to information as regard to various kind of means . .

LEWIS: Yes.

NUSANTARA: . . for birth control is very limited.

WEBB: What does the government do? Forces—is this sterilization movement?

NUSANTARA: Not terrorization, but in the form of, let's say like this: I will not say terror, but . . .

KAPUR: No, sterilization.

NUSANTARA: Sterilization?

KAPUR: Is that the preferred means of the government to birth control?

NUSANTARA: They use Norplant, you know.

LEWIS: Uh-huh. Uh-huh.

NUSANTARA: Put . . .

LEWIS: Yeah, in their--uh-huh.

NUSANTARA: And also IUD [inter-uterine device] and . . .

WEBB: What do they--they bully the women to accept?

NUSANTARA: Yeah, the family planning targeted especially to women, not to men.

LEWIS: Right.

WEBB: You say they use force.

NUSANTARA: Yes.

WEBB: How does that work?

NUSANTARA: For example, the so-called "safari" campaign. "Safari" campaigns means that unity.

LEWIS: Oh, yes. I'm sorry. The only customers [inaudible]

NUSANTARA: The government officials from the central government come to certain districts or sub-districts or two or three villages, and usually these officials are accompanied with local military authorities. They talk about the importance of family planning, and after that all those poor women or village women are required to be tested, to be examined in small clinics in the government small hospital or something like that. And then she was--she is forced to accept IUD or Norplant, you know, without consulting first their husband. You know, this type of practice is still happening.

LEWIS: Are you familiar with the population program in Thailand?

NUSANTARA: No.

LEWIS: Oh, you're not. Okay. Which--do you have a sense of which external agency--the World Bank or UNFPA [United Nations Fund for Population Activities] or bilateral donors--is any one of them particularly active in the population area here?

NUSANTARA: What do you mean?

LEWIS: Well, I mean . . .

KAPUR: Which international agency is most active?

NUSANTARA: In Indonesia?

KAPUR: In Indonesia, in the area of population.

LEWIS: In the area of population, yeah.

KAPUR: Is it the World Bank? Or is it the UN Fund for Population Activities?

NUSANTARA: I think U.S. AID [U.S. Agency for International Development] is active.

LEWIS: AID, huh?

NUSANTARA: U.S. AID, and then there is one organization, IPPF, I think.

LEWIS: Yes, International Family . . .

KAPUR: Planned . .

NUSANTARA: Planned Parenthood.

LEWIS: Planned Parenthood.

NUSANTARA: It has a contact with the IPPA here, Indonesian Planned Parenthood . .

LEWIS: Yes, yes. Same thing.

NUSANTARA: . . Association.

LEWIS: Yeah, yeah.

NUSANTARA: Then there is one from Canada, I think.

LEWIS: CIDA [Canadian International Development Agency], maybe?

NUSANTARA: CIDA, I think so.

LEWIS: Yeah, yeah, yeah, yeah.

WEBB: These dialogues that you're referring to, then, are with the Bank, then.

NUSANTARA: Yeah.

WEBB: Uh-huh, just the Bank.

NUSANTARA: With the World Bank, yeah.

WEBB: It's your NGO plus others or . . .

NUSANTARA: With INGI, I-N-G-I.

KAPUR: INGI is the consultative group of NGOs.

WEBB: I see.

NUSANTARA: So, the steering committee of INGI and INGI secretariat, usually about six people or seven people because we also bring the INGI participants in that dialogue.

LEWIS: Right, right.

NUSANTARA: But World Bank quite often here also invite the local NGOs for World Bank meeting. But . . .

WEBB: You mean at other times.

NUSANTARA: Yeah.

WEBB: At other times, yeah.

NUSANTARA: The problem is this: the World Bank now is, I think it has started about four or five years ago, I think about four years ago, tried to include, to involve the NGOs in the implementation of World Bank project.

LEWIS: Yes.

WEBB: Yeah.

