

Protests re-emerge amid economic turmoil in Indonesia

Opposition leaders try to shore up Habibie

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Opposition figures in Indonesia, including Islamic leader Amien Rais, have cleared the way for President Habibie to attempt to cling to office, heading a thinly veiled military dictatorship, for at least 18 months.

A deal struck between Habibie and leaders of the ruling Golkar party on Thursday seeks to place the regime's puppet Peoples Consultative Assembly (MPR) in charge of plans for new elections. Habibie immediately declared that the elections may not take place until the end of 1999.

House of Representatives Speaker Harmoko, a long-time Suharto lieutenant, announced after a 90-minute meeting with Habibie that a consensus had been reached not to hold a meeting of the MPR until after a package of new election laws had been drafted for an election. Under this plan, the MPR, the same handpicked body that served Suharto for three decades, will be given the task of deciding on the extent of "democratic reform" to be allowed. Reportedly it has already been proposed that the "reforms" will preserve the power of the military and the president to nominate half the MPR itself.

Despite criticisms of the MPR, bourgeois opposition figures, such as Rais and other key members of his People's Council or MAR (Majelis Amanat Rakyat), have signalled their agreement with this framework. Buyung Nasution, a lawyer and member of the MAR said he favoured delaying a special MPR sitting to elect a new president until after the MPR had approved electoral reforms.

Rais was quoted as agreeing, saying that existing members of the MPR were appointed under the Suharto regime and had no credibility to choose new national leaders. The effective result is that Habibie has been offered time to consolidate his grip on power.

The deal is part of intense haggling in ruling circles involving Suharto's cronies, the military chiefs, visiting IMF officials and bourgeois opposition figures over how to shore up the regime in the face of re-emerging protests by students and workers and a further deterioration of the

economic crisis.

As Habibie and several of his ministers were meeting parliamentary leaders, 400 students rallied outside the national assembly, demanding Habibie's removal. Tanks and soldiers barred entry to the building as students chanted: "Bring Habibie down right now" and "Hang, hang Habibie. Hang Habibie next to Suharto."

One Academy of Foreign Languages student was quoted by *Agence France-Presse* saying, "It is not possible for anyone that was under Suharto to run this country, enough is enough." A student from the Jakarta Islamic University said, "The students fight for the well-being of more than 200 million Indonesians, we do not want any opportunistic groups to trample our mission to serve."

It was the first report of a student demonstration at the assembly since last Saturday when the military forced occupying students to leave the complex, although many had vowed to stay until Habibie followed Suharto in resigning.

In the key industrial centre of Surabaya, the country's second largest city, about 3,000 students began occupying the grounds of a government building earlier in the week, calling for the MPR to be convened immediately to replace Habibie.

At other campuses, students hung banners saying, "Habibie is the protege of Suharto, reform has not yet begun". Protests were announced at the elite University of Indonesia after a one-week lull.

There were also signs of wider unrest. A local newspaper reported that shops and banks were burned and looted in Tanjungbalai, 180km south-east of the North Sumatra provincial capital of Medan. Three banks were destroyed in the riots, triggered when the city's mayor walked out of a meeting on the elimination of nepotism. Hundreds of security police were deployed and at least 50 people were arrested.

At the same time, the economic crisis deepened when

the central bank, the Bank Indonesia, was forced to take control of the largest private bank, Bank Central Asia, to try to stem a two-day run on the bank and prevent a wider financial collapse. The bank is owned by the most powerful Indonesian conglomerate, the Salim family, and two of Suharto's children.

Shares in companies with links to Suharto--some of the biggest employers in the country--fell heavily in price. The reports of rioting in Sumatra sent the rupiah falling by 9.8 percent on Thursday to 11,700 to the US dollar, just one-fifth of its value before the financial meltdown began last year.

Various bourgeois opposition figures, together with Habibie and his cabinet, have also been in talks with Hubert Neiss, the International Monetary Fund's Asia-Pacific director, over how to implement the IMF's program of economic restructuring. Neiss arrived in Jakarta earlier in the week to set down the terms for a resumption of payments to the government under the IMF's \$US43 bailout package.

Neiss described the Habibie government's approach as "very encouraging," but said political stability was essential to restoration of investor confidence in the economy. He declared that the thrust of the IMF package would remain, despite the worsening of inflation and unemployment since Suharto signed the IMF agreement two months ago.

Acting on behalf of the major capitalist powers, the IMF is demanding that Habibie's administration or any opposition-led government implement the program of dismantling the Suharto regime's monopolies and state regulation in order to give the transnational corporations and banks unrestricted access to Indonesia's resources, industries and markets.

Figures such as Rais have publicly pledged to carry out this program, under conditions in which Golkar, the all-pervasive institution of political patronage and intimidation maintained by the military regime for three decades, is showing signs of breakup. This week two components of Golkar's corporatist web announced the possible formation of separate political parties. They were Kosgoro, a business affiliate, and MKGR, a coalition of family councils headed by a former Suharto women's affairs minister, Mien Sugandhi.

All these formations are striving to contain the demands raised by students and workers for democratic rights within the constitutional framework established by the military dictatorship and to enforce the dictates of the IMF, while preserving Indonesian business interests. The

figures involved in the machinations surrounding Habibie, including Habibie himself, as well as General Wiranto and other military commanders, have their own corporate empires or other vested interests in maintaining capitalist rule against the working class and impoverished urban and rural masses.

Army generals, who continue to dominate the regime, are officially paid a wage that is now worth only \$210 a month, but are sustained by military-linked enterprises and funds diverted from foundations established by Suharto. Even military equipment is purchased via these channels.

While the IMF is pushing for the abolition of a long list of economic privileges, Western financial commentators are warning that hasty action to break up the business ventures of the Suharto family and its associates, such as the Salim family, could lead to an economic collapse, fuelling social unrest, and damage the interests of the many global giants, such as Nestle, Siemens, Ciba Geigy, General Electric and British Petroleum, which are in partnership with various Suharto enterprises.

A recent article in the *Times of London* noted that the Suharto family and its cronies were linked to 2,500 firms, often in joint ventures with multinationals. It quoted an Indonesian businessman stating: "If you pull it apart you will undo the whole fabric of society. And that is the last thing the economy needs at the moment."

This entire edifice now relies heavily on opposition figures, as well as the military, to prevent a social explosion and head off the development of an independent political movement in the 90-million strong working class.



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