

## Liberalism and Newliberalism : Liberalism in Indonesia 1999-2013

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### Abstract

*The Indonesian state is authentically a country that is abundant in terms of its natural resources (SDA). The islands from Sabang to Marauke are lined with abundant and varied wealth. Starting from gold, silver, spices and so on. However, the poor state of Indonesia at this time then raises a question mark, why are Indonesia's natural resource assets which spill over cannot support the benefit of the country, instead being followed by bitterness? This problem is very complex and must be searched for causes and solutions found. The goal is so that the Indonesian state does not go bankrupt and become a country that runs aground. Indonesia is entangled in the wave of globalization which is pulling slowly into the valley of destruction. Globalization is sown through these agencies using "nirvana" propaganda for the newly developing countries, including Indonesia. Because, in principle, globalization is nothing more than a camouflage for the expansion of international capitalism which always creates new targets. The collapse caused by the scour of globalization is a historical crisis of authority and extortion of one state to another. One of the fruits of the squeezing of economic globalization is that many laws have a neoliberal flavor. It is clear that the law provides space for international companies to participate in making a profit in Indonesia. Starting from 1999-2012, there were at least 39 laws that led to liberalization. One of the effects of the direction of opening up to foreign capital is that it dominates the agricultural sector. In 2011, foreign investment was dominated by 4 countries: Singapore, the United States, Japan and the UK, covering mining, electricity, gas, water, transportation and agriculture.*

### Keywords

liberalism; new liberalism; freedom; individual; economy; natural resources



### I. Introduction

Recently, the public has been surprised by a quite exciting discussion between two prominent economic figures in Indonesia, namely Dr. Rizal Ramli vs Dr. Sri Sri Mulyani. The two of them chained the two features of the Indonesian economy, namely the populist-based economic understanding, and the understanding of free market economics, globalization or Neoliberalism, this discussion is like an iceberg incident. This is because the conflicting situation is in principle very profound, covering the patterns and history of thought among these ideas that are impossible to reconcile. In Indonesia, the political elite is trying to build the image to gain sympathy from the community, so that the intensity of competition in the public space, including in the media looks very clear (Manao, 2020).

The political horizon in the traditional image is divided into two camps, namely liberalism and socialism. Liberalism emphasizes the idea of freedom (liberty) and socialism with the idea of equality (equality). In accordance with developments, the current flow of political philosophy cannot be reduced to these two main ideas. Each stream has and expresses their own ideas such as contract deals (John Rawls), the common good (communitarianism), usefulness (utilitarianism), right (Dworkin) and androgynous (feminism).

The field of mining, agriculture, fisheries and the air is deemed able to sustain the interest of life and unseen people of Indonesia. This is what causes Indonesia to receive the nickname as the *Baldatun Thayyibatun* country. *Baldatun Thayyibatun* means a country with a beautiful fertile soil, overgrown with trees, abundant fruits. The land is very fertile and very prosperous. The manifestation of the fulfilled needs of the community.

All individual freedom of self-determination do anything without interfering anyone, also the state. The role of the state is to fortify and guarantee this independence from any party that tries to tarnish it. Therefore, liberalism really puts freedom first in all things. Independence produces, view, voice, and decisive steps, especially freedom of religion. It is an issue they wish to wake up in the style of a country. Independence in their ideology is not limited, while there is no abuse or interfere with the independence of more people. The discourse on the independence of the liberal group is, "Your freedom is limited to the principle of freedom of other human beings.

Period condition naturally half of which man has ties coherent has liberty and equality rights of same. All human beings at will make decisions on themselves and apply what they have without causing a commotion because it is in accordance with the natural law line given by God. Legal nature of God according to Locke is limitation, do not disrupt and destroy the lives, liberty, and property belonging to another person. With that, Locke said that there are fundamental rights that exist in the nature of all human beings and become a gift from God. This idea is similar to the idea of Human Rights (HAM) on society contemporary.

The second phase is the position of war. Locke states that when the natural situation has grasped social interactions then conditions of order begin to emerge. The main trigger was that money began to take effect. Money can make people forget about their natural state where they only earn a living for consumption. With money, people are competing to make themselves rich.

