

NOTES FOR SPEECH DELIVERED
AT TIME/LIFE CONFERENCE ON INDONESIA

Geneva, November 4, 1967

Hardest road.

Hoped for education - late to school.

Read speeches - lack flavor.

Black address - my remarks.

Unnecessary say vast resources, gross mismanage,
dramatic turnabout and immense strategic import of success.

This critical meeting.

Comment on general economy (inflation), role of international
agencies and role of private investment.

Demon - scars.

Inflation both cause and consequence of disorder.

Abuse of monetary system-excess demands.

Need for new social compact-negotiate-impose.

Needs strong leader - patience - tribute to vitality new leader.

Skill - courage.

Heritage.

1) Bureaucracy. Vicious circle to corrupt; corrupters,
corrupted. Solution of Dr. Malik.

Airways - private, public.

2) Tax system corrupted.

Funds for administration and investment.

Too much on exports - being adjusted.

Big problem ahead.

3) Exports - gross political intervention plus FX mismanagement.
Key error of overval. - but present policy O.K.

4) Public resources - mismanagement, but also rate problems.

De-capitalization. But recent action despite protests.

Problems, but courageous attack.

Patience - buzzer story.

Bank and Fund

Past - not effective.

No Bank loans, no IDA credits.

Indonesia resigned.

New situation - both doing studies and tech. assist.

Fund in lead (Ghana, Ceylon)

Bank and Asian Development Bank.

Debt rescheduled (Fund) - Soviet also.

Emergency aid (Netherlands).

Amounts 1/3 US, 1/3 Japan 1/3 other
Amsterdam 250/75.

Present Bank mission

Transport survey UNDP

Agricultural survey ADB

Personnel very able but overworked PC.

Hope finance projects but Bank out and IDA pending

Hague meeting Monday, Nov. 6.

Also 2 specific steps to promote private investment

SID (Dr. Sadli)

IFC.

But all our efforts can only break path.

Deeply convinced private investment must put shoulders to
wheel - fully shared by new regime.

You have heard offer for partnership realistic approach.

I can't presume as investment counsel. You must judge risks,
possibility insurance, rewards.

Can't say what you indiv. will achieve.

But can say what will happen if you collectively fail.

Historic opportunity. Third world etc.

But these leaders must show results.

Could be new swing of pendulum.

Over their shoulders are 100 million Indonesians.

Need for fast action, mutual confidence.

Galbraith re statesmanship.

No charity - not being asked.

Enlightened self-interest.

JBK:mcl