

economy. The plan is now back on the drawing boards, and further advanced than ever before, in part because the Thais have succeeded in getting China and others interested in the idea, joining with the Japanese (who have been involved for many years). *EIR* renewed its contacts with some of the people involved in this development.

### **ASEAN-Plus-3 in Hanoi**

The July meetings of ASEAN and the ASEAN-Plus-3 Foreign Ministers in Hanoi proved to be another crucial step forward for the region, although time is very short. In the "Hanoi Plan for Action," the ASEAN nations dedicated themselves to driving forward with the Great Projects which have been designed over the past years, including the Mekong River Development Project, the Asian Railroad (linked to the Land-Bridge connecting Asia with Europe and Africa), and several "Triangles" (i.e., projects among adjoining nations), for regional infrastructure and natural resources development. Most important, Russian Foreign Minister Igor Ivanov, as a dialogue partner of the ASEAN-Plus-3, expressed Russia's strong support for the projects, and offered to become directly involved in their realization. These promising developments improve the potential that the ASEAN-Plus-3 will be prepared to act in creating a new Asian Monetary System when the crucial moment arrives, as it certainly will in the immediate weeks ahead.

## **Give Indonesia's New Government a Break**

by Gail G. Billington

In less than one four-year term of a U.S. President, Indonesia has had four sitting heads of state. In March 1998, President Suharto was driven from office by the worst regional economic crash and domestic political upheaval the nation had experienced since 1965. His Vice President, B.J. Habibie, succeeded him and set into motion the first territorial break-up of Indonesia, under intense pressure from some of Indonesia's former colonial powers, with backing from the United Nations, to "free" East Timor.

Simultaneously, Indonesia underwent a top-to-bottom political overhaul for the Fall 1999 general election, which was viewed as the first "democratic" election in more than three decades. When the dust settled, Muslim scholar and cleric Abdurrahman Wahid had successfully outmaneuvered the political horse-trading to deny the Presidency to the majority vote-winner, Megawati Sukarnoputri, eldest daughter of Indonesia's Founding Father Sukarno. Megawati became Wahid's Vice President.



*Indonesia's new President Megawati Sukarnoputri is making her first diplomatic priority, the restoration of Indonesia's role in ASEAN and ASEAN's new Eurasian partnerships.*

Less than 22 months later, a new game of political "musical chairs" has played out. On July 23, 2001, Wahid became the first President to be impeached, and Megawati was unanimously elected as the first woman President of the Republic of Indonesia. On July 26, Hamzah Haz, head of a leading Muslim party and a member of the same Muslim social organization formerly headed by three generations of Wahid's family, became Vice President.

Four Presidents in less than four years should suggest to Indonesia's friends and would-be allies that a healthy dose of patience is in order. So embroiled in internal affairs has Indonesia been, that its Foreign Minister did not even attend the late July annual meetings of the most important regional political/security organization, of which Jakarta was a founding member, the Association of Southeast Asian Nations; nor the subsequent ASEAN Regional Forum discussions with its major near neighbors China, South Korea, and Japan, and its dialogue partners, including most of the G-8 member states.

As of this writing, the naming of Megawati's cabinet is still days away, but there is near universal agreement within Indonesia that the most pressing issue for the new government is the economy, the continuing disintegration of which has been the principal driving force behind the violent political and social upheaval that has wracked the country over these past four years. The chairman of Indonesia's Chamber of Commerce and Industry, Aburizal Bakrie, has urged the government to focus on the economy, pointing to 40 million Indonesians out of work. Separatist movements in Indonesia's two most resource-rich, revenue-earning provinces, Aceh and Irian Jaya (Papua), pose nation-threatening challenges.

### **Too Many Agendas**

Less than a week after the impeachment of Wahid, President Megawati is being inundated with "wish lists" from inter-

national lenders, foreign powers, and leading “civil society” organizations.

Topping the list is the International Monetary Fund (IMF), whose former Managing Director, Michel Camdessus, left an indelible image on the Indonesian psyche: that of a smug Camdessus, leering down at a broken President Suharto as he signed off on the IMF conditionalities program in January 1998, a signature that ensured Suharto’s fall from power a short two months later.

