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The World Bank and the IMF in Indonesia: an emblematic interference

- Features -

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The World Bank's, and the IMF's policy on Indonesia is a textbook case in many ways. Everything is there: interference in a country's internal affairs, support for a dictatorial regime guilty of crimes against humanity, backing for a regime responsible for an aggression against a neighbouring country (the annexation of East Timor in 1975) and the development of mega-projects which simultaneously imply massive transfers of population, the plundering of natural resources for the profit of transnational corporations and aggressions against indigenous populations.

In 1997, Indonesia was hit hard by the Southeast Asian crisis. The prescribed remedies of the World Bank and the IMF worsened the economic situation and brought about social disasters. The Tsunami drama changed nothing for the Bank and the IMF. The creditors maintained their pressure for repayment of Indonesian debts and imposed an additional dose of neo-liberal adjustment.

In 1947, the Bank granted a 195 million dollar loan to the Netherlands – the second loan in the Bank's history. Two weeks before the loan was approved, the Netherlands launched its offensive against the Indonesian nationalists who were demanding independence. In the next two years, as many as 145,000 Dutch occupying troops were sent into the country: it was a large-scale operation that could hardly go unnoticed. Within the United Nations and in the US, criticism was voiced concerning Dutch policy in Indonesia and the World Bank's involvement. The Bank replied that the loan had been granted to the Dutch government for spending within the Netherlands. The critics objected in their turn that since money is fungible by nature, it was easy for the Dutch government to use the Bank loan to support its military effort in Indonesia. [1]

The US put pressure on the Netherlands, giving it 400 million dollars under the Marshall Plan so that it could grant independence to Indonesia. The US objective was to open a new field of trade and investment for its companies. On 27 December 1949, the transfer of sovereignty was signed. Indonesia became a Republic and the nationalist Sukarno was elected President. He set about maintaining a balance between the various factions in the country, while amassing personal power. In 1955, following the first elections, Sukarno decided to collaborate with the Communist Party (PKI) in order to establish his legitimacy. The PKI won 16% of the votes and Sukarno's party, the PNI, 25%.

In external affairs, Sukarno made skilful use of the two opposing blocs in the Cold War, and there too, he managed to maintain an equilibrium until 1963, when the US, exasperated by the USSR's assistance to Indonesia, explicitly asked him to choose his camp. The IMF played the role of intermediary by proposing financial assistance strictly conditioned by terms of close co-operation. In March 1963, negotiations for loans got underway with the US, the IMF and the member states of the OECD, but everything went haywire in September 1963 when the British proclaimed the Federation of Malaysia without any outside consultation. Sukarno saw it as a destabilizing manoeuvre and retaliated by nationalizing the British companies, which led to the cancellation of the agreements with the IMF. Despite everything, the UN endorsed the creation of Malaysia, and Sukarno, unable to prevail, walked out of the UN in 1965.

At the height of the Cold War, Sukarno nationalized all foreign private companies (except the oil companies). Indonesia left the IMF and the World Bank in August 1965 and decided to manage its affairs without them. On 30 September 1965, General Mohamed Suharto staged a military coup, supported by Washington. As chief of the armed forces, he launched a massive repression against the leftist parties, making the PKI his prime target: between 500,000 and 1 million civilians were assassinated simply for being members or sympathizers of the PKI. In March 1966, Suharto finally forced Sukarno to make an official transfer of power. Six days later, the US government

announced that it was opening a line of credit for Indonesia amounting to 8.2 million dollars so that it could buy American rice. [2] On 13 April 1966, Indonesia joined the World Bank. [3] In 1966, US President Lyndon B Johnson went to visit US troops in Vietnam and insisted, in one of his speeches, on the Indonesian model. [4] This model, "the New Order" of the Suharto era, regularly used terror and assassination, and in effect aligned its policy on that of the United States.

