

Indonesia, Debt Burden and Development in the Era of Joko Widodo: A Critical Note

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ABSTRAK

Perekonomian Indonesia di bawah kepemimpinan Jokowi menghadapi masalah korupsi yang parah dan beban utang yang terus meningkat. Masyarakatnya dihadapkan pada penurunan pertumbuhan ekonomi dan daya beli. Indonesia berisiko menjadi "negara yang gagal secara sistemik" karena pembayaran utangnya yang berlebihan melampaui alokasi untuk layanan kesehatan dan pendidikan, menurut Sekretaris Jenderal PBB Antonio Guterres. Menteri Keuangan Indonesia, Sri Mulyani Indrawati, menyatakan bahwa 40% dari populasi akan diklasifikasikan sebagai miskin menurut ambang batas kemiskinan Bank Dunia. Ini adalah nilai daya beli, yang menandakan paritas daya beli. Negara-negara berkembang di Asia Tenggara dan Asia Selatan, bersama dengan wilayah Asia lainnya, berada di ambang bencana ekonomi, mendorong peringatan dari PBB. Krisis ini lebih parah dari krisis tahun 2008 dan pandemi COVID-19 tahun 2020, seperti yang dinyatakan oleh organisasi internasional tersebut.

Kata Kunci: Jokowi, beban utang, korupsi, krisis, ekonomi.

ABSTRACT

Indonesia's economy under Jokowi confronts severe corruption and an escalating debt burden. The populace confronts a deterioration in economic growth and purchasing capacity. Indonesia faces the risk of becoming a "systemically failed state" due to its excessive debt payments outpacing its allocation for healthcare and education, according to UN Secretary General Antonio Guterres. Sri Mulyani Indrawati, Indonesia's Minister of Finance, stated that 40% of the population would be classified as impoverished according to the World Bank's poverty threshold. This is the PPP value, denoting purchasing power parity. Developing nations in Southeast and South Asia, along with the remainder of Asia, are on the brink of an economic catastrophe, prompting a warning from the UN. More severe than the crises of 2008 and the COVID-19 pandemic of 2020, as stated by the international organization.

Keywords: Jokowi, debt burden, corruption, crisis, economy.

INTRODUCTION

In the midst of an economy that has not yet improved, Indonesia will carry out a democratic party in 2024 by holding general elections. This situation does not conducive and not profitable for our people. Mid-July 2023 Member of Commission XI DPR RI, Hendrawan Supratikno, advised the government to review developments that are less profitable and have the potential to increase the state debt. Hendrawan referred to the statement by the Secretary General of the United Nations (United Nations), Antonio Guterres that, Indonesia is in danger of becoming a "systemically failed state" because it has a higher loan interest burden than the health and/or education budget. As we know, Minister of Finance Sri Mulyani Indrawati revealed that 40% of Indonesian people immediately fall into poverty if the calculation of the poverty line uses the standard recommended by the World Bank. This measure is the purchasing power parity (PPP) figure.

In a report entitled '*Indonesia Poverty Assessment: Pathways Towards Economic Security*', the World Bank recommends a global adjusted poverty line reference, which is US\$ 3.2 PPP per day. This is because Indonesia has been able to reduce extreme poverty by calculating US\$ 1.9 PPP per day. "Mrs. One Kahkonen (Country Director of World Bank Indonesia) said in her speech when you can reduce extreme poverty to zero but your poverty line is US\$ 1.9, you have to use US\$ 3. Immediately 40% of us become poor," said Sri Mulyani at the World Bank's Indonesia Poverty Assessment event in Jakarta, quoted on Tuesday (10/5/2023). Guterres said some 3.3 billion people - nearly half of humanity - live in countries that spend more on debt payments than on education or health. "These 3.3 billion people are more than a systemic risk. This is a systemic failure," said Guterres. Borrowing his view, Indonesia is a failed country because the cost of health and education is higher than the interest payments on debt. Indonesia is in a systemic failed state. State Budget 2022: Health Costs IDR 176.7 trillion; Loan interest reached Rp 386.3 trillion. (Budiawan CNBC, 7/20/2023).

Guterres said half of our world was immersed in a development catastrophe, sparked by a devastating debt crisis. Some 3.3 billion people - almost half of humanity - live in countries that spend more on debt repayments than on education or health. However, because most of this unsustainable debt is concentrated in poor countries, this debt is considered not to pose a systemic risk to the global financial system. The market may appear to have suffered - not yet. But people are already suffering. Some of the world's poorest countries are forced to choose between paying their debts, or serving their people. They have almost no fiscal space for critical investments in (meeting) the Sustainable Development Goals (SGDs) or transitioning to renewable energy. Public debt levels are staggering – and soaring.

A portion of the debt is held by private creditors who charge sky-high interest rates to many developing countries. On average, African countries repay four times more loans than the United States and eight times more than the richest European countries. The International Monetary Fund (IMF) says 36 countries are in what it calls a "debt bracket" - either in, or at high risk of, debt stress. Another sixteen pay unsustainable interest rates to private creditors. Even senior economist Rizal Ramli in recent years has often sharply criticized the Minister of Finance Sri Mulyani Indrawati as the 'Queen of Debt', using the latest data where government debt has increased to hundreds of trillions of rupiah in a year. Responding to this, the Minister of Finance Sri Mulyani Indrawati stated that Indonesia's debt payments have so far been maintained, that the most important thing at this time is being able to pay debts that are due. In addition, the debt burden is also considered to be maintained until now.

If we examine, as mentioned by former Vice President Jusuf Kalla, the Indonesian economy has problems both at home and abroad, especially the increasing foreign debt. pay a debt of more than IDR 1,000 trillion a year (state/government and private debt), the largest in Indonesia's history since independence. So how much does the government actually have to pay per year regarding the debt it owns? President Susilo Bambang Yudhoyono (SBY) era 2004-2014 left a debt of IDR 2,700 trillion. Meanwhile, during the 9 years of President Jokowi's administration, the debt has increased by IDR 5,300 trillion. The Indonesian government's debt at the end of December 2022 even reached IDR 7,733.99 trillion. The government debt position increased by IDR 825.03 trillion compared to the end of 2021 which amounted to IDR 6,908.87 trillion.

Ahead of the 2024 general election, all elements of this nation must be aware of what the

nation's fundamental problems are related to the still-slumping economy. Because without that awareness, what will happen is that the people will always be sacrificed in the struggle for power by the elites and oligarchy.

So it's not surprising that there is always physical friction at the lower levels during democratic parties. The state budget continues to be squandered on elites who rely on increasing debt. Meanwhile, money in banks that is kept by the people is channeled to conglomerates, for example many big business group received a loan of billions of rupiah in debt recently.

As a note, at the end of SBY's reign, the debt of the central government that had to be inherited to Jokowi amounted to IDR 2,608.78 trillion. Meanwhile, before the end of Jokowi's reign, the total debt, he said, had increased to Rp. 7,554.25 trillion as of November 2022. Added to the Rp. 2,000-3,000 trillion BUMN, tens of trillions of rupiah were in debt passed on to future leaders.

The debt burden will be very heavy for the people and the state budget for the upcoming presidential administration. This is because Indonesia will carry out a democratic party in 2024 by holding general elections in the midst of global economic-political uncertainty.

We remember that at the beginning of COVID-19, the Jokowi government and the DPR could not do anything with the Government Regulation in Lieu of Law (Perpu) Number 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling the 2019 Corona Virus Disease (COVID-19) Pandemic . Parliemant (DPR) is not given any powers so there is no control, no checks and balances. This condition of increasing central government debt is inseparable from poor budget planning during the Covid-19 period. Especially after the issuance of Perppu Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Pandemic.