Leo the Great (66: 2013)

*Liberalism in the United States is called modern liberalism or new liberalism. Now politicians in the United States recognize that classical liberalism has something to do with broad individual freedoms. However, they reject an economy that is laissez faire or classical liberalism leading to an interventionism government in the form of a unification of social and economic equality.*

Meanwhile, the concept of neoliberalism is actually the existence of liberal capitalism, namely liberalism that has led to the economic sector, and understands free market political economy. The notion that limits the role of the government in managing the market, and the restraint of supervision carried out by the government. Indonesia itself is more adhering to Pancasila democracy, which has noble values regarding the concepts of cooperation, harmony, and mutual cooperation which according to the author are the most noble values and have the meaning of "justice and respect for individual rights". In a real sense therefore it is incompatible with liberalization in all fields, especially the economic sector.

## II. Review of Literatures

### 2.1 History of Liberalism

The history of the birth of liberalism spreading se from the 15th century, when Europe began at the time of the resurrection (Renaissance ) to about europe 18th century AD, after previously since the 5th century, the Europeans live in an era of darkness or the domination of the church (Dark Ages).

Liberalism in terms of political, economic and social concepts was not formed at one time and by one thinker actor, but it gave birth to all thinkers. Liberalism is not only the thought of John Luke (1704), not the thought of Rousseau (1778), or the thought of John Stuart Mill (873), but each of them makes a very significant contribution to the ideology of liberalism.

The history of liberalism began as a reaction to the hegemony of the feudal lords in medieval Europe. As is well known, Christianity is a religion that has experienced changes and doctrinal deviations. In 325 AD, the Roman Empire began to embrace Christianity which had undergone this change, namely after Christianity changed the belief of monotheism to trinity and other deviations.

This paper traces the birth of economic liberalism in Indonesia with a focus on tracing the work of the baboon on economic history, namely two extensive and tiring books, from Furnivall, Netherlands India: a study of plural economy (1939) and Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India (1948). At the end of this paper will also discuss the continuation of post-colonial economic liberalism and its application patterns with some additional studies of contemporary social economic literature.

## III. Discussion

### 3.1 Globalization: Destroying Indonesia

Petras and Veltmeyer unmask globalization by offering a way to understand globalizationist thinking through its use as an ideology to justify growing social injustice, greater social polarization and increasing the transfer of state resources to capital owners (Ibid 2004: 22). The new world economic system is not viewed in a structural sense, but as purposeful and dependent, in accordance with the control of individuals who represent and demand advancing the interests of the new international capitalist class. These institutions include 37,000 transnational companies (TNCs), global capitalism work units, capital and technology producers and the main order of the new kingdom (Ibid: 2-3).

However, the author agrees more with the opinion of Karl Marx Nur Sayyid (2015: 347). "The criticism of the liberal and Hegelian concept of the state needs to be understood in the broader framework of Marx's thinking about the position of the individual in society, the relations of production, and the modern production system they call capitalism. In principle, Marx does not deny the existence of individuals as organisms who have the unique capacity, desire and interest to choose freely. However, Marx rejects the liberal view which views the individual as an abstract organism without kantan with real everyday life. He also criticized the tendency to place the individual as the most primary social entity for understanding political life and state behavior".

Marx emphasized, "Man is not an abstrac being squatting outside the world. Man is the human word, the state society. Therefore, individual existence can only be accepted in relation to other individuals. Individuals are not groups of organisms that act autonomously that are actively involved in production and political life, but rather human

beings who live in a web of interaction and social relations with other human beings. The basic characteristics and behavior of each individual are products such as those which are sourced from and various forms of social interaction between humans. For liberal thinkers, the difference between a slave and a master becomes insignificant because both are sovereign individuals.

Globalization is spread through these agencies by propagating "nirvana" for emerging countries, including Indonesia. But until now this promise has not met the reality, on the contrary, it is like a virus that has eaten away at developing countries. Because basically globalization is just a cover for the expansion of global capitalism which is constantly looking for new prey. Destruction due to the corrosion of globalization, as expressed by Fakih (2009: 210), is a historical crisis of human domination and exploitation of other humans.

