Indonesian Labor Dynamics in the Last Three Years (2003-2005)

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It must be admitted that Indonesia's macro economic growth in the last three years (2003-2005) has not been exciting. The real sectors (including labor intensive-industries) experienced diminishing growth. Indonesia's economy in its various aspects was still in tatters. The State Budget was still in the red. Inflation reached over ten percent; coupled by a long list of facts too many to mention. Not to mention further implications for the government who has released the policies of withdrawing subsidy, and increasing the prices of basic necessities. The price of fuel has been corrected several times; ditto the electricity cost. The price increase of basic necessities and the withdrawing of subsidies would surely not stop there.

The bad economic condition usually impacts on the dynamics of industrial disputes. Unfortunately, this phenomenon is further worsened by the facts that tens of millions of Indonesians will still be jobless in the next ten years. This means that the economy in the next ten years is still bleak at best. National economy is predicted to still not be able to absorb unemployment and new workforce. The UN Commission for the Social and Economy (ESCEP) estimates that Indonesia' economy needs ten years to return to its 7 percent annual.

This paper discusses in brief the economic condition and the mapping of Indonesia's workers in the period of 2003-2005. As well, there are several topics, which receive special attention: the workers of textile and garment industries; and also the workers of informal sectors. After identifying the labor issues, the paper is then closed by several notes on the challenges faced by the workers in the future.

Poverty, Unemployment, Work Termination

Since the economic crisis of 1997/1998, the condition of Indonesia's economic is relatively not improving and accompanied by the extreme increase of unemployment figure, which is the highest in history. The issue of unemployment keeps becoming the stumbling block for this country's socio-economic development in the near future. Other than that, the burden of the government's foreign debt payment has already reached the government's paying ability. This country is trapped by the debts given by various international donors and developed countries.

Since 1980 up to date, Indonesia has paid the government's foreign debts in the amount of not less than US$ 125 billion. This amount is not included the private sectors' debts. The government still has unpaid debt in the amount of not less than US$ 70 billion. This is why, each year, the government must cough up at least US$ 8 to 9 billion to pay for the principal and the interest. It is unimaginable until when Indonesia

can be free from debts; each Indonesian citizen (227.1 million of them) has the burden of debt in the amount of Rp.7 million (around US$ 700).

The above foreign debt burden makes the State Budget unable to finance various matters created by poverty which is also experienced by the workers in various sectors. The 2005 State Budget allocated Rp.64 trillion for the payment of the foreign debt principal and interest, while the budget for the sectors supporting the development of human quality was not more than 1.5 percent (Rp.7.4 trillion for the health sector, Rp.21.5 trillion for the education sector, ad Rp. 3.679 trillion for the agriculture sector).

Since 1999, the poverty figure has been remained apparently constant, no improvement. The figure until 2004 has reached 36.1 million, which is more than 34.5 million in 1996. About two-third of the poor population lives in rural areas (look at Table 1).

Table 1
Figure and Percentage of Poor Population
In Rural and Urban Areas, 1996-2004

Year	Urban		Rural		Urban + Rural	
	Amount	% of the Urban Population	Amount	% of the Rural Population	Amount	% of the Total Population
1996	9.6	13.6	24.9	19.9	34.5	17.7
1998	17.6	21.9	31.9	25.7	49.5	24.2
1999	12.4	15.1	25.1	20.2	37.5	18.2
2000	12.3	14.6	26.4	22.4	38.7	19.1
2001	8.6	9.79	29.3	24.8	37.9	18.4
2002	13.3	14.5	25.1	21.1	38.4	18.2
2003	12.3	13.6	25.1	20.2	37.4	17.4
2004	11.3	12.1	24.8	20.1	36.1	16.7

Source: Indonesia's Statistics, BPS (Indonesia Statistical Bureau)

A number of deals between the government and several parties, such as the World Bank, International Monetary Fund (IMF) and the Trade World Organization, have forced Indonesia to implement the policy of withdrawing subsidies for public services, opening domestic market to imported products, and various fiscal policies which neglect the people's economic rights. The parliament itself was forced to produces various legislatures to smoothen up various privatization processes (Water Resource Law, Electricity Law, National Education System Law, etc.), also the policy of increasing the price of fuel. Labor laws and regulations are also demanded to adopt the concept of *labor market flexibility,* which only served the investors but neglect the welfare of the workers. The result occurring is that the workers are still under constant threat of loosing their jobs together with increasing level of exploitation.