The World Bank and Suharto's dictatorship

When Robert McNamara became president of the World Bank in April 1968, he observed that Indonesia (with Mao's China) was the only highly populated country with which the Bank did not have an important relationship. It was necessary to make up for lost time and his first trip abroad as World Bank president was to Indonesia in June 1968. He felt quite at home there: the dictator Suharto had already surrounded himself with economists trained in the US, courtesy of the Ford Foundation. [5]

Relations between them were idyllic: "He (McNamara) and President Suharto admired each other". [6] "While they were engaged in daily policy discussion, the Bank and the government acted like a couple of old cronies". [7] "Indonesia was the presidentially designated jewel in the Bank's operational crown". [8]

Moreover, the historians of the Bank admit that: "President Suharto (he had assumed the office in 1967) was a general, and his government, in good part, was a government of generals, many of whom were corrupt". [9]

Indonesia officially rejoined the ranks of the IMF in February 1967 and the rewards were not long in coming: the Western countries immediately granted aid of 174 million dollars in order to absorb the effects of the Indonesian crisis. Thereafter, in the early 1970s, the good relations between Indonesia, the US and the financial institutions took the form of a substantial debt reduction.

Indeed, at the end of 1966, 534 million dollars should have been repaid as debt servicing (interest, principal and arrears), a sum which represented 69 % of the estimated earnings from export. Without a re-scheduling, debt servicing would have destroyed the effect of financial assistance. The Western creditor countries accepted a long-term moratorium [10] until 1971 on repayment of the principal and interests on the debt contracted before 1966. However, the effects of the moratorium were only temporary and, in 1971, repayments were supposed to start again. Consequently, the creditors signed the most favourable agreement ever granted at that time to a Third World country [11]: the pre-1966 debt (contracted under Sukarno) must be repaid in 30 annual instalments over a period extending between 1970 and 1999. The creditors agreed that Indonesian repayments would not exceed 6% of the earnings from export. [12] This operation had the effect of cancelling 50% of the debt. [13]

This reduction of debt was coupled with a reprehensible complacency regarding corruption. As soon as the World Bank returned to Indonesia to support the military dictatorship, its representatives became aware of the extent of the corruption. But Robert McNamara and the enormous Bank staff who settled in permanently in Djakarta [14] decided not to make it a cause for divorce. Thus they were clearly accomplices.

Bernard Bell, who headed the Bank resident staff in Indonesia, recalls the question of the enormous misappropriation of funds caused by high-level government corruption. On 11 February 1972 he described this corruption to Robert McNamara, as "unacceptable to small but potentially vigorous elements of the public". And that was only the beginning. Indeed, the global Report on Corruption 2004 by Transparency International estimated embezzlement by Suharto and his entourage at 15 to 35 billion dollars. The World Bank itself nurtured the corruption since one of its own reports mentioned that 20 to 30% of the budgets related to development funds were misappropriated. [15] The Bank continued its loans while knowing perfectly well that they were likely to be diverted.

The Pertamina affair

During the 1970s, oil incomes exploded, and so did the diversion of funds by corrupt generals for their own benefit. In 1975, a major crisis came to a head between the US and Indonesia. Ironically, the invasion and annexation of East Timor by Indonesia that year had nothing to do with this.

The Indonesian generals had developed the public oil company Pertamina so successfully that in February 1975 it had become the largest Asian company (Japan not included). The Pertamina conglomerate not only extracted and refined hydrocarbons, but it also possessed a chain of hotels and numerous oil tankers. Pertamina improved the country's harbour infrastructures, and built roads and hospitals. This public company was active in the field of insurance with offices in Hong Kong, Los Angeles, Singapore and Tokyo. It played a key part in a strategy of industrialization by import substitution. This was less and less to the liking of the US, and naturally, to the World Bank. To put it bluntly, Pertamina was an obstacle to the development of the large US oil companies. Consequently, the US found it advisable to weaken and even dismantle Pertamina. Under pressure, Suharto bowed to its demands during the summer of 1975. Robert McNamara wrote to him: "I applaud the comprehensive and systematic way in which you have moved to re-establish appropriate priorities". [16] As a consolation prize, Robert McNamara added that he would see to it that the World Bank increased its loans.

