

Case 9

The Indonesian archipelago is anchored on both ends by a similar conflict; on the west end in Northern Sumatra's Aceh province, and on the east end in Irian Jaya, separatist rebels are fighting with the Indonesian government for independence. Manifestations of local violence involve complex ethnic, religious, and nationalist ideologies complicated by economic interests.

Political instability has created problems for United States-based multinational corporations operating in these regions. On September 1, 2002, for example, an ambush left two Americans dead and seriously wounded several others near a Freeport-McMoran Copper and Gold Incorporated facility in Irian Jaya. The indigenous people accuse the corporation of destroying sacred land, polluting the environment, and hoarding profits. For example, Freeport-McMoran dumps 70 million tons of toxic tailings a year from its gigantic Grasberg mine into the Ajkwa River.

For U.S. companies, political instability which threatens economic development is solved by hiring the Indonesian military to protect industrial sites. In the Aceh province, Texas-based Exxon-Mobil Corporation has provided funding to the Indonesian military in exchange for army security forces to patrol its oil and gas producing interests, and in Irian Jaya, Louisiana-based Freeport-McMoran has used Indonesian military patrols to secure its Grasberg mine. Meeting with Indonesian President Megawati Sukarnoputri on her U.S. visit last year, representatives from both Exxon and Freeport requested a security guarantee from the Indonesian government that would provide a safe climate to continue their operations. The action is mutually beneficial to both the Indonesian army and U.S. business; while profits are generated for U.S. firms, a portion of the profits is paid to the Indonesian government. U.S. corporations argue that while wages paid to Indonesian workers are only a fraction of what American workers earn, Indonesian workers working for U.S. firms are still much better off than their counterparts.

The Indonesian military has a long history of massacring local populations to quell independence movements. The recent failures of the democratic Indonesian government that replaced the Suharto dictatorship to control the actions of its military have been well documented. In fact, pointing to the military's admission of murdering Theys Eluay, a prominent Papua independence leader, some claim that the military, not indigenous peoples, is behind the Irian Jaya Freeport-McMoran attack for the purpose of inflaming conflict and bolstering its own position. Critics argue that U.S. corporations should quit exploiting local communities or pull out, and in either case, should not subsidize the Indonesian military with its long history of human rights abuses.