



REFORMASI

THE STRUGGLE FOR POWER IN POST-SOEHARTO **INDONESIA**

KEVIN O'ROURKE

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*The struggle for power in
post-Soeharto Indonesia*

Kevin O'Rourke


ALLEN & UNWIN

To the people of Indonesia

First published in 2002

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Preface

Reformasi relates Indonesia's political events from 1996 through 2001—a period marked by tumult, intrigue, tragedy and mystery.

The book is deliberately broad in scope, and it seeks to provide a 'holistic' account—that is, one that integrates subjects (such as banking, Islam and military history) that are too often considered in isolation. Because the events of the period lend themselves to a narrative format, the book proceeds chronologically. I have also sought to capture the drama of this period, but I have tried to avoid melodrama and 'craftsmanship'. I have therefore aspired to relating the events in a clear and credible style; the intention is to let the events and protagonists convey their own drama.

To support this narrative approach, I have emphasised careful research and annotation. This research effort would not have been possible without several factors: the preceding work of such authors as Adam Schwarz, Michael Vatikiotis, Hamish McDonald, Benedict Anderson, Howard Palfrey Jones and others; the liberalisation of the Indonesian press; and the Internet. The work of Indonesia's superb foreign press corps was particularly important, as was the Joyo News Service of the indefatigable Gordon Bishop.

The research for *Reformasi* builds upon my experience of writing the *Van Zorge Report*, a bi-weekly journal on Indonesian politics and economics. I performed this role from mid-1998 through early 2000, a period that coincided with much of the political tumult. During this time I conducted in-depth interviews with around 60 policy-makers, politicians, generals, Islamic leaders, academics, NGO figures, student activists and journalists. Sarwono Kusumaatmadja, Andi Mallarangeng and Azyumardi Azra were particularly helpful and enlightening; I refrain from naming a great many others because of the sensitive nature of this book, and the country's continued political uncertainty.

I certainly gained the most valuable insights from innumerable encounters with Indonesians from all walks of life. I first came to

Indonesia in 1990, and I have been living in Jakarta for seven years. Throughout this time I have been continuously amazed by the people of Indonesia. Ultimately, it is their graciousness—amid hardship—that inspired me to produce this book. *Reformasi* takes a hard look at Indonesian politics, but it does so in tribute to a wonderful people who, I believe, deserve better leadership.

Reformasi has been an entirely independent effort in that I've received no financial contributions or sponsorship of any sort. However, this book received a tremendous amount of support in terms of encouragement, advice, corrections and input. I am very fortunate indeed that such a large number of extraordinary people were eager to help. Rather than making a difficult effort to rank them in importance, this acknowledgements section will, like the book itself, follow chronologically.

My parents inspired my interest in both writing and government, and my brother Gerald first brought me to Indonesia at age 19. During my undergraduate studies at Harvard, Amir Soltani, Richard Patten and Don Johnston exerted strong influences on me. Jonathan Harris and Gene Galbraith first employed me in the securities industry in Jakarta, and Belinda Tan was an exceptional colleague and friend. And my experience of performing political risk analysis with Dennis Heffernan and James Van Zorge provided invaluable experience.

Gary Goodpaster convinced me to start this project, and important words of encouragement came from Mary Schwarz, Paul Wolfowitz and Adam Schwarz. Mark Hanusz's support was enthusiastic, astute and crucial. Peter Milne provided editing assistance, instructive ideas and myriad shows of support along the way. Christopher Lingle, John McBeth and John Haseman each provided generously of their time and patience to offer insights, corrections and instruction in their respective fields of expertise: economics, politics and military analysis.

Others who provided important input and encouragement include Chris Bendl, Michael Chambers, James Corcoran, Michael Horn, Kate Linebaugh, Rhea McGraw, David Roes, Frank Shea, John Su, Adnan Tan, Bjorn Thurmann, Roderick des Tombe, Fred Thomas and Edwin Wong. Dean Carignan performed a characteristically thorough and thoughtful critique of the text. My classmate Jean-Jacques Barrow lent his inimitable perspicacity. Arif Sani lent his graphic design expertise and I received help with photos from *Tempo's* Pak Priatna, AFP's Carol Li, Kees Metselaar and the Gamma team. Other friends who have always been reliable are too numerous to mention, but they include Mike Graff, Peter Hogg, Quentin Jordan, Sean McGuire, Dan Murphy, Jonathan Phillips and Sebastian Sharp. I am especially grateful to John O'Reilly, Arian Ardie and Christine Bader. From Allen & Unwin, Patrick Gallagher and Rebecca Kaiser have been enormously helpful and thoroughly professional throughout.

