

Indonesian president faces a confrontation at next month's MPR session

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Events of the last week in Jakarta confirm that the August 7-8 session of Indonesia's People's Consultative Assembly (MPR) is shaping up as a critical turning point for President Abdurrahman Wahid. Spokesmen for the major parties have publicly ruled out any move to impeach Wahid but behind the scenes the possibility is obviously being actively canvassed. The principal reason why the public debate is somewhat muted is the fear on all sides that the political wrangling will cause the rupiah and share prices to fall even further and compound the country's already precarious economic position.

The prelude to the MPR session took place last Thursday in Indonesia's lower house of parliament or DPR. The two largest parties—Golkar, the political instrument of the Suharto dictatorship, and Megawati Sukarnoputri's Indonesian Democratic Party-Struggle (PDI-P)—had joined forces to pass a motion requiring that Wahid explain to parliament his reasons for sacking two key economic ministers in April. In a closed door meeting with parliamentary leaders following the dismissals, Wahid had accused the two—state enterprises minister Laksamana Sukardi from the PDI-P and trade minister Yusuf Kalla from Golkar—of corruption. The ex-ministers have denied the allegations and no charges have as yet been laid.

Wahid provoked an uproar in the DPR and in the media by attending the parliamentary session but refusing to offer any explanation for the sackings. In a statement read out by State Secretary Djohan Effendi, he claimed that the constitution did not allow for the questioning of the president by the DPR and all but accused parliament of betraying the constitution. Wahid sat through the session as politicians criticised his administration and called on him to apologise for “slandering” the ex-ministers.

In a speech at the presidential palace the following day, Wahid went on the offensive, saying: “I am not worried and I don't care about the uproar among the political elite, which want to depose the president. We have a constitution in which the president can be impeached only if he violates the constitution or if he betrays the state.” Dismissing criticism, he added: “I only listen to it. I don't think much about it.”

By Friday afternoon, however, Wahid backed off and sent a letter of apology to the DPR speaker Akbar Tanjung, who is also Golkar chairman. The president said that “he did not mean to deny the rights of the House” and offered to provide an explanation of the ministerial changes in a closed door meeting with parliamentary members. The letter appeared to stem, at least for

the moment, any move to oust Wahid. During the day more than 100 legislators had signed a petition expressing their “deep dissatisfaction” with his refusal to answer questions. If approved by the full parliament, the petition would be the second procedural step towards calling a special MPR session to remove the president.

More is at stake than the indignation of parliamentarians over the sackings or the fate of the Laksamana and Kalla. Wahid defeated Megawati for the presidency in the MPR last October with the support of Golkar, the military and a conservative Islamic bloc led by MPR chairman Amien Rais. Having inserted Wahid as president, however, the MPR then selected Megawati as vice-president when street protests by PDI-P supporters pointed to the potential for wider unrest if she was not included. Wahid's “national unity” cabinet, containing members of all the major parties, was the product of horsetrading between the main parliamentary powerbrokers.

Over the last nine months Wahid has had to thread his way through a political minefield. Lacking any significant social base of his own, he has had to try to keep all the major parties on side. At the same time he has been under intense pressure from the IMF and major powers to implement a far-reaching economic “reform” program aimed at cutting government spending, restructuring the banking system, and pulling down the myriad of monopolies, trade barriers, subsidies and economic privileges erected under Suharto. While implementing economic policies that will further undermine living standards, Wahid also has to try to dress up his administration as one meeting the aspirations of broad masses of people for democratic reform and improved social conditions.

Politicians and the media have criticised Wahid for his erratic and abrupt shifts of position, his penchant for overseas travel and his lack of economic understanding. But far from being simply his personal idiosyncrasies Wahid is being buffeted by forces over which he has little or no control. His tentative moves to secure control of the military by removing the Suharto-appointed armed forces chief General Wiranto, to prosecute members of the Suharto family and to implement free market policies have made him enemies among those most closely connected with the Suharto regime—sections of the military, Golkar, the state apparatus and big business.

Perhaps the most significant aspect of last week's events is the growing collaboration between Golkar and the PDI-P. For all her claims to be a “democrat” and a “reformer,” Megawati, like

Wahid, has always had close links to sections of the military and the state apparatus. In the lead-up to the current parliamentary session, Golkar and the PDI-P—the two largest voting blocs—combined forces to require Wahid to provide an explanation to the DPR. Megawati, who previously read out the budget speech for the blind Wahid earlier in the year, pointedly declined to read the president's statement last week.

