

Indonesian Economy is Still Colonized

Monday, 23 May 2011 WIB, By: marwati

YOGYAKARTA-Economic democracy has long been a mandate of the Constitution, especially Article 33 of the Constitution of 1945. However, its implementation is still far from expectation. Liberalization and privatization of strategic economic sectors have increasingly confirmed the inequality of Indonesia's economic structure. It is not only because of some elite corporate owners who now control the majority of assets and products of national production, but also because they mostly come from abroad.

A researcher from Center for Populist Economy Studies (Pustek) UGM, Awan Santosa, S.E, M.Sc., said that pattern of colonized Indonesia's economy at least appears in several indications, such as condition in Indonesia that still supplies raw materials, such as oil and gas, coal, gold, CPO, cocoa, milk, and various other raw products for foreign countries. "This raw material has been largely controlled by private foreign companies such as that in the 85% shares of oil and gas contracts," Awan said in monthly seminar under the theme *Nationalism and Economic Independence* on Thursday (19/5).

In addition, Indonesia's economy is still a market for foreign manufacturers or companies. He cited Indonesia's food import that reaches 110 trillion rupiah/year in the form of soybean by 2.2 million tons/year. Awan added that Indonesia is currently also still a supplier of cheap-paid labors for companies overseas. In fact, countries with larger populations than Indonesia, such as India and China, do not send unskilled labors abroad. "Unfortunately, Indonesia is still experiencing severe dependence in the preparation of legislations related to national economic management, such as the SOE Act, Electricity Act, and others," he said.

These conditions no longer signify prosperity for the community. Although Indonesia is rich in natural resources, poverty and unemployment are still growing. In order that members of society are no longer the lowest workers in their own country, economic sovereignty which becomes the spirit of economic democracy should be re-encouraged.



In the same place, Executive Director of Mubyarto Institute, Dr.Fahmy Radhi, M.B.A, firmly exemplified form of economic colonialism that is still happening, i.e. the replacement of traditional market by modern market. The booming modern market in retail business, such as hypermarket, supermarket and minimarket, which have penetrated into towns and villages are serious threats to the existence of traditional markets, including those in Yogyakarta. "Modern market which is generally a network of foreign investors with the franchise system will gradually destroy the traditional markets," Fahmy said.

Fahmy sees the process of marginalizing the traditional market occurs systematically by involving strategic coalition between capital owners and individuals in bureaucracy. The method used are, among others, the forced 'takeover' of traditional market by modern market and the 'siege' of traditional markets with the establishment of malls and mini market through franchising.

On the occasion, Fahmy said, in order to maintain the traditional markets, it is necessary to provide intervention through regulatory restrictions in the territory of modern market operation, especially with a major investor network through franchising. In addition, local governments should attempt to rearrange the traditional market, either by improving the appearance or coziness. "The important thing that should be done is the empowerment of traditional market traders in order that they can serve as suppliers for the needs of the modern market," he concluded.

Related News

- [Kafegama of Graduate School UGM Holds JEFE 2018](#)
- [Democratic Economy Has Yet to Have Theory and Model of Measurement](#)
- [UGM Holds Indonesian Culinary Conference and Festival](#)
- [Government Boosts Even Economic Growth](#)
- [KAFEGAMA Launches Book on Democratic Economy](#)