



Indonesia: Will Suharto Survive? By Donald K. Emmerson

At first glance, recent events in Indonesia would appear to signal the imminent exit of President Suharto. How can he possibly escape the combined effects of economic collapse, incompetent response, and student protest?

Collapse. In early May 1997 one U.S. dollar bought 2,400 *rupiah* and the Jakarta Stock Exchange index stood at 650. A year later those figures are 8,000 and 165, following plunges of more than 70 and 75 percent, respectively. In 1998 the economy will shrink, perhaps as much as 15 percent, while inflation may reach, or even exceed, 50 percent. Short-term interest rates, at 35 percent, are the highest in Asia. Much of the corporate and banking sector is insolvent.

Response. Neither the Thai nor the South Korean economy is out of danger. But the process of democratization in these countries, however incomplete, allowed for changes of government, including a new Thai constitution, which relegitimated public authority enough to facilitate steps toward reform. No such progress has been possible in Jakarta, where the concentration of political power in Suharto's hands has inhibited economic reform. Disappointed with the failure of his market-minded economists to resolve the crisis with IMF help, Suharto shut them out of the cabinet he announced in March. He filled it instead with ostensibly can-do nationalist engineers, and made one of them, B. J. Habibie, his vice president.

Earlier in the year, weeks of valuable response time were lost while the president toyed with the idea of a currency board – a would-be silver bullet in the heart of the arbitragers who were shorting the *rupiah* – before finally setting it aside. He vacillated too between satisfying the reform-seeking IMF and protecting the empires of his rent-seeking children (not to mention his own substantial wealth). What was supposed to be a confidence-restoring \$43 billion backstop last fall has been reduced to a drip-by-drip feeding by the IMF, which recently decided to release only \$1 billion of the \$3 billion *tranche* it had delayed in March due to noncompliance. Nor is a turnaround likely to come from the next round of talks, underway now in Tokyo, on how to manage Indonesia's estimated \$70 billion worth of private foreign debt.

Protest. Not since the 1960s have antigovernment student demonstrations rivaled in scope and intensity the ones now galvanizing the country's campuses. The regime has tried to contain the protesters, but has been reluctant to crack down hard for fear of triggering an even less manageable reaction. On the same grounds, some of the demonstrators are eager for just such a confrontation.

Yet it would be a mistake to jump from the severity of his predicament straight to the conclusion that President Suharto is about to be overthrown. At least three things could still

save the president and his regime: economic recovery, effective repression, and political reform.

Recovery is likely, but at a pace too slow to bring Suharto immediate relief. Repression is conceivable, but it may be ineffective. While triggering a massive counterreaction in society, a major crackdown could reflect or precipitate a rift in the army – historically the pillar of the regime. And it is hard to imagine the president implementing political reforms that could undermine his rule. Nevertheless, the worse his predicament grows, the more he may be tempted to shift from confrontation toward limited accommodation, if only in the hope of dividing and coopting his opponents – and to keep key generals on his side by reassuring them that they will not be asked to massacre rioting students in the streets.

Recent statements by regime leaders – officers and civilians alike – suggest that the authorities are now at least rhetorically committed to political reforms, including the revision or replacement of authoritarian laws that curtail press and other freedoms and thwart the popular accountability of institutions. If such promises are sincere, and if they redirect the student movement away from mobilizing opposition and toward helping to plan the future opening of the political system, it is conceivable that stability could be restored. But what if the authorities' new tack is merely tactical? What if, fearing cooptation, the students insist that Suharto himself step down? And what if rising joblessness and inflation drive nonstudent mobs onto the streets to loot and burn, as happened recently in Medan?

The next six months could prove crucial. In October the ruling pseudo-party, Golkar, will meet to name new leaders. The president's daughter Tutut, already a cabinet minister, is expected to take over Golkar at that time. If that happens, and she leads Golkar to a big victory at the polls in 2002, she could replace Suharto in 2003, if he remains alive and in power. But the more the current disturbances intensify, the less secure this scenario becomes. And if political reforms are implemented, Tutut's family ties could prove a crippling liability, unless she is able successfully to champion them. She has already criticized nepotism, but her own lineage, privileges, and power do not enhance the credibility of her new view.

Events in months to come could decide whether Suharto and his regime survive unchanged, survive with changes, or fail to survive at all. That third outcome – the man's exit, his system's collapse – is still, though by a diminishing margin, improbable. But so, increasingly, is the idea that political reforms can be put on hold for another five years. As of today, considering the damage done to Suharto's legitimacy, but also the fear of instability shared by the military and the middle class, the likelier prospects for Indonesia would seem to fall somewhere between these extremes.

Donald K. Emmerson is a professor of political science at the University of Wisconsin-Madison and editor of a forthcoming book, Indonesia Beyond Suharto. An earlier version of this essay was given limited distribution by Stanford University's Asia/Pacific Research Center.