NUSANTARA: But we are in the opinion, we as INGI, that kind of approach may endanger the position of the NGOs because the NGOs can be co-opted by the World Bank. Instead to be critical to the World Bank policies and projects, you're becoming co-opted. You're becoming the projects' holders, projects' implementers of the World Bank.

WEBB: Does the government do the same?

NUSANTARA: Yes.

WEBB: Yeah.

NUSANTARA: Of course with the government, because the World Bank cannot directly with the NGOs, but the World Bank, the government of Indonesia and the NGOs as sub-contractor of . . .

[Interruption]

KAPUR: How do you see an alternative position? If NGOs are closer to the people and you—when one wants the World Bank to get people participation in a more real sense, then there, if they have to work with the NGOs, that should be a good thing. But there is the danger that NGOs can get co-opted, as you say. But on the other hand--so how do you sort of see that balance?

NUSANTARA: You see, let me tell you this. The World--yesterday, no, about two weeks ago, we have a discussion because the World Bank asked INGI, "If you would like to get access to information to us, you should make an agreement with the World Bank," which, in that agreement, there is standard format of the agreement with the World Bank, and we finally decided not to enter any agreement sort of that--we decided not to enter to that kind of agreement because what you can expect, what you can expect to change things? I think it is very difficult to change the World Bank, this huge bureaucracy. If we are small and make an agreement with the World Bank, we just will be part of that.

So what we are doing now is, in Indonesia, to open the discussion among the political community--yeah?—among the politicians, the NGOs, about the accountability of the World Bank, of the government of Indonesia, especially in relation, in its relation to the World Bank, how to make the parliament able to control the business dealing which is made by the Indonesian government and the World Bank.

KAPUR: Suppose one makes the argument that of, say, a hundred projects that go on in Indonesia, roughly, maybe, the World Bank is involved in two or three, right, because the government of Indonesia does so many projects. Is the government of Indonesia accountable on the remaining 95, because even if you get the World Bank to be accountable for the remaining five, the remaining 95 are still unaccountable? Isn't that the majority? Or do you feel that the World Bank is even less accountable than the government of Indonesia?

NUSANTARA: You are talking about in term of--I'm talking about projects . .

KAPUR: Right.

NUSANTARA: . . which is financially by the World Bank, any financial commitment of any financial connection with the World Bank . .

KAPUR: Right.

NUSANTARA: . . how small they are, World Bank should be accountable for that.

KAPUR: Right. But then there are so many other projects that go on in Indonesia where the World Bank is not there. What is the degree of accountability in those projects?

NUSANTARA: Let me tell you this: this is--in this country, because no democracy, there is no balance of power. Basically, I can say there is no legal accountability. What the government claim as people's participation is that you inform the people, this is "participation." But if even in general, although the information is not clear or not fully being delivered to the people, only part of the information, the government will say, "This participation."

Now, if I'm not wrong in understanding your question is that, in my opinion, the government should be accountable for the people, which means the people should involve in the decision-making process. But there is no such forum, forum where the people can take a part in the decision-making process.

LEWIS: Let me put Devesh's question a little differently. I think we're really agreeing with you that if--I think what he's implying is your problem is not so much the World Bank; it's the government. And the reason is that the World Bank is, after all, a creature of governments. The government of Indonesia is one of the owners of the World Bank. The World Bank is not--it is obligated legally to work through its . .

NUSANTARA: The government.

LEWIS: . . member governments. It's different than the Ford Foundation, for example.

NUSANTARA: Yeah, yeah.

LEWIS: The Ford Foundation can be kicked out, but once they get let in, then they have to be able to deal with you directly. The World Bank can't do that. And so this question of

accountability, information and so on, really the Bank may like to be, resist giving out all this information. It may enjoy this sort of closeted character, but legally they don't have much option. The government has to decide whether or not--how much openness there is.

NUSANTARA: But the World . .

LEWIS: So you're right to go after the government, in a sense, to try to get things opened up.

NUSANTARA: Yes. But the World Bank may strengthen; the World Bank may contribute . .

LEWIS: It may.