As a result, many targets have fallen far short of their plans. For example, the state budget deficit, where the difference in realization is very far from the target. The target for the 2022 state budget deficit is IDR 868 trillion, but the realization is IDR 464 trillion.

So there is a difference from the planning budget of IDR 400 trillion. If the difference is Rp. 3 trillion, Rp. 5 trillion, then that makes sense. But the difference is Rp. 400 trillion, and that means that the Jokowi's regime planning and state budget was arbitrary and very careless

According to data from the Kaleidoscope 2022 APBN (the state revenue and expenditure budget) edition, the realization of debt-related payments reached around IDR 467.5 trillion. This value consists of payment of debt interest, payment of principal installments on foreign debt, and payment of principal installments on domestic debt.

The biggest costs incurred were for debt interest payments, which amounted to Rp. 386.3 trillion, then for principal installments of foreign debt, Rp. 79.3 trillion, and principal repayments for domestic debt, amounting to Rp. 1.9 trillion. When compared to the previous year, namely 2021, it was recorded that the payment of government debt costs had indeed increased.

It is recorded that in 2021 the total payment of government debt will reach IDR 427.1 trillion. Even though debt payments will increase in 2022, the actual value of government debt payments is far below the value stated by JK, which is IDR 1,000 trillion per year. However, the realization of debt payments in 2022 will be the highest government debt payment during the Jokowi era.

For 2023, the 2023 APBN Financial Note states that government debt interest payments will reach IDR 441.4 trillion. This amount consists of domestic debt interest payments of IDR 426.8 trillion. Then payment of foreign debt interest of IDR 14.6 trillion.

As for repaying the principal debt, this year the government must at least pay Rp.86 trillion to pay debts from maturing government securities (SBN).

Joko Widodo's government debt during his two terms in office, namely 2014-2022 has increased to 189.6 percent. The increased debt is also expected to burden the state budget for the next administration in 2024.

The increase in debt is very high compared to the increase in debt during the administration of President Susilo Bambang Yudhoyono (SBY). It is suspected that Jokowi's government debt is already above IDR 8,000 trillion. This is because, every quarter, Bank Indonesia continues to buy State Securities with a value of no less than IDR 200 trillion. (Didik J. Rachbini, Institute for Development of Economics and Finance- Indef, 2024)

The Ministry of Finance noted that the position of government debt until February 28 2023

reached IDR 7,861.68 trillion. This amount increased by IDR 106.7 trillion from the previous month's debt position. The ratio of government debt to Gross Domestic Product (GDP) is currently at 39.09 percent.

With that much debt and a population of 275 million, it means that every resident, even newborns in Indonesia, has to bear a debt of Rp. 29 million. Meanwhile, GDP per capita was recorded at 3,892 US dollars or Rp. 60 million per year, aka Rp. 5 million per month. Which means that every resident, from babies to small children, housewives, unemployed, students, working fathers, has an income of IDR 5 million a month. If the average family in Indonesia has 4 members, then each Indonesian family has an average income of IDR 20 million. When the debt borne by each resident is fixed and must be paid, according to him, the income of Rp. 60 million per newborn is a distorting figure. (Hardjuno Wiwoho, HMS Center - Himpunan Masyarakat Sejahtera Center, 2023).

The reason is, GDP per capita does not separate whether the income is generated by foreign companies or by local companies. All economic output is counted as GDP. So it can be seen how the national financial structure is so burdensome to the public and the growth of the Indonesian government's debt can be said to be unreasonable.

METHODS

Penelitian ini merupakan penelitian kualitatif dengan pendekatan kritis-analitis. Pendekatan ini digunakan untuk menganalisis secara mendalam relasi antara beban utang negara dan kebijakan pembangunan di Indonesia pada era pemerintahan Joko Widodo, serta implikasinya terhadap aspek ekonomi-politik dan keadilan sosial. Penelitian ini tidak bertujuan menguji hipotesis kuantitatif, melainkan memberikan catatan kritis (critical note) atas kebijakan dan diskursus pembangunan yang berkembang. Penelitian ini menggunakan pendekatan ekonomi politik pembangunan dan kritik terhadap neoliberalism, dengan merujuk pada teori ketergantungan (dependency theory), ekonomi politik utang, serta kritik pembangunan berbasis utang. Kerangka ini digunakan untuk membaca utang negara tidak semata sebagai instrumen fiskal, tetapi sebagai fenomena struktural yang memengaruhi arah kebijakan pembangunan dan relasi kekuasaan. Data yang digunakan dalam penelitian ini bersifat sekunder, yang meliputi:

1. Dokumen resmi pemerintah, seperti laporan Kementerian Keuangan, Bappenas, APBN, dan laporan utang pemerintah periode pemerintahan Joko Widodo.
2. Publikasi lembaga internasional, seperti World Bank, IMF, dan Asian Development Bank, terkait utang dan pembangunan Indonesia.
3. Literatur akademik, berupa buku, artikel jurnal, dan hasil penelitian terdahulu yang membahas utang, pembangunan, dan ekonomi politik Indonesia.
4. Artikel media massa dan opini, baik media nasional maupun internasional, yang relevan dengan kebijakan utang dan pembangunan selama periode penelitian.

Teknik pengumpulan data dilakukan melalui studi kepustakaan (library research) dan analisis dokumen. Peneliti menginventarisasi, mengklasifikasikan, dan menyeleksi dokumen serta literatur yang relevan dengan tema utang dan pembangunan. Data dikumpulkan secara sistematis untuk memastikan kelengkapan dan keterkaitan dengan fokus penelitian. Analisis data dilakukan dengan metode analisis kualitatif-deskriptif dan analisis kritis. Tahapan analisis meliputi:

1. Reduksi data, yaitu pemilahan data yang relevan dengan fokus penelitian.
2. Penyajian data, dengan menyusun narasi analitis mengenai dinamika utang dan pembangunan di era Joko Widodo.
3. Interpretasi kritis, dengan menautkan temuan data pada kerangka teori ekonomi politik dan kritik pembangunan berbasis utang.
4. Penarikan kesimpulan, berupa catatan kritis mengenai implikasi kebijakan utang terhadap pembangunan dan kedaulatan ekonomi.

Keabsahan data dijaga melalui triangulasi sumber, yaitu membandingkan data dari dokumen resmi pemerintah, laporan lembaga internasional, dan analisis akademik. Selain itu, peneliti juga melakukan cross-check argumentasi dengan berbagai perspektif untuk meminimalkan bias normatif. Penelitian ini dibatasi pada periode pemerintahan Joko Widodo (2014–2023) dan fokus pada utang pemerintah pusat dalam kaitannya dengan kebijakan pembangunan nasional. Analisis tidak mencakup

kajian teknis-ekonometrik secara mendalam, melainkan menekankan pada analisis kritis kebijakan dan wacana pembangunan.

RESULT AND DISCUSSION

Debt Trap

With such a large debt burden, Indonesia has been trapped in a middle-low income trap (lower middle income country). This confirms that debt does not have a major role in stimulating a country's economic growth.

As a result, Indonesia will lose several generations due to malnutrition, lack of education, and a decline in the health status of millions of Indonesian children as a result of the deteriorating economic situation due to piles of government debt which have been corrupted and used for unproductive things.

Thus, it will be difficult for the Indonesian economy to develop. This is because state finances are held hostage for the payment of debt principal and interest.

