

As the elections draw near

Exposure of Suharto's billions puts Indonesian regime on the defensive

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An extensive report on the Suharto family's huge wealth in the May 24 issue of the US-based *Time* magazine has thrown Indonesian President Habibie and the ruling Golkar Party onto the defensive in the midst of the campaign for the country's national elections on June 7.

In the year since Suharto's forced resignation, the Habibie government has conducted token investigations into allegations of corruption against the family and its close business associates. The only charges that have been laid are those against Suharto's youngest son Hutomo "Tommy" Mandala Putra for allegedly defrauding a state agency of \$11 million in a real estate deal.

Golkar Chairman Marzuki Darusman told the *Kompas* newspaper last weekend that the Habibie government had "to determine its position" on the *Time* article—whether it was "advisable" to follow up the report or simply declare it to be untrue. Marzuki expressed his concern that "many are actually under the impression that the case would not be solved under this government, as a deeper investigation would widely implicate the present regime".

Last Friday thousands of students marked the first anniversary of Suharto's downfall with protests in Jakarta and Surabaya demanding that he be put on trial. About 3,000 students gathered outside the parliament building in the capital of Jakarta which had been occupied by protesters a year ago in the course of the demonstrations against Suharto. Police and troops fired shots into the air to disperse the protest. A smaller group of about 100 students was prevented by police from marching to Habibie's home. In Surabaya, Indonesia's second largest city, thousands of demonstrators took part in street marches.

The *Time* article estimates that despite the impact of the Asian economic crisis, Suharto family members still control assets worth at least \$15 billion in Indonesia and numerous other countries "from the US to Uzbekistan, the Netherlands, Nigeria and Vanuatu".

Suharto made a rare public statement dismissing the article. He insists that the sum total of his wealth consists of 19 hectares of land and \$2.4 million in savings. *Time*, however, drawing on information from the US Treasury and diplomatic sources, alleges that last July the extraordinary sum of \$9 billion in "Suharto money" was transferred from a bank in Switzerland to a nominee bank account in Austria.

Time provides details of the personal fortunes and ostentatious wealth, including luxury yachts, apartments, a golf course and a fleet of jet aircraft, accumulated by members of the Suharto family over the last 32 years on the basis of their connections with the military-backed regime:

"After hundreds of interviews with former and current Suharto friends and government officials, business associates, lawyers, accountants, banks and relatives, as well as examinations of dozens of documents (including bank records of outstanding loans), *Time* correspondents found indications that at least \$73 billion passed through the family's hands between 1966 and last year. Much of that was from the mining, timber, commodities and petroleum industries. Bad investments and Indonesia's financial crisis have reduced the sum substantially. But evidence indicates that Suharto and his six children still have a conservatively estimated \$15 billion in cash, shares, corporate assets, real estate, jewelry and fine art—including works by Indonesian masters Affandi and Basoeki Abdullah in the collection of Siti Hediati Hariyadi, the middle daughter known as 'Titiek'."

The report is scathing on the government's own investigations: "[T]he wheels of justice have barely started moving. Attorney-General Ghalib says Suharto has handed over to the government seven foundations [*yayasan*] with \$690 million in assets. Members of Ghalib's own staff, however, say Suharto continues to control those holdings and that the foundations are worth far more than that. Three of the foundations together have an 87 percent stake in Bank Duta, which had assets of \$1 billion in 1990. Yet in investigating the foundations, Ghalib has not gone beyond their printed records, which he has turned over to a state auditing board for analysis. Says Ghalib's predecessor Soedjono: 'This investigation isn't going anywhere.'

"Soon after Suharto's resignation, then Attorney-General Soedjono examined the books of the four largest *yayasan*. What he found was unsettling. 'These foundations were set up to deliver social services,' he says, 'but Suharto had distributed the money to his children and friends.' Soedjono discovered that one of the largest foundations, Supersemar, had dispersed 84 percent of its funds on unauthorised pursuits, including loans to companies owned by Suharto's children and friends. Suharto, as children, had to sign any check over \$50,000. Soedjono submitted a preliminary report on his findings to President Habibie last June. He was fired five hours later. (The President says Soedjono was dismissed because he stepped outside the line of command on another matter.)"

The reasons for the lack of fervour in prosecuting Suharto and his children are not difficult to find. In response to a question by *Time* reporters on allegations of corruption concerning the National Logistics Agency and the state oil company Pertamina, Attorney-General Ghalib bluntly admitted: "Maybe the reason is, if we want to investigate all of them, because he was the President, so, of course, many of them are connected, including us."

Many of the present cabinet including Habibie, served under Suharto and benefitted from the system of patronage dispensed via state-granted monopolies, as well as contracts with state bodies and state-owned companies. Habibie and his family control or have extensive shares in a range of companies linked with government projects, state-owned and military-run enterprises and affiliated banks. While small in comparison to the Suharto family, the Habibie empire, which includes interests in chemicals, construction, real estate, transport and communications, is estimated to be worth at least \$40 million.

