



Indonesia After Suharto

By Abigail Abrash, Robert F. Kennedy Memorial Center for Human Rights

Indonesia—the world's fourth most populous country—is undergoing a devastating political and economic crisis that continues unabated after the forced resignation in May 1998 of President Suharto, the Army general who ruled the country for three decades. This Southeast Asian country—whose more than 14,000 tropical islands span a geopolitically strategic 3,000-mile zone—has become the subject of daily headlines covering its economic meltdown, human rights abuses, and man-made ecological disasters. Observers predict that Indonesia will remain a “black hole” economically, politically, and strategically for the next decade.

The Suharto regime's legitimacy—based on high economic growth and backed by repressive military force—crumbled with the economic crisis, which since July 1997 has wiped out thirty years of material gains. Public revelations of severe human rights abuses by the military have discredited that institution and

spurred public demands for an end to the military's controversial dual function role, which gives the armed forces authority in political and social affairs. Throughout 1998, links between the military and systematic rapes, disappearances, torture, and extrajudicial killings have been brought to light.

As the Berlin Wall's collapse signaled communism's demise, the circumstances of Suharto's departure in should have tolled a death knell for the kind of unaccountable, nontransparent, and nonparticipatory approach to economic development and

nation-building that his New Order regime pursued. Suharto promoted economic growth through large-scale exploitation of the country's abundant natural resources and low-wage labor. His political, social, and economic policies were geared toward consolidating central government and military control from the village to the national level. His regime fostered destructive internal migration and inter-ethnic and religious violence. Indonesia's collapse starkly exposed the failure of this development model.

High-level official corruption, cronyism, nepotism, and a disregard for the rule of law have caused abuse of human and worker rights and unchecked ecological

destruction while enriching Suharto, his family, and his associates. A 1997 World Bank report estimated that at least 20-30% of Indonesian government development funds were diverted through informal payments to government personnel and politicians, while a high level of “leakage” went to the ruling political faction, GOLKAR, and senior government officials.

Government policies and programs, many of them supported by international donors, have undermined local self-reliance and destroyed community social safety nets, leaving millions more vulnerable to hunger, disease, and dispossession. By and large, government actions have not achieved food security, sustainable land use, improvements in health and education, respect for human rights, accountable and transparent governance, an independent judiciary, or other key components of sustainable development.

Indonesia's growth rate has plummeted from an annual average of 7% to a projected negative 15% for 1998. The rupiah's current value relative to the U.S. dollar is only 25% of what it was in June 1997, with annual inflation at 80% and a fifth of the work force unemployed. The threat of famine is manifest, with an estimated 89 million people subsisting on one meal per day and half the population (100 million) living below the poverty level.

Indonesia's new president, B.J. Habibie, Suharto's protégé and vice president, has taken notable steps regarding human rights in his attempt to establish reformist credentials: some political prisoners have been released, the media is more free, and government bodies have been ordered to end discrimination based on ethnicity, religion, and other factors. Electoral reforms are in progress to pave the way for new legislative elections leading to the selection of a president by late 1999.

But these measures do not adequately address the underlying structural problems that have brought about Indonesia's collapse and have fostered public outrage. Habibie's lack of public credibility—domestically and internationally—and the consequent absence of stable government are fundamental factors in the continuing economic crisis. Popular demonstrations have begun again in Jakarta, this time calling for the prosecution of Suharto and for Habibie either to lower food prices or to step down.

The smooth passing of authority from Suharto to Habibie was not a revolution. It remains unclear whether changes in Jakarta equal real reform or whether the same oligarchic, corrupt system of government will continue with a new, less repressive face.

Key Points

- Indonesia's recent economic and political collapse is a stark example of the outright failure of a development paradigm promoting large-scale economic growth without political, social, legal, and environmental safeguards.
- Indonesia is facing a humanitarian and environmental crisis that current domestic and international efforts do not adequately address.
- The Indonesian government has not established a reform process that is broadly inclusive or focused on resolving deep, structural concerns.

For three decades, the U.S. supported the Suharto government's pursuit of high economic growth and national unity without democratic political participation, accountability, and transparency. Until Indonesia's economic collapse, the IMF, World Bank, and donor countries such as the U.S. ignored the government's repressive practices while consistently identifying Indonesia as a model of economic development success. The U.S. is now without a clear, well-established policy for encouraging a peaceful political transition and essential structural reforms.