It was only during his last visit to Indonesia on 15 May 1979 that Robert McNamara privately spoke his mind: "It was also necessary to maintain the emphasis on reducing corruption. Outside Indonesia, this was much talked about and the world had the impression, rightly or wrongly, that it was greater than in any but perhaps one other country... It was like a cancer eating away at society". [17]

However, at the end of 1980, the World Bank was still supporting Suharto's Indonesia to such an extent that it granted a loan without respecting (imposing) the usual conditions. A similar situation can be seen 9 years later when the Bank, anxious to maintain good relations with China, failed to take its distance after the repression of the Chinese spring of 1989. [18]

The Bank's silence regarding the annexation of East Timor

Thirty years after Indonesia's invasion of Timor, certain US archives were made public. Undisputedly they establish what had long been suspected: in December 1975, Indonesia invaded East Timor with the connivance of the American, British and Australian governments, with the result that the country would undergo twenty-four years of bloody occupation and systematic violations of human rights. According to these documents, as early as March 1975, the State Department, then headed by Henry Kissinger, aware of Indonesia's preparations for invasion, estimated that the US "has considerable interests in Indonesia and none in Timor". When he learned about the special operations leading up to the invasion, Henry Kissinger asked his colleagues: "Can I trust you to keep quiet about this?" His fear was that Congress would decree an embargo on arms deliveries to Indonesia, Washington's ally in the Cold War. [19] One can well understand that during this time, the World Bank neither made any allusion to, nor criticized the invasion and the annexation of East Timor! Submission to the interests of the US and its allies, the UK and Australia, and complicity regarding the dictatorship were constant components of the Bank's behaviour.

The World Bank's support for the transmigration programme [20]

The World Bank actively collaborated in the sinister transmigration project, certain facets of which constitute crimes against humanity. This project concerned the displacement – in certain cases, forced – of millions of people from the islands of Java and Sumatra to other islands of the archipelago and dispossession of the indigenous people of these islands.

The World Bank, especially during the fifteen years of the programme's heyday (1974-1989), was its principal source of external financing. The historians recognize this responsibility of the Bank: "During the middle and later 1970's, the Bank, as well, supported and assisted the government's controversial program of official and subsidized transmigration of families from Java to the outer islands". [21] This contribution was not only restricted to financial and technical support. The Bank also supported the project politically.

Between 1950 and 1974, the government displaced 664,000 people within the framework of the transmigration programme. However, from 1974 on, with the World Bank's support, 3.5 million people were displaced and assisted, and approximately 3.5 million people migrated on their own initiative. The World Bank directly contributed to displacements and relocations. Due to its loans it was possible, on the one hand, to almost totally cover the "official" migrations of 2.3 million people, and on the other hand to "catalyze" the relocation of some 2 million people transmigrating spontaneously.

Although the World Bank qualified this transmigration as "the biggest programme in the world for voluntary relocation", it soon appeared that the programme was also used to rid Java of undesirable inhabitants. Thus, in the principal Javanese cities, "nonconformists", elderly people, sick people (including those with leprosy), beggars and vagrants were forced either to disappear into the countryside (where their chances of survival were slim) or to transmigrate. In the latter case, they were herded into army trucks during the night and brought to "transit camps" where they were given training for their relocation. [22] Marriage was an obligatory criterion for selection: the authorities organized forced marriages of single people before their departure. One should note that the World Bank played a large role in recruitment operations for homeless people and political prisoners in order to send them to the remotest and least desirable transmigration sites.

The transmigration projects most heavily supported by the World Bank were those involving private domestic or foreign firms likely to promote foreign trade and attract more ambitious transnational investments (particularly projects for industrial plantations).

