

Indonesian opposition leader Megawati breaks two months' silence

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After nearly two months of silence following the June 7 Indonesian national elections, opposition figure Megawati Sukarnoputri staked her claim to government in a nationally televised speech lasting 80 minutes on Thursday. She said she had a mandate from the people to form a new government and called on President B.J. Habibie “not to take strategic and binding decisions without consulting the party which represents the majority of the vote”. Her Indonesian Democratic Party-Struggle (PDI-P) won 33.7 percent of the vote as against just 22 percent for the ruling Golkar Party.

Megawati's speech reflected the precarious political balancing act in which she is engaged in the lead-up to November's convening of the People's Consultative Assembly (MPR), which will formally choose the next president and vice-president. She said her silence had been “a strategy to face the uncertainty and murkiness in our political world, full of political games and intrigues”.

The speech was aimed at placating international demands for a clearer policy statement, while building support among the military top brass and seeking the allies for the MPR vote. At the same time, she wants to retain her carefully cultivated image as a “reformer,” a friend of the poor and the political successor to her father, Indonesia's first president Sukarno. As well as PDI-P supporters, representatives from other parties, including the National Awakening Party (PKB), the National Mandate Party (PAN) and the Justice and Unity Party, a Golkar breakaway, were present during the address.

Megawati has been under pressure from the UN and the major powers to reverse her opposition to independence for East Timor and state unequivocally her willingness to abide by the results of the UN-supervised referendum to take place on the island at the

end of August. Only on Tuesday, Indonesia's major donors including Australia, the US and European countries, meeting in Paris, announced that any failure to ensure “a secure environment” for the ballot would affect provision of financial aid to the country. The group agreed to provide the \$6 billion needed to shore up the country's immediate budget shortfall.

In her speech, Megawati stated for the first time that she regarded the agreement signed by Portugal and Indonesia to hold the referendum as binding and thus would accept the outcome. But she was highly critical of Habibie's decision to hold the poll, saying it was “in contempt” of the 1978 MPR decree making East Timor the 27th province. Furthermore she emphasised that no ballots would be permitted in other areas where there are separatist movements such as Aceh and Irian Jaya.

Her opposition any breakup of Indonesia is aimed in particular at garnering support from sections of the military leadership who have opposed any independence moves, encouraged the activities of the militia on East Timor and are currently engaged in an offensive in Aceh against separatist guerillas and their supporters. Megawati also made clear that any phasing out of the military's direct role in political life would take place only gradually in line with an agreement reached with other opposition leaders, including PAN's Amien Rais and the PKB's Abdurrahman Wahid last November.

In a move which may signal a more determined political attack on Habibie, Megawati promised to investigate all senior government officials, including the current president, and to have “all deviations and criminal acts” tried in court. The comment highlights Habibie's close relation with Suharto as his protégé, anointed successor and vice-president under the previous regime. Any close investigation of Suharto or

his ministers, generals and state bureaucrats is unlikely, however, as it could bring to light Megawati's own close relations with sections of the military and state bureaucracy.

In an attachment to the speech, portions of which were published in the *Jakarta Post* newspaper, Megawati outlined the main planks of her economic program including the privatisation of state companies, increasing tax revenues, and “realigning” government expenditure—measures that will lead to further cutbacks to the jobs, services and living standards of workers, small farmers, students, the unemployed and poor.

Megawati has previously promised to implement the restructuring plans of the International Monetary Fund (IMF). Her latest statement reads like an IMF prescription: “Measures to restart the economy will include restructuring financial institutions and private debts, improving corporate governance, reforming capital and money markets and improving the climate for investment.”

The impact of these policies on the lives of ordinary Indonesians, already hard hit by the country's protracted economic crisis, will be devastating. The national elections have raised the expectations of broad layers of people that the next government will provide jobs and improve their standard of living.

There are many indications of the country's continuing economic problems and worsening social breakdown:

* Last week the World Bank released a report warning that economic recovery was far from assured. The bank cited the huge unresolved debts of the private sector, a low level of output, difficulties in the banking sector, and increasing poverty as the most pressing problems. Indonesia's official foreign debts are estimated at nearly \$70 billion and the economy is estimated to be operating at 15 to 20 percent below capacity.

* The government announced a fortnight ago that a massive \$82 billion was needed to recapitalise the country's state and private banks. The figure amounts to almost 150 percent of the inflation-adjusted Gross Domestic Product of Indonesia. As the *Jakarta Post* put it: “Measured on a fiscal cost-to-GDP basis, Indonesia's banking fiasco ranks as the world's worst since the 1970s.”

* The number of districts in the capital Jakarta

officially designated as slums has risen rapidly in just six months from 106 in January to 135 in June. As one government official explained: “More and more people have been forced to live in overcrowded houses. The rainy season has started... and conditions in the slums are filthy because the water does not drain off. Puddles filled with garbage are seen everywhere in these places... The houses do not have ventilation or proper flooring. More people will be forced to use soapy water from shared wells for their baths... or even for consumption.”

* A survey by the Central Bureau of Statistics carried out in December, and just released, found that the number of children forced to work to supplement the family income rose sharply from 1,644, 227 in 1997 to 1,809,935 in 1998. The International Labor Organisation (ILO), however, issued a statement saying that the figure was too low, particularly as six million children dropped out of school last year due to the economic crisis. “Without assuming that all of the children (who dropped out) have to work, the number is still too low, especially if we remember that child labour is often an illicit and illegal business,” the ILO's Jakarta office commented. The statement pointed out that children were present in almost all sectors, including mining, prostitution, construction, offshore fishing and jobs which exposed them to dangerous chemicals.

Such conditions are likely to rapidly shatter any illusions in a government led by Megawati or other opposition figures and lead to further social and political convulsions.



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