U.S. policymakers, fearing the complete disintegration of Indonesia as a nation-state, have been slow to consider alternatives to the current Jakarta-dominated, military-backed governance structure. A participatory political process, involving all Indonesia's provinces and sectors of society on an equal footing, may be the only means short of brute force of keeping the country together. Such a process—like the constitutional congresses that have occurred in other countries ending dictatorship or colonial rule, and incorporating a truth and reconciliation component—would allow Indonesia's diverse ethnic and religious communities to exercise self-determination and would serve as an important foundation of legitimacy for other necessary economic, political, and legal reforms.

In the last few years, the U.S. has correctly sought to strengthen Indonesian civil society organizations through U.S. Agency for International Development funding, and these groups have also benefited from new diplomatic and practical support from U.S. embassy and other administration officials. Yet the U.S. has provided far greater financial, strategic, and political support to sectors that maintain the political and economic status quo in Indonesia: the government, the military, and the corporate sector.

For years, the U.S. refused to suspend Generalized System of Preferences import tariff reductions for Indonesia despite the Indonesian government's crack-down on unions and its failure to implement worker rights guarantees required to qualify for these trade benefits. The U.S. also sponsored development projects, trade delegations, and other economic measures that benefited Suharto and his cronies, while promoting industries such as pulp and paper that are strongly linked to human rights and environmental abuses.

Today, the IMF, with U.S. backing, is struggling to push through a \$42.3 billion bailout package, which threatens to worsen social and environmental conditions and is failing to stabilize the economy. As of October 1998, international financial institutions had

commenced disbursement of more than \$7 billion in bailout funds, despite the Indonesian government's repeated failure to comply with their conditions. U.S. and World Bank officials admit there are no guarantees that much of the money will not disappear into private coffers or that aid distribution will not be controlled by the military as a means of justifying its involvement in civilian affairs.

Indonesian civil society leaders cite the heavy debt burden the IMF bailout will place on ordinary citizens, and they question the effectiveness of pumping billions of dollars into a corrupt and unaccountable governance structure. Meanwhile, economists engaged in designing the rescue package have looked narrowly at the financial indicators of the Indonesian economy, without paying due diligence to the social and environmental impact that these economic policy reform measures will have.

For example, with assistance and encouragement from the World Bank and the Asian Development Bank (ADB), Indonesia has since the early 1990s become a leading exporter of palm oil. Yet, as noted in a December 1997 report by Senator Max Baucus (D-MT), illegal land clearing by companies establishing palm oil plantations was largely responsible for the massive 1997 forest fires that destroyed an area of rainforest the size of Maryland and New Jersey. These fires sent smoke across six countries and caused an estimated \$4.4 billion in damages to health, trade, and transport.

Palm oil and other agricultural plantations, mining, logging, and corporate aquaculture projects have also been characterized by coercion, fraud, and force exercised by the government, the military, and companies to the detriment of local communities. Dispossession of people from their lands has destroyed social safety nets. Military involvement in land disputes has moved beyond commonplace intimidation and harassment to severe human rights violations such as torture, disappearances, extrajudicial killings, and rape. These policies and actions have seriously undermined civilian support for both Indonesian sovereignty and international donor assistance and are therefore contrary to U.S. interests.

Key Problems

- Washington has consistently supported the ruling corporate elite, the military, and the status quo, failing to balance concerns about human and worker rights, the environment, and sustainable development with U.S. perceived economic and security interests.
 - The U.S. has been slow to envision and implement a post-Suharto policy.
 - The U.S.-backed international financial bailout threatens to saddle Indonesians with a heavy debt burden while exacerbating negative social and environmental conditions.
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Indonesia's economic crisis and political reform process offer an opportunity to establish respect for human and worker rights and the rule of law, governmental transparency and accountability, increased local autonomy and political participation, and expanded community-

based management of natural resources. Indonesians from diverse sectors strongly and publicly support these fundamental changes and are calling for an end to rampant corruption and military dominance in civilian life.

