
INDONESIA

Cabinet shakeup boosts younger generation

by Ramtanu Maitra

Within a week following his re-election for a fourth five-year term as president on March 11, Indonesia's Suharto named a new vice-president and a reshuffled cabinet. The new look in the Indonesian leadership named is aimed at maintaining a pace of economic development amidst a shrinking world market, and carrying out the transition of leadership to the post-Suharto era. This, by all indications will be Suharto's last term in office. At his swearing in as president, Suharto told the members of the Indonesian parliament: "The war of independence was the opening phase of the historic task of the '45 Generation [who led the independence struggle against the Dutch]. The next five-year period, 1983-88, will be the last phase of rounding up and completion of this historic task of the '45 Generation."

A new economic strategy

The key to Suharto's cabinet reshuffle is a consolidation of the loyal and competent officials around him. Suharto was perhaps mindful of economic issues more than anything else. Already reports indicate that the reshuffled cabinet has huddled several times in recent days with representatives of the International Monetary Fund, the World Bank, and several private consultants to map a strategy for dealing with the difficult situation confronting Indonesia's economy. The first result that emerged out of such meetings was the 27 percent devaluation of the Indonesian rupiah, weakened by massive capital flight and an increasing gap in the nation's balance of payments.

At present the cabinet is considering various options to stem the outflow of foreign exchange and enhance foreign exchange reserves. With the recent cut in oil prices by an average of \$8.26 a barrel, Indonesia will lose about \$1.8 billion in expected revenue in fiscal year 1983-84 unless the oil price increases during the later part of the year.

Speculation that major changes in economic thinking might be coming was fueled by President Suharto's shakeup of his economic team, including the removal of **Economic coordinating Minister Widjoyo Nitisastro**—the top technocrat in the Suharto administration over the last decade. According to **Arifin Siregar, the new governor of the Bank of Indonesia**, the government "needs to review all the country's monetary policies" in light of the oil price cut and diminishing demand for unprocessed commodities.

Rumors abound in Jakarta that President Suharto is not

only asking for a devaluation of the rupiah, but is also seeking credit restrictions and tighter foreign exchange transactions. In February, the central bank increased foreign exchange swap rates for private banks as a precautionary measure against rampant private hoarding of dollars. The move nearly doubled dollar-rupiah swap rates and effectively permits use of the swap to offshore dollar borrowings. Swap rates are government charges to banks for exchanging the rupiah against the dollar in futures trading.

The removal of Widjoyo Nitisastro from the new cabinet is considered by some observers to be part of an effort on the economic front as well to rejuvenate the leadership and retire the older generation from the front lines. Over the past decade and a half, Dr. Widjoyo had not only been a fixture in the administration but had also come to wield a substantial amount of power in economic policy-making. Dr. Widjoyo was the unofficial head of the group of technocrats sometimes called the "Berkeley mafia" because so many of them were trained at the University of California at Berkeley.

Former Finance Minister Ali Wardhana, who has taken over Dr. Widjoyo's post and is a close associate of his predecessor, has been given a major role.

Former vice-chairman of Economic Planning J. B. Sumarlin will now function both as chairman of the Bappenas economic planning entity and minister for development planning.

Ali Wardhana was appointed to the cabinet in 1968. A Central Javanese and Muslim, he was invited in 1966 to participate in a seminar to discuss an economic strategy on which the New Order economic policy was later founded.

Sumarlin is sometimes referred to as under Widjoyo's influence, but there are clear indications that he thinks independently. A Roman Catholic from East Java, who graduated from the University of Pittsburgh, Sumarlin dealt with the construction of the Krakatau steel plant when the project was undergoing a serious financial crisis in the mid-1970s, negotiating with the West German and Dutch builders. Last year Sumarlin toured the United States to attract American business to Indonesia.

While the cabinet seems to have weakened most of the bureaucratic power bases within the cabinet, three important ministers were left with their respective portfolios intact: **Foreign Minister Dr. Mochtar Kusumaatmadja**, **Minister of State for Research and Technology B. J. Habibie**, and **Minister for Mining and Energy Dr. Subroto**.

Part of what Suharto describes as "regeneration" is the President's effort to bring into the army leadership "The Magelang generation"—the cadets who were graduated from the Magelang Military Academy in Bandung since 1958. More than half of Indonesia's 24 ministers and 27 provincial governors are military men.

Under Suharto, the government is a mix of politicians, technocrats, and soldiers which depends heavily on the president. Prior to this reshuffle, the government's political base had become narrower. Suharto, having discarded many of

those whose support he sought but did not receive without a trade-off, has now brought into the cabinet those who have consistently supported him during these 17 years despite their lower level of power.