Having said all this, I alone am responsible for the misinterpretations,

inaccuracies and errors that no doubt exist within this text. I have referenced the text with more than 1000 endnotes, but in many cases time constraints prevented me from delving deeper and achieving greater accuracy. I hope that some of the issues that I have been unable to fully answer will eventually be resolved.

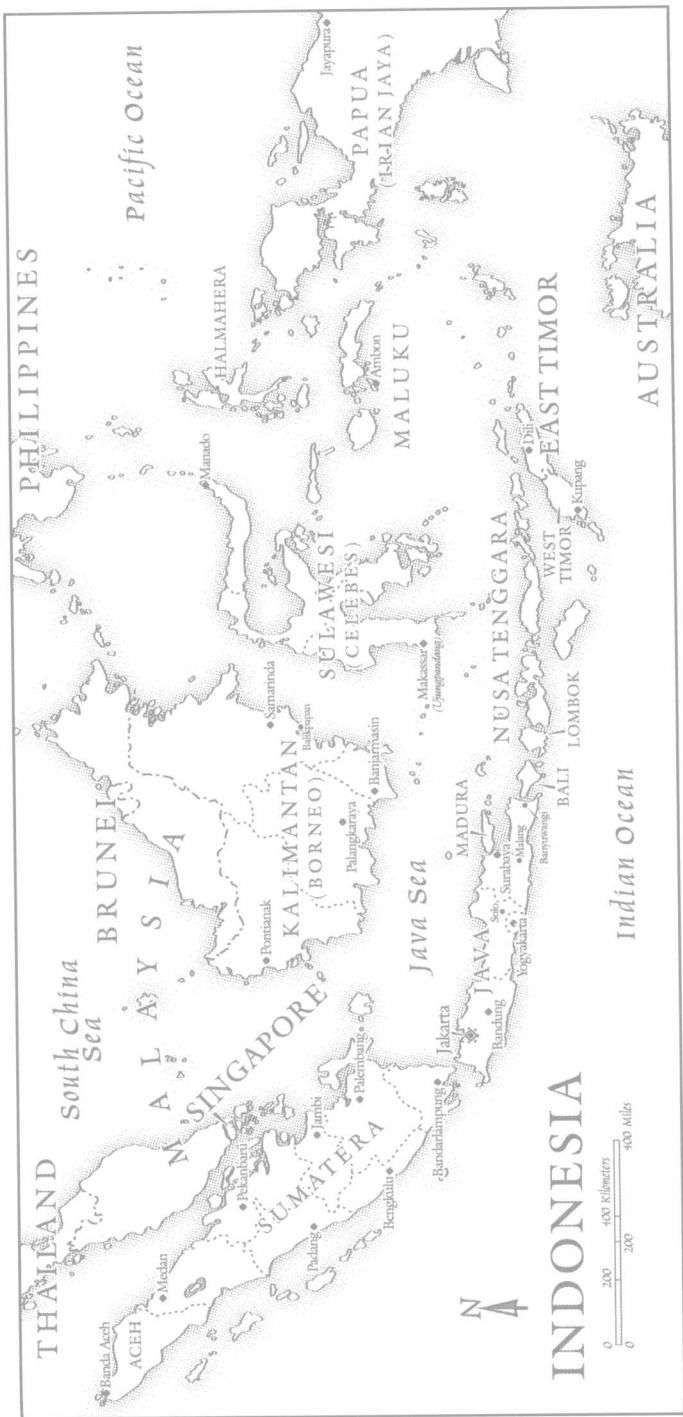
I have tried to delineate fact from supposition by consistently denoting the latter as such. Nonetheless, I believe that perfect objectivity is impossible to attain, and the interpretations and analysis in *Reformasi* ultimately stem from my own sense of what can—and cannot—be reasonably deemed as ‘fair’. I hope I have done justice to a story that richly deserves just that.

