

Indonesian parliament convenes amid a mounting political crisis

Peter Symonds
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When the Indonesian elections were held in June, media commentators and political figures both in Jakarta and internationally predicted, or at least held out the hope, that the poll would inaugurate a new period of democracy and economic and political stability.

Less than four months later, these predictions have been all but forgotten. The new parliament is to be sworn in today after weeks of protests against the decision to introduce tough new security legislation giving the military extensive powers during a state of emergency. Since last Friday, police and soldiers have killed at least six protesters. On Tuesday, Muhamad Yusuf Rizal, 22, was shot dead during a demonstration in Bandur Lampung in Sumatra while student leaders were negotiating with police.

The *Jakarta Post* last weekend indicated that 60,000 police and troops armed with tear gas and rubber bullets would be deployed throughout Jakarta during the People's Consultative Assembly (MPR) meeting. The capital's military commander Major General Djadj Suparman called on residents not to take part in any protests, alleging that the participants had not been “bona fide”.

As on previous occasions over the last year, the military-backed regime has relied heavily on opposition leaders to suppress the anti-government protests and the demands of students, workers and others for democratic reforms and improved living standards. At a meeting convened by Armed Forces chief General Wiranto on Tuesday, all the major parties agreed to do what they could to ensure that the session of the MPR “ran smoothly”. Those present, including the opposition figures—Megawati Sukarnoputri, Amien Rais and Abdurrahman Wahid—pledged not to mobilise their party supporters during the parliamentary session.

The MPR is due to choose the next president and vice-president in early November, but already calls have been made to speed up the process. President B.J. Habibie is facing an acute political crisis as a result of the country's continuing economic stagnation, the Bank Bali scandal—involving some of his closest political

associates—and a barrage of criticisms over his handling of the East Timor referendum.

Habibie, a protégé of Suharto and his vice-president, was only inserted in office in May 1998 after the former military strongman was forced to step down. While Habibie has secured the presidential nomination of the ruling Golkar Party, he is under growing pressure to stand aside before the MPR election takes place. On Wednesday, representatives from five Islamic parties, including Rais' National Mandate Party (PAN) and Wahid's National Awakening Party (PKB), urged Habibie to reconsider his candidacy “for the good of the nation”. General Wiranto and Golkar chairman Akbar Tanjung, who has not ruled out replacing Habibie as the ruling party's candidate, attended the meeting.

Habibie has been increasingly under attack for his decision earlier in the year to permit a UN-supervised referendum on East Timor. Called before parliament last week, he defended his policy, saying it was necessary to “set Indonesia free from international pressure” but was critical of Australia's actions. “The government will take into account the prevailing views among the majority of the people against the attitude and behaviour of Australia on East Timor,” he said.

His speech drew bitter responses from within his own party and from the opposition. PDI-P spokesman Sabam Sirait said: “The government's decision was a timebomb which is still exploding in the form of criticism, indignity and demonstrations. As party of the nation, PDI-P feels humiliated by the presence of a multinational force in our territory.”

Wiranto and the military chiefs have been able to exploit feelings of outrage at the Australian-led intervention in East Timor to bolster their own political position, which had been the subject of sharp criticism in the wake of Suharto's resignation.

A recent column from the US-based *Foreign Affairs* magazine noted: “Despite the loss of East Timor, the army's support for anti-independence forces in the territory has augmented its domestic political influence in the run-up to

November's presidential poll... Ultimately, Habibie has been humiliated both at home and abroad by his failure to control the activities of soldiers in East Timor, who actively participated in the Timorese militias' scorched earth policies. The president's hope for securing re-election in November appears ruined, and a powerful warning has been sent to other aspiring civilian politicians.

“In response, the leaders of Indonesia's major political parties have tempered their own demands for a reduction in the military's deep involvement in politics and government administration. A year ago, amid student demonstrations surrounding the extraordinary meeting of the MPR to consider new political laws, four prominent leaders called for the military's role in politics to be phased out over five years. Today, the same politicians actively court military support for their preferred presidential candidates.”

Chief among these is Megawati who has attacked Habibie for holding the East Timor ballot, and is reportedly seeking a possible alliance with Wiranto in order to secure the presidency and the backing of the military for a PDI-P led government. The armed forces formally only hold 38 out of the 700 seats in the MPR, but active and retired army officers are among the top leadership of both Golkar and the PDI-P. Moreover, the military may be among those selected for the 200 appointed positions in the MPR from provinces and special interest groups.

Habibie is also under siege as a result of the scandal that erupted over allegations that \$US70 million was siphoned into a company controlled by his close political associates. Bank Bali paid the sum as a fee for the recovery of loans owed to it by other banks that had been placed under the control of the country's Bank Restructuring Agency. The loans of some \$100 million were, however, guaranteed, and so the fee of about 60 percent was little more than a thinly disguised donation to the Golkar Party, allegedly earmarked for Habibie's re-election campaign.

After details of the deal were leaked to the press in July, the government was compelled to hire PricewaterhouseCoopers to investigate. The International Monetary Fund, World Bank and Asian Development Bank have all demanded the release of the investigation's full findings and have withheld the latest installments of the \$43 billion rescue package aimed at shoring up the Indonesian economy. Last Friday the outgoing parliament demanded that Habibie suspend seven top officials, including the finance minister and the governor of the country's central bank.

Even if Habibie finds a way out of the Bank Bali scandal, US Secretary of State Madeleine Albright recently warned that the US may withhold loans and aid to Indonesia unless it protects the 100,000 to 200,000 East Timorese refugees

estimated to be in camps in Indonesian West Timor.

Indonesia's chief finance minister Ginandjar Kartasasmita has dismissed claims that the lack of international funds will adversely affect the economy. Nevertheless all the indications are that the country is stagnating economically. Furthermore the stockmarket has plunged 26 percent after recovering to 716.46 on June 21, and the value of the rupiah has fallen sharply from 7,235 to the US dollar on June 21 to 8,450 this week. Kartasasmita was one of seven ministers to resign this week from the Habibie cabinet to take up positions in the new MPR as the nominees of provincial councils and special interest groups.

The country's economic instability and continuing social crisis have in turn fueled tensions expressed in the ethnic rioting in Ambon and Kalimantan, and separatist movements in Aceh in northern Sumatra, and Irian Jaya (West Papua). Behind the criticisms of Habibie's decision on East Timor lies the concern that it will only encourage demands for independence creating even greater political instability across the country.

The nervousness in ruling circles over events in Indonesia was expressed in an editorial in the *Chicago Tribune* on Tuesday, stating: “Indonesia, the world's fourth largest country by population, is at a critical juncture in history: It is as easy to imagine the nation successfully completing its democratic transformation as it is to envision it tumbling into dictatorship or breaking apart.”

During its five decades of formal independence, the country's tiny wealthy elite, first under Sukarno and then Suharto, has been compelled to rely heavily on the repressive powers of the military. Whatever form the next government finally assumes, the military will continue to play a central role in maintaining the capitalist order in Indonesia, under conditions of continuing economic crisis and deepening social polarisation.



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