

As parliament issues a second censure

Indonesian president's future increasingly in doubt

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Indonesia's lower house of parliament (DPR) voted overwhelmingly on Monday—363 for, 52 against and 42 abstentions—to issue a second memorandum censuring President Abdurrahman Wahid. The vote ensures that the protracted political standoff in Jakarta between Wahid and his critics will continue as the parliament edges closer to impeaching the president and removing him from office.

Vice President Megawati Sukarnoputri's Indonesian Democratic Party-Struggle (PDI-P) joined forces with Golkar, the party of the former Suharto dictatorship and right-wing Islamic parties to push through the censure vote. Only Wahid's own party, the National Awakening Party, and the tiny Love the Nation Democratic Party voted against. The unelected military/police faction chose to abstain.

The vote is the second of three memorandums required before a special session of the upper house of parliament (MPR) can be convened to consider the president's impeachment. Wahid now has 30 days to respond to the second censure.

If Wahid is finally removed from office, Megawati is the most likely replacement. She was defeated in the vote for the president in October 1999 when Golkar, the military and Islamic parties threw their support behind Wahid to block her victory. Since then, however, she has sought to ingratiate herself with sections of the military and the old Suharto apparatus, which are now backing her against Wahid.

Nominally, Wahid's censure concerns two scandals. He is alleged to have been involved in the misappropriation of 35 billion rupiah (\$US3.9 million) from the State Logistics Agency (Bulog) and to have misused a \$US2 million donation from the Sultan of Brunei. But the longer the political saga goes on, the more obvious it becomes that the moves against him are fuelled by sharp political disagreements within ruling circles.

The speeches in parliament throughout Monday focused not on the details of Wahid's alleged financial improprieties but on the inadequacies of his performance as president. He is accused of being erratic, of travelling too much and being disrespectful to parliament.

A particular target for criticism was a speech by Wahid on April 19 declaring that the parliament would provoke a "nationwide rebellion" if it voted to censure him for a second time. He said that 400,000 of his supporters would stream into Jakarta to protest against such a move and warned that his removal from office could trigger Indonesia's breakup. Wahid draws his support from the Islamic organisation Nahdlatul Ulama (NU) which is based largely in rural areas of East Java.

Lacking the numbers in parliament, Wahid's comments were a desperate attempt to pressure his opponents to reach an arrangement to

enable him to continue in office. When parliament passed the first censure motion in February, thousands of Wahid supporters joined protests in East Java and destroyed a number of Golkar offices in the province. The scope of the demonstrations forced legislators to back away from plans to short circuit the lengthy impeachment procedure by convening an early session of the MPR.

Since February, thousands of NU members have signed up to a militia organisation in East Java known as the Front for the Defenders of Truth, vowing to prevent Wahid's removal, if necessary with their lives. Wahid, however, is just as concerned as his opponents at the prospect of political instability. Last Friday, he backed away from his earlier warnings of a rebellion, apologised for his mistakes and argued that changing leaders would not solve the country's economic problems. "Even if in a year, this country changes president 100 times, nobody will be able to restore our devastated economy in a very short time," he said.

Last Sunday, some 20,000 of the president's supporters gathered at a prayer meeting in Jakarta—far fewer than the 200,000 turnout that had been predicted. Supported by just four of his cabinet ministers, Wahid urged the crowd to be peaceful, return home and await the outcome of the parliamentary session. The armed forces deployed more than 40,000 police and troops throughout Jakarta, including 9,000 around the parliament itself and armoured vehicles near the presidential palace. A march by Wahid supporters was turned back as it approached the parliament building.

Despite Wahid's appeals for peace, legislators seized on his earlier comments. PDI-P spokeswoman Dwiria Latifa said: "We strongly reject the President's remarks claiming that there would be a national rebellion following the issuance of a second memorandum and that five regions would separate from the country if he resigned." Golkar representative Ibnu Munzir attacked the president for "provoking anarchy among the people... We see continuing riots that have threatened the unity of the country on a more massive scale."

From the outset, the president's opponents have used the banner of nationalism and criticised his failure to crack down hard enough on separatist movements in Aceh and West Papua. Just recently, under pressure from the military and parliament, Wahid gave the green light for a military offensive against the Free Aceh Movement using a new anti-guerrilla force commanded by a former senior officer from the notorious Kopassus special forces. The government is losing \$100 million a month in revenue because ExxonMobil closed the Arun natural gas fields due to the conflict in Aceh.

The unresolved political conflict in Jakarta is compounding the

country's already severe economic problems. In a press conference over the weekend, IMF managing director Horst Kohler bluntly described the situation in Indonesia as "a tragedy" and insisted that Indonesians establish "a minimum degree of political stability, and, if you want, law and order," before the IMF released further loans. Without that, he said, "all the money that is spent is lost money".

