

The New York Times, March 6, 2001, "The Victim in Indonesia's Pursuit of Progress," by Abigail Abrash (Abigail Abrash is an adviser to the Indonesia Human Rights Network and has monitored conditions in Indonesia since 1993)

KEENE, N.H. — The recent bloody fighting in Borneo makes compelling copy. The violence seems savage, the context exotic. Yet the killings, with at least 400 dead in the past two weeks, are not as remote as they might seem. The Madurese migrants being attacked by the indigenous Dayak people of Central Kalimantan Province are scapegoats for the failed economic and social policies that Indonesia, with American support, has followed for far too long.

For decades, the Dayaks — like Papuans, Acehnese, Moluccans and other indigenous communities throughout the Indonesian archipelago — have been on the receiving end of destructive policies imposed by the central government in Jakarta and backed by repressive political and military force. Under Indonesia's laws, inherited from the Dutch colonial regime, the state and corporations with state backing have seized the lands of these communities for mining and logging, single-crop plantations, factory fishing and building of roads and other infrastructure. Until they were suspended last summer, government "transmigration" policies — relocating Indonesians, like the former Madura islanders attacked in Borneo, from populous areas to less "developed" lands — provided a labor force for such projects. These business operations have also created boomtowns attracting thousands of other "spontaneous" migrants who further rend a social fabric woven together over hundreds, sometimes thousands, of years in the fragile ecosystems of Indonesia's more than 10,000 islands.

Indonesia's legal system offers no adequate respect for community land rights and no effective protection for traditional livelihoods. Indeed, land disputes account for the greatest number of complaints brought to Indonesia's National Commission on Human Rights. The American State Department's annual report on human rights, released last month, charged that the Indonesian government had "used its authority, and at times intimidation, to appropriate land for development projects, particularly in areas claimed by indigenous people, and often without fair compensation." It further stated, "When indigenous people clash with private-sector development projects, the developers almost always prevail."

Indonesia's military plays a critical role in the economy, relying on its private business interests for an estimated two-thirds of its annual budget. The military has not hesitated to acquire and protect its own and others' assets by force. A lieutenant commander of Indonesia's elite American-trained special forces described for a human-rights investigator in 1998 what role the military played in establishing and protecting natural-resource operations and other development projects: "The military is here to make sure that investors can come in."

The current economic structure was introduced under the rule of the former president and army general Suharto, whose government ruled from 1966 to 1998, and has been supported by the International Monetary Fund and the World Bank, among others. Economic development under Mr. Suharto's New Order regime was based on exploitation of nonrenewable resources and low-wage labor. Over the decades, this system has siphoned the necessarily short-term profits of resource extraction upward to foreign stockholders and Indonesia's national elite, particularly members and friends of the Suharto family.

In the 1990's, the impact of these economic strategies on local peoples like the Dayaks, and on Indonesia's environment, has actually worsened, thanks in large part to I.M.F. structural-adjustment policies and to increased investment from abroad in destructive projects. The palm-oil, timber, and mining businesses, all benefiting from American investment, have been particularly harmful to the Indonesian environment — and, often, to the indigenous people whose lands they use. Other businesses have more subtle effects on Indonesian solvency, as well as on public confidence in American good will. For example, a number of American power companies, including General Electric, agreed in the mid-90's to invest in power generation as partners with the state utility. In many cases, the foreign companies were to be paid in dollars, while the utility collected its bills in Indonesian currency.

When Asian markets crashed in 1997, Indonesia's currency lost much of its value, and the state utility, not surprisingly, was bankrupted. American and other foreign investors, or their insurers, demanded payment. American ambassador Robert Gelbard, the federal Overseas Private Investment Corporation and others placed enormous pressure on Indonesia to pay up at precisely the time when its economy had been devastated and the country was just emerging from 30 years of military rule. In context, such a policy of putting American corporate interests first is inherently destabilizing, and it certainly did Indonesian reformers, including the current president, Abdurrahman Wahid, no favors at all.

The current condition of Indonesia, the fourth most populous nation in the world, is perilous. Morgan Stanley economists currently estimate Indonesia's total public debt to be \$152 billion, or 99 percent of its gross domestic product. With some 40 percent of government operating expenditures going to make payments on this debt, experts acknowledge that Indonesia is facing a permanent debt trap. The Bush administration should advocate canceling some or all of Indonesia's public debt. This action has been widely debated in Indonesia, but the nation does not yet qualify under I.M.F. and World Bank rules for significant debt relief. The Bush administration should also strongly support Indonesian investigators in their efforts to go

after Suharto family assets illicitly gained, and to continue the suspension of United States assistance and training to Indonesia's military.

Finally, the United States should look much more critically at its own lending practices and at American corporate activity in Indonesia. Both have often tended, for three decades now, to enrich the military and civilian elites, as well as American investors, at the expense of most Indonesians.