

# World Bank Cracks Down On Indonesian Oilmen

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## INDONESIA

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General Ibnu Sutowo, the former president-director of the Indonesian oil company, Pertamina, and a key figure in the Indonesian pro-development faction, has been put under house arrest. Although no formal charges have been brought against him, Indonesian Secretary of State Sudharmono told reporters that his arrest is linked to ongoing investigations into allegedly illegal business practices involving the chartering of a tanker fleet. As many as 30 other Pertamina officials have reportedly been arrested as well.

Sutowo's arrest coincides with the April 5 meeting of the World Bank's Inter-Governmental Group on Indonesia (IGGI), the aid consortium that oversees Indonesia's 12 billion foreign debt. It also follows rumors circulating among European oil industry circles that the Carter Administration is planning military coups among "fringe" OPEC countries — Indonesia is one. Furthering this coup scenario, Lewis Simons, a correspondent for the *Washington Post* known to have links to the CIA, has run a series of articles telling of widespread disaffection among the Indonesian population, including the military, because of "widespread corruption" that reaches all the way up to President Suharto's own family.

While chief of Pertamina, Sutowo came into sharp conflict with the IMF because of his oil-for-technology deals with powerful but oil-hungry European and Japanese industrialists during the early 1970s. Being a major proponent for a capital-intensive development strategy, he was and still is at odds with the U.S. trained "technocrats" in the government's economic ministries who are loyal to the World Bank's labor-intensive rural development schemes. Sutowo was dismissed from his position last year only after the World Bank and IMF threatened to cut off all aid to Indonesia. Since his dismissal and the subsequent handing over of the company to the tutelage of technocrats, the IMF and New York banks who "bailed out" the company with over a billion

dollars in loans following its collapse, have ensured its operation furthers their own interests especially the interest on the Indonesian foreign debt.

A spokesman for the U.S. Agency for International Development, the governmental agency representing the U.S. at the April 5 IGGI meeting, has said the U.S. will demand the scrapping of Indonesia's capital-intensive development programs, and increased efforts to finance development though the "mobilization of internal resources," a polite phrase for internal austerity and increased income taxes.

The take over of Pertamina by supporters of the World Bank is central to forcing Indonesian capitulation— important not merely to secure looting rights, but to undermine the use of Indonesian oil to solidify anti-austerity allies among European and Japanese industrialists.

Already Japanese industrial consumers are worried over cutbacks in Indonesian crude shipments from Pertamina. According to reports in the March 28 *Asahi Evening News*, a major Japanese daily, the cutbacks are due to increased U.S. purchases. Among those said to be arrested in Indonesia are Tirto Utomo, Pertamina's former legal advisor and John Nizar, former top Sutowo advisor, both of whom were instrumental in dealing with Japanese industrialists.

Meanwhile Lewis Simons of the *Washington Post*, kicked out of India and Bangladesh last year, tells his readers that Indonesian corruption involves even President Suharto. It is said that Suharto has moved against Sutowo in part because of such allegations. Suharto has appointed a three-man team to investigate Sutowo's involvement in over \$2 billion in tanker charters with Geneva-based tanker charterer Bruce Rappaport. The Indonesian government has been receiving backing from its creditors in its case against Rappaport, who they claim defrauded the Indonesian government with overpriced charters which the government claims it is not obligated to honor. The tankers were chartered in the 1972-74 period, at the height of Sutowo's oil-for-technology wheeling and dealing in an effort to build an independent national tanker fleet.