

must invest in research and development, since private firms cannot—or will not—invest enough themselves. Technology, he said, must be viewed as a crucial “infrastructure” of the economy.

When the technocrats complained that the strategic industries under Habibie’s control accounted for about half of the losses in the state sector, Habibie associate Tamara said: “It all depends on how you look at the money that has been spent. If you look at it as a *cost*, yes, it is expensive. But we should look at it as an *investment in the future*.”

In 1993, the same year that the Chinese government put the brakes on their own hot-money “export zones” and began the current drive for nationwide and Eurasian-wide development, Indonesia’s cabinet was almost totally taken over by Habibie’s allies. The World Bank issued a direct, but lame, attack on Habibie’s policies in their 1993 “Indonesia: Sustaining Development”:

“Policies centered on a ‘technological leapfrogging’ strategy, involving the development of targeted high-tech indus-

tries supported by direct public investment or subsidies and high levels of protection, have proven costly and ineffective in most countries.”

The truth is otherwise. Precisely because Indonesia has invested in real industrial infrastructure, and in the increase in the productivity of the workforce, it may be better positioned to absorb, but certainly not immune to, the shockwaves of the collapse of the global financial bubble, despite the vulnerabilities created by the speculative policies before 1993. Habibie has expanded the national aircraft and other industries, and launched a national car program, much to the consternation of the free-trade advocates at the IMF and the World Trade Organization (WTO). Projects for bridging the Malacca Straits, as well as the islands of Java and Sumatra, are being planned. The next, and necessary, direction, must be to break out of the current Java-centric emphasis, toward the development of the outer islands, and the integration of Indonesia and the rest of Southeast Asia into the broad Eurasian-wide development programs now supported by China

Nobel Prize causes trouble in East Timor

On Oct. 11, the Swedish Nobel Committee awarded this year’s Peace Prize to two individuals at the center of the difficult, often tragic saga of Indonesia’s occupation of East Timor: Catholic Bishop Carlos Filipe Ximenes Belo, and the exiled head of the East Timor Liberation Front (Fretilin), Jose Ramos-Horta. Nobel Committee chairman Francis Sejersted said, “This was about to become a forgotten conflict, and we wanted to contribute to maintaining momentum.” He added that he was aware the prize could trigger violence.

The award to Ramos-Horta is widely viewed as a provocation. In the Oct. 15 *International Herald Tribune*, Philip Bowring attacked the peculiar Nordic “political correctness” of the selection, pointing out that this is the third time in eight years the Peace award has gone to Asians opposing their governments: Burma’s Aung San Suu Kyi, Tibet’s Dalai Lama, and now Ramos-Horta.

Robert L. Barry, U.S. ambassador to Indonesia (1992-95), assessed the award to Ramos-Horta in an op-ed in the Oct. 29 *Washington Post*. He reviewed the history of the Portuguese sudden abandonment of East Timor in 1974, and the bloody civil war which followed, among parties which advocated immediate independence (Fretilin), and two others that advocated gradual progress to indepen-

dence or integration with Indonesia, before Indonesia took control in 1975. Barry said the divisions that caused the civil war remain, making East Timor “a tinder box not unlike the West Bank or Gaza.” To promote Fretilin, is to inflame a situation that could precipitate “a new Bosnia.”

Often overlooked in Indonesia’s takeover of East Timor, is the blessing given to Jakarta’s invasion by Henry Kissinger, who accompanied President Gerald Ford to Indonesia shortly beforehand. That “blessing” included the deployment of a U.S. AID team from South Vietnam to East Timor, where it kept track of Indonesia’s imposition of the same “strategic hamlets” policy which the U.S. learned from Britain’s counterinsurgency war in Malaya. The UN still does not recognize Indonesia’s sovereignty over East Timor, but designates Portugal as the administrative power.

In February 1992, Indonesian Foreign Minister Ali Alatas, in an address at the National Press Club in Washington entitled “Debunking the Myths around a Process of Decolonization,” charged that Fretilin “never opposed, let alone participated in the struggle against Portuguese colonialism. . . . In fact, the Fretilin has always played exactly the opposite role, that of a favorite collaborator of the colonial administration. As a curiously concocted melange of, on the one hand, a small group of young radicals, and, on the other, the worst elements of the Portuguese colonial army (the Tropaz). . . .”

Ramos-Horta will spend his Nobel Prize money setting up a foundation in Lisbon, to promote the independence of East Timor. Portuguese President Jorge Sampaio has agreed to head it.—*Gail Billington*