

## Transcrib data from Political Interview

### In *Face 2 Face* between Desi anwar and Christine Legardhe

#### Part 1

##### *Relationship between Indonesia and IMF today*

**1.1 DA :** Hi madam lagarde, welcome to jakarta, welcome to Indonesia, and you are not stranger to this country , came here in different capacity, as a lawyer, as former prime minister of France, but this time as managing Director of IMF. Tell us about your visit this time? Do you have any particular agenda? What do you hope been together upon your visit to indonesia?

**CL:** for firstly to pleasure to *a* be. back in Indonesia. ( ..) Indonesia is a country where I have friends, personal friends, and where I have a collegue-- former collegue, ministry of trade, ministry of tourism, ministry of finance, governor of central bank, and many many good contacts and here I am more delighted to see them again. My visit to indonesia, *a* is the development of partnership that has been established very *a* postively, very *a*. fruitfully, with indonesian authorities. *a* The IMF, is as you know, an international institution that serves a hundred and eighty eight members. But the membership in ASIA is very active, *a* ,very engaged in the inniciative taken by fund. It is important for me , *to...*, *to...*, visit the member ship, to hear what *a* , they are concerned about, to listen to their story, (...) to listen to the voices of ASIA, and the having just been to japan, and the going later to Thailand, because it is important that I could spend 3 days in Indonesia.

**1.2 DA :** are you met with *a* president? Could you perhaps share wiht us, what exactly, did you discuss, *a*. anything specifically related *a*. to indonesia and relation between IMF and Indoensia?

**CL :** Indonesia is a strong voice and dyncamic emergence of economiy. So it is extremely privilage to *e* (...). to see again on (...) this trip to jakarta. We had a long and so discussion about three things. One is the current economic situation of the country. And it is good result. Two is the current situation of the global economy,with particular focus on *e* Europe and United State which are two areas *e*, *a* , . of potential risk. And third, the relationship between Indonesia and IMF .

**1.3 DA :** Okay, I'd like to take up on that relationship between Indonesia and IMF because of you know (...) fourteen years ago perhaps the word IMF is not exactly the most popular word that *em*, you know, sentiment toward IMF here in Indonesia. Now this time, what is the feeling you get, *a*. the relationship between IMF and Indonesia. What kind of *a* emotion that feeling you get in this trip?

**CL :** well you --you, live with your memories, and the you--your future is obviously built on the stories of the past. And I am not pretending that they did not exist, and the country did not go through the very very difficult time. There is no question about it. *em*. I don't think that IMF can be held accountable for all misery of the world. *e* (...) but the country has come through out of the time. But Indonesia is a different country, it's a successful economy, it's one that is pulling, *e* that is *a* producing some of the best result in the world, it's the leader of ASEAN's region, it's the leader of the world, and as I said it's voice is heard and *e* and *e* matters. And I think, the-- you draw strength confidence from--to development of economy, from what the country has been able to go through. and the, I sense that there is (...) you know very positive set of vibration coming out of this economy with, with a real potential for--for growth, for development for inclusion of the less privileged population and clear concern monotonly this you know, sustainable solid and balance growth but an inclusive growth. And IMF is completely on board with those objective and with strategy of *e* of your president. So of course there is you know (...) what we carry from the past. But there is that mutual determination to look ahead and to dream for the strength of *e* of the economy.

**1.4 DA :** so the reason evolution *e* in the relationship between the IMF and Indonesia that you can see as Indonesia has evolved in the last 14 years and *em* doing quite well, in economy, you can see that evolution in relationship?

**CL :** I (...) you know, I can speak for-- you know, 14 years ago. 14 years ago I was not the IMF, I was not in politics, I was (...) you know in cooperate well in civil society if you will. But I can perceive from what colleagues are telling me that relationship has evolved and that it is much more positive, much more constructive. I am certainly here to listen not to dictate, I am here to learn not to patronize because your country has gone too far and has really had in a right direction it can teach a lot to other people.

## Part 2

### *Indonesia as a part G 20 in economic global crisis*

**2.1 DA :** what kind of teach, I mean indonesia is now part G 20, do you think we can play a much bigger role in global state especially, *e* when to come to the relation of global problem and issue we are face to day?

**CL :** you know there is one key word, *e --*. two key words. Number one, all countries are connected in none as immune. That number one. But *e* Number two there is re-balancing that we are seeing happening paritucular in part of the world. *e* when you see that, *e* Chinese, cuurrency count is completely different from what it was priority to crisis. It is rebalancing, it just move from being extremely positive to being slightly positive. And that's that's good because it shows that the domesitic economy is geting stronger as suupoosed to an economy that is in assumption driven by export. In the same thing, your president have the straetgy for the development for indonesia that will be based on domesitic market development. Opening up to investment, including for indirect investment, making sure that infrastructure project are delivered part not just talked about. And those are really promising *e* evolution if you will , in order to rebalance, and make sure that it's covers all the pontentialities.

