

Indonesia looks to Malaysia

by Michael O. Billington

Indonesia's newly elected President, Abdurrahman Wahid, has proven to be a most mercurial figure, implementing dramatic changes affecting the economy, the military, and the government, in a manner both unexpected and not always clear in intent. While many of these changes have been applauded by the international financial institutions, which have orchestrated Indonesia's collapse over the past three years, the President's recent public praise of the sovereign economic measures adopted by the government of Malaysian Prime Minister Dr. Mahathir bin Mohamad, has provoked consternation among those committed to the destruction of the Indonesian nation-state (see "Nation-States Disintegrate under Assault from London," *EIR*, Feb. 18).

Speaking at the UN Conference on Trade and Development (UNCTAD) in Bangkok in February, President Wahid commended Dr. Mahathir's imposition of selective currency controls, which had saved Malaysia from the looting by the currency speculators that has been suffered by Thailand, Indonesia, and South Korea over the past three years. President Wahid regretted that Indonesia had not been able to defend itself as well, and described the horrific conditions wrought by the economic collapse in his nation. UNCTAD Secretary General Rubens Ricupero, in his closing address, said that the speeches of Prime Minister Mahathir and President Wahid had provided "a more realistic evaluation of the limits of unrestricted capitalism," and were "certainly among the high points of the conference."

Dr. Mahathir in Indonesia

Following UNCTAD, Dr. Mahathir travelled to Indonesia with four Cabinet ministers and 150 Malaysian business leaders. After meeting with President Wahid in Jakarta, Dr. Mahathir told the press that the two leaders had agreed to hold regular talks between the two nations "to forge a common stance in facing future negotiations on world economy." Included in the discussions were proposals to bring together Malaysia, Indonesia, and Brunei (the tiny, oil-rich nation carved out of Malaysian Borneo at the time of independence, under the influence of British oil interests), in order to coordinate joint infrastructural development of the region—especially the large island of Borneo (Kalimantan) shared by the three countries.

President Wahid also called for the three nations to collaborate on a joint strategy for the development of the vast oil

and gas resources in the region. "Maybe we could work out a common strategy globally and internally among the three Islamic countries of Brunei, Malaysia, and Indonesia," said Wahid, during a one-day visit to Brunei on Feb. 28.

Besides the obvious economic benefits of such a strategy, especially in the face of the concerted drive by the Western powers to consolidate control over raw-materials resources as the global financial bubble bursts, the proposed united action of these three nations also revives the efforts of Indonesia's first President, Sukarno, to unite the nations of the Malay people. This plan, which originally included the Philippines, was to be called Maphilindo—Malaysia/Philippines/Indonesia. Maphilindo nearly reached fruition in the early 1960s, until it was sabotaged by the British. In fact, the Maphilindo project, in the context of the anti-Cold War alliance of the nations known as the Non-Aligned Movement, also championed by Sukarno, was a leading factor in the Anglo-American-supported overthrow of Sukarno in 1965-66.

Another sign of a return to the nationalist spirit of Sukarno was evident in a policy briefing on Jan. 28, by Indonesia's Foreign Minister Alwi Shihab, who denounced political and economic subversion by the Western powers under the guise of "globalization." He warned that "Indonesia should be aware of the endeavor of Western states who have an increasing tendency to impose their political agenda on developing countries by employing economic and political pressure and sanctions." The Foreign Minister proposed that a "political-strategic partnership should be forged with China and India, while at the same time intensifying East Asian regional cooperation." These are ideas identified with Malaysia's Dr. Mahathir over the past years. Foreign Minister Alwi added, however, that Indonesia is not looking for confrontation or antagonisms with the West, but "would remain rational and moderate by upholding the basic principles of cooperation, non-interference, and national sovereignty."

Yet another sign of Indonesia's re-emerging nationalist resistance to neo-colonial demands, came from the Indonesian House of Representatives, which has constituted an investigation into the \$23 billion central bank bailout of the banking system in 1997-98. Under International Monetary Fund (IMF) direction, 16 private banks were shut down, leading to a run on the banking system as a whole, while the government was instructed to guarantee all the bad debt. The head of the House investigation, Sukowaluyo Mintohardjo, reported on Feb. 25 that the House would summon IMF officials to answer questions regarding their responsibility for the disastrous results of the policies. "The role of the IMF in the restructuring of the banks in Indonesia is huge," said Mintohardjo, "particularly in relation to the liquidity support policy."