NUSANTARA: . . strength. It may contribute to, in strengthening this paternalistic and the antidemocratic policy and institution of the government.

LEWIS: Yeah, it's possible.

KAPUR: Right. So if the World Bank took a more sort of--brought this to the attention of the government of Indonesia more openly, that might be a pressure point . .

NUSANTARA: Yes.

KAPUR: . . on the government.

WEBB: I think that was--I understood that to be the idea.

NUSANTARA: I'm not saying that the World Bank is a main factor . .

LEWIS: Right.

NUSANTARA: . . for the creation of authoritarian . .

LEWIS: Right.

NUSANTARA: . . institution in Indonesia.

LEWIS: Right.

NUSANTARA: But the World--this is internal dynamic, of course. The authoritarian nature of our government is too, too much power because of internal factors. Internal factors create that kind of situation, but external factors can strengthen.

KAPUR: Right. Right.

LEWIS: Is there any evolution going on in one direction or another in these matters?

KAPUR: Say in the last . .

NUSANTARA: In Indonesia?

LEWIS: Yes.

NUSANTARA: Domestically?

KAPUR: Right.

[End Tape 1, Side A]

[Begin Tape 1, Side B]

NUSANTARA: We have now environmental management act. One principle which is stated clearly in the environmental management act is this: any decision which will affect the environment--yeah?--should involve the people from the planning process up to the evaluation stage. But how? On what forum the people will be able to take a part? There is no such forum here. There is not yet governmental rule or regulation which provide a forum for the people to implement the principle of participation in development.

WEBB: Do you have a sense that the Bank is a good pressure point as a strategy?

NUSANTARA: I think so, because we are relying heavily on the World Bank money. And the government of Indonesia--you know, this is the contract. It's in every contract [inaudible] attitudes of the World Bank officials. On the one hand they said, "This is internal matters. We do not want to intervene." But in fact they intervene our economic policy.

You see, in 1970 the World Bank advised to the government of Indonesia to reduce the government subsidy policy, the government protective policy towards certain industry. And we still--the government in that time was able to reject what the World Bank advised because the government still have money from oil. Now the government doesn't have money. Then the government accept all the liberal advice, liberal opinion from the World Bank, and now we are moving to more liberal economic policy.

LEWIS: Right.

NUSANTARA: Well, "liberal" in the sense: reducing the bureaucratic's involvement . .

LEWIS: Yeah.

NUSANTARA: . . although this deregulation—we call it "deregulation policy"--is only benefiting for small group of business. Now the World Bank move farther. They advise the government of Indonesia to abolish monopoly policy in certain industry. They haven't succeed yet.

KAPUR: That includes clove.

NUSANTARA: Cloves, plastics.

KAPUR: So why have they not succeeded in that, do you think? As opposed to the earlier?

NUSANTARA: The government needs more support from the World Bank. It needs more money, more loan.

LEWIS: They haven't paid enough yet, you mean?

KAPUR: I mean, but they've not been able to change the government of Indonesia's stance on the clove monopoly?

NUSANTARA: Not yet.

KAPUR: Not yet.

LEWIS: Clothes, did you say?

NUSANTARA: Cloves, cloves, you know.

KAPUR: Indonesian cigarettes.

LEWIS: Oh, oh, oh, yeah.

KAPUR: Is that because, sort of, members of the family are involved?

NUSANTARA: Family. Yeah, yeah. That's right.

WEBB: But I mean this pressure point is partly because the government is more dependent on the Bank, or very dependent. But is it also because you think the Bank is maybe a little open to these ideas, to these concerns? Or beginning to be moving in that direction?

NUSANTARA: I was told there has been discussion whether the World Bank should broaden its mandate, which will include the principle of good government or something like that.

LEWIS: Yeah, governance, yeah, yeah, yeah.

NUSANTARA: But, so far, it has not been the policy of the World Bank yet. And we are advised by the World Bank officials themselves that we should make campaign.

WEBB: That you should make a campaign.