In its records, the Central Statistical Bureau (BPS) mentioned that the number of workforce in Indonesia up to the month of February 2005 has reached 105.8 million persons, an increase of 1.8 million persons compared with the August 2004 figure. The number of additional population who acquired jobs in the

same period of time only increased by 1.2 million, which meant that there was an increase of unemployment in the sum of 600 thousand persons. It must be noted that the above unemployment figure is a conservative number and the real figure is possibly a lot higher with the assumption that various other data state that the new workforce alone reaches 2.5 million persons every year.

BPS also recorded that in the month of February 2005 the level of open-unemployment has reached 10.3 percent (equivalent to 10.9 million persons), which was higher than the level of open-unemployment in August 2004, which reached 9.9 percent (equivalent to 10.3 million persons). The number of under-unemployment in February 2005 reached 29.6 million or about 31.2 percent of the total working population. This figure is higher than the number in August 2004, which is 29.8 percent (look at Table 2)

The abundance of unemployment is accompanied also by the frequency of work termination in various important sectors. Graph 1 shows that in the period of January to June 2005, for example, the higher frequency of work termination is experienced by the workers in the forestry and plantation sector (83 percent). It is followed by those working in the textile, garment and leather industry (14 percent). Workers of the general trade and service, metal, electronics and machinery, and also transportation each experienced 1 percent of work termination of the total amount of work termination within the first semester of 2005. The decrease of production power and contra-productive policies disadvantageous to the companies are the mostly cited answers each time they terminate the works of their employees.

Table 2
Above 15 Population Based on the Main Activities
August 2004 and February 2005
(in million)

DESCRIPTION	Augt-2004	Feb-2005
Above 15 population (million)	153.9	155.5
Workforce (million)	104,0	105.8
a. Working	93.7	94.9
b. Open Unemployment	10.3	10.9
Part time Workers (Under-unemployment, million)	27.9	29.6
a. Voluntary Under-unemployment	14.5	15.3
b. Involuntary Under-unemployment	13.4	14.3
Not Categorized as Workforce (in Schools, Housewives, etc.)	49.9	49.7
Level of workforce participation (%)	67.6	68,0
Level of Open Unemployment (%)	9.9	10.3
Level of Under Unemployment (%)	29.8	31.2

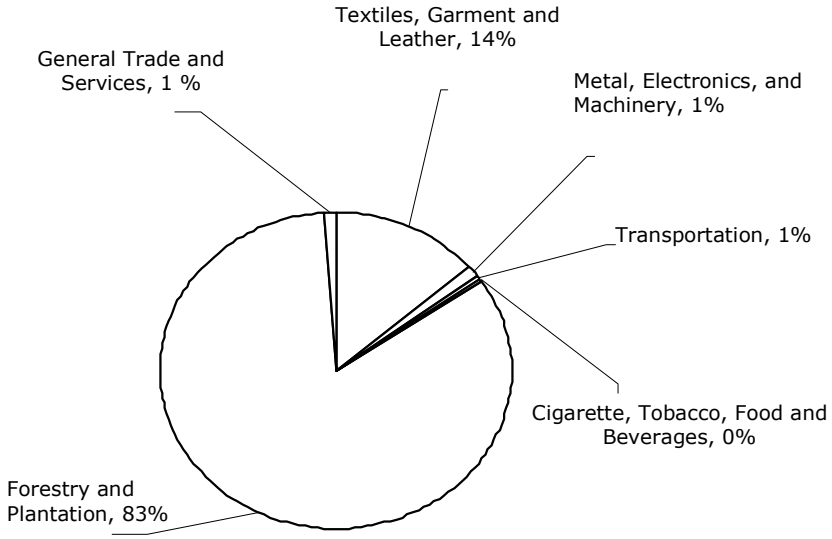
Source: BPS

The list of companies conducting work termination against their workers kept getting longer in the last one year. Some did that as an effect of several factors. But, the increase of fuel price in October last year sped up the streamlining process and added the number of laid-off workers.

It must be admitted that up to now the industries in Indonesia still rely on low-added value produced by labor-intensive industries with low skills and technology level. The grim pictures of wood, textile, garment, leather, food, beverages, and simple electronic components industries reflect this. The low competitive ability is often said as the result of incessant wages increase from the workers, while actually, other sources cause high cost production, including the cost of procedure and bureaucracy which is ineffective also contribute to the low competitiveness of Indonesia's manufactured products.

Graph 1

Work Termination Frequency, January – June 2005



Source: Labor News Clipping, processed by LIPS

The manufacturing sector, as a whole, also experiences a decrease. Up to the third quarter of 2003, the manufacturing industry only grew 2.3 percent, lower that its own growth in 2002 (4.1 percent). In the aspect of labor absorption, the same thing also happened. In 2002, the absorption level was only 0.2 percent, much lower than 2001 (3.8 percent).