The Jakarta media has pointed to a push for Wahid to be replaced by Megawati during the MPR session next month. While that appears to be unlikely at present, Wahid will certainly come in for sharp criticism. In an interview in the *Tempo* magazine last week, Amien Rais accused Wahid of making “chattered statements” and repeating the mistakes of previous leaders by “creating his own cronies”. “[We] don't want to put him aside,” Rais said, but added rather patronisingly: “I think a wise teacher will not mention a student's bad report. The teacher will give him another chance. However, if he failed again, maybe the teacher will need to find a better student.”

Golkar's chairman Tanjung launched a more scathing attack at a party conference last week, saying: “Like a long dark tunnel, the nation can now only see a slight ray of hope at the end of it.” “Controversial statements and policies” have caused political instability, he said, making “economic recovery even more difficult”. But he stopped short of calling for Wahid's replacement, warning instead that Golkar was calling on other parties to support a formal rebuke of the president in the MPR.

Significantly Tanjung indicated his backing for Megawati saying that if Wahid failed to make the necessary changes he should “only perform affairs of state, while his vice-president takes over daily operations.” Last October Tanjung and Rais were instrumental in ensuring that Megawati, whose party has the largest number of MPs, did not win the presidency. If Golkar is now considering Megawati as a possible replacement for Wahid then it can only be because she has further accommodated to Suharto's old political cronies who are concerned at any encroachment, not matter how minimal, on their political and financial interests.

International finance capital, however, is insisting that the Indonesian government press ahead with the dismantling of any barrier to foreign investment, including the monopolies previously enjoyed by Suharto and his business associates, as well as ensuring that payments are made on Indonesia's mountain of public and private debt.

In its article entitled “Gus Dur's last chance,” the British *Economist* magazine set out its prescriptions for the government to solve the country's economic and political turmoil, starting with major cabinet changes. “A vigorous reshuffle bringing in new economics ministers who are competent and who clearly have the president's backing, offers the only chance for a new start that could stabilise the currency, privatise the piles of nationalised assets, and clear a huge backlog of disputed corporate debts.

“The second thing that Gus Dur must do concerns corruption. Even if the task of re-establishing the rule of law is vast, he must show businesses and the public at large that his government is moving decisively in the right direction. One of the biggest obstacles to that is the perception—so far justified—that nothing

much has changed from the bad old days of Suharto. The powerful still act with impunity and use bribes or muscles to get their way. President Wahid needs rapidly to show that this is going to change, by bringing one of the most notoriously corrupt to court, and thence to prison. Ex-president Suharto would be a fine place to start, but failing that one of his family would do.”

What is said openly by the *Economist* is undoubtedly being expressed even more forcefully in private to Wahid and his ministers. Indonesia is completely dependent on the IMF, the World Bank and various creditor groups for assistance and rescheduling in the repayment of loans. Government debt has ballooned from 23 percent of GDP prior to the Asian financial crisis to 83 percent or about \$134 billion. Almost three-quarters of the new debt arises from \$72 billion in bonds issued by the government in 1999 to restructure the banking system and to prevent its collapse. Last financial year debt servicing used up one third of tax revenues, this year the figure is expected to reach nearly 40 percent.

After contracting by 13 percent in 1998 and no expansion last year, the Indonesian economy is still floundering. Economic growth for the first quarter was only 3.2 percent as compared to an anticipated 4.2-6.5 percent. Amid the political instability, the rupiah has lost 25 percent of its value against the US dollar this year and the stock index has declined by a third since January. Foreign investment has also fallen; investment approvals for the first four months of the year were just \$1.9 billion, compared to a quarterly average of \$3.9 billion last year.

The economic decline, which has led to high levels of unemployment and rising prices, has fueled social unrest. The impact of falling living standards has been compounded by severe cutbacks to social services. In order to meet its debt servicing obligations, the government has wound back spending on health and education, which have shrunk by 20 percent and about 40 percent respectively since the 1997-98 fiscal year. The discontent has been exploited by religious, local and national politicians for their own political purposes, most graphically in the Maluku where the religious conflict between Christian and Muslim militia has claimed an estimated 4,000 lives and produced a flood of 500,000 refugees.

If Wahid's grip on power appears shaky just 10 months into his five-year term of office the reasons lie not just in the factional struggles in the political establishment. No section of the ruling class has any solution to the immense economic and social problems facing the working class and masses in Indonesia. Whether Wahid holds onto the presidency next month or is replaced by Megawati or another political figure, the chief task of the administration will be to implement IMF's economic dictates that can only continue the downward spiral in living standards and raise social and political tensions even further.



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