

Deepening Crisis Emboldens Suharto's Critics

Disenchanted Indonesians Openly Urge Longtime Leader to Step Aside

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By Keith Richburg
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HONG KONG, Jan. 10—The country's economy lies in shambles, the currency nearly worthless and inflation spiraling to four digits. Students take to the streets in protest, while the urban classes grow increasingly discontented. A social explosion seems inevitable. The military is restless. And the long-serving president—once seen as a master manipulator able to balance the competing forces—appears to have lost his grip.

The year is not 1998, but 1965—Indonesia's Year of Living Dangerously—and the president is not Suharto, but his predecessor Sukarno, the leader of the anti-Dutch colonial

resistance and Indonesia's charismatic first post-independence president.

President Suharto, who has been in power for 32 years, emerged from the chaos of 1965 after leading a military takeover against what has been described as an aborted communist coup. In his three decades in power, Suharto, 76, has reversed Indonesia's economic decline, unifying the country's diverse 300-plus ethnic groups and raising per capita income from \$55 to \$900. He has won plaudits from other countries and from the World Bank for doing more to alleviate poverty than any other nation with the possible exception of China.

Now with Indonesia's economy in a tailspin—its foreign debt mounting and bankruptcies, unemployment and inflation set to rise—

See INDONESIA, A25, Col. 1



FILE PHOTO/REUTERS

Suharto has rewarded family and friends with lucrative monopolies.

■ Treasury deputy secretary flies to Asia to signal support and press for reforms. Page A25

INDONESIA, From A1

Indonesians are asking whether Suharto, like the man he replaced, has lost his political touch.

"The old man," as he is commonly called, is the world's longest-serving leader after Fidel Castro. Never much of a public speaker and lacking the charisma of his predecessor, the enigmatic Suharto increasingly is described as aloof, ailing, out of touch, unable to grasp the severity of the crisis and surrounded by close family members and friends whose advice mainly serves to protect their own business interests. Suharto's six children, for example, are all millionaires, and their business enterprises range from cars and petrochemicals to banks and telecommunications.

Since independence, Indonesians have experienced only that one change of leadership in 1965, and many now fear a repeat: a chaotic, prolonged and bloody power struggle, with the armed forces, or Abri, as the central player.

Suharto, a traditional Asian autocrat who brooks no dissent, has never groomed a successor and has concentrated power so much in his own hands that few can imagine any scenario without him. "That's one of the troubling things about Indonesia, the complete absence of any credible succession scenarios," said a Jakarta-based Western diplomat.

Suharto's five-year term runs out in

March, and he is widely believed to be seeking another appointment to the rubber-stamp national assembly. But unlike the previous six times, when he basically ran unopposed, this time there are loud calls for "the old man" to step aside. The latest call came today from Megawati Sukarnoputri, a former member of parliament and daughter of Sukarno, the man Suharto ousted.

"Suharto's rule as president for 32 years is quite enough," Sukarnoputri declared in a fiery speech to about 500 supporters at her compound in a Jakarta suburb. "I hereby take this opportunity to become the leader of our nation and our people, if this is indeed the real

consensus of the people."

Sukarnoputri's call is seen as particularly bold because she had been maintaining a relatively low profile over the last 16 months, since Jakarta erupted into riots in 1996 following her ouster as head of the small Indonesian Democratic Party (PDI) and the military's bloody eviction of her supporters from the party headquarters.

A small group of retired military officers, a former cabinet minister, and a leading political scientist and commentator also have made unusual public statements urging Suharto not to seek another term.

Although Suharto has not announced his intentions, an Indonesian newspaper today quoted his half-brother, Probosutedjo, as saying the president would retire once a suitable successor was found. "I am sure he has no intention of remaining the national leader forever," the newspaper, Kompas, quoted Probosutedjo as saying.

But many academics, diplomats and longtime Indonesia-watchers question whether Suharto has any intention of stepping aside. Some say that quitting is simply not the old general's style, that—like the Javanese monarchs of old—he will die in office. But others say that even if he wanted to quit, he would find resistance among his family members and cronies who would stand to lose their lucrative monopolies and their vast fortunes.

Among the reforms being pushed by the International Monetary Fund as

INDONESIA AT A GLANCE

LAND: A sprawling archipelago, extending more than 3,000 miles along the equator. About half of its 13,667 islands are inhabited; 60 percent of the people live on volcano-studded Java.