What we have to emphasize is that, every year the average economic growth is only 5 percent. Meanwhile, debt growth is far above that. Of the 5 percent growth each year, 3 percent comes from consumption, which means it doesn't add value in the economic chain, alias doesn't absorb jobs and adds to state income in the future. Only 2 percent of economic growth drives and advances the economy. This figure will not be enough to meet the growth of the state debt because the debt figure is already leading to a hole-filling-hole pattern. Indonesia has missed many opportunities to break free from the middle-low income trap,

Meanwhile, GDP per capita was recorded at 3,892 US dollars or Rp. 60 million per year, Rp. 5 million per month. Which means that every resident, from babies to small children, housewives, unemployed, students, working fathers, has an income of IDR 5 million a month. If the average family in Indonesia has 4 members, then each Indonesian family has an average income of IDR 20 million.

When the debt borne by each resident is fixed and must be paid, the income of Rp. 60 million per newborn is a distorting figure.

The reason is, GDP per capita does not separate whether the income is generated by foreign companies or by local companies. All economic output is counted as GDP. So it can be seen how the national financial structure is so burdensome to the public and the growth of the Indonesian government's debt can be said to be unreasonable.

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In sum, Indonesia has missed many opportunities to break free from the middle-low income trap, but the opportunity so often is not used properly and well.

This is because policy makers repeatedly make fatal mistakes, namely, unproductive debt and ignore the most important sectors, namely agriculture and the real sector. So it's no wonder Indonesia's GDP per capita is far below Malaysia and Thailand. While the 1998 crisis destroyed domestic banks because of the use of owners and oligarchs in BLBI crimes and BLBI Recap Bonds.

Property loans are loans disbursed to conglomerates of developers of luxury super blocks,

luxury malls, apartments and elite areas, which are speculative and involuntary in nature. This condition is different from lower-class properties, which to this day are still experiencing a backlog (lack of supply).

If we look at the nine years of President Joko Widodo's (Jokowi) administration, the increase in government and central bank debt occurred by 50.83% to US\$200.87 billion or around Rp. 3,153 trillion. Meanwhile, private debt increased by 19.78% to US\$194.28 billion or around Rp. 3,050 trillion.

Looking at the data in more detail, at the start of Jokowi's administration, government and central bank debt was lower than private debt. However, in 2023, it is recorded that government and central bank debt is currently greater than private debt, even though it continues to decline from January to August 2023.

The development of foreign debt (ULN) was influenced by the shift in the placement of non-resident investors' funds in the domestic Government Securities (SBN) market in line with high volatility in global financial markets. In addition, the Government is committed to maintaining credibility by fulfilling obligations to pay principal and interest on debt on time, as well as managing external debt carefully, efficiently and accountably.

Meanwhile, the position of private external debt at the end of August 2023 was recorded at 194.3 billion US dollars, down compared to the position in the previous month of 194.5 billion US dollars. On an annual basis, private external debt experienced another growth contraction of 5.2% (yoy), continuing the contraction in the previous month of 5.5% (yoy).

The decline in private external debt was mainly due to the deepening contraction in external debt growth of non-financial corporations (nonfinancial corporations) to 5.1% (yoy) compared to a contraction of 4.3% (yoy) in the previous period.

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- 2014										
Peminjam	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Pemerintah dan Bank Sentral	127 922	129 031	130 512	130 960	132 219	131 656	134 156	134 207	132 938	133 170
Swasta	143 373	144 648	146 386	147 305	152 926	154 150	158 027	156 130	160 743	162 195
Total	271 295	273 679	276 898	278 265	285 145	285 806	292 183	290 337	293 681	295 365

- 2023										
Peminjam	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
Pemerintah dan	203 633	201 541	203 412	203 479	201 828	201 837	202 539	200 870		

2014

Bank
Sentral

Swasta	201	199	200	200	197	194	194	194
	941	993	160	471	557	538	537	277

Total	405	401	403	403	399	396	397	395
	574	534	572	950	385	375	076	147

Source data and Table: CNBC Indonesia Research-AumSource: BIEmbedDownload imageCreated with [Datawrapper](#)

The government's financing or debt position increased again until the end of last November. It is recorded that the value of government debt has reached the level of IDR 8,000 trillion. Based on data from the December 2023 edition of the National Budget document, the government's debt position reached IDR 8,041.01 trillion as of November 30 2023. This value increased by around IDR 90.49 trillion from the previous month's position of IDR 7,950.52 trillion. With this development, the ratio of government debt to gross domestic product (GDP) of the Republic of Indonesia has also increased. The government debt to GDP ratio was recorded at 38.11 percent, up from 37.68 percent in the previous month.

Despite the increase, the Jokowi regime claims that the realized debt to GDP ratio is still below the debt ratio limit and the medium-term debt management strategy target. Based on Law Number 17 of 2023, the debt ratio limit is 60 percent, while referring to the Medium Term Debt Management Strategy for the 2023-2026 period, the target is 40 percent. If you look at its composition, government debt is dominated by government securities (SBN) denominated in rupiah. The recorded value of government debt in the form of SBN was IDR 7,124.98 trillion, or the equivalent of 88.61 percent of the total government debt. In more detail, the value of domestic SBN is IDR 5,752.25 trillion, consisting of government debt securities (SUN) amounting to IDR 4,677.88 trillion and state sharia securities (SBSN) amounting to IDR 1,074.37 trillion. Then, SBN denominated in foreign currency (forex) is worth IDR 1,372.73 trillion, with a SUN composition of IDR 1,033.24 trillion and SBSN of IDR 339.49 trillion.

THE BLBI Scandal

So far, apart from the burden of debt, it has been proven that people's tax money continues to be allowed to pay the burden of subsidy interest on the BLBI (Bank Indonesia Liquidity Assistance) recapitalization bonds until 2043. This bad policy is clearly very unfair and hurts people's sense of justice. Moreover, the figure is worth a total of IDR 4,000 trillion.

In difficult economic conditions like today, budget efficiency is one of the ways that the government must do, including removing the allocation for recap bond interest payments that the government has so far disbursed in the APBN (the state revenue and expenditure budget) and this recap bond interest payment will continue to be a burden on the APBN going forward. This situation is a serious threat to the APBN (the state revenue and expenditure budget) in the future. In a difficult world situation, the state can no longer close its eyes to the people's losses from paying interest on BLBI recap bonds.

Over the past 20 years, if an average of Rp. 60 trillion has been paid for recap interest, Rp. 1,200 trillion has been wasted. Including removing the allocation for recap bond interest payments that the government has so far disbursed in the state budget. While food, fertilizer and energy subsidies continue to be repealed by the Jokowi regime so that the socio-economic conditions of the people are getting worse.

Therefore, the time has come for the government to have the courage to remove the allocation for recap bond interest payments that the government has been disbursing so far in the State Budget,

so that economic contraction can be reduced and the interests of the people at large are prioritized for the sake of justice. As long as this situation is not resolved, this situation can explain why economic inequality, unemployment and poverty rates in Indonesia are still at very high levels.

The United Nations (UN) has sounded a warning regarding a potential economic crisis in developing Asian countries, including Southeast Asia and South Asia. In fact, the global body said this crisis could be worse than 2008 and the crisis during the Covid-19 pandemic in 2020.

The UN Conference on Trade and Development (UNCTAD) stated that monetary and fiscal policies in developed countries could encourage global stagnation. This will have an impact on developing countries that have debt. UNCTAD Secretary General, Rebeca Grynspan, predicts that developing countries in Asia are heading for an economic recession. Moreover, if the policies of developed countries actually lead to an increase in interest rates.