NUSANTARA: A campaign. Not in Indonesia but in the Western countries who are the major holders of the World Bank.

LEWIS: To broaden the mandate, you mean?

NUSANTARA: Yeah.

WEBB: These are people in the World Bank office here who said that?

NUSANTARA: Not here, in Washington.

LEWIS: You said Russ Cheetham [inaudible]

NUSANTARA: The people--the World Bank here doesn't have any courage to give that kind of opinion.

WEBB: In Washington.

NUSANTARA: And also in Holland.

WEBB: In Holland. World Bank in Holland?

NUSANTARA: No, no. There is a representative of Dutch in the World Bank.

WEBB: Oh, I see.

KAPUR: Do you have a sense that over the last five, six years, you said four, five years, there is--the NGOs meet is it twice a year with the World Bank?

NUSANTARA: In INGI, yeah.

KAPUR: In INGI, right.

NUSANTARA: Yeah.

KAPUR: But before that you didn't even have that.

NUSANTARA: No.

KAPUR: So do you sort of sense a slight although very slow movement towards talking . .

NUSANTARA: Yeah, yeah.

KAPUR: . . at least more dialogue?

NUSANTARA: Yeah, yeah, yeah.

KAPUR: So in that sense do you see a slight change?

NUSANTARA: Yeah.

LEWIS: Let me ask you . .

NUSANTARA: But not at the level of policy yet.

KAPUR: I see.

LEWIS: But in relation to that . .

NUSANTARA: Not at the level of policy. On case-to-case basis.

KAPUR: On a--I see. Okay. And like this dam.

NUSANTARA: Yeah.

LEWIS: But in relation to that, what about the evolution of the Indonesian NGO movement itself? How much of an NGO movement was there here 20 years ago? 25 years ago?

KAPUR: Or in the '70s?

NUSANTARA: In terms of what? Evolution, what do you mean by that?

LEWIS: I mean, was it any sort of force? Was it as big a group as . .

NUSANTARA: I will not--talking about 20 years ago, 30 years ago, let me say this. During the last four years, in the last three years, let's say, the NGOs in Indonesia feel that now it is very important to strengthen their advocacy role.

LEWIS: Right. But was there--were there NGOs of consequence, of importance here 20 years ago? Do you know?

NUSANTARA: Yes. The NGOs play a very important role now.

LEWIS: Now. But then, back then 20 years ago, in 1970?

NUSANTARA: Not as strong as . .

LEWIS: Not as strong now.

NUSANTARA: . . as now.

KAPUR: When was your group established?

NUSANTARA: 1970.

KAPUR: 1970. I see.

NUSANTARA: We have been 21 years.

LEWIS: Uh-huh. Come of age, huh?

NUSANTARA: [Laughs]

KAPUR: And has it become bigger?

NUSANTARA: Yes.

KAPUR: Much more in the last four, five years?

NUSANTARA: Yes. Although the NGOs in Indonesia, it's not as big as in India, yeah?

LEWIS: Yeah, right.

NUSANTARA: The biggest one, it has about 200 people . .

LEWIS: I see.

NUSANTARA: . . 200 staff.

LEWIS: 200 staff. That's a pretty good-sized organization.

NUSANTARA: And also the government recognize now the important role of the NGOs. But at the same time, the government also more alert to NGOs.

WEBB: Mm-hmm, more alert.

NUSANTARA: More alert. They try to watch closely and . . .

LEWIS: Right. Right. Well, this is very, very interesting. We're on a very tight calendar. I think we'd better . . .

NUSANTARA: Do you make this kind of study for, let's say, as a modality to campaign for the changing of the orientation of the World Bank or--I mean, what is the purpose of this kind of study or . . .

LEWIS: The purpose is really, I think, to interpret the history of the Bank to see what it has been and what lessons can be learned from it. It's not an uncritical history. I mean, we're prepared to say the Bank has done some things right and some things wrong. We are not of the Bank, but the Bank has given us access to its records.

NUSANTARA: I have a question there.