A meeting of the Consultative Group on Indonesia—the major donor nations plus the IMF and World Bank—agreed last October to provide \$US4.8 billion in loans. But the first payment of \$400 million was suspended in December and has yet to be released. The IMF has raised objections to the government's devolution of financial powers to the provinces, the management of the central bank and, most recently, the country's ballooning budget deficit.

The ongoing political strife in Jakarta has sent the rupiah to levels not seen since the height of the Asian financial crisis in early 1998. The rupiah has fallen 12 percent in value since the beginning of the year, has briefly breached 12,000 to the US dollar and is currently hovering around 11,500. Energy and Resources Minister Prunomo Yudiantoro recently warned: "In a couple of weeks, if the political situation is still like this, then it may go up to 15,000 or 20,000."

With much of the country's huge debts denominated in foreign currencies, each fall in the rupiah exacerbates the financial problems facing both the government and private corporations. Public debt stands at over 100 percent of the country's Gross Domestic Product and total corporate debt is estimated at \$240 billion. Around 70 percent of the private domestic debt was considered non-performing at the end of 2000 and the government is under pressure from the IMF to accelerate the restructuring, closure or sale of businesses.

The current budget was premised on an exchange rate of 7,800 to the US dollar and a budget deficit equivalent to 3.7 percent of GDP. But as a result of the falling rupiah and rising interest rates, IMF country director Mark Baird warned last month that the budget deficit could increase to between 5 and 6 percent of GDP, which he said was "neither desirable nor fundable".

Like other South East Asian countries, Indonesia recovered from the 1997-98 crisis largely as a result of strong exports, particularly to the US. Last year exports grew by 22 percent in US dollar terms. But the prospect of a US downturn has already resulted in the revision of predicted growth rates. The government has cut its growth forecast for the year from 5 percent to between 3.25 and 3.75 percent while Goldman Sachs predicts only 1.5 percent. The Jakarta Stock Exchange (JSX) composite index is down 11 percent from its rockbottom values at the end of last year.

One of the few factors operating in Wahid's favour is a negative one. At present, there is a distinct ambivalence in ruling circles around the world to the most likely alternative—Megawati. Her lack of policies, poor grasp of issues and habitual silence in the midst of the ongoing political turmoil have become somewhat of a standing joke in the international press.

An editorial in the London-based *Economist* magazine was in two minds over the benefits of a silent Megawati over an erratic Wahid. "She will inherit the same problems that have plagued Mr Wahid for the past 18 months," it noted. "Some of those problems, such as the widespread violence and the volatile currency, seem to cry out for a bit of stability. That could give the silent and stately Miss Megawati an advantage over the erratic and combative Mr Wahid, who sometimes gives the impression of saying the first thing that comes into his head.

"Yet standing back and letting things settle may prove more

destabilising for the world's fourth-biggest country. Many of its troubles, including corruption and useless courts, will yield only to firm action. Others, such as Indonesia's troublesome generals and determined separatists, must be tackled with a wider range of political skills than either the president or his deputy has so far displayed."

A recent *Far Eastern Economic Review* editorial was less diplomatic. Entitled "Indonesia's Elite: Mediocrity struggling to surface," it bluntly counselled against replacing Wahid despite his inadequacies. "[W]e cannot conceive of any replacement performing better at the reforms needed to reawaken Indonesia's economy or quiet its citizens' discontent. Indonesia's tragedy is that though its elite hunger for power, once installed they rise to no more than raging mediocrity," it states.

On a more ominous note, others are reconsidering the military option. In a recent assessment posted on the *Asia Times* website, the US-based Stratfor corporate thinktank concluded publicly what is obviously being discussed privately in corporate and government circles: that the only viable alternative to prop up bourgeois rule in Jakarta is for the military to take over again.

"Ultimately, the separation of the political and military agendas will lead to increased competition between the military and civilian leadership as each seeks to promote its own agenda," Stratfor commented. "While the political elite remain fractured, the military elite are pulling together to create a unified front. However reluctantly, the military will once again insert itself into Indonesian politics, if only initially to ensure social stability."

That such a possibility is being discussed just three years after Suharto's fall speaks volumes about the role of so-called democrats such as Wahid and Megawati. As president and vice-president, they have stifled strikes and protests over living standards and the lack of democratic rights, have blocked the dismantling of the old Suharto-era apparatus and have allied themselves with sections of the military, Golkar and rightwing Islamic parties. If the generals are able to rear their heads again, the political responsibility rests with these former "opposition" leaders.

While the most likely outcome in the short-term is a government led by either Wahid or Megawati, the door is being opened for a far more repressive regime in the future.



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