

Indonesian bank workers protest closures and job losses

Keith Morgan
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Bank workers across Indonesia have begun protest action following the government's closure of 38 banks last Saturday. According to the newspaper *Kompas*, 17,000 workers found themselves redundant and their entitlements slashed when they turned up for work on Monday. In banks where they have been locked out, workers staged sit-ins and made up placards attacking bank owners for refusing to pay adequate redundancy packages.

In banks that were winding up but still trading, employees have refused to carry out withdrawals for customers. A number of banks have been surrounded by large contingents of police and military in an attempt to intimidate the staff, prevent any escalation of industrial action and supervise the closure.

Hundreds of workers demonstrated on Monday in Jakarta outside the head offices of Bank Putra Surya Purkasa (PSP), Bank Aspac, Bank Lautan Berlian, Bank Central Dagang (BCD) and Bank Gajah Perkasa (SGP). A delegate, Ronald, speaking on behalf of 800 BCD employees, said workers were demanding a separation fee of two to four times higher than the amount allocated under manpower regulations--four weeks pay for every year of service.

Given the collapse in the value of the rupiah, the payout figure has lost 60 percent of its value. With record levels of unemployment, there is little chance of finding alternative employment. Already an estimated 40 percent of the population is living below the poverty line.

A Bank Aspac employee said his workmates had been picketing the Bank Aspac building in West Java since March 8 from eight until 11 at night, demanding talks with Thomas Suyatro, the bank president. Speaking on behalf of 1,000 employees, he said: "The story is always the same--the President has left town".

The protests by bank workers are widespread. Opposition is also taking place in the cities of Medan, Semarang and Surabaya. In Surabaya, where the situation is tense, the banks earmarked for closure were surrounded by police and security guards. The gates of the banks are kept closed with employees locked inside still carrying out administrative duties.

Neither of the two unions covering bank workers have opposed the job losses and closures. The Business, Banking and Insurance Labour Union Chairman Bomer Pasaribu has called for the merger of weak banks with the so-called strong ones. His counterpart from the Indonesian Association of Banking and Finance Labour Unions (Aspek) is demanding that the government involve the unions in the restructuring process.

The government initially delayed the closures, prompting fears that behind-the-scene deals were in motion to allow some of the banks time to recapitalise bad loans. Relatives of former president Suharto, who was forced from office last May, own three of the banks. Bank Papan Sejahtera, owned by prominent opposition Islamic leader Abdurrahman Wahid, was shut.

IMF official Hubert Neiss and representatives from the Asian Development Bank and the World Bank met with Indonesian President Habibie just prior to the announcement to insist that the bank closures proceed. Flanked by IMF and World Bank officials, Finance Minister Bambang Subianto revealed that as well as the closures, the government will inject new capital into nine ailing banks and take over seven more in an effort to rehabilitate several of the country's largest financial institutions.

The international credit rating agency Standard & Poors said the government decision was "a positive

step" but added that it was "inadequate given the operating risks facing banks in Indonesia". It is virtually impossible for Indonesian banks and finances houses to raise loans as the country has a "junk" rating of CCC+ from Standard and Poors and B3 from Moody's credit rating agency, worse than any country other than Pakistan.



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