

Suharto resigns in bid to preserve Indonesian regime

Hand-picked successor installed by military

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In a desperate bid to defuse an intense political crisis, Indonesian dictator General Suharto has resigned and installed his hand-picked successor, vice president B. J. Habibie, as his replacement with the backing of the military high command.

Habibie, one of Suharto's closest associates for more than two decades, was immediately sworn in for the rest of Suharto's five-year term -- through to the year 2003 -- leaving the entire political structure intact, and the military generals in command.

This manoeuvre is an attempt to cloak the military regime with a new political legitimacy and draw in layers of the bourgeois opposition, such as Amien Rais and Megawati Sukarnoputri, to prevent a social explosion from below.

The central role of Suharto's military apparatus in this operation was quickly demonstrated when Armed Forces chief General Wiranto, on hand to endorse Habibie's installation, addressed the nation before Habibie. Wiranto bluntly declared that no one should be mistaken: the generals would continue to protect not only the political order but Suharto and his family.

Wiranto's statement was a thinly veiled threat to the hundreds of thousands of students, workers and professional people who had defied a massive military mobilisation on Wednesday to join demonstrations in major Indonesian cities demanding Suharto's immediate resignation, despite calls by opposition leaders to stay at home.

Students occupying the national assembly building in Jakarta reacted with jubilation at Suharto's announcement, declaring that they had "freedom at last". Wider rejoicing was reported on the streets of Jakarta.

But students and the working people must be under no illusion. Even if Suharto personally leaves the immediate political stage, and that is still far from certain, it will leave in place the economic system that produced his regime -- not just the business empires of his children and cronies but Indonesian capitalism itself and the interests of the global

banks and corporations.

The brutal military strongman who seized power in 1965-66 in one of the twentieth century's greatest political massacres -- the killing of 500,000 to a million workers, political activists and peasants -- was not simply an individual tyrant. His bloody regime was sustained for 32 years by the entire national capitalist class, whose profit interests Suharto enforced against the working class and rural masses.

Suharto's announcement marks only the beginning of the struggle for genuine democratic rights and social equality, not the end of it. There must be no faith placed by workers and students in the capitalist opposition led by Rais and others.

They represent a layer of businessmen, senior academics and professionals, retired generals and former government ministers -- most of them tied to the Suharto regime for many years -- who are seeking to contain the student movement and prevent a wider eruption of struggle among millions of impoverished and jobless workers and poor slum dwellers.

In the likely event that Habibie proves incapable of overcoming the political and economic crisis, these elements will strive to fashion an alternative capitalist administration to implement the International Monetary Fund's program of austerity and restructuring.

There are already indications that Habibie will not be able to satisfy either the mass opposition or the international money markets. Most of Suharto's cabinet resigned on Wednesday night and Suharto admitted that he had failed to win support for his proposed "reform council," leaving Habibie without a significant layer of backers.

Moreover, the rupiah fell from 10,700 to 11,500 to the US dollar on the news of Habibie's installation, a measure of the financial markets' lack of confidence in his capacity and their opposition to his well-known record of championing Suharto's various national economic ventures, including a

domestic aerospace project.

Rais, who recently returned from a high-level visit to Washington, has stated that Habibie may not be able to survive for more than three to six months and will need to accommodate himself, Megawati and others in government. Rais has previously emphasised his commitment to the IMF's measures.

Suharto's ouster from office was orchestrated not only by the military but even more so by the international financial markets and the IMF, which effectively pulled the economic rug from beneath the regime. One of Suharto's ministers commented that "market forces" had forced Suharto out.

This process, expressed in the collapse of the economy and the currency since the middle of last year, was intensified in the last hours before Suharto stood aside.

Until late yesterday, despite mass marches and rallies in many cities, Suharto had refused pleas by the leaders of the national assembly to quit. During the day, Speaker Harmoko and other assembly leaders, including the heads of the dominant military and Golkar party factions, reportedly went to see Suharto at his fortified residence to reiterate the appeal they unsuccessfully issued last Monday, via Harmoko, for Suharto to vacate office.

However, Suharto, backed by the military commanders, continued to rebuff these pleas. After intense discussions with various military and political figures, one of Suharto's ministers, State Secretary Saadilah Mursjid, announced that the dictator would name his proposed "reform council" on Thursday.

This council, expected to include some coopted opposition leaders, would have taken up to 18 months, working under Suharto's supervision, to draft new procedures for parliamentary and presidential elections.

By Wednesday evening, however, these machinations within and around Suharto and the bourgeois opposition had been undermined by the International Monetary Fund's suspension of the next instalment of its \$US37 billion emergency bailout package. The IMF's move was backed by a US State Department statement questioning Suharto's "orderly transition" plan and implying that the US would block further IMF disbursements until Suharto departed.

These moves prompted a shift by the Howard government in Australia, which on Tuesday had hailed Suharto's transition proposals, with Prime Minister John Howard calling them "statesmen-like". Responding to the IMF announcement, Foreign Minister Alexander Downer urged those around Suharto to proceed with "appropriate haste".

By the end of Wednesday, Speaker Harmoko and the leaders of the parliamentary factions stated that they had given Suharto an ultimatum to resign by Friday or they could reconvene the so-called Peoples Consultative

Assembly (MPR) to revoke Suharto's mandate. One leader of Suharto's own Golkar party spoke of impeaching Suharto. The MPR is the same tightly controlled sham body that only two months ago unanimously endorsed Suharto for another five-year term.

Any regime cobbled together by Habibie, the military, the assembly leaders and the business-backed opposition will before long resort to the same repressive methods utilised by Suharto, in order to police the requirements of the IMF, international banks and global investors -- unrestricted access to Indonesia's immense natural resources and abundant supply of cheap labour.

The students and others initially celebrating Suharto's departure should not lose sight of the fact that on Wednesday, just one day after Suharto supposedly committed himself to make way for gradual democratic reform, Jakarta was under full-scale military occupation. Major roads and intersections were blocked by tanks, armoured personnel carriers, and barricades of steel and barbed wire. Military helicopters whirled overhead.

Between 40,000 and 150,000 heavily-armed troops were deployed, including the murderous Kopassus red berets. Army generals were quoted in the media as having ordered troops to open fire on demonstrators. Banks and businesses were closed, many boarded up in anticipation of violent clashes.

Nothing has been resolved by Habibie's installation. Only the 80-million strong Indonesian working class can answer the acute economic and political crisis confronting the masses. In the closest unity with their fellow workers throughout the devastated Asian region and worldwide, Indonesian workers must begin the road of struggle for a workers' government with a socialist program.



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