

# Indonesian president moves one step closer to impeachment

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In a formal reply to the Indonesian parliament on March 28, President Abdurrahman Wahid denied any involvement in two financial scandals and insisted that his parliamentary censure on February 1 was unconstitutional. The speech, which was read in the lower house (DPR) on Wahid's behalf by Justice Minister Baharrudin Lopa, has done little to appease the president's critics, who are expected to take the next step toward removing him from office by voting for a second censure on April 30.

Wahid is accused of being implicated in the misappropriation of 35 billion rupiah (\$US3.9 million) from the State Logistics Agency (Bulog) by his former masseur and to have misused a \$US2 million donation from the Sultan of Brunei which was destined for humanitarian relief in Aceh. He told parliament that he had not "taken one cent" of the money and accused his opponents of being politically motivated in pushing for his impeachment. "It is difficult to avoid feeling," the president said, "[that] the censure was an expression of dislike of the president or the product of the desire to bring down the president".

At one point, Wahid attempted to strike a note of conciliation, asking forgiveness if his behaviour was "unacceptable" and "offering to make corrections and compromises with the legislature to achieve a new balance of power". He had previously indicated that he was willing to discuss constitutional changes that would reduce the considerable powers of the Indonesian president.

But previous attempts to settle the long-running political standoff in Jakarta have come to nothing. Wahid has refused to reshuffle his cabinet to give more power to his opponents and an arrangement to delegate the day-to-day running of government to Vice President Megawati Sukarnoputri remains a dead letter. The

majority of parliament, which voted 393 to four on February 1 to censure the president, appears intent on pressing ahead with the formal impeachment process. Wahid's own National Awakening Party, which walked out during the censure vote, controls only 10 percent of the parliamentary seats.

Golkar deputy chairman Effendy Yusuf immediately declared the speech was "definitely unsatisfactory. It only made clear the president's other weaknesses." Golkar faction leader Syamsul Muarif branded it as "nothing more than self defence". Golkar, the ruling party during the Suharto dictatorship, is the second largest parliamentary faction after Megawati's Indonesian Democratic Party-Struggle (PDI-P).

The PDI-P is still divided over whether to push for Wahid's removal. PDI-P parliamentary leader Arifin Panigoro said support within the party for a second censure was "very, very strong," adding, "Personally, I'm for it." However, PDI-P deputy chairman Roy Janis declared that the party had no intention of ousting Wahid. "We only want to correct him," Janis said.

Five Islamic-based parties, including those connected to Peoples Consultative Assembly (MPR) chairman Amien Rais, had already submitted a proposal to the DPR for a second memorandum to censure Wahid last week. Under Indonesia's complex impeachment rules, three months must elapse before a second censure motion can be passed. Another month is then required before the DPR can vote to convene a special session of the MPR to decide on the president's future.

The PDI-P, Golkar and the armed forces (TNI) have indicated that, at this stage, they are not prepared to sidestep the lengthy impeachment process. Golkar and the PDI-P backed away from convening early session of the MPR to remove Wahid after his supporters in East Java staged a series of protests during which a

number of Golkar offices were destroyed. There were no pro- and anti-Wahid demonstrations outside parliament on March 28 but on the previous day 1,500 Wahid supporters wielding bamboo sticks rallied in Jakarta chanting “Hang and kill Amien Rais, Abkar Tandjung [Golkar leader and DPR chairman].”

As the push to speed up the impeachment process indicates, the moves to oust Wahid have nothing to do with “Bulogate” and “Bruneigate”. As the *Jakarta Post* noted in its editorial yesterday: “The two scandals provided a window of opportunity for the president's critics to attack him and, as it is clear by now, to remove him from office. It mattered little whether the president was involved in the two scandals or otherwise. The slightest suggestion of his role in the scandals, as found by the House's investigating committee, was enough to form the basis for the issuing of the memorandum in February.”

While Wahid's erratic style of administration and frequent overseas trips have been targets for criticism, the opposition to the president has coalesced around the banner of nationalism. Megawati's PDI-P has come together with Golkar and the military in demanding tougher measures against separatist movements in resource-rich provinces such as West Papua, Aceh and Riau. Wahid's opponents are also critical of the IMF's economic restructuring program and its impact on sections of Indonesian business.

The protracted political crisis itself is compounding Indonesia's economic difficulties. The value of the Indonesian rupiah and share prices rose slightly following Wahid's speech but, as financial commentators explained, only because the market had already “factored in” the political situation. The lack of large protests in Jakarta on the day was therefore counted as a small plus by dealers.

Over the last month, however, currency and share prices have plunged to levels not seen since the height of the Asian financial crisis in 1998. The rupiah slipped from 10,000 to 10,900 to the US dollar following the decision on March 8 by the credit rating agency Standard & Poors to downgrade its outlook for the Indonesian economy from stable to negative. The currency reached a 30-month low of 11,500 to the US dollar before recovering to around 10,400 this week.

Standard & Poors analyst Ashok Bhatia commented to the *Far Eastern Economic Review*: “The

parliamentary coalition that brought president Wahid to office is weakening and the fallout of that conflict could damage the economy.” The World Bank predicts that Indonesia's growth rate for 2001 is likely to slow to 4 percent, under the impact of the economic downturn in the US and Japan and lower prices for its oil exports. Other analysts predict even lower growth. According to a World Bank estimate, \$9 billion in capital flowed out of the country in the year to March 2001.

The IMF has delayed the release of the latest \$400 million loan instalment after disagreement with the Wahid government over its devolution of financial powers to provincial governments and changes to the country's central bank laws. The IMF is also critical of the slow liquidation of an estimated \$58 billion in assets held by the Indonesian Bank Restructuring Agency (IBRA), particularly the sale of the government-owned Bank Central Asia and Bank Niagra, which has been held up by parliament.

A recent editorial comment in the British-based *Economist* magazine entitled “Indonesia's travails” noted that an international advisory panel, including Singapore's senior minister Lee Kuan Yew and former US Federal Reserve chairman Paul Volcker, recently urged the Indonesian government to stick to the IMF program in order to regain the confidence of investors.

But after surveying what it describes as “the slow-motion implosion of Indonesia,” the newspaper concluded pessimistically: “[I]t would appear not much can be achieved in the economy in the absence of effective government. There is little Indonesia's neighbours can do to assist on that score. Time is running out for Mr Wahid to prove he can be part of the solution rather than the problem.”

While there is considerable doubt in international financial circles as to whether Megawati will prove a better alternative, the tide appears to be turning against Wahid.



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