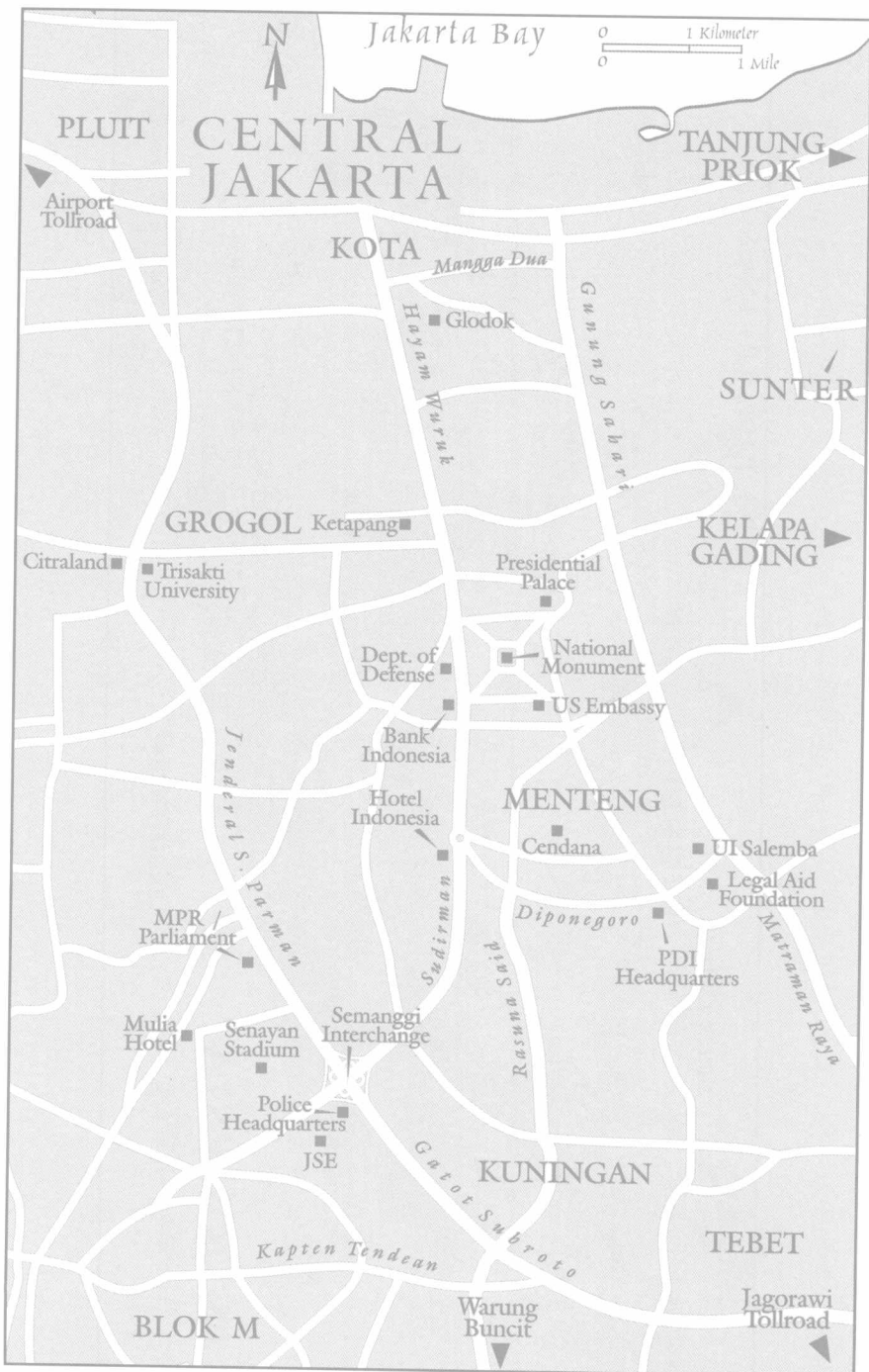
A government post: that is everything and all things for one who is neither a farmer nor a tradesman. Wealth may vanish, families may disintegrate and reputations may fall, but the post must be secured. It is not just a livelihood—it's also prestige, righteousness, self-esteem and a way of life. People fight, pray, fast, slander, lie, work themselves to the bone and back-stab each other, all for the sake of a government post. One would sacrifice anything to obtain it—because with it, all can be restored.

—Pramoedya Ananta Toer, *Child of All Nations*

A corrupt regime has only one alternative: to stay in power.

—Siswono Yudohusodo





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PART I

HUBRIS OF
THE ELITE

LOOMINGS

‘**R**aid PDI Headquarters.’ That simple command, issued by President Soeharto to his security forces in July 1996, triggered the extraordinary political power struggle that would consume Indonesia for years to come.