**2.2 DA :** Okay, the word immune, *em (...)* with global crisis at the moment, *em* but with this side of the world acutually being seemed positive growth unlike what we see *e* in the advance of economy, do you think *em* indonesia can be immuned or will be some points be affected by global crisis and so what need to be done in order to streghten our economic health?

**CL :** well many of the advance economy has been doing through *a* crisis of some sources *in--* since 2007. And the, dynamic emergent market economy such as indonesia have faced the exceptionallly well through out this financial crisis as recorded. Crisis *is, is--* is lasting *e* quite long time and the recovery as we see now is tipident is most advance economy. So in order to continue be as protected as possibel I think the strategy of your president which consist of really make control of domestic market is vibrant, that there is a qualituy investment coming into the country, that there are astrong reationship including trade reationship between contries of this part of the world which links to the emergent market economy as paritucularly Latin America,

which is far away and yet going to the same sought of development as this region. I think those are, those are really good proposal *a (...) to .a (...) .to .tr* .try to avoid the consequences and the sought of coleteral effect of to your at the moment.

**2.3 DA :** so are you optimistic indonesia can do that, are we in the right track in term of, you know, financial institution of fiscal policy. *Re..e..* Recently you know unfortunately indonesia, you know has been judged as a failed country and it could be much better upon the resources and wealth, what can you say about that?

**CL :** well (...) anybody can do better (...) you know that, which is-- which is great. But, *e* we just go on review of the economy, *and -- and* frankly our the assessment of the economy is *e* solid. The fiscal policy has been, *e* an attentive to keeping the public finance of the control, and *e* (...) *we we--* we hope that country *can--* can do better, we hope that the economy can continue to grow sustainably , inclusively continue to create job. But you know, no one should be that chest when *en --* when *e* thing that *e* heading in the right direction which is the case for indonesia

**2.4 DA:** but, are we in the position, for example to lead the IMF money to solve the crisis?

**CL :** *[smile]* I think (...) the relationship between IMF and Indonesia has been solid. *e* what I told you the president was important for all dynamic emergence economy such as indonesia to have more say, more voice in international institution such as the IMF. And as far as , you know (...) in financial contribution, financial role well clearly emergence market economy are going to play a big role in the future because their role in economy is getting bigger.

### **Part 3**

#### ***IMF condition today***

**3.1 DA :** how healthy is the, *e* IMF, I mean and (...) the other things what lesson had the advanced of learnt from all the crisis that we have gone through since 1998 until the recent crisis? What adjustment have been made, and how mo (...) you know-- money have been e,chaneld what kind of program that the IMF is supervising at the moment?

**CL :** well two things. First of all, this is the core of the mission, to help our members when they are facing difficulties and we have been doing that for 60 years--over 60 years actually. So we have *e* (...) expertise, practices, that we have observed for many

many many decades not just the last 20 years. and learning from that --that my second point (...) I think our approach has evolved over time and that we are more attentive to the social public of society, that we are more attentive to having a dialogue with the institution and civil society representation including for example the union, including the many factory association representative making sure that every body is in board and that our proposed programs are actually endorsed and owned by the authorities which with we *e* -- we have this dialogue.

**3.2 DA :** is that difference in how you approach all this problems for example are you remember ,(....) one of the-- the result of financial crisis here in indonesia, I mean it hardship for the people one of the result why IMF get a bad name , in europe? What is the (...) approach, are using the similiar approach or are you making the approach as the people corresponding to the crisis?

**CL :** [answer before the question finish-interrupted] as I told you , I think the approach has evolved over time because we learn *a* (...) from any program and the-- their has been number one is concern about inclusion making sure that as many people as possible including from civil society or at least to know dialogue if not on board with the-- with the program principle. Number two, we are also very attentive to having in place social safety net, so that the poorest in the population don't take the hit and the hardship as much as more privilege , *e* part of society. *Em* (...) I think two particular tools that we have applied lately. One tool that we have not been able to use in the context of countries in euro zone is the currency devaluation because all these countries and I am thinking about Greece, Portugal, and Ireland are part of a single currency zone. And the Euro is is-- you know floating currency that we can not devalue for one member to three members out of 17 members. So we have to use different tool such as for instance internal devaluation which hard, which is tough in people.

**3.3 DA :** Yes as we see, you know people very unhappy in Greece , for example a lot of demonstration insisting against policy. How you see-- you european government , many governments in europe responding to the crisis? Are they doing enough about it? What other things should be doing (...) to stop the crisis? .....

**CL :** [answer before the question finish-interrupted] well we have-- we have consistently said that the currency zone should be, *e* deeper, should be completed by (...) number one, *e* banking union with all attribution of bank union and fiscal union. So those are attributes that needed to be added to the euro zone in order to *e* comfort investment particular. That the euro zone and the euro are here to stay and that the concern, that they have *e* about the sovereign (...) credibility of, of that region, is altered justified.