The key to understanding individual behavior is class structure. However, not all societies undergo a class-based selection process. Regarding the tribal, among other things, there is no class knowing because society does not recognize surplus and does not recognize private ownership of the means of production. The production system is carried out in mutual cooperation and is distributed evenly to every member of the community. On the other hand, the class selection only progressed in a system of production which pursues surplus and recognizes the rights of private property. Surplus is mainly achieved after the non-productive social class has succeeded in controlling the means of production and forcing the exploitation of the productive social class (Marx, 1867). The social class which controls the means of production becomes the dominant class, while the productive social class which is oppressed in the name of profit becomes a sub-ordinate (sub-regulation) class.

In turn, when the production system which pursues surplus and recognizes property rights develops into the main production system, the dominant and sub-ordinated classes will become the two main classes that split society. The relationship between these two classes is always characterized by exploitation and conflict, which have a major influence on the dynamics of a society (Marx and Engels, 1848). In ancient society, which was matriarchal, the position of women was slightly more dominant than that of men. However, the relationship between the two changed completely after the recognition of private property rights. Men are more fortunate because the right to inheritance allows men to control these rights of thought. In the order of modern society the class structure is the production of the capitalist system.

According to Moebyarto (2014: 153) a negative picture is often given by the People's Economy group to the Neoliberal Economy group. As Sri Edi Swasono's description, which describes the capitalistic Neoliberal economy is an economic process driven by the *homo economicus*, or greedy economic beings with an instinct to seek maximum satisfaction and profit. Meanwhile, the image of the populist economy is described as *homo socius*, which is a social creature that maintains harmony among others and works together for the common interest. *Homo socius*, according to Edi Sri Swasono, tends to be *homoreligious*, because they carry out ethics and help each other, not fight each other to win the competition if we look objectively, so the average populist economist Singgih Muheramtohadhi based his thoughts on the concern about the condition of the Indonesian nation in the future. I worry that all natural resources in Indonesia will be controlled by the economic oligopoly power of large corporations. This is indicated by the increase in Indonesia's Gini Ratio from year to year (Moebyarto, 2014, p. 133), namely: 0.35 (2008), 0.37 (2009), 0.38 (2010), 0.41 (2011), 0.41 (2012), and 0.413 (2013).

This level of inequality is the fourth largest in the world. Meanwhile, liberal economic thinking is based on the belief that the 'magic challenge' will work, so that if the supply of commodities and demand for commodities reaches an equilibrium point, all levels of society will feel the results.

Economic globalization is a transnational phenomenon that has the potential to undermine the power of national states, causing it to lose power in determining financial and fiscal policies (Oswaldo, 2009: 46). In the end, globalization is not what many countries in the world dream about which hope that economic globalization can advance their respective nations in all its aspects. This beautiful dream turned into a painful reality. This is what is happening in Indonesia today where economic globalization is increasingly corrosive.

As liberalization, globalization refers to the process of eliminating various political restrictions so that the world economy becomes more open and borderless (Scholte in Amin, 2008). The essence of economic globalization is the process of sharing of world economic activities that runs through all people in various countries by taking 3 forms of activity, namely international trade, foreign direct investment and capital market flows (World Bank in Ibid, 2008: 186). Thus, globalization intends to break down barriers and strip the role of the local state to carry out certain state missions in all its ways and aspects.

After seeing how the development, actors, strategies and impacts of economic globalization above, it can be understood that globalization does more harm than good for the countries caught in it. This happens because globalization is used as a vehicle for interests by the state which facilitates liberal transnational companies to make the most of their profits. By influencing the setting of "victim state" policies and laws, liberal corporations dictate the government to advance its interests. If this is the case, the interests of the people will be neglected and eventually suffer. This is indeed a slope that has occurred in many poor countries in the world. So, what about Indonesia? It can be felt that Indonesia has also been hit by the disaster of globalization.