As a long-time supporter of Indonesia's status quo and a primary backer of the international bailout of its economy, the U.S. is in position to encourage peaceful political development and genuine rights-based reforms. Washington can take targeted actions, consistent with efforts by members of Indonesia's

civil society, to bring about the needed reforms. Specifically, the U.S. should do the following:

- Continue to recognize publicly that Indonesia's economy cannot improve without political reform.
- Use all appropriate leverage to urge restraint by the military in handling civil unrest.
- Strongly support expanded political participation and greatly enhanced local autonomy, including full respect for the rights of indigenous communities to ownership and management of customary lands.
- Publicly condemn disappearances, torture, rape, arbitrary detention, and extrajudicial killings of prodemocracy activists, staff of nongovernmental organizations (NGOs), and other civilians, particularly Papuans in the territory of Irian Jaya and women and girls of Chinese descent; investigate any connection between U.S. military training of the Indonesian armed forces and these abuses; and join with other donor countries to call for comprehensive, independent, and impartial investigations into these cases, the release of those detained in contravention of international law, and the prosecution of those responsible.
- Oppose additional bailout disbursements and other financial support unless funds are tied to independently verified Indonesian government compliance with World Bank operational directives and other social and environmental regulations and conditions.
- Insist that the bailout process be more transparent, participatory, and accountable.
- Urge IMF officials to: 1) ensure that any further assistance agreements are fully debated in the Indonesian parliament and structured so as to enable civil society to exercise control over the use of the funds; 2) ensure that privatization plans for plantations and other holdings include and benefit local communities originally

dispossessed of those lands; and 3) publicly announce which institutions and individuals will manage IMF funds in order to aid civil-sector monitoring and discourage corruption.

- Channel humanitarian aid through established and accountable civil organizations, including NGOs and religious groups.
- Support reform measures, including: 1) repeal of the five political laws of 1985, the Anti-Subversion Law, and other laws used to restrict political freedom; 2) free and fair elections; 3) establishment of direct election of the president, the national parliament, and regional and local representatives; and 4) an end to extraordinary presidential powers (MPR Decree 5/1998).
- Support reform of the military's role in Indonesian society, including an end to military involvement in: land disputes, the establishment and protection of natural resource-use operations, and other purported development projects.
- Urge the Indonesian government to: 1) respect freedom of expression, assembly, and association; 2) adopt all necessary measures to guarantee both the safety of human rights defenders and their freedom to operate; and 3) ratify international human rights instruments, in particular the International Covenants on Civil and Political Rights and Economic, Social, and Cultural Rights as well as the UN Convention Against Torture.
- Support consideration of Indonesia's human rights situation by the UN Working Group on Disappearances, the Special Rapporteur on Torture, the Special Rapporteur on Violence Against Women, and the Working Group on Arbitrary Detention, which is slated to visit Aceh, Irian Jaya, and East Timor in 1999.
- Urge Indonesian authorities to: 1) implement planned troop withdrawals in Aceh, Irian Jaya, and East Timor; 2) open these areas to independent human rights monitors; and 3) proceed, in coordination with Papuan civil society, with the announced National Dialogue on Irian Jaya.

Finally, U.S. companies operating in Indonesia should adopt verifiable codes of conduct and the use of best practices to ensure respect for human and worker rights, environmental protection, and financial accountability. Governments and consumers in the U.S. should encourage this through selective purchasing and investment. Governments should also legislate country-of-origin and content labeling of imported forest products.

Successful political reform—in fact, the cohesion of the Indonesia—depends on the government taking concrete steps to ensure respect for human rights. This includes establishing a high-profile plan for constructively engaging with community leaders and other representatives of civil society to resolve problems resulting from decades of a centralized “security approach” to promoting development and maintaining national unity.

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Key Recommendations

- The U.S. should use its leverage to urge restraint by the Indonesian military in handling civil unrest.
- Washington should support a process of reform based on enhanced political participation, expanded regional autonomy, and a national reconciliation process.
- The U.S. should exercise leadership in ensuring that multilateral loans are tied to verified Indonesian government compliance with social, environmental, and good governance conditions.

Sources for More Information

Organizations

Amnesty International

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Committee to Protect Journalists

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Environmental Defense Fund

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Jendela Indonesia: Indonesian periodicals

<http://www.iit.edu/~indonesia/jendela/>

KITLV Library: Daily Report of Current Events in Indonesia

gopher://oasis.leidenuniv.nl/11/.kitlv/.daily-report

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