Unrestricted foreign exploitation of the resources of the outer islands was pursued for the benefit of the central government and firms operating in the country, but to the detriment of the local populations who saw a great portion of their habitat and their means of subsistence destroyed forever. The lands of the outer islands were regarded as "empty" because the natives who lived there for millennia did not have ownership certificates. These lands were then declared to be "at the State's service" and were forcefully confiscated, most often without compensation. In fact the World Bank supported the government in its acts of expropriating land belonging to indigenous people, although it never acknowledged it officially.

The people of the transmigration programme inherited land that was not reserved for forest concessions and that was generally far from productive. For the government officials appointed to locate the sites to be cleared, it did not matter whether they were cultivable or not. Their job was to fill up a chart with information relating to site access, the number of hectares to be cleared and the number of families that could possibly be located there.

The forest – a vital resource for the native dwellers – gradually disappeared due to the operations of forestry companies and commercial plantations on the one hand, and government teams entrusted with clearing the areas intended for agriculture and the installation of migrants, on the other. In addition, mining companies (see the case of the American mining company Freeport McMoran) [23] destroyed complete mountainsides and daily poured tons of industrial waste into the rivers, polluting them beyond recovery. These rivers being the only source of water for native dwellers, major medical disasters occurred. Oil extraction along the coasts also caused great damage to the marine fauna and flora, another source of food for the indigenous populations.

The real culprits in this matter were those who devised, carried out and financed the project. Primarily they were the

Indonesian authorities and the international institutions (the World Bank first and foremost), as well as certain Western governments (the US, the UK, Germany and Israel, for example) and the national and foreign companies involved in the project's materialization. Among the devastating effects of the project: development and proliferation of intensive operations for the exploitation of natural resources; a rapid increase in the surface areas intended for commercial plantations as a result of programmes financed by international loans. These loans were always conditioned by the opening up of markets at all levels - removal of tariff barriers, attraction of foreign capital, priority on monocultures for export, liberalization and privatization of the goods and services distribution sectors, etc.

At the end of 1980, vociferous criticism increased, as much inside as outside the archipelago, accusing the World Bank of having taken part in a project of geopolitical domination typified by social and ecological blunders and infringing human rights in the course of its procedures. [24] The World Bank indeed played a major part in this project with harmful and irreversible consequences: control of the indigenous populations of the outer islands and violation of their right to land ownership; the exorbitant cost of displacements (7,000 dollars per family according to World Bank estimates) [25] in relation to the results achieved, because according to a 1986 World Bank study, 50% of the displaced families lived below the poverty level and 20% below subsistence level; persistent problems of density in Java; massive deforestation of the outer islands, etc.

The World Bank, accused on all sides, decided to cease financing the installation of new transmigration sites and the costs of transmigration travel. Nevertheless, it concentrated its loans on the reinforcement of already existing villages [26] and on maintenance of the commercial plantations, thus only partially renouncing its participation in the programme.

The World Bank obviously denied all the allegations brought by observers. In 1994, it decided to carry out an internal evaluation study [27] of the projects it financed, in order to determine its eventual responsibilities. In this report, the World Bank accepted a very small share of responsibility, stating that the project in Sumatra "had negative and probably irreversible effects" on the Kubu, a nomadic people whose survival relied on fallow cultivation, hunting and gathering in the forest. The audit admits that "although the existence of Kubu in the zones of the project was known since the project was planned, few initiatives were carried out to avoid problems".

The loans of the World Bank for the transmigration programme correspond in all respects to the constitution of an odious debt: they were contracted by a despotic regime, which used them for repression and not for the well-being of the population. Consequently, this debt is null and void: it must be cancelled. But it should not stop there. The transmigration project supported by the World Bank implied the forced displacement of certain populations. The World Bank cannot simply claim that it was not aware of this. It was also an accomplice to the violation of the rights of the indigenous people who lived in the zones colonized by the transmigration project. These very serious acts should not go unpunished.