Asia still has time to pull back from the edge of recession. Nothing is inevitable. "We have to change direction," Grynspan said.

Developing countries in Asia are expected to be able to create a more pragmatic policy mix that implements strategic price controls, windfall taxes, anti-trust measures and stricter regulations on commodity speculation.

The Jokowi Era

The Jokowi administration was possible had not closely monitored Indonesia's foreign debt position because it is contributing to further rupiah depreciation. Today's rupiah exchange rate is Rp13,800/US dollar and is predicted to reach Rp14,000 in the near future. Why? This article seeks to explain.

With the ratio of principal and interest payments on foreign debt to current account receipts (Debt Service Ratio/DSR) above 50%, our position is clearly precarious and very worrying, especially considering Indonesia's continuing debt burden and future debt repayment prospects.

The debt-to-service ratio (DSR) parameter indicates that the government's ability to service its obligations is declining. The DSR is the sum of interest payments and principal installments on foreign debt divided by total export revenues. The higher the DSR, the heavier and more serious the foreign debt burden becomes. Here, the DSR is... The Debt and Interest Repayment Ratio (DSR) is the ratio of debt and interest payments plus short-term private and government liabilities to export revenue. (Sasono and Arief, 2013)

The Debt and Interest Repayment Ratio (DSR) in the first quarter of 2015 was recorded at 22.44 percent for Tier I (principal and interest payments on long-term debt and interest payments on short-term debt). Tier II (principal and interest payments on debt for direct investment, excluding those from overseas subsidiaries, as well as loans and trade payables to non-affiliates) stood at 56.08 percent.

Annually, the DSR for Tier I and Tier II was 23.05 percent and 49.68 percent, respectively. Bank Indonesia (BI) recorded a DSR of 56.08 percent in the first quarter of 2015. This is an increase from 46.48 percent at the end of last year and 42.51 percent in the first quarter of 2014. Referring to the IMF's safe DSR limit of 30 percent, a DSR exceeding 40 percent is considered a red flag. (Rachbini, 2001)

A DSR above 50% is already very unsafe, as our concern is the prospect of debt repayment, which is suspected to be increasingly bleak due to global financial turmoil. Furthermore, exports are likely to be stagnant, as 70% of our exports are primary commodities, whose prices have declined in the global market. Export recovery will still take time.

Meanwhile, according to Bank Indonesia's foreign statistics, the debt-to-GDP ratio in the first quarter of 2015 was 33.56%. Meanwhile, Indonesia's foreign debt growth in May was 5.9% year-on-year (yoy), slower than the 7.7% growth recorded in April 2015. Indonesia's external debt position in May 2015 was recorded at USD 302.3 billion, consisting of USD 133.5 billion in the public sector, or 44.2% of the total, and USD 168.7 billion in the private sector, or 55.8% of the total. The author believes that Indonesia's ballooning debt has reached a worrying level. Judging from the debt-to-service ratio (DSR), the government's ability to service its obligations is declining. (Rachbini, 2001. Samhadi, 2013).

Burden of Debt

It should be noted that Indonesia's corporate (private and state) external debt at the end of the third quarter of 2015 reached US\$302.4 billion. The private sector's share of external debt was recorded at 55.6 percent, or US\$168.2 billion, exceeding the government's share of 44.4 percent, or US\$134.2 billion. According to Bank Indonesia (BI) data, the breakdown is as follows: government external debt (ULN) of US\$128.438 billion, BI external debt of US\$5.113 billion, private banking external debt of US\$31.786 billion, private non-bank financial industry (IKNB) external debt of US\$11.833 billion, and private non-bank corporate external debt of US\$125.121 billion. The central government recorded a total debt increase of approximately Rp 21 trillion, from Rp 2,843.25 trillion in May 2015 to Rp 2,864.18 trillion by June 2015. Of this total corporate foreign debt (ULN), only 20 percent was subject to hedging. (Roem Topatimasang, 2011)

The minimal and low awareness of corporations in hedging their external debt should be followed up with the implementation of stricter regulations to prevent excessive corporate external debt and burdening the entire Indonesian people.

It should not be forgotten that the majority of Indonesians are still traumatized by the 1997/98 financial crisis, which erupted due to the large amount of short-term private external debt that failed to repay when it fell due. The 1997/98 crisis should serve as a valuable and painful lesson for the Indonesian economy. Economic growth was minus 13 percent, the rupiah plummeted sharply, depreciating by approximately 244 percent, from 2,902 rupiah per US dollar in 1997 to 9,974 rupiah per US dollar in 1998, and the average stock price plummeted by 31 percent. (Adams, 2002)

Meanwhile, domestically, we still face structural problems. Relatively declining export performance has resulted in a persistent current account deficit from late 2011 until this year. This has caused Indonesia's economy to continue to grow slowly. Geographically, a significant slowdown is visible in almost all regions, particularly Kalimantan and Sumatra.

The Jokowi administration must closely monitor Indonesia's foreign debt position, as it is contributing to further pressure on the rupiah. The rupiah exchange rate, currently at Rp13,800/US dollar, is predicted to reach Rp14,000 in the near future. Why? This article seeks to explain.

With the ratio of principal and interest payments on foreign debt to current account receipts (Debt Service Ratio/DSR) above 50%, our position is clearly precarious and highly concerning, particularly given Indonesia's ballooning debt and future debt repayment prospects. The debt-to-service ratio (DSR) indicates the government's ability to service its obligations is declining. The DSR is the sum of interest and principal payments on foreign debt divided by total export revenues. The higher the DSR, the heavier and more serious the foreign debt burden. Here, the DSR is the ratio of debt and interest payments plus short-term private and government liabilities to export revenues. (Sulistiyowati, 2011)

The DSR in the first quarter of 2015 was recorded at 22.44 percent for Tier I (principal and interest payments on long-term debt and interest payments on short-term debt). Tier II (principal and interest payments on debt for direct investment purposes, excluding those from overseas subsidiaries, as well as loans and trade payables to non-affiliates) stood at 56.08 percent.

Annually, the DSR for Tier I and Tier II was 23.05 percent and 49.68 percent, respectively. Bank Indonesia (BI) recorded a DSR of 56.08 percent in the first quarter of 2015. This is an increase from 46.48 percent at the end of last year and 42.51 percent in the first quarter of 2014. Referring to the IMF's safe DSR limit of 30 percent, a DSR exceeding 40 percent is considered a red flag. A DSR above 50% is already very unsafe, as our concern is the prospect of debt repayment, which is suspected to be increasingly bleak due to global financial turmoil. Furthermore, exports are likely to be stagnant, as 70% of our exports are primary commodities, whose prices have declined in the global market. Export recovery will still take time.

Meanwhile, according to Bank Indonesia's foreign statistics, the debt-to-GDP ratio in the first quarter of 2015 was 33.56%. Meanwhile, Indonesia's foreign debt growth in May was 5.9% year-on-year (yoy), slower than the 7.7% growth recorded in April 2015. Indonesia's external debt position in May 2015 was recorded at USD 302.3 billion, consisting of USD 133.5 billion in the public sector, or 44.2% of the total, and USD 168.7 billion in the private sector, or 55.8% of the total. The author believes that Indonesia's ballooning debt has reached a worrying level. Judging from the debt-to-service ratio (DSR), the government's ability to service its obligations is declining.