Decreasing Real Wages

The fuel price hike of February and October 2005 caused the price increase of various basic necessities, lowering the buying ability of the workers who had just demanded meager wages increase. The date below shows that the real wages of industrial workers (total) from the first quarter of 2004 up to the first quarter of 2005 tends to drop. In the first quarter of 2005, the total wages of industrial workers experience a flop, compared to the previous quarter or the same quarter in 2004. This must be a clear indication that the buying power of the industrial workers also decreases. This trend happens in all sectors of industries except the Cigarette's. For the coal and tiles industry, the nominal and the real wages also tend to decrease (look at Table 3).

On the other hand, there was a tendency which showed that the farming workers wages went up slower compared to the trend of manufacturing sector's workers' wages, so the level of poverty in rural areas was higher compared with the urban, as shown in Table 1. The low wages triggered an increase of children dropping out of school, which according to the Research and Development Division of the National Education Ministry was projected to reach 1,122,742 students in the elementary school level, lower and upper secondary level. The number was 2004/2005's projection. The highest number belonged to the elementary school students, which was at 685,967.

Table 3

DESCRIPTION		Q1 2004	Q2 2004	Q3 2004 *)	Q4 2004 *)	Q1 2005 **)
Industry (Total)	***Nominal***	819,121	860,329	818,502	855,648	879,001
	Real	283,725	289,244	273,787	279,203	277,980
Cigarette Industriy	***Nominal***	505,807	491,296	508,092	509,396	598,020
	Real	164,811	165,175	169,955	166,219	189,121
Garment Industry	***Nominal***	780,873	797,196	791,355	847,268	818,135
	Real	275,881	268,019	264,706	276,469	258,731
Coal, Tiles Industry	***Nominal***	488,605	526,458	422,407	421,198	417,515
	Real	161,553	176,996	141,294	137,440	132,037

Source: BPS
Note: Q =Quarter; *)Tentative; **)Very Tentative

In the formal sector, work opportunities in the last five years tend to decrease with growing wages gap between the formal and informal sectors. The manufacturing industry also experienced decreasing activities. Actually, the manufacturing sector has not been able to absorb much more of the workforce in the rural areas, so that the absorb figure for the agriculture sector was still relatively large. Hence, one of the solutions is to develop the agriculture and the rural areas, since 65 percent of the total Indonesia's population live in the rural areas; about 44 percent of the workforce work in agriculture sector; and various economic assessments concluded that agricultural products have high multiplier effects and forward and backward linkages with other sectors.

Even so, the funding allocation from the government to the agriculture sector is still relative small; the average ratio of expenditure to the gross domestic product is only 0.3 percent, while the output contribution of the agriculture sector to the gross domestic product reached about 16.3 percent. The government has a relatively low policy population when it comes to farming/agriculture, even tends to kill this sector and at the same time speeds up industrialization in other sectors. This trend also happened in other Southeast Asian countries due the penetration of economic globalization with the appearance of

various multinational corporations (MNCs). These MNCs demanded encouraging investment climate, including by pressuring the government to limit the available area for the organized labor.

Labor Organizations' Resistance in various Actions

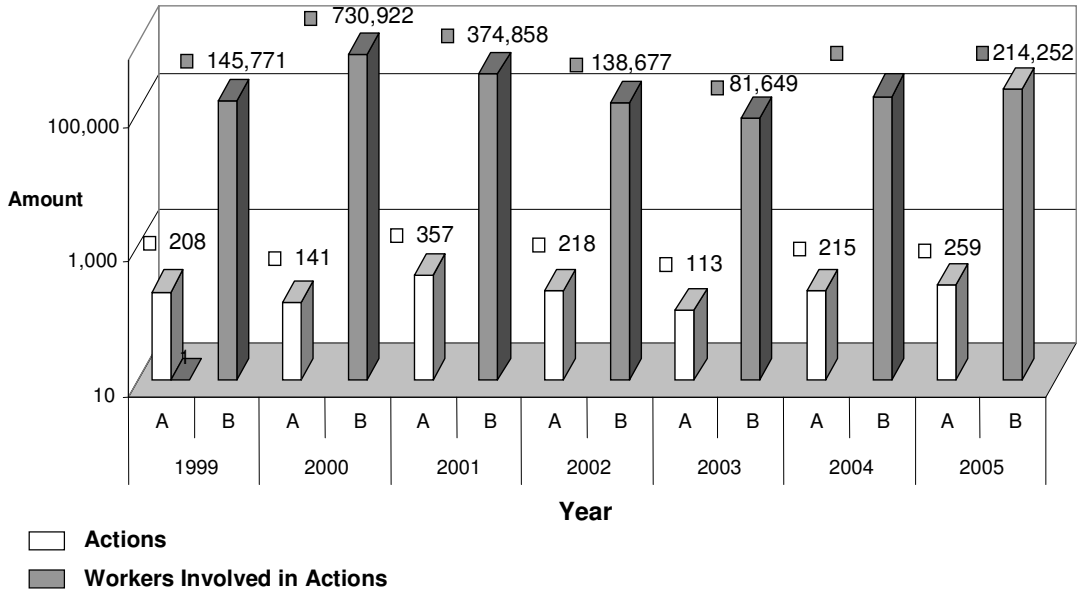
The diminishing protection to the national industries which adds the number of bankrupt industries and the number of unemployment, due to work termination or the decreasing job availability in the formal sector, gives a fertile ground for a sustainable labor movement's awakening.

