

Indonesia: Cracks in the Suharto regime

Our reporters
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The Suharto government has agreed to severe austerity measures after the International Monetary Fund threatened to withhold credits from its \$33 billion package, sending the Indonesian rupiah and share prices plunging.

General Suharto was forced to sign the IMF agreement on national television on January 15 with IMF chief Michel Camdessus looking over his shoulder. Suharto was told he had no choice, given the catastrophic state of the Indonesian economy.

In the space of less than a year, annual per-capita income has fallen from \$1,200 to \$300 and stock market values from \$118 billion to \$17 billion. Only 22 of Indonesia's 286 publicly listed companies are considered solvent.

According to official estimates, nearly two million people have already lost their jobs, including about 500,000 workers in the textile industry. The state-run labor union has estimated that the unemployment rate could reach 11 percent of the country's estimated work force of more than 90 million. Many more will be underemployed.

Indonesia's military and police have been placed on alert. Riots have erupted in Bandung, not far from the capital of Jakarta, and in the east Javan town of Srono, as prices for basic items have climbed. Shops and supermarkets have been cleaned out and hoarding is widespread due to uncertainty over the availability and price of goods.

These conditions will worsen as the IMF package bites. Subsidies on vital items such as fuel and electricity are to be lowered.

The economic crisis has produced deep cracks in the 31-year-old military-backed regime. Six months ago Suharto appeared certain to be rubberstamped for a seventh term of office by the People's Consultative Council, due to meet on March 10. However, his formal confirmation as presidential candidate this week

once again sent the rupiah plunging to less than one-quarter of its previous value against the US dollar.

Earlier this month opposition figure Megawati Sukarnoputri, daughter of former president Sukarno, told a crowd of thousands of her supporters that a "peaceful succession" should be organized, and gave notice that she would be prepared to take the post of president.

Public appeals for Suharto to retire have come from Muslim leader Amien Rais, former Mines and Energy Minister Mohammad Sadli, and retired general Bambang Triantoro.

Concerns over Suharto's continued rule stem from doubts in ruling circles in Indonesia and internationally over his ability to implement the IMF demands and control growing social unrest.

Suharto seized power in 1965-66 in one of the bloodiest military coups of the twentieth century. With the direct assistance of US imperialism, Suharto and the Indonesian generals rounded up and butchered one million workers, peasants and members of the Stalinist Indonesian Communist Party (PKI).

Over the last three decades Suharto, his family and close military and business associates have consolidated their grip on large sections of the economy through a system of state-sanctioned monopolies.

Now the IMF, with the backing of US, German, French and Australian leaders, is demanding the dismantling of all barriers to foreign investment and an end to the privileges of Suharto and his cronies. Suharto's son Hutomo Mandalaputra has lost the lucrative trading monopoly in cloves, as well as special tax, customs and credit privileges for his national car program.

Twelve major state projects, including power stations, an oil refinery, and plans to build an Indonesian passenger jet, have been scrapped. Monopolies and

restrictions in timber, paper, cement, palm oil and flour processing have been ended.

Megawati represents a business layer that has suffered as a result of the domination of the Indonesian economy by Suharto and his cronies. Her appeal for the replacement of Suharto is an indication to international finance capital that she is willing to carry through a thoroughgoing economic restructuring to remove any barrier to its operations.

Workers and peasants cannot look to Megawati to defend their interests. Like her father, she appeals demagogically to the urban and rural poor with a mixture of Indonesian nationalism and empty economic promises.

Before and during the 1965-66 army coup, Sukarno, backed by the PKI leadership, played a critical role in undermining widespread opposition to the preparation and execution of the military bloodbath. If his daughter comes to power, she will be just as ruthless in suppressing protests, strikes and demonstrations against the falling living standards and mounting joblessness that her policies will inevitably cause.



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