It should be noted that Indonesia's corporate (private and state) external debt at the end of the third quarter of 2015 reached US\$302.4 billion. The private sector's share of external debt was recorded at 55.6 percent, or US\$168.2 billion, exceeding the government's share of 44.4 percent, or US\$134.2 billion. According to Bank Indonesia (BI) data, the breakdown is as follows: government external debt (ULN) of US\$128.438 billion, BI external debt of US\$5.113 billion, private banking external debt of US\$31.786 billion, private non-bank financial industry (IKNB) external debt of US\$11.833 billion, and private non-bank corporate external debt of US\$125.121 billion. The central government recorded a total debt increase of approximately Rp 21 trillion, from Rp 2,843.25 trillion in May 2015 to Rp 2,864.18 trillion by June 2015. Of this total corporate foreign debt (ULN), only 20 percent was subject to hedging.

The minimal and low awareness of corporations in hedging their external debt should be followed up with the implementation of stricter regulations to prevent excessive corporate external debt and burdening the entire Indonesian people.

It should not be forgotten that the majority of Indonesians are still traumatized by the 1997/98 financial crisis, which erupted due to the large amount of short-term private external debt that failed to repay when it fell due. The 1997/98 crisis should serve as a valuable and painful lesson for the Indonesian economy. Economic growth was minus 13 percent, the rupiah plummeted sharply, depreciating by approximately 244 percent, from 2,902 rupiah per US dollar in 1997 to 9,974 rupiah per US dollar in 1998, and the average stock price plummeted by 31 percent.

Meanwhile, domestically, we still face structural problems. Relatively declining export performance has resulted in a persistent current account deficit from late 2011 until this year. This has caused Indonesia's economy to continue to grow slowly. Geographically, the significant slowdown is visible in almost all regions, particularly Kalimantan and Sumatra, triggered by falling commodity prices and the haze disaster.

In this regard, it should be noted that external/global volatility has become increasingly volatile since the 2008 global economic crisis. Domestic foreign exchange supply and demand often mismatch due to insufficient demand. Statistics on the coefficient of variation clearly show that the rupiah is actually becoming more volatile. Analysis by Anton Hendranata, an economist at Bank Danamon Indonesia, noted that from 2000 to 2005, the rupiah fluctuated at 9.2 percent, decreasing slightly to 8.0 percent in 2006 to 2010. However, from 2011 to 2015, the rupiah fluctuated almost double to 15.9 percent. Compared to regional currencies, fluctuations in the Malaysian ringgit, Philippine peso, Thai baht, and Indian rupee were much lower. In 2011 to 2015, fluctuations in the ringgit, peso, baht, and rupee were 9.3 percent, 3.3 percent, 4.7 percent, and 11.6 percent, respectively. And, despite the highest fluctuations, the rupiah also experienced the greatest depreciation/weakening, averaging 8.2 percent from 2011 to 2015. Meanwhile, the rupee weakened by 7.0 percent, followed by the ringgit by 3.8 percent, the baht by 1.4 percent, and the peso by 0.1 percent.

Regarding the rupiah's vulnerability, referring to a study by Anton Hendranata (2015), we can see several factors triggering the rupiah's instability:

First, Indonesia's balance of payments has been unhealthy since 2010 due to its heavy reliance on the capital and financial account (CFA), particularly portfolio investment (stocks and bonds), commonly referred to as "hot money." Meanwhile, the current account balance (CBA) contributes relatively little, even though this balance is crucial for rupiah stability. The CBA reflects the strength of the domestic economy (production) in generating US dollars, particularly from international trade (exports and imports). Unfortunately, the NTB portion was only one-fifth of the NMF in 2010, further decreasing to around one-tenth in 2011. In fact, the current account balance (NTB) continued to worsen, with consecutive deficits of US\$24 billion, US\$29 billion, and US\$27 billion from 2012 to 2014. It is estimated that the current account balance will remain in deficit in 2015, although lower than in 2014.

Second, private external debt (ULN) has increased significantly due to low interest rates abroad and high domestic interest rates, as well as limited funding sources in the national economy. In the past seven years, private external debt has more than doubled to US\$164 billion (August 2015) from US\$74 billion (2009). This rapid increase has been evident since 2012, far exceeding government external debt. As of August 2015, private external debt accounted for 56 percent of total external debt. The situation is further complicated by the fact that the majority of Indonesia's total debt is

denominated in US dollars (72 percent, August 2015), a significant increase compared to 58 percent in 2009.

Third, Indonesia's financial assets are largely owned by foreign investors. Domestic investors, meanwhile, play a limited role in deepening Indonesia's financial markets. Regarding foreign ownership, the positive aspect is that foreign investors perceive Indonesia as a safe place to invest. The downside is that when turmoil creates negative sentiment, foreign capital easily flows out of Indonesia, leading to rapid depreciation of the rupiah. We must be vigilant; the portion of foreign ownership of government bonds is already very high, at 37 percent (October 2015) from 19 percent (2009). The role of domestic investors outside banks (insurance, pension funds, securities, and mutual funds) has decreased from 34 percent (2009) to 29 percent (October 2015).

Fourth, there is no requirement for foreign exchange proceeds from Indonesian exports to be deposited in domestic banks. We are hampered by our own self-imposed Law No. 24 of 1999 concerning Foreign Exchange Flows and the Exchange Rate System. This law clearly states that "residents who obtain and possess foreign exchange are not required to sell it to the state." (Anton Hendranata, 2015). As a result, even if exports increase, this does not result in increased foreign exchange reserves.

Below are a number of current economic indicators (2015), 1998, and 2008 as taken from Kompas Research and Development. 1998 2008 2015

1. Economic Growth Year-on-Year (percent) -13.1 4.12 4.67
2. Inflation (percent) 82.4 12.14 7.26
3. Foreign Exchange Reserves (billion US dollars)
17.4 50.2 107.6
4. Rupiah Exchange Rate against the US Dollar (Rp)
16,650 12,650 14,123
5. Rupiah Depreciation at Lowest Point (percent) 197 34.86 14.03
6. Jakarta Composite Index
256 1111 4237
7. Non-Performing Loans/NPL (percent) 20 3.8 2.6
8. BI Benchmark Interest Rate (percent) 60 9.50 7.50
9. Government Debt to GDP Ratio GDP (percent) 100 27.40 24.70
10. Total foreign debt (billion US dollars)
150.8 155.08 304.3
11. Foreign debt to foreign exchange ratio (times) 8.6 3.1 2.8

Since the SBY era in 2011, our economy has actually shown four forms of threatening external shocks. However, there have been no government policies or efforts to address them. Ministers and high-ranking government officials have instead spent their energy and time debating and disagreeing with each other.

Anwar Nasution, emeritus professor at the Faculty of Economics and Business at the University of Indonesia, noted that there are four external shocks disrupting the national economy.

First, external shocks related to the end of the primary commodity boom at the end of 2011. Since then, both demand and international prices for mining, agricultural, and fishery products have continued to decline to this day.

Second, external shocks related to the possibility of an interest rate increase by the United States central bank, the Federal Reserve System. News of an interest rate hike has drawn capital flows from developing countries back to the US. In turn, this reversal of funds has raised interest rates on government and business loans, and driven down the prices of Bank Indonesia Certificates (SBI), Government Securities (SUN), and securities traded on the Jakarta Stock Exchange.

The third external shock was the prolonged dry season due to climate change, which caused crop failures in rice production centers.

The fourth external shock was the mini-devaluation of the renminbi (1.9 percent), the currency of the People's Republic of China. This small correction was perceived by the public as the beginning of a renewed currency war. However, the PRC's central bank had promised to use a floating exchange rate system and leave the exchange rate to the market. (Anwar Nasution, 2015).