Wahid 'cleans house'

Building the new foreign alliances with Malaysia and others will play a crucial role in Indonesia's capacity to withstand

Dr. Mahathir: Let's not end like Ozymandias

In a speech before Bumiputra (native Malay) professionals, Malaysian Prime Minister Dr. Mahathir bin Mohamad reflected the ideas and the method of Lyndon LaRouche regarding the role of Classical culture in human development. Dr. Mahathir defended the role of the state in bringing the ethnic Malay race out of “ghettoization”—a condition due to both colonialism and self-imposed backwardness, reported Kuala Lumpur’s *New Straits Times* on Feb. 28. “Some progress has been attained—an achievement which began at the point when the community embraced a culture of change, sieving through their legacy to nurture the good and weed out the bad.”

But, he warned, there are “already signs that this fragile, young civilization is about to decline rather quickly,” as seen in the complacency and fractionalism displayed recently. “Such tendencies must be purged lest this modern

civilization will crumble and the efforts of the four decades since independence will come to naught. Our fate will be like Shelley’s ‘Ozymandias, King of Kings: [who said] Look on my works, ye Mighty, and despair. . . . Nothing besides remains . . . boundless and bare. . . .’

“Cultural change is desirable for a positive determination of greater progress. Intellectual scoundrels will cling to the tradition of moral geography, which linked environment and race to temperament, merit, and wisdom [the infamous racist theory espoused by Singapore’s Sir Lee Kwan Yue]. This theory of racial superiority is as wrong as the ones that proclaimed that the Earth is flat. All races have the same capabilities. The perception that culture plays a role lies in the dynamism of some values in bringing good or bad, and in spurring or blocking progress.”

After reprimanding the “get rich quick” mentality which has held back the development of scientific and entrepreneurial talents, Dr. Mahathir concluded: “The challenge for Bumiputra professionals is to liberate themselves from self-imposed limitations and lead the community in reaching its full potential.”—*Michael Billington*

the next round of global financial crises. Domestically, President Wahid has set about shifting the leadership of nearly all the national institutions, including the military, the state-sector industries, and the organs of government. While the intention and potential outcome of these changes are unclear, Wahid is taking more responsibility, putting his imprint on the structure of government and social institutions.

The most dramatic change was the shakeup of the military hierarchy, affecting 74 senior officers, shortly after the removal on Feb. 13 of former Armed Forces Commander General Wiranto from his position as Coordinating Minister for Political and Security Affairs. Wiranto, who played a significant role in the peaceful transition to democratic elections following the violence of 1998, which brought down the 32-year regime of President Suharto, had become the primary target of those who would undermine Indonesia’s national sovereignty. In February, the Indonesian commission investigating the violence in East Timor following the referendum vote last year, named Wiranto as one of those responsible for alleged military complicity in that violence. President Wahid vacillated between dismissing Wiranto, or supporting him in his role as a Cabinet minister, finally ordering his dismissal.

The subsequent shakeup of the top brass is seen in part to be an effort to sideline some of those generals closest to Wiranto, while the most outspoken military critic of Wiranto and the military’s role in the political affairs of the country, Maj. Gen. Agus Wirahadikusumah, was promoted over other, more senior officers to become commander of Indonesia’s Strategic Forces, Kostrad. Agus, who has also been promoted

by the Western press as the best hope to weaken the nation’s military, provoked a crisis in February, when he publicly called for his superior, General Wiranto, to step down. Although Army Chief of Staff Gen. Tyasno Sudarto considered censuring Agus for insubordination, President Wahid has appeared to give Agus qualified support in the latter’s appointment as Kostrad commander. Nonetheless, Wiranto and his allies retain an important role in the nation, and Wahid has not cut his connections with them.

The ultimate result of these changes, and others, is hard to foresee, especially since the President is balancing many different factions, and often changes his mind, even regarding important decisions. On Feb. 26, he discharged 34 advisers, eight special economic envoys, three councils, and three ambassadors-at-large. Earlier, he changed the CEOs at most of the major state sector industries.

While the IMF-allied interests are generally pleased with the dismissal of those associated with the old regime, or who have resisted submission to foreign dictates and takeovers, they are uncertain of the direction President Wahid is taking. The March 9 issue of *Far Eastern Economic Review* ran a lead story entitled “Courting Danger,” which praised the President for dismissing General Wiranto, but warns that he may be creating his own group of “cronies,” and “shows signs of hurting his government’s relationship with the IMF.” The Dow Jones-owned *Review* then reveals its greatest fear: “In fact, what has emerged is a throwback to the days of founding President Sukarno, whose fiercely loyal staff proved impervious to outside interference.”