LEWIS: Yeah?

NUSANTARA: Why the World Bank can finally accept the environmental argument to be included in their policy while at the same time they still cannot accept human rights as part of their policy?

LEWIS: Yeah. I think that it has to do with the politics of the Bank, really. The Bank is set up by governments as a specialized technocratic agency. It's a little bit like a--well, it was a banker, and there are certain things that banks are supposed to have expertise on and other things they aren't. And among those other things that they weren't supposed to have expertise on were sort of very straight political things which, after all, were the business of the governments that set them up, and they were sort of jealous of their sovereign prerogatives.

KAPUR: Also it was the UN system which was supposed to have greater expertise on these, on political issues, whereas the World Bank and the IMF [International Monetary Fund] were much more as banks, as financial institutions. There was sort of division of labor. So the ILO [International Labor Organization] on labor issues . . .

NUSANTARA: How the World Bank perceives that--okay, what this country still need development aid, loan, soft loan from the World Bank, but at the same time the rich people of this country, which also as a result of this type of model of development--yeah--this model of development produce certain group of very, very rich people . .

LEWIS: Absolutely. No, this is one . .

NUSANTARA: . . and they park their money, they put their money outside Indonesia. If this money can be brought to Indonesia, well, we have capital to develop more. Almost 70 billion dollars Indonesian money is parking--is parked in Singapore and Switzerland.

LEWIS: Really, huh? Yeah, yeah. Well, a lot of it is . .

NUSANTARA: How the World Bank perceive this? I mean . . .

LEWIS: I don't--we can't tell you. We don't speak for the Bank. So we're just--we're trying to learn about the Bank ourselves. I think the Bank perceives it as a very important dimension of Indonesian development that there's been this very unequal development.

NUSANTARA: Mm-hmm.

LEWIS: Most of the people at the Bank personally would prefer that it would not be so unequal.

NUSANTARA: Mm-hmm.

LEWIS: But they're in the business, A, of promoting--primarily promoting growth because

they think that's what--development is the essential thing, and, B, they feel inhibited about how much they can intrude into some of these particularly political issues, where their charter says you shall not try to be a political agency.

NUSANTARA: Mm-hmm.

LEWIS: So that's why they're talking now about maybe broadening out their mandate. But it's a dicey business.

I used—I know a fair amount about India; I was in India many years. And in the middle '60s there was a great lot of stress between the World Bank and the government of India. At one point, the president of the World Bank lectured the government of India about its defense spending: "Too high." And the government of India was furious: It was no business of this technical, economic institution to have any—to know anything at all about their defense spending. It didn't have a right to an opinion.

NUSANTARA: Yeah, yeah.

LEWIS: And it's that sort of thing that they--they're reacting to.

WEBB: But it's basically quite political.

LEWIS: Of course.

[Interruption]

NUSANTARA: Is there any alternative--with more cheaper--that is cheaper than making foreign debt?

WEBB: You mean borrowing?

NUSANTARA: Borrowing, yes.

LEWIS: Well, if there's more ODA [official development assistance], if there's more freer, cheaper money, that is gift money, grant money, then, of course, you don't get the debt burden with it, but there's a very limited supply of this grant money. And you people here, despite the poor, don't need it as much as the Bangladeshis or the Africans.

NUSANTARA: Yeah, that's right.

LEWIS: You know . .

NUSANTARA: So soft loan and . .

*Abdul Hakim Nusantara
November 22, 1991 – Verbatim*

WEBB: Soft loans are very limited.

NUSANTARA: . . . are limited. Yeah, yeah, yeah.

LEWIS: I'm afraid we'd better run along.

WEBB: We've taken a lot of your--we're very grateful for . . .

NUSANTARA: You're always welcome. And I would like to see the result of this writing.

LEWIS: If you come to Washington again, look us up. One or the other of us will be there all the time.

WEBB: We'll be working there for two years.

NUSANTARA: Mm-hmm.

[End of Tape 1, Side B]

[End of interview]