In this regard, the burden of private external debt (ULN), which is generally short-term, is also

a factor that significantly puts pressure on the rupiah. In 2015, private external debt reached US\$165.3 billion in the first quarter of 2015. In practice, the ratio of private external debt payments to export revenues, also known as the debt service ratio (DSR), has increased from around 15 percent in 2005-2007 to around 54 percent in 2015. This situation creates macroeconomic vulnerability, as the high DSR has entered a "red light" phase. Given this increase in private external debt, I believe it is quite concerning.

First, private external debt is vulnerable to several risks, particularly currency risk, liquidity risk, and the risk of excessive debt burden (over-leverage risk).

Second, private external debt is subject to significant exchange rate risk because most corporations that borrow external debt use it to finance domestic-oriented business activities that generate revenue in rupiah, while debt payments are made in foreign currency.

Third, this reality is further exacerbated by the fact that many corporations have not yet utilized hedging instruments. Liquidity risk is also quite high. This is because many private corporations borrow short-term external debt for the needs of the financial sector. Non-tradeable.

Fourth, the prospect of private external debt has the potential to increase following the depreciation of the rupiah exchange rate, which is expected to continue into next year. In this regard, concerns about the increasing amount of private debt reflect the experience of the 1997-1998 economic crisis. Furthermore, private debt management has not been as good as the government's. Therefore, Bank Indonesia and the Ministry of Finance must closely monitor it. This is necessary to prevent problems that are even greater than the 1997-1998 crisis, which triggered socio-economic anarchy and political turmoil. (Herdi Sahrasad, 2015)

Liquidity risk is increasing as the volume and share of short-term private external debt continue to increase. Meanwhile, indications of an increasing risk of excessive debt burden are evident in the rising debt-to-income ratio. This private debt burden is ballooning not only because of the short-term tenors of non-tradable and long-term sectors, but also because the private sector is frequently covering old debt with new debt, a pattern of "digging a hole to cover a hole." As a result, all of this is vulnerable and puts pressure on the rupiah.

Today, we have witnessed the continued depreciation of the rupiah against the US dollar, rising bank interest rates, ballooning debt, declining exports and export prices on the world market, and crop failures in rice production centers. All of this suggests that the Indonesian economy is facing difficulties and that the people's economic well-being is increasingly under pressure.

Therefore, based on the above discussion, the rupiah is predicted to struggle to strengthen in the future and is likely to continue weakening, reaching Rp14,000/US dollar from the current Rp13,800/US dollar.

The various factors above can explain why the rupiah continues to depreciate and economic growth continues to slow. However, we may still be spared the possibility of falling into the same monetary crisis as in 1998, as the situation in 2015 is not as severe as 1998. Under these conditions, President Jokowi's Nawacita and Trisakti initiatives appear to be just hopes, not yet realized.

Jokowi and Inequality

The World Bank observes that inequality in Indonesia has increased significantly and alarmingly over the past 15 years. This inequality is due to unequal development between regions, not to mention the sharp disparities between individuals and groups.

The World Bank proposes at least four recommendations for Indonesia to avoid the current high inequality:

First, improving public services in the regions, especially in remote areas. This is key to ensuring the next generation gets a better start, thereby improving opportunities for health, education, and family planning for everyone.

Second, creating better jobs and providing opportunities for employees to receive skills training to improve the quality of human resources.

Third, ensuring protection from shocks. Government policies can reduce the frequency and severity of shocks, while also providing coping mechanisms to ensure that all households have access to adequate protection if shocks strike.

Fourth, using taxes and government spending to reduce inequality now and in the future. Fiscal

policy focuses on increasing government spending on infrastructure, health and education, social assistance, and social security. Designing a fairer tax system by improving a number of tax regulations that currently support the concentration of wealth in the hands of a few.

The World Bank's recommendations will almost certainly not be implemented effectively by the government, its bureaucracy, and apparatus. From the New Order era of Suharto to the current reform era, our bureaucrats and apparatus have had a weak work ethic, a corrupt mentality, and a fatal disorientation of values. There has also long been a decoupling, a separation, between the socio-economic programs and agendas of the people and the government. Meanwhile, transactional democracy and rampant political corruption have dashed public hopes for improved lives and economic equality.

Economic Darwinism

As a result, from the fall of Suharto's New Order in 1998 until the current reform era, the greatest economic growth has continued to be felt by the wealthy. The poor, on the other hand, have seen little impact. Income inequality has risen rapidly, with nearly a third of this growth stemming from unequal opportunities. Poverty reduction has stagnated, with a decline approaching zero in 2014. A World Bank study confirms this: currently, 45 million people, or 18% of the richest in Indonesia, are the fastest-growing group. However, the poorest 40% of the population has only recorded growth of less than 2%. (Sahasrad,2015)

This clearly demonstrates what Nurcholish Majid (1998) calls Economic Darwinism, where Indonesia's capitalist economic development sacrifices the weak and disadvantaged masses, prioritizing the sovereignty of capital, with a limitless, free-flowing economic system focused solely on results, profits, or gains. In the Economic Darwinism referred to by Nurcholish Madjid (Cak Nur), capitalism destroys the very foundations of society, inciting people to worship money and the power of capital, and leading elites and rulers to completely disregard ethical and religious values. The case of the meeting between Setya Novanto and M. Riza Chalid and Freeport CEO Maruf Syamsuddin, which used the names of President Jokowi and Vice President Jusuf Kalla (JK), demonstrates this.(Sahasrad,2015)

As a result, society will increasingly move away from the spirit of "sharpening, caring, and nurturing," losing trust, compassion, love, and sacrifice. The mindset of elites and the public will be driven to prioritize material gain and power alone.

This situation encourages, or even "forces," society to compete with one another, fostering competition, individualism, and unfair advantage, as the powerful and capitalist groups are proven superior and dominant. It is undeniable that today, the powerful and capitalist classes are becoming increasingly powerful and developing, while the economically weak are increasingly marginalized, oppressed, and trampled.

In economic Darwinism, the weak and poor will always be the victims of the victimized, to borrow Edward Said's metaphor.

This is evidenced by a World Bank study that shows that inequality in Indonesia has been increasing over the past fifteen years. In 2000, the Gini ratio was recorded at 0.3, which increased to 0.41 in 2015. Growth over the past decade has only benefited the richest 20 percent of the population, while the remaining 80 percent of the population, approximately 205 million people, remains lagging behind. This means a widening gap in living standards and a growing concentration of wealth in the hands of a few. Meanwhile, between 2003 and 2010, per capita consumption for the richest 10% of Indonesians rose even more sharply, up to 6% per year, even taking inflation into account. However, the increase (growth) was less than 2% per year for the poorest 40%.

It's important to note that the violence in Singkil (Aceh), Tolikara (Papua), Mesuji (Lampung), Bima (NTT), and so on, are inseparable from this Economic Darwinism.

Therefore, the Joko Widodo administration must transform this harsh reality back to Constitutional Economics, the 1945 Constitution, with a strong implementation of the rule of law, as emphasized in Nawacita, Trisakti, and his Mental Revolution, so that change can be realized. Jokowi's consistency in this regard is highly expected. So, borrowing WS Rendra's perspective, our nation's dignity can be safeguarded and defended against the ravages of frustration and despair.

Jokowi and Neoliberalism

Under President Joko Widodo's administration, foreign power dominance in Indonesia continues and tends to strengthen as a consequence of the neoliberal political-economic legacy of the Susilo Bambang Yudhoyono (SBY) administration. It now seems as if Jokowi is a continuation of SBY in one breath of neoliberalism.