The raid itself was a simple affair. Several hundred youths who were protesting Soeharto’s rule had barricaded themselves inside a colonial-era mansion in central Jakarta. The building served as the headquarters for Indonesia’s only credible opposition party, the Indonesian Democratic Party (PDI). Troops launched an attack at dawn on a Saturday, and by noon they controlled the premises. The event marked a strategic success for Soeharto: it sidelined his main rival, PDI chair Megawati Soekarnoputri, at a critical juncture. It did not, however, constitute a triumph.

The PDI Headquarters raid was not the first time that Soeharto’s ‘New Order’ regime had cracked down on its opponents, but it was close to being the last. The blunt attack made the president appear cruel and desperate. It also dashed hopes for a peaceful political transition, by demonstrating that Soeharto, at age 75, was determined to cling to power by force. For more than 200 million Indonesians the ensuing political struggle would exact exceedingly high costs. The prize was paramount control over the most corrupt state in Asia—and the rules were non-existent.

After several years, and after the loss of thousands of lives, the forces of change would triumph and Indonesia would become the world’s third largest democracy—or at least so it would appear. In fact, appearances can be misleading in Indonesia, and triumphs can prove ephemeral.

Soeharto was born to a family of impoverished petty aristocrats in rural Central Java, and at the age of seventeen he joined a local military unit under the supervision of the Dutch colonial authorities. It was the eve of World War II. After the invasion of the Netherlands East Indies in 1942,

Soeharto served in a similar unit under the Japanese occupiers. The Dutch sought to reclaim their huge colony after the war, but the nationalist leaders Soekarno and Mohammad Hatta declared Indonesia an independent republic. Among the few Indonesians with formal military training, Soeharto became an officer in the republic's hastily formed army—the ideal place for the savvy youth to realise his ambitions.

Although little more than a loosely organised network of volunteer militias, the army waged a determined guerilla campaign against Dutch forces for nearly five years. This helped win international recognition for the new republic, but Indonesia's leaders soon faced daunting challenges. Indonesia was blessed with natural resources but three centuries of colonial rule had left the population poor and undereducated. In a dazzlingly diverse archipelago, national unity was sorely lacking. And perhaps most significantly, the political institutions left over from the Dutch colonisers were designed, not to serve the interests of the people, but to uphold the authority of the rulers.

While the young Soeharto steadily rose through the ranks of the army, the political elite affirmed Soekarno, the country's most popular revolutionary, as Indonesia's first president. Although his economic ideas were based on a crude form of socialism, Soekarno's ardent nationalism and respect for pluralism helped unify the country. Meanwhile, he and Indonesia's other political leaders struggled to build a stable democracy.

The 1945 Constitution, which had been drafted under emergency conditions, was rife with vagaries. A more sophisticated Constitution was therefore introduced in 1950—but whereas the earlier version lacked checks on presidential authority, the second provided for a parliamentary system that proved chronically unstable. Soekarno was reduced to a figurehead, and parliamentary cabinets rose and fell in rapid succession. The country's first national election, in 1955, failed to bring stability: the vote was fragmented among nearly 30 parties, ranging from communist to Islamist, with socialists and nationalists in between. Two years later Soekarno finally intervened.

Siding with one faction of the military, the president imposed martial law and revived the 1945 Constitution. He used the euphemism 'Guided Democracy' to disguise his authoritarian rule. Genuine democracy would not return for more than 40 years.

Amid economic malaise, Soekarno survived through cunning tactics: he mesmerised the nation with his grandiloquence, distracted potential critics with adventurous foreign policy campaigns and encouraged political rivals to fight among themselves. He balanced his presidency between three political forces: military nationalists, Communists and, to a lesser extent, Islamic groups. This formula kept Soekarno in power for nine years, but corruption and economic neglect eventually took their toll. By late 1965 the currency was in free-fall and Indonesians struggled to cope

with runaway inflation. Soekarno increasingly associated himself with the Communists, who whipping the political atmosphere into a frenzy. Meanwhile, the president's relations with the army suffered a corresponding decline.

In September 1965 Soekarno was led to believe that the anti-communist army leadership was poised to launch a coup d'état. He apparently gave his consent to a pre-emptive strike, dubbed the '30 September Movement'.² Two Soekarnoist army officers, Col. Abdul Latief and Lt Col. Untung, mustered several hundred soldiers from a variety of units, including the president's palace guard. Around 4 a.m. on 1 October, the soldiers raided the homes of seven generals. They abducted and killed six of the targets—the head of the army, his top four assistants and the military's chief prosecutor.