The crisis of 1997-1998 in Indonesia and its consequences

From the 1980s, and especially during the first half of the 1990s, the World Bank and the IMF got the Indonesian government to agree to free circulation of capital. This had the effect of placing Indonesia (like the Philippines, Thailand, Malaysia and South Korea) at the mercy of international speculation.

In the IMF's annual report for the year 1997, one can read the compliments it pays to the Indonesian authorities: "the administrators congratulated the authorities for Indonesia's economic results during the previous years, particularly the appreciable reduction of poverty and the improvement of many social indicators (...)." [28] Further on, the administrators of the IMF compliment the Indonesian authorities for "the importance attached to maintaining free circulation of capital" [29] while earlier in the document they themselves point out the risks: "powerful entries of capital posed important challenges for the authorities". They continue their analysis by praising the authorities,

implying that they are capable of controlling the situation: “the flexibility with which the authorities adapted the proportioning of economic measures according to the evolution of the situation was one of the ingredients of their success and will remain an essential tool for taking up these challenges”.

In 1997, a massive economic and financial crisis broke out in Southeast Asia. After its appearance in Thailand in February 1997, it spread to Malaysia, Indonesia and the Philippines by July 1997. These four countries, described previously by the IMF, the World Bank and the private banks as role-models by reason of their opening up to the world market, their low rate of inflation and high growth rate, were now unable to resist the onslaughts of speculators. Between 2 July 1997 and 8 January 1998, the Indonesian rupee was depreciated by 229% in relation to the US dollar.

After having been praised to the skies by the World Bank and the IMF, the Indonesian authorities were now strongly criticized for leaving too much of power in the hands of the State; a State which, in addition, would have been wrong in accepting that the private financial and industrial institutions were overly involved in debt and speculation.

Southeast Asia's crisis of 1997 dealt a hard blow to Indonesia. In the space of less than a year, foreign capital was withdrawn from the country. Mass unemployment set in. At the end of 1998, according to government statistics, 50% of the population lived below the poverty line, estimated in Indonesia at \$0.55 per day for cities and \$0.40 for the countryside.

The IMF imposed its “shock” measures to resolve the crisis of 1997. They worsened the situation, particularly by causing the bankruptcy of a large section of the banking sector and of many entrepreneurs. The IMF and the World Bank pressed the government to transform the private debt of the banks into a public debt. The Indonesian public debt, which accounted for 23% of the Gross National Product (GNP) before the crisis (1997) literally exploded as a consequence of the policies imposed by the IMF and the Bank. In 2000, the public debt amounted to 93% of the GNP.

On the other hand, real wages plunged: whereas there had been an increase of 46% between 1990 and 1996, they lost 25.1% of their value in 1998. [\[30\]](#)

The population directly suffered the effects of these measures and started protesting vigorously. On 5 May 1998, within the framework of the agreements signed with the IMF, Suharto eliminated the subsidies on basic commodities so that the price of kerosene, electricity and petrol increased by 70 %. This intensified the huge popular mobilization that had begun several months before. Fifteen days later, deserted by Washington and denounced by the people, Suharto was forced to step down, bringing an end to a dictatorial regime of 32 years.