Even economist Faisal Basri, a member of the Faculty of Economics and Business at the University of Indonesia, called Jokowi more neoliberal than SBY. Yet, if we examine Soekarno's Nawa Cita and Trisakti, championed by Jokowi, their spirit and vision are clearly aimed at eroding and correcting SBY's neoliberal regime. This ironic situation has led some people to become cynical and skeptical.

The dominance of foreign powers, coupled with neoliberal globalization in Indonesia under SBY and previous regimes, continues to flow rapidly, with a powerful impact on the dispossession and marginalization of the people. (Topatimasang,1999. Muhaimin,2010)

Remember, neoliberalism believes that individual initiative can thrive if the role of the state is minimized. The implication of this is that the state should not be heavily involved in the economy, but should use its power to defend private property rights and market institutions and promote capitalist elites on the global stage when necessary. (David Harvey, "A Brief History of Neoliberalism," 2005).

Friedrich von Hayek, recognized as the "Prophet" of the market economy by British Prime Minister Margaret Thatcher in the 1980s or towards the end of the 20th century, inspired, motivated, and encouraged global capitalists to force neoliberalism into the lowest levels of society, through a number of policies imposed by governments in the Third World, including Indonesia.

Neoliberalism paved the way for the birth of a global economic empire that transcended national boundaries. And for Indonesia, neoliberal globalization, which has become the daily norm among universities, state officials and bureaucrats, and the business world, has resulted in the impact of foreign domination that is deeply concerning. Under the climate of neoliberalism, it is the market and capital that dictate or create the state, not the other way around. This means that, in the case of Indonesia, the market and capital are able to impose their interests on the state, with all its implications, particularly marginalization and The economic and political deprivation of the people.

In this regard, since the era of President SBY (2004-2014), and up to the current era of President Jokowi, several laws that have faced public challenges, including Law Number 25 of 2007 concerning Investment, Law Number 27 of 2007 concerning Management of Coastal Areas and Small Islands, and Law Number 4 of 2009 concerning Mineral and Coal Mining, have continued to operate and have been ignored. All three laws are exploitative and pro-corporate rather than in the interests of the people. In fact, the Investment Law—before being partially annulled by the Constitutional Court—provided corporations with 95 years of land control.

Regarding oil and gas and coal, research by NGO activist Chalid Muhammad (Walhi/Indonesian Green Institute, 2010) noted that 85.4 percent of Indonesia's 137 oil and gas concessions are controlled by foreigners. Foreign control in the mining, plantation, and fisheries sectors is also increasing. Ironically, excessive exploitation of nature is carried out to meet the consumption needs of other countries. A 2008 report by the World Coal Institute states, for example, that 82.52 percent of Indonesia's 246 million tons of coal is exported. Compare this to China, which produces 2,761 million tons and exports only 1.7 percent. The remaining 98.3 percent is used for domestic purposes. In 2010, the Mining Advocacy Network (Jatam) stated that 35 percent of Indonesia's landmass was permitted to be cleared by the mining industry.

Inequities in Indonesia's oil and gas production process are not only demonstrated by foreign domination of ownership and profit sharing, but also by production costs (cost recovery). Cost recovery is reimbursement for operating costs incurred by contractors to carry out oil and gas exploration and production activities in a work area. Contractors are entitled to cost recovery once the oil and gas field is commercially productive, through a profit-sharing system with the state. According to a 2005 report by the Oil and Gas Regulatory Agency (BP Migas), since 2004, government investment in national oil and gas production has only reached US\$5.56 million, while cost recovery has been provided by the government at US\$5.6 million. In 2005, oil and gas investment was US\$6.22 million, while cost recovery was US\$7.68 million. Corruption is again evident in the use of cost recovery by foreign oil and gas contractors.

Referring to the Audit of the Development Supervisory Agency (BPKP) for the period 2000-2006, indications of irregularities were found in 43 oil and gas contractors, resulting in state losses of Rp 18.07 trillion. This is due to the loose definition of cost recovery agreed upon by the government and contractors (most of whom are multinational corporations). As a result, non-production factors such as home renovations and entertainment costs are also borne by the state. In 2011, the government returned US\$15.22 billion to oil and gas well operators, US\$15.51 billion in 2012, and US\$15.92 billion in 2013. In the meeting, the government, through the Special Task Force for Upstream Oil and Gas Regulatory Affairs (SKK Migas), requested an increase in the cost recovery amount from the 2014 Revised State Budget (APBN-P) from US\$15 billion to US\$16 billion, or Rp 192 trillion, in the 2015 Draft State Budget. (Walhi/Indonesian Green Institute, 2010)

Foreign domination of national oil and gas production also yields a more surprising reality. A study by Chalid Muhammad, along with Walhi (Wahana Lingkungan Hidup) and the Indonesian Green Institute, recorded that foreign oil and gas companies control 95.45 million hectares of Indonesian oil and gas concessions, out of Indonesia's total land area of 192.257 million hectares. The total number of oil and gas blocks controlled by foreign parties is 329.

Even tax manipulation by these KKKS holders seems to justify Transparency International's (TI) report on the corrupt behavior of 44 global oil and gas corporations (MNCs) in Berlin in early 2011. This corrupt behavior was merely an instrument to "smoothe the way" for these MNCs to achieve greater success, namely domination of the national oil and gas industry.

Various media outlets reported that foreign oil and gas companies controlled 65 percent of the total oil and gas blocks in Indonesia. National companies controlled only 24.27 percent. The remainder was controlled by consortiums of foreign and local companies, again demonstrating foreign dominance in profit-sharing and share ownership, with local companies only holding 20 percent of the consortium's shares. Meanwhile, at the end of May 2009, data from the Ministry of Energy and Mineral Resources showed 69.9 percent foreign domination of the Indonesian oil and gas industry, approximately 70 percent of which belonged to US companies such as Chevron, ConocoPhillips, and ExxonMobil. What about national companies? The data shows that the role of national oil and gas companies only reached 29.1 percent in the oil and gas industry.

Specifically for the natural gas sector, a January 2008 report from the Energy Information Administration (EIA) confirmed an even more devastating fact. The report stated that 90 percent of Indonesia's total natural gas production comes from six multinational corporations: Total (30%), Exxon Mobil (17%), Vico (BP-Eni joint venture 11%), ConocoPhillips (11%), BP (6%), and Chevron (4%). Of these six multinational corporations, three are from the US and control 32 percent of Indonesia's natural gas production. These MNCs are also among the 44 international oil and gas companies that, according to the TI report, have engaged in corrupt behavior, harming Indonesia. (Walhi/Indonesian Green Institute, 2010)

Meanwhile, the Coastal Area Management Law also grants corporations the right to control the water surface, water column, and even the bottom of the waters for 60 years cumulatively in the form of Coastal Waters Concession Rights (HP3). The HP3 concept is similar to forestry and mining concessions, which have been widely criticized for their detrimental effects on the state. The Mineral and Coal Law, which replaced the 1967 Mining Law, has not shown any promise of improvement.

Local governments seem to be competing to issue permits, even appearing to be selling them cheap. It's no wonder that the NGO Jatam estimates that more than 10,000 mining permits have been issued by local governments to date. In fact, in many places, the destructive power of mining threatens the lives of local residents.

Meanwhile, Sawit Watch stated that as of June 2010, the government had granted 9.4 million hectares of land, and this figure will reach 26.7 million hectares by 2020, to 30 groups controlling 600 companies. This area is equivalent to the land controlled by 26.7 million poor farmers, if each farmer owned 1 hectare. Yet, many Indonesian farmers still own no land or own less than 0.5 hectares. The Head of the National Land Agency noted that 56 percent of Indonesia's assets, whether property, land, or plantations, are controlled by only 0.2 percent of the Indonesian population.