At the mean time, maintaining the policy of low wages and pushing for labor flexibility as an effort to stimulate the industry are the political answer often voiced by the government. Even the Coordinating Minister for the Economy, at that time the tycoon Aburizal Bakri, a month after sworn-in to his office stated that he wanted to deregulate various investment-related regulations, including the labor's regulation.

In the document of Mid-term Development Planning, created by the National Planning Board then lead by Sri Mulyani, it is explicitly mentioned that the Board wanted to push for the implementation of flexible labor system as a means to solve the huge unemployment. For the workers, looking at the reality in the field, this political answer is just the same as lowering their already low wages, giving easy avenue to the employers to hire and fire, and withdrawing political assurance on their production interests. Hence, the answer given by the ruling government, elected by the direct election of 2004, made clear their real character as an anti-labor government.

The labor's action dynamics of 1999 to 2005 was very fluctuated (look at Graph 2) and it is obvious that the various actions have not been able to influence national politics significantly. But at the same time, those actions show that the workers react to the problems they are facing. Graph 2 below shows comparison of actions done the workers since 1999. Compared to what happened in 2003, the workers resistance during 2004 experienced a sharp increase in the forms of the numbers of actions and the involvement of the workers. When the same figure is compared to what happened in 2002, the frequency of action in 2004 was slightly lower, but the workers' involvement increased by more than 30 thousand. Compared to 2004, the actions in 2005 increased in both the frequency (increased by 44 actions) and the workers' involvement (increased by 44 thousand workers). During 1990-2005, the highest labor action happened in 2001 (357 actions), while the highest labor's involvement happened in 2000 (730,922 workers).

Graph 2
Labor Actions (1999-2005)



Source: Labor News Clipping, processed by LIPS

The larger portion of the government's attention is indeed directed towards the rejection of the fuel price hike. The momentum of fuel price hike often triggers social unrest and large mass movement. The most sector disadvantage by this issue is the transportation sector. However, the effect of the hike also triggers the increase of the price of various basic products and consistently puts pressure on income since it increases inflation. Even though, the workers of transportation sector are the ones politically mostly influenced by the fuel price hike, the labor movement in this sector has not increased qualitatively. In various areas, the focus issue is still in the fare adjustment which is actually not popular with the people in general which demand the withdrawing of the fuel price hike policy, whereas the demand of fare adjustment often creates contradiction among the workers in the transportation sector. Nevertheless, not all parties in this sector voiced out the demand of fare adjustment. At least, the transport labor movement in the city of Palembang voiced out the demand of withdrawing the fuel hike.

Worker of cross sector alliances in several cities also conducted actions rejecting the fuel price hike: in Jakarta, Surabaya, Batam, and Tangerang. Among the various labor groups demonstrating, there were groups bringing the issues of women which stated that the government's anti labor policy really affected the women seriously which in the current situation could trigger the increase of crime rate and violence on women. These actions were carried out related to the commemoration of World's Women Worker Day on March 8, 2005 and the issue of fuel price hike.

Through various actions, the indication of the workers' strengthening policial awareness appears more significant. The awareness to unite and develop political cooperation together with various democratic elements domestically appears quite significant. Labor's demands nowadays are channeled through non-workers elements, such as the farmer, youth and student movements. The Labor Day commemoration of