Today, the largest portion of the State budget is devoted to repayment of the debt. In 1999 and 2000, 50% and 40% respectively were devoted to debt servicing. In 2004, the figure was close to 28%. According to the projections of the Indonesian Finance Minister, repayment of the external public debt has continue to increase in 2006 and reached a peak in 2008, remaining at a high level thereafter. [\[31\]](#)

After the drama of the tsunami, resulting in the death of 150,000 people in the Indonesian province of Aceh, the World Bank and the governments of the creditor countries had promised to show generosity. The reality is quite different: financial aid, at first turned into a mega media event, has been provided in a chaotic and transitory way. While this show was being made to offer financial resources for reconstruction, the creditors in the Paris Club (who in addition direct the World Bank and the IMF), decided to deduct late-payment interest from the portion of debt servicing which was not made in 2005. [\[32\]](#) The moratorium granted by the Paris Club is thus only a show of generosity, since the States that accept it will make their populations pay, right down to the last cent. The Indonesian

government, under pressure from its creditors, imposed a steep increase (+29 %) on the price of fuel on 1 March 2005, which occasioned deep popular discontent. The tax revenue resulting from this rise was intended mainly for replenishing the budget deficit and repaying the debt. [33]

As for human development, many indicators are particularly worrying:

Share of population living with less than \$2 per day	52.4 %
Life expectancy at birth	66.6 years
Infant mortality rate (under 5 years of age)	45 per 1,000
Share of childbirth assisted by qualified personnel	64 %
Share of population suffering from malnutrition	6 %
Share of population without access to a water supply installation	22 %
Net rate of school attendance at the primary level	92 %
Children completing 5 school years (% of pupils who started the 1st year)	89 %
Literacy rate of adults (over 15 years of age)	87.9 %

Source : UNDP, World Report on Human Development 2004

By way of conclusion

The 1965 military *coup d'État* deprived the Indonesian people of the possibility of determining their own future. Yet with the Bandung Conference in 1955, Indonesia had begun to affirm itself on the international scene. It was the threat of seeing one of the most populous countries on earth playing a key role in establishing a new world order that led the United States and the Bretton Woods institutions to provide active support for the Suharto dictatorship.

These institutions based their choice on political and geo-strategic factors. Their financial support enabled Suharto to carry out policies that went counter to human rights. Suharto served the interests of the major Western powers in the region and enabled transnational corporations based in the industrialized countries to draw liberally on Indonesia's natural resources. The World Bank and the IMF were active accomplices in these policies. The local ruling class supported Suharto and did not seek to invest in the development of the country. It preferred to abet the plundering of Indonesia's natural resources by transnational corporations.

Starting from the crisis in 1997, IMF-imposed measures aggravated the economic situation and brought about a sharp increase in the internal and external public debt. The historical balance sheet of the IMF's and World Bank's role in Indonesia is an unqualified disaster. In consequence, the claims they hold against this country must be cancelled in full. Moreover, the World Bank and the IMF must be brought to account for their complicity in the Suharto regime and for projects such as transmigration, which in many respects constitute a crime against humanity.

The bilateral debts are in the hands of countries that directly backed the Suharto dictatorship, so they too must be cancelled. The same applies to debts owed to foreign private companies that played a part in the corruption of the Indonesian regime, the pillaging of the country's natural resources and the exploitation of its workers.

A review of Indonesia's debt shows a totally negative result in the matter of human development. Between 1970 and 2003, Indonesia received 139 billion US dollars in the form of loans intended for the authorities and it has refunded 164 billion. Yet Indonesia's external public debt has increased twenty-fold. [34] Between 1970 and 2003, total debt repayment represents 46 times the amount of the initial debt stock. Since 1985, Indonesia has refunded annually more than it has received in the form of loans. This is irrefutable proof that the debt system is a fatal mechanism for extracting the country's wealth.

[CADTM](#)

[1] Bruce Rich, *Mortgaging the Earth*, London, Earthscan, 1994.

[2] See Cheryl Payer, *The Debt Trap: The International Monetary Fund and the Third World*, Monthly Review Press, 1974.

[3] See Devesh Kapur, John P. Lewis, Richard Webb, *The World Bank, Its First Half Century, Volume 1: History*, Brookings Institution Press, Washington, 1997.

[4] ARTE, *Les mercredis de l'histoire: Massacre en Indonésie*, Australia, France, Thirteen WNET New York, Arte France, YLE TV2 Documentaries, Australian Film Finance Corporation, Hilton Cordell/Vagabond films production, BFC Productions, c.2001.