Controversy persists over who encouraged the attackers to act.³ The standard version (encouraged by the New Order regime) has been that the Communist Party commissioned the murders. However, Latief, Untung and at least one other senior conspirator had previously served in the Central Java Garrison under the command of Maj. Gen. Soeharto. In 1965 Soeharto was based in Jakarta, commanding the army strategic reserve (Kostrad), the military's premier combat-ready force. As such, he was one of two generals with direct command over troops in the capital; the other was the Jakarta Garrison commander, Maj. Gen. Umar Wirahadikusumah. To have any chance of success, an attack against the army leadership in Jakarta would, presumably, have had to target these two—unless the attackers believed them to be partisans. Both were inexplicably spared.

Latief claimed that he had warned Soeharto about the abductions two days before they took place, and that the conspirators had been assured of the Kostrad commander's support.⁴ But on the morning after the murders Soeharto acted swiftly and assertively. With assistance from Kostrad's intelligence officer, Ali Murtopo, Soeharto mobilised his forces and persuaded the conspirators' troops to surrender their weapons. When President Soekarno appointed a communist-leaning general to head the army, Soeharto objected and assumed the command himself. He denounced the 30 September Movement as a communist coup attempt and arrested the conspirators. Latief says that he felt betrayed.

A bloody, nationwide anti-communist pogrom ensued. Estimates of the death toll range from 80 000 to 500 000.⁵ Another 500 000 confirmed or suspected communists were eventually jailed, including Col. Latief, who remained in prison for 33 years. And within a few months Soeharto had wrested control of the government away from the disgraced Soekarno. The New Order had been born.

Many viewed Soeharto's arrival as a blessing. He imposed order, rectified the economy and eradicated the threat of communism.

Indonesians craved stability, and therefore few complained when Soeharto's party, Golkar, won a landslide victory in the 1971 polls. And the ensuing oil boom, which brought unprecedented riches to Indonesia, also enabled Soeharto to consolidate his grip on power. It was not until the mid-1970s, therefore, that succession worries first began to arise.

Election outcomes were never in doubt: parliamentary polls were rigged to favour Soeharto's Golkar party, while presidential elections were dominated by Soeharto's handpicked loyalists in the 1000-member People's Consultative Assembly (MPR). Nonetheless, the build-up to a parliamentary election was always marked by abnormally high levels of political tension. Before each new presidential term the cagey but inscrutable Soeharto intimated that the upcoming term would be his last. But five years later he would invariably 'agree' to serve just one more term.⁶ Meanwhile, his political longevity hinged on his ability to continue delivering macro-economic growth.

Soeharto portrayed himself as the country's saviour from communism and regional secessionism, but his most vaunted role was as the 'Father of Development'. In 1965 Indonesia was the poorest country in Asia, with an estimated 60 per cent of the population—or around 55 million people—living in poverty.⁷ After Soeharto took over the following year, annual growth in Gross Domestic Product (GDP) exceeded 6 per cent in all but two of the next 30 years. By 1996 the poverty rate had been cut to 11 per cent, or 22 million people.⁸ Impressive gains had been recorded in life expectancy, fertility, infant mortality and food self-sufficiency. Perhaps most impressive of all, Indonesia ranked among Asia's most attractive 'emerging tiger' economies—and among the world's most popular destinations for long-term investment. With land, labour and natural resources in abundance the outlook was bright for sustained growth. But despite these achievements there were reasons for dissatisfaction.

In the latter years of Soeharto's rule a host of ills came to the fore—such as income disparity, urban squalor, environmental degradation and neglect of human rights. At the root of these ills was Indonesia's most tenacious problem: corruption. Entire economic sectors were elaborately structured to funnel abnormal profits, or rents, to Soeharto's family, their inner circle of business partners (or 'cronies') and a select few leaders of the powerful military. Rather than serving the public, most functions of the state apparatus were concerned primarily with upholding these rent-seeking structures. Many poor Indonesians were growing gradually better off, but they also confronted mounting injustice in their daily lives.

Therefore, in early 1996, as Soeharto entered the penultimate year of his sixth presidential term, Indonesia's succession worries were at their highest point in three decades. And while the reasons for opposing Soeharto were stronger than ever, the president had grown out of touch