

Letters on the Indonesian crisis

11 September 1998

Dear sir/madam,

Could you please send me information on the involvement of the IMF with helping Indonesia's economic crisis. Such information as how much the IMF gave Indonesia and in what way the IMF involvement has affected Indonesia socially and politically.

Yours sincerely,
DP

Dear DP,

Thank you for your inquiry to the *World Socialist Web Site* regarding the role of the International Monetary Fund in the Indonesian crisis.

I have appended two articles. The first was written in March prior to the eruption of the student demonstrations and the forced resignation of Suharto. It makes clear what was behind the sharp differences between the IMF and the Suharto regime over the implementation of the austerity measures contained in the \$US43 billion bailout package for Indonesia.

As we said at the time, the IMF agreement set out a detailed prescription for every aspect of the Indonesian economy from bank restructuring to ending monopolies, subsidies and trade controls and the cutting of government budgets. When Suharto agreed to implement the terms of the deal and slash subsidies on basic items like fuel and food, it sparked widespread discontent.

Habibie, who was installed as president after Suharto resigned, continues to follow the IMF's directives. The only modification has been a delay in the ending of some subsidies on food, kerosene and other basic items.

For its part, the IMF has insisted a monthly review of the Indonesian economy take place before any funds are disbursed. As far as I know only a small amount of the \$US43 billion has actually been provided to Indonesia--less than \$US8 billion.

The second article was posted on the *World Socialist*

Web Site September 3 and details the impact of the economic crisis on the Indonesian masses.

I would encourage you to keep reading the *WSWS* as we regularly post articles on Indonesia. We also have a number of articles in Indonesian on the *WSWS*, including a pamphlet on political lessons of the Indonesian coup of 1965-66.

I would be interested to know what you think about our articles and the *WSWS*, and also to receive any information you may have about the situation in Indonesia.

Regards,

Peter Symonds

World Socialist Web Site

'Chinese-Indonesian entrepreneurs own two-thirds of the country's 300 biggest companies and 80 percent of the corporate assets, often in partnerships with Suharto family members.'

In order to become a public company, a company has got to be well-run. Many Chinese Indonesian entrepreneurs aspired to make their companies public so they can raise capital without the need to borrow from the banks.

If 80 percent of the public companies are owned by Chinese Indonesians, it is only an indication that the Chinese Indonesians are capable and hardworking entrepreneurs. It doesn't mean they own 80 percent of the entire Indonesian economy.

Because the country's economy doesn't only consist of public companies, there are other sectors, with bigger capitalization or corporate assets which are dominated by foreign cronies of Suharto, e.g., in natural resources. Since many of these companies are majority owned by foreigners, their assets are excluded from many nations' statistics. Then there are the millions of unincorporated, family-owned businesses. Why scrutinize only the Chinese-Indonesian cronies of Suharto? He has pribumi and Arab cronies too, like Bakri.

Statement like yours have given rise to the hyperbole in the western media, that the Chinese-Indonesians dominate 70-80 percent of the 'Indonesian economy'. Not only is such hyperbole very misleading, it indirectly justifies the persecution of the Chinese Indonesians.

To depict their role properly, you ought to compare their corporate asset against their sales/revenue, and measure this in turn against the nation's GDP or so. Also, comparing each ethnic group's assets and the revenue produced is a more positive way to measure productivity, instead of encouraging discontent.

TMS

Dear TMS,

Thank you for your note to the *World Socialist Web Site* concerning the ethnic Chinese entrepreneurs in Indonesia. I apologise for the delay in replying.

Let me say from the outset, however, that I do not agree that our articles in any way justify the persecution of Chinese Indonesians, either directly or indirectly.

You do not indicate the article from which you quote, so I will explain our basic standpoint. As socialist internationalists, we oppose all forms of racism and nationalism. We have made clear in a number of articles that the purpose of the anti-Chinese racism in Indonesia is to divide working people along racial lines and to divert attention from the real source of the economic crisis which lies in the capitalist system.

I have appended an article that I wrote for the *WSWS* in February which exposes the role of the military and the regime itself in fueling anti-Chinese sentiment. It also points to the long history of anti-Chinese racism in Indonesia, both under Suharto and Sukarno.

The fact that Chinese-Indonesian entrepreneurs do own around two-thirds of the largest corporations has been seized on by racist elements to make ethnic Chinese the scapegoats for the economic crisis. As I explain in my article, the vast majority of ethnic Chinese are not rich entrepreneurs but small traders and workers. I would be interested in any detail you may have about the role of Chinese Indonesians.

But I do not agree with your suggestion that the 'discontent' will subside if a more accurate measure is made of the productivity of different ethnic groups. In fact, the whole approach is based on the same racial outlook that you seem to oppose--comparing groups on the basis of ethnic background.

The real producers of wealth in Indonesia are not the handful of rich entrepreneurs, whether Chinese, pribumi, Arab or other, but the downtrodden working masses--workers, small traders, peasants, the rural and urban poor.

It is the Indonesian capitalist class as a whole and their international backers who brutally exploit the working class and who are directly responsible for the present economic crisis. The basis of our socialist program is to unite workers in Indonesia and internationally to end the economic and political domination of this parasitic class--whatever their ethnic background.

I trust my reply has helped to clarify our position.

Regards,

Peter Symonds

World Socialist Web Site

See Also:

Behind Indonesia's anti-Chinese riots

[14 February 1998]

Behind the Suharto-IMF confrontation

[18 March 1998]

ILO report predicts: Two thirds of Indonesians to be in poverty by mid-1999

[3 September 1998]

Lessons of the 1965 Indonesian Coup

[A detailed analysis of the rise to power of the Suharto regime]



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