[5] Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, p. 467-471

[6] Idem, p. 469

[7] Ibid, p.470.

[8] Ibid, p. 493.

[9] Ibid, p. 469

[10] More than half of the Indonesian debt was contracted with the USSR, and when granting a moratorium on their debt, the Western creditors vouched for the repayment of the Soviet debt. In order to avoid any flow of capital towards the USSR, they granted this preferential treatment on condition that the Soviets did the same. The USSR accepted it for fear of not being fully repaid in the event of its refusal.

[11] This new contract included the clause of the most favoured nation, which implied that the Soviet debt was to be repaid at a faster rate.

[12] www.infid.be/Statement-Debt-Swap-Germany.pdf

[13] www.asia-pacific-action.org/statements/infid_beyondmoratorium_110105.htm

[14] "Atypically large resident staff " in Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, p. 495.

[15] The World Bank, "Summary of RSI Staff Views Regarding the Problem of 'Leakage' from the World Bank Project Budget", August 1997.

[16] Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, p. 491

[17] Extract from Memorandum, Jean Baneta "Meeting with President Suharto, 15 May 1979" May 22 1979 ("The other country may have been

Zaire”, write the historians of the World Bank. p. 492).

[18] Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, p. 538.

[19] Daily newspaper *Libération*, Paris, 26 January 2006

[20] This part is largely inspired by the dissertation paper (as yet unpublished) by Alice Minette, *Anthropology of a misunderstanding. Analysis of the “Transmigration” development project in Indonesia and its consequences on the outer islands of the archipelago in general, and particularly on West New Guinea*. University of Liège. See Also Damien MILLET, Eric Toussaint. 2005. *Les tsunamis de la dette*, chap. 3.

[21] Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, p. 489 (see note 60 for reference to the Board’s decision on this matter in January 1979).

[22] One of these camps is a small island off Java from which it was impossible to escape, and where the people known as “undesirables” were inculcated in agricultural techniques and State ideology.

[23] Damien Millet, Eric Toussaint. 2005. *Les tsunamis de la dette*, pp. 114-115

[24] Among the criticisms aimed at the Bank concerning the damage and non-observance of human rights caused by its support for the actions of the government in West New Guinea, the best known are: the letter addressed in 1984 to A.W. Clausen, the president of the Bank, by the Minority Rights Group (New York); the sentence declared by World Council of Indigenous People at its regional meeting in 1984; a petition addressed to the Inter-Governmental Group of Indonesia in 1984-85 by the Australian Council For Overseas Aid and by many associations for the defence of native rights. These complaints were taken into account neither by the Indonesian government, nor by the Bank, which maintained its support for the abuse of the rights of New Guinea’s native populations.

[25] The World Bank, *Indonesia Transmigration Sector Review*, quoted in Bruce Rich, *Ibid*.

[26] This reinforcement, called “Second Stage Development”, consisted of the improvement of infrastructures and general living conditions in the transmigration villages, as well as the rehabilitation of sites with a high rate of desertion by transmigrants.

[27] “Indonesia Transmigration Program: a review of five Bank-supported projects”, 1994; “Impact Evaluation Report: Transmigration I, Transmigration II, Transmigration III”, 1994.

[28] IMF. 1997. *Annual Report 1997*, p. 90.

[29] *Idem*, p. 91.

[30] UNCTAD. 2000, p. 65-66

[31] INFID, Achieving Social Justice Through Poverty Eradication, Debt Cancellation and Civilian Supremacy in Post-Tsunami Indonesia, Jakarta, 16th-19th November, 2005, p. 4.

[32] See the decision of the Paris Club announced on 10 March 2005 on www.clubdeparis.org

[33] *Financial Times*, 1 March 2005.

[34] Author’s calculation based on World Bank, *Global Development Finance*, 2005