One of the products of the expansion of economic globalization is the number of laws that are neoliberal. The law explicitly facilitates international companies to seek profit in Indonesia. From 1999 to 2012 there were at least 39 laws that were very liberal in orientation. One of the consequences of an open policy towards foreign capital is an increase in control in the agrarian sector. In 2011, foreign investment was dominated by 4 countries: Singapore, the United States, Japan and the UK, covering mining, electricity, gas, water, transportation, food crops and plantations (Arif Budiman, 2012).

The tendency of the Indonesian government from time to time to adopt economic globalization and to be too open to international companies has had a negative impact in the form of poverty, unemployment, ecological damage and acute social inequality. The diminishing role of the state in protecting national wealth through its policies has delegated the interests of the people to the free market. The state becomes helpless when the free market is rampant because legitimacy has been given to it. When liberalism controls the market, the interests of the people are marginalized and their fate is determined by the market system. So, when people fall into the market system, the government is unable to help them to the fullest.

Why did Stiglitz call abundant natural resources the "resource curse"? The reason is that the state relies too much on natural resources in their management, even leaving it up to investors. The country is already trapped in the hole of globalization and is unable to control the power of the free market to extract commodities produced by natural resources. So that the state is unable to carry out conservation and recovery. According to Stiglitz, this is the result of the failure of globalization (Stiglitz & Josep E, 2007: 214).

Furthermore, Stiglitz very sharply described if there were many diamonds in the middle of the room, everyone in it would try to take them. The strongest people have a great chance of success, and do not want to share with others unless they are forced to do so (Stiglitz, Ibid: 213). The cases that occurred in Indonesia were no different. The wealth of its natural resources invites many people to scramble to control it. Various methods are used to be able to reap as many natural products as possible. This spirit is contained in the capitalism that piggybacks on economic globalization.

The government is too much supported by private corporations, both domestic and transnational, to increase development, especially the productivity of the mining industry. However, the cooperation established by the government and the private sector is deemed unfair and pro-people's welfare. On the contrary, they are in favor of private interests who tend to be liberal and ignore the negative impacts of their production. All development mechanisms are directed at the pursuit of certain targets which are basically efficiency, effectiveness and added value which sometimes sacrifice human values (Nugroho widjijanto, 2001: 112).

The solution is that the negative impacts caused by the mining industry that occurred in Sulawesi are the reality of the "natural resource curse" which deserves to be an internal criticism of the poor management of natural resource wealth in Indonesia. This was done for the sake of a hope that Indonesia's natural wealth could become a blessing for its people. Not even a disaster and disaster as is happening today. One way to achieve this is by restructuring the bureaucracy and the role of the government and revising policies and laws that are not pro-people. Then control and filter the flow of national and transnational private investment by prioritizing the interests of the general public.

James Petras and Veltmeyer offer an alternative path that has been practiced by some countries to break down the protective walls built by transnational capitalists. The alternative way is to carry out a common movement based on the spirit of socialism to strengthen the power of the people. According to them, the objective basis of collective action in the direction of socialism, namely; socialization of the means of production and social systems given to workers to be able to control their workplaces and places of production, community control over their communities, and people's control over their country. The second objective basis for building socialism is the existence of increasingly centralized political decision making (Petras & Veltmeyer, 2004: 188).

If the government wants to eliminate economic inequality in Indonesia, it should do so; first, restructuring the bureaucracy so that the management of Indonesia's natural resources can run well and the distribution of the results is also evenly distributed. Second, the revision of the Law which tends to favor the private sector needs to be revised so that there is no arbitrariness in the exploration of natural products. Especially the issue of control and production sharing contracts which tend to be lame. This needs to be done to eliminate economic inequality that is experienced by Indonesia.

#### **IV. Conclusion**

Liberalism is a form ideology, branchphilosophy, and a political culture rooted in the idea that emancipation and independence of sovereignty are primary political points. In general, liberalism is a form of community life that is free and exemplified by freedom of opinion for all human beings. The idea of liberalism opposes the existence of expulsion, specifically from the government or regime and religion. In the order of modern society, liberalism will blossom in a country that adheres to the system democracy. These things



are because both of them are based exactly on the freedom of the majority. However, there are quite a number of countries that are railways or goals of liberalism itself.

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