Moreover, any serious investigation would probably uncover financial connections between the major opposition figures—Megawati Sukarnoputri, Amien Rais and Abdurrahman Wahid—and various state bodies and institutions. These opposition leaders were only able to take part in political life with the tacit approval of Suharto. They had close connections with the state bureaucracy and military apparatus. The same was undoubtedly true for their business interests.

Megawati's husband Taufik Kiemas is a prominent Indonesian businessman. Wahid, as emerged in the latest round of bank restructuring, was the owner of the now-closed Bank Papan Sejahtera. According to an article on the elections published by the US-based Asia Society, Rais is an entrepreneur and with his wife owns a food stall outside their home in Yogyakarta which he boasts “produces more income than did his previous post as dean of the law faculty at prestigious Gadjah Mada University”.

These financial connections go some way to explaining why Rais, Megawati and Wahid are noticeably reluctant to commit themselves to putting Suharto on trial should they win the elections. The *Time* article comments: “Two leading presidential candidates, Amien Rais and Abdurrahman Wahid, say they would order a trial for Suharto, probably followed by a pardon if he returns ill-gotten gains. Megawati Sukarnoputri, daughter of founding President Sukarno and herself a presidential candidate, hasn't made herself clear. Some analysts think she will leave Suharto alone, out of gratitude for his not imprisoning her father.”

Suharto also continues to wield considerable personal power behind the scenes. He was compelled to step down last May but the regime established through the CIA-organised military coup in 1965-66 remains intact. Suharto retains many close ties with sections of the military, the state apparatus and the cabinet, including Habibie.

An article published in the *South China Morning Post* on February 2 provided evidence that the Suharto family was providing financial backing for 12 of the newly-formed political parties. “They want to maintain political influence and to make a political defence mechanism. They also want to create a political safety net by providing this kind of financial support,” Mulyanah Kusumah, head of an independent election monitoring committee, said. A party official with Rais' National Mandate Party (PAN) was quoted as saying that it had been offered and rejected 11 billion rupiah from the Suharto family.

The *Time* feature purports to be a disinterested exposé, based on information unearthed in a four-month investigation covering 11 countries. But its content and timing are most damaging to Habibie. Sections of big business in the US are clearly keen to establish a new government in Jakarta which is not so weighted down by its ties to Suharto and will press ahead with the program of economic restructuring demanded by the International Monetary Fund (IMF).

The US administration is also keen to undercut Habibie and the Golkar Party. US Treasury Secretary Robert Rubin last week told a

subcommittee of the Senate Appropriations Committee that “Europe, the United States and others” felt that aid to Indonesia “ought to be held up until after the election”. Administration officials told the *New York Times* that there was a concern that World Bank money would be used by Golkar to fund its campaign and pay for votes. About \$1.1 billion in projected aid is now to be withheld until after June 7.

US strategic interests in Indonesia were spelled out in an article entitled “Why Washington keeps an Eagle Eye on Indonesia” posted on the *Time Daily* website on May 21. “The United States has a lot more at stake in Indonesia's election than simply a basket-case economy in need of rescue from decades of corruption. ‘Indonesia is the key US geopolitical ally in the region,’ says *Time* correspondent William Dowell. ‘For more than 30 years it's mobilised the Pacific Rim countries to stand up to China's regional ambitions.’ The 17,000-island archipelago is the world's fourth most populous nation, and controls vital sea routes in the Pacific. And that's why the campaign for the June 7 poll, which began on Wednesday, is setting off alarm bells in Washington.”

The article then points out that the Indonesia army “is holding the whole place together” and warns of political and social unrest, and possible military intervention after the polls. “Despite its built-in near-majority, if the army's party is trounced at the polls it may be persuaded to share power, on its own terms, with the opposition. That's if the election goes ahead: Analysts fear that the campaign could ignite the violent social unrest that has bubbled under the surface since last year—and if there's one thing the military can't stand, it's civilian chaos.”

The remarks are revealing of the discussion in US ruling circles. Firstly, the situation in Indonesia is being watched very closely in Washington. Secondly, the writer recognises that whoever wins the poll—Habibie or the opposition leaders—the military will be the real power behind the next government. Thirdly, if social unrest and political opposition boils over, the army will not hesitate to take control.

In that light, the one-sided character of the much-publicised *Time* investigation takes on a particular significance. The *Time* media empire is prepared to devote considerable time, money and resources to a lengthy investigation of the great wealth piled up Suharto and his children. But it goes without saying that no such inquiry will be launched into the responsibility of Suharto, the Indonesian military, the US and other major powers for the systematic massacres following the 1965 coup that resulted in the deaths of at least 500,000 workers, peasants and members of the Communist Party of Indonesia (PKI).

These horrific crimes are passed over in silence by the international media since any detailed examination of the Suharto coup would expose as a sham the expressions of concern over democratic rights in Indonesia by various representatives of the political elites in Jakarta, Washington and elsewhere.



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