The vice-president

Perhaps the single most important appointment announced by Suharto is that of his new vice-president, **Umar Wirahadikusumo**. The previous vice-president, Adam Malik—a '45 Generation veteran—had evolved from a tumultuous role in the left-wing Partindo and Murba parties toward a more conservative stance, and was prominent under Sukarno as a diplomat and later trade minister. On March 18, 1966, a week after Suharto became the most powerful individual in Indonesia, Adam Malik, along with Sultan Hamengkubuwano, joined Suharto in an interim triumvirate. Malik became active restoring links with the rest of the region and with the Western powers. But Malik, who also served as Indonesia's ambassador to the Soviet Union under President Sukarno and as foreign minister under President Suharto, has been considered by many as too controversial because of his former left-wing ties. His replacement was not a surprise to political observers, especially since an Indonesian vice-president must be considered a future president.

While the new cabinet has opened up a number of possibilities as to whom may get the president's job in 1988, the vice-president's name certainly heads the list. Umar Wirahadikusumo, a general in the crack West Java-based Silivangi Division, played a major supporting role on Oct. 1, 1965 in helping Suharto to restore order during the attempted coup by the Chinese-run Indonesian Communist Party. Later, General Umar became chief of Kostrad—the Army Strategic Reserve—a post Suharto held before he was catapulted to power. He also served as the Army chief of staff between 1969 and 1973.

Suharto brought in Umar to head the Audit Board (BPK) following his role as the Army chief of staff. Although Umar's role in policy making during this period is not quite clear, it is well known that he always stayed very close to Suharto and maintained a high level of integrity. Among additional responsibilities, as vice-president Umar has also been entrusted with supervising the economic planning division.

The army command

The second most important individual in the 1983 cabinet next to the vice-president is decidedly the new commander of the 350,000-strong armed forces, **Gen. Benny Murdani**. The Catholic General Murdani had not only been the head of intelligence in the defense ministry since August 1974, but also had the function of head of the strategic intelligence center since August 1977 and deputy head of the state intelligence coordination body.

Murdani's association with Suharto goes back to the early 1960s, when the Indonesian army was engaged in a campaign to drive the colonial Dutch out of West Irian—now known as

Irian Jaya. Suharto, who was heading the Kostrad, was put in charge of the campaign by President Sukarno. It was during this campaign that a young commando officer, Benny Murdani, who was to win acclaim for leading a parachute jump into West Irian, became Suharto's confidant. Over the years Murdani has become the nation's most highly decorated soldier.

In the 1970s Murdani led 60,000 Indonesian volunteers in an operation in Portuguese Timor—now a part of Indonesia and known as East Timor. Four months before the Indonesian volunteers went into Portuguese Timor to forcibly push the Portuguese out of the archipelago, intelligence chief Benny Murdani, along with Defense Minister Panggabean and Deputy Armed Forces Commander Suronom, was reportedly involved in convincing President Suharto to move into Timor and occupy the Timorean capital Dili.

Murdani's latest successful commando operation took place in Bangkok in 1981 when five fanatic Indonesian Muslim fundamentalists hijacked a Garuda Airways plane with 54 hostages aboard and landed at Bangkok's Dom Muang airport. Murdani played a leading role in organizing the successful armed attack on the hijacked plane.

In 1964, when President Sukarno was carrying on his unsuccessful "Crush Malaysia" campaign, Murdani, then an assistant to Ali Murtopo, chief of the OPSUS (Special Operations) and a long-time associate of President Suharto, traveled to Malaysia with a cover as a Garuda Airways employee to meet senior Malaysian officials. An agreement with Malaysia was announced by President Sukarno on Aug. 11, 1966 and Murdani was sent to Kuala Lumpur as head of a new Indonesian liaison office.

Suharto has also brought into his inner circle old stalwarts such as General Poniman, also of the Generation of '45; Admiral Sudomo, the former Kopkamtib chief; and Rachmat Saleh, former Bank of Indonesia governor.

General Poniman's selection as Defense Minister surprised many. Poniman, a Javanese from the Siliwangi Division, was the Army chief of staff and earlier was also the head of Kostrad.

However, the same is surely not true in the case of **Admiral Sudomo**, whose association with President Suharto goes further back into the difficult days of the West Irian campaign. Sudomo, then a navy colonel, became Suharto's deputy and began an association that was to last more than two decades. Sudomo, a strong anti-communist Catholic Javanese, acted as a counterpoint to the pro-Sukarno Navy and Air Force in the early days of the post-Sept. 30 movement. Sudomo's appointment in the new cabinet as minister of manpower is perhaps in preparation for the challenge of fostering and managing a rapidly growing urban-industrial work force.

The new trade minister, **Rachmat Saleh**, the former Bank of Indonesia governor, and an economics graduate of the University of Indonesia, has been consistently influential in policy making, as consistently staying in the background.