Meanwhile, as of 2015, at least 25 palm oil company groups controlled 5.1 million hectares of land, or nearly half of Java's 128,297 square kilometers. Of these 5.1 million hectares (51,000 square kilometers), 3.1 million hectares have been planted with oil palms, while the remainder remains

unplanted. Indonesia currently has approximately 10 million hectares of oil palm plantations. These corporate groups are controlled by 29 tycoons whose holding companies are listed on stock exchanges, both in Indonesia and abroad.

The control of a handful of individuals over agrarian resources is even more evident when viewed across development sectors. The government has also granted more than 42 million hectares of forest to 301 forest concession companies and 262 industrial timber plantation companies.

Meanwhile, agrarian injustice in Indonesia persists, almost as long as the Agrarian Law Number 5 of 1960 itself. The spirit of agrarian justice enshrined by the nation's founders in the 1945 Constitution has been distorted by the SBY regime and previous regimes. Privatization and liberalization have further deprived farmers and further alienated them from agrarian justice. For the sake of economic growth and political stability, the Soeharto regime, for example, distributed the country's natural assets to domestic and foreign corporations, including its cronies. Unfortunately, this corrupt practice of power continues into the current era of SBY and Jokowi.

The propaganda of neoliberal intellectuals and economists that the privatization and deprivation of state assets are congruent with the eradication of corruption is clearly unreliable and cannot be proven by the facts.

No Fundamental Corrections

The Jokowi administration has so far failed to make fundamental corrections to the neoliberalism of the SBY era, and there are concerns that it is likely to continue and strengthen it. This may be due to a lack of understanding, or perhaps due to fear or succumbing to foreign pressure due to the burden of debt and dependency.

Grouped together, companies controlling more than 50 land and energy/mineral resources in Indonesia, the Jokowi administration must prioritize reforming laws and institutions related to land and energy/mineral resources, in accordance with Soekarno's Nawa Cita and Trisakti visions. Jokowi must engage civil society and the media, professionals, religious scholars and clergy, reformist and pro-people elements of parliament, the Indonesian National Armed Forces (TNI) and the Indonesian National Police (Polri), to implement reforms to laws and institutions related to land and energy/mineral resources for the benefit of the nation and state, prioritizing individual and group interests.

Referring to the mandate of Article 33 of the 1945 Constitution, President Jokowi must be able to increase the state's control over economic life, allowing it to regulate most aspects of socio-economic life, not all, proportionally and representatively. Therefore, at this point, the state needs to intervene to control operating capital, while at the same time maintaining and managing democracy, civil and political liberties of humanity to prevent interference or hijacking by capital and oligarchic forces. In this way, if Soekarno's Nawa Cita and Trisakti are truly intended to be implemented by the Jokowi administration, they have a greater chance of being implemented effectively.

During the 2014 presidential election campaign, Joko Widodo frequently stated that his government would not borrow to finance state spending. Jokowi even stated that state spending would be financed with existing funds without relying on debt. During his campaign, Jokowi stated his desire to achieve economic independence in accordance with Sukarno's Trisakti and Nawacita (Nine Priorities).

In this regard, Joseph E. Stiglitz, economics professor at Columbia University in New York and 2001 Nobel Prize recipient, emphasized the importance of reducing debt due to various risks, especially since the trickle-down effect often fails

But now, ironically, the Jokowi-JK government's foreign debt is actually increasing. In fact, the increase in government foreign debt is higher than the increase in private debt. During Jokowi-JK's five months in office, government foreign debt has skyrocketed. The economic ministers in the Working Cabinet have proven relatively ineffective and incompetent in finding solutions to prevent Indonesia from going into debt again. Dependence on foreign debt is worsening. Our foreign debt continues to grow.

The foreign debt of the SBY-era government in November 2014 was recorded at USD 127.3 billion, equivalent to IDR 1,676 trillion. The final position of the Jokowi-era government's foreign debt, as of January 2015, was USD 129.7 billion, equivalent to IDR 1,710 trillion. This represents an

increase of approximately USD 2.4 billion, equivalent to IDR 31.6 trillion. As of January 2015, Indonesia's foreign debt was recorded at USD 298.6 billion, equivalent to IDR 3,940 trillion. This debt figure skyrocketed compared to December 2014, which was only USD 292.6 billion, equivalent to IDR 3,860 trillion.

This debt figure consists of USD 135.7 billion in government and Bank Indonesia foreign debt, while private sector foreign debt amounted to USD 162.9 billion. Increasing debt is unpopular and will be a burden on the people in the future. Unfortunately, President Joko Widodo (Jokowi) stated that he was not concerned about his popularity declining due to his policy of raising fuel prices (partly to repay the debt), which is considered not in the interests of the people. Jokowi realized that when the government's decision to raise fuel prices caused anger, disappointment, frustration, and disapproval of his administration, many people expressed their displeasure.

Furthermore, sales of various commodities in the first quarter of 2015 reportedly declined: cement fell 3.3%, cars 15%, motorcycles 19%, property even fell 50%, and exports dropped 11.67%. Public companies also reported a decline in net income. Adhi Karya fell 34.5%, Agung Podomoro Land 65%, Astra International 15.64%, Bank Danamon 21.47%, and Holcim even plummeted by 89.78%. Meanwhile, according to Rhenald Kasali, a professor at the Faculty of Economics and Business at the University of Indonesia (FEUI), rice and sugar have increasingly become a game of the mafioso, especially since the President announced that imports would be banned. Furthermore, fertilizer, which should be used to boost agricultural productivity, and its subsidies are still being played by the elite. And to top it all off, said academic Rhenald Kasali, stock prices have plummeted.

The Jakarta Composite Index (JCI) has fallen more than 6.4% recently. It is said that the increases are in drug sales (said to be up 28%, but how do you calculate that?), alcohol (up 63%), prostitution (up 200%), and gemstones (supposedly up 300%). Bank Indonesia has also announced that the Consumer Confidence Index (CCI) has fallen 9.5 points in the past month. And this decline has been ongoing since the beginning of the year. From around 120.2 (January 2015) to 116.9 (March), it then dropped again to 107.4 (April 2015).

The Working Cabinet led by Jokowi is fully aware of the economic/business facts above, as they are grim realities that urgently require resolution. However, the government seems stuck in its search for a breakthrough.

CONCLUSIONS

The Jokowi administration has thus far not succeeded in implementing essential reforms to the neoliberal policies of the SBY era, raising concerns that these policies may persist and intensify. This may result from a deficiency in comprehension, or even from apprehension or yielding to external influence stemming from the weight of debt and dependency.

Indonesia faces the risk of becoming a "systemically failed state" due to its excessive debt payments outpacing its allocation for healthcare and education, according to UN Secretary General Antonio Guterres. According to Sri Mulyani Indrawati, Indonesia's Minister of Finance, 40% of the population would be considered poor by the World Bank's recommended poverty criterion. This is the PPP value, which stands for purchasing power parity. Developing nations in Southeast and South Asia, as well as the rest of Asia, are on the verge of an economic catastrophe, and the UN has issued a warning about it. Worse than the crises of 2008 and the 2020 COVID pandemic, according to the international organization. It is believed that Indonesia and developing Asian nations may come up with a more realistic combination of policies that includes anti-trust laws, tighter rules on commodities speculation, windfall taxes, and smart pricing controls.

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