**3.4 DA :** is that something in your off by banking union and fiscal union?

**CL :** is it coming up?

**3.5 DA :** yes , is is something that they are actually dealing .... [not hear]

**CL :** [answer before the question finish-interrupted] it--if you look at, *ye* I think-- i think the european partners in euro zone are considering, they have *e* they have a great to come to banking union by way of *a a* single supervision system. That step number one. There will be more step on the way i hope they can clarify their road map as they have indicated they would before the end this year.

**3.6 DA :** do they listen to you ,in europe?

**CL :** of course they listen. What they do next is is another matter because you can imagine to have 17 leaders, 17 parliaments, 17 sovereigns, actually move toward the same goal by giving up you know (...), this of their sovereignty, it's not an easy task. If you were , you know, suggesting all ASEAN countries , should move toward one single decision making system, with one single treasury function, with one single central bank. I mean it is complicated isn't it?

**3.7 DA :** Yes, absolutely there is a lot of egos .... [not hear]

**CL :** [answer before the question finish-interrupted] a lot of egos and different development of economy and different interest.

## Part 4

### *Liberalism Economic Philosophy*

**4.1 DA :** how worry should we be about the crisis in europe, you seing are we going to be, you now infected .... **[not hear]**

**CL :** **[answer before the question finish-interrupted]** as I said I don't think that anybody is immune because the world is fast and interconnected, because the financial links between countries *a* via bank in particular, an financial institution are very strong. And they they they carry the good and the bad at at at super speed hich is much very importance for the country to actually have sound public policy, have sound public finances , have a strategy to a make sure the development on the watch by the e the authorities.

**4.2 DA :** otherwise what doing glooman doom scenario?

**CL :** **[answer before the question finish-interrupted]** I do not want to concentrate to glooman doom all the time you know, I am more e focus on what need to be done to the rest of the situation

**4.3 DA :** But there are risks?

**CL :** of course there are risks . life is about risk **[smile]**

**4.4 DA :** should they be *em* (...) *a* (...) better way you think to conduct bussines, to conduct trade, to *eemm* engage in economic activities that much more sustainbale so in future we don't create problem like this anymore, at least not like this ?

**CL :** well, it it is really principle os sustainable growth. I mean you know it can only be sustainable if it *te* preserve the environement and we don't take away from natural, *e* (...) more than natural acan afford, so we can pass to children and grand children and heritage study is not spoiled completely devastated. That that is sustainable development, that is sustainable growth. And that clearly a goal that we should all *e* ednorse , *w* we should all have in mind. And it does require change of mindset because sustainablity does not come naturally.

**4.5 DA** : a open market in liberal trade is a word that we *a* often hear that thing commonly to for example, weaken banking situation? ....

**CL** : [answer before the question finish-interrupted] No [shake head] i disagree with you. I disagree (...) I very deeply disagree with that. I think that (...) one should not confuse economic liberalism in the way it was understood a by the reunities of te concep, liberalism economic .it should be associated with the regulation. Actually quite to the country. Economic liberalism it is subject to .... [not hear]

**4.6 DA** : so it is dirregulated [interrupted]

**CL** : No, it is subject to appropriate regulation. The definition of liberalism is precisely to make sure that they are rules that ae respected to protect the poor , to preotect unprivilage. Righ? That is the definitin of liberalism economic as as *e* the doctrin has it. So it-- it is not (...) you know the regulation means liberalism. It is the other way round. Liberalism in economic matters is only made possible, and aceptable, and sustainable, if there are regualtion and regualtion are enforced. One of principle that is required in my view is also the prnciple of transparancy. The lots of practicies that can be acomodate -- acomodated by obscurity, by you know the darkness room like deals are up. Whereas if matter on trancsparacny (...) this thing don't happen.

**4.7 DA** : so it is a kind of recommendation you like to see applied *em* .... [not hear]

**CL** : well let take issue of derivative. Such a very good case. If there is sufficient transparancy then we know where to come part of , then we know the volume of derivative around the world is and we dont have this you know ulticy bussiness which is unquantifiable and and very uncertain. So transparancy is the key.

## **Part 5**

### ***Woman as a Leader***

**5.1 DA** : finally, this is exactly one year that you have been on ....

**CL** : yup

**5.2 DA** : I mean , how do you feel at that place (...) what main out of challengesthat you have been faced *en emm* in the first year?



**CL** : well the first challenge is to stay fit and to keep up because we are not sought of work to do, we are not sought of challenges , we are not sought of *em* solution *e* to be found. So that se .... **[not hear]**

**5.3 DA** : so it is 24 hours job for you?

**CL** : yea very much so. I mean I do wake up quite in middle of the night to check, you know, what , what going on what the team are doing in ceertain such corner of the world. Yea it is 24 hours job.

**5.4 DA** : do you have to sleep?

**CL** : I have to , yes **[laugh]**

**5.5 DA** : Ok well thank you madam Lagard it's great to see you but lovely batiks .

**CL** : yes , my proudly. Indonesian beautiful beautiful fabric.

**5.6 DA** : okay and thank you once again

**CL** : thank you,

**5.7 DA** : and pleasure

**CL** : pleasure to meet you **[shaking hand]**