PEOPLE: 204 million. Projected population: 240 million in 2010; 276 million in 2025. It is the fourth most populous country after China, India and the United States.

RELIGION: 87% Muslim

GOVERNMENT: Tightly controlled politicking restricted to a brief period every five years when elections are held for the largely ceremonial parliament. Since 1966, power has rested with President Suharto, 76.

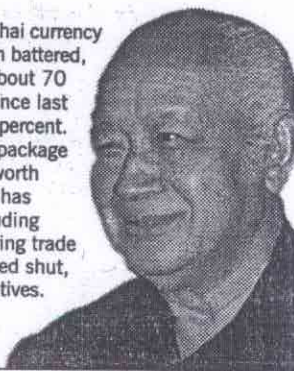
The president's six children and other relatives have built huge business empires over the past 30 years controlling the petrochemical industry, banks, airlines and infrastructure companies.

ECONOMY: Although the Suharto government has controlled the news media, has neutralized the opposition and has been accused of human-rights violations, Indonesia's economy has thrived in the 1990s with growth rates of 6 percent to 8 percent and a healthy trade surplus.

Income: Per capita annual income: \$1,050. Proportion of people living in poverty: 8%

Economic Crisis: Since last July, when the Thai currency collapsed, Indonesia's economy has been battered, too. Its currency, the rupiah, has lost about 70 percent of its value against the dollar since last summer, and its stock market about 50 percent. The country recently received a bailout package from the International Monetary Fund worth about \$43 billion, and the government has promised to revamp the economy, including cutting government spending and lowering trade barriers. Several banks have been ordered shut, including some belonging to Suharto relatives.

Suharto



MAP BY LARRY FOGEL—THE WASHINGTON POST

part of a \$43 billion bailout are reducing high tariffs and government regulation and ending costly subsidies. Cartels control cement, plywood, paper and fertilizer, while cloves, soybeans and wheat flour mills are under exclusive licensing deals. The government keeps price controls on sugar, rice and cement. And in almost every sector with heavy government control or where a monopoly is granted, there is a Suharto offspring or a closely

connected friend of the first family.

Suharto son Hutomo Mandala Putra, or Tommy, produces the Indonesian national car, the Timor, under a deal with South Korea's Kia Motors, while another son, Bambang, is part-owner of a giant petrochemical complex. Bambang and Suharto's half-brother Probosutedjo were among the owners of one of the 16 insolvent banks liquidated by the government. Daughter Siti Hardijanti "Tutut" Rukmama, who has been mentioned as a possible

successor to her father, has interests in a flour mill and a newly built toll road.

The IMF's reform package would target some of those family enterprises—removing the trading monopoly on wheat and soybeans, lowering tariffs on chemicals and steel, doing away with price ceilings on cement. But as the Indonesian government—and that means Suharto for all practical purposes—has dragged its feet on reform, analysts say the president has not shown any willingness to sacrifice the interests of his family and friends for the good of the nation.

The recent flight of capital out of Indonesia—causing the currency to collapse at one point to 10,000 to the dollar—is said to be caused by residents moving their money overseas, fearing that the government will not implement reforms and that the country could default on its foreign loans.

In reconstructing his ravaged country, Suharto relied on Indonesia's ethnic Chinese business elite who, although making up just three percent of the country's population, control the vast majority of its wealth as well as access to overseas Chinese capital in Hong Kong, Taiwan, Singapore, Thailand and Malaysia. Now ethnic Chinese are said to be worried they could become targets of violence, as they have in the past, if the current disenchantment boils over onto the streets.

"We have a crisis of [government] credibility in addition to an economic crisis," said an Indonesian political scientist who, like many in Jakarta, spoke anonymously. "We do not expect democracy from Suharto—his family interests are too great."

Few here are certain how the stalemate can be resolved, if Suharto insists on seeking a new term. Only the armed forces would be powerful enough to oppose him, but the commander so far has remained loyal and ruled out any talk of a coup. And as one Asian diplomat in Jakarta said recently, "Abri doesn't have a strong man like they did in the 1980s. And Abri isn't sure itself what it wants."

Other analysts say a younger generation of Abri officers is more democratically minded and wary of Suharto extending his tenure. One political scientist who knows several junior and senior officers in Abri said "they have the same opinion I do—he's been there too long and is too powerful."

The only other power center is the ruling Golkar party, but it, too, is divided, with Suharto daughter Tutut taking a more prominent role. "So the president is sitting very much in control," the diplomat said. "There's no one to tell him what to do."