John Dodsworth, the IMF’s current man in Jakarta, put on a smile to welcome President Megawati, but delivered a message little changed from 1998. “We need to see who will be in the new cabinet,” before the IMF will finally release a long-stalled \$400 million tranche (and all the collateral private lending that is held awaiting the IMF okay). Wire reports then warned that Megawati would have to act quickly to appease the IMF, since creditor nations will meet in September to discuss Indonesia’s huge outstanding debt, stressing, “Indonesia and Ecuador share the distinction of having the world’s lowest credit rating—CCC plus, seven notches from investment grade. . . . That means without help from creditor nations, Indonesia is a likely candidate for default.”

Equally ominous for Indonesia are the political demands from “friendly governments” and “civil society” institutions and organizations. The New York-based director of the George Soros-financed Human Rights Watch Asia is Sidney Jones. She has personally played a significant role in stirring up separatist movements across Indonesia, with extensive ties into both Aceh and East Timor. Jones scolded Megawati in a July 27 *New York Times* op-ed, for being a nationalist, for ties to the military, and for being intolerant of independence movements in the provinces. Referring to such movements in Irian Jaya (Papua) and Aceh, Jones made a direct threat: “Mrs. Megawati showed no aptitude for understanding or addressing the grievances in those regions. She will have to do better as President or face further outbreaks of violence and an increase in the more than 1 million citizens currently displaced from their homes.”

Jones warned further that Megawati must “move quickly to show she will not be a pawn of the military officers who flocked to her party out of displeasure with Mr. Wahid,” and even says that “many Acehnese fear that a Megawati Presidency will mean open season on civilians.”

The oft-repeated fear that Megawati will follow in her father’s “nationalist” footsteps is also evident in the overtures from George W. Bush’s U.S. administration and Prime Minister John Howard’s Australia, both of which have floated early invitations for meetings with Megawati. Relations between Indonesia and these two administrations are, to say the least, “delicate” at this time. Relations seriously deteriorated at the hands of Madeleine Albright’s U.S. State Department, while Prime Minister Howard pronounced his country’s self-appointed promotion to “America’s Deputy” in the Asia-Pacific, especially over East Timor, where Aus-

tralia remains a key player.

A complicating factor for the United States is that the Bush Administration has been slow to learn that U.S. policy toward Indonesia in the second Clinton Administration was self-defeating, especially in terms of relations to Indonesia’s military, which was cut off from U.S. technical assistance and training in 1999. As a career U.S. military officer with long service in Indonesia told a seminar in Washington earlier this year, the United States has had no contact at all with the second-level military commanders in Indonesia, thanks to these sanctions.

More threatening is the inclination of some elements in both the Bush and Howard administrations to draw Indonesia into a new Cold War alliance in line with those elements who view China as the new strategic enemy of the United States. The release, in the last week of July, of the latest volume of U.S. diplomatic history, *Foreign Relations of the United States*, disclosed what most Indonesia scholars and diplomats already knew about the period of Indonesia’s 1965 crisis: U.S. and British covert operations against Megawati’s father, President Sukarno, and in support of then General Suharto.

In ham-handed fashion, the Bush Administration, through the Government Printing Office, attempted to recall the release, which attempt was reported as a backhanded apology, but must also serve as a brutal reminder *not* to repeat the errors of the past.

## Off to a Good Start

The good news from the new government in Jakarta, is the announcement that Megawati plans to visit Indonesia’s ASEAN partners during a five-day tour Aug. 22-26. Her spokesperson announced on July 31, “The President will visit the ASEAN countries to emphasize that ASEAN is a priority in Indonesia’s foreign policy.” Especially in 2001, Indonesia has been largely absent from the intense discussions within ASEAN, and those in conjunction with ASEAN’s “plus 3” partners—China, South Korea, and Japan. It has been absent from the ASEAN breakthroughs in regional discussions with the leading Eurasian nation, Russia, on forging a new global monetary system and committing to the model of “great infrastructure projects,” epitomized by the Eurasian Land-Bridge concept. These hold out the greatest potential for recovery for Indonesia, and its true friends.

An Indonesian source close to Megawati’s economic team told *EIR* that her government is better prepared to meet the coming global financial crisis than Wahid’s. He pointed out that the military, which united in rejection of President Wahid’s effort to impose martial law, is extremely solid and well-disciplined at this time, after years of division and external attacks which weakened its authority. With the moderate Islamic leader Hamzah Haz as Vice President, President Megawati has the capacity to rebuild the historic unity, championed by her father, among nationalism, religion, and other mass organizations.