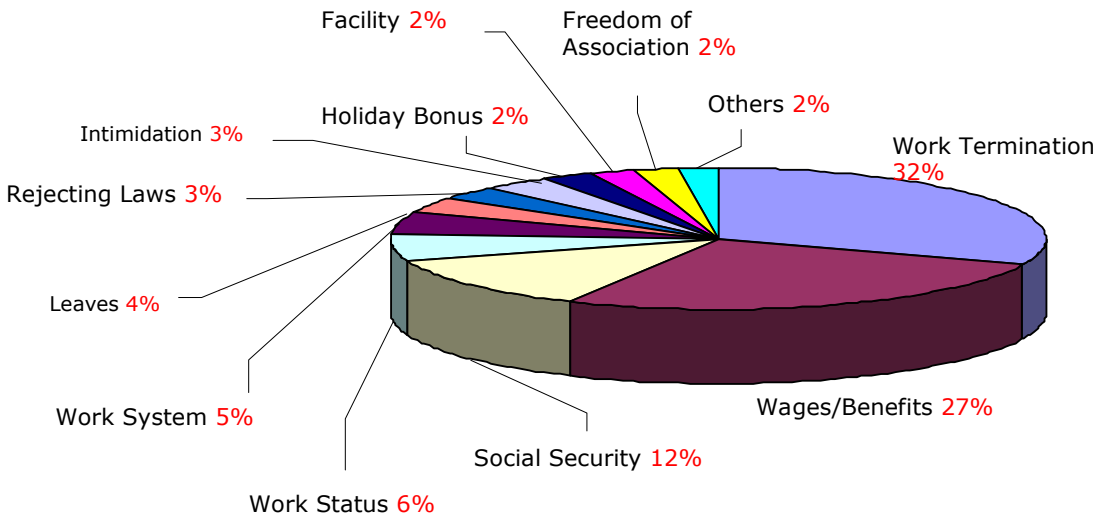
May 1 in the last few years has not only been commemorated and observed by the workers. This is apparent by the issues brought up which are not limited to the labor issues. We recorded, in several cities, the Mayday actions also carried the issues of agricultural reform, affordable education, equality and fairness for women, job availability, national industrialization, and of course various labor issues such as wages increase, rejection of work termination and contract system, social security, etc.

The problem is the high level of oppression which forces the workers to work longer hours with lower wages still becomes a major stumbling block for the workers to show up responding to every government policy, which is related to the issues of labor or other social issues. Other than that, the creativity in processing issues and present them in simultaneous actions is also a problem. The general situation faced by the unions is that it is difficult to conduct their own internal political consolidations due to the high intensity of production structure reorganization in the lowest level (plant).

Other than the demand of proper wages increase that often triggers the labor actions in general, work termination also becomes an issue which often triggers mass action from the workers. The second semester of 2004 is an example. Graph 3 shows that the problem of work termination (industrial relation category) has the highest position in the list of demands and protests of the workers during actions. It is followed closely by wages/benefit (welfare category) which is often delayed or not given to the workers. On the third place, actions are triggered by social security money which is not transferred by the employers (they usually embezzle the money). The work and work status (contract and outsourcing) each becomes the fourth and fifth causes to trigger labor actions. The latest labor laws (UU No.13/2003, UU No.2/2004) not to mention violations of the freedom of association (political rights category) often triggers labor actions, besides intimidation and pressure on those still trying to develop and conduct the union activities.

Graph 3

Demands and Labor Action Triggers (July-December 2004)



Source: Labor News Clipping, processed by LIPS

From Globalization to Informalization:
The Workers of Textile-Garment and Informal Sectors

Here is the brief discussion on issues faced by the workers of textile and garment industry and also the workers of the informal sector. Globalization has impacted badly on the workers and has threatened the disappearance of what was the compromise of the previous century between workers and capital: the concept of *welfare economics*.

The most important character of the economic globalization which becomes the world trend at the moment is the growth of MNCs. They are the business organizations which operate in more than one country. At present, these MNCs have dominated the trade of almost all of important world commodities, including Textile and Textile Products (TTPs)

A few examples of famous MNCs are General Motors and Ford in the automotive industry; Esso, Shell, British Petroleum in the Petroleum Industry; McDonald in the fast food chain industry; AT&T and International News Corporation in the communication sector; and the main banks of Japan, which 23 of them are among the 50 largest banks in the world (Heywood, 1997).

Workers of Textile and Garment, Post 2004

In the Textile and Textile Products (TTPs) industry, GAP, Nike, and Adidas are among the long list of MNCs, other than Phillips-Van Heusen Corp, together with other TTPs buyers, which have relocated their business concentration to China recently. At the moment, China is one of the fertile countries for the MNCs to operate their businesses. The significance of MNCs is that they represent an economic concentration in the hands of non-state actors. They are just a small group of conglomerates with wealth exceeding the wealth of the African people. With only around 200 MNCs, they are able to control about a fourth of the world's economy.

It comes to a no surprise that the MNCs at the present are able to spend an amount of money exceeding a country's budget like Indonesia's. They are also able to spend millions of dollars to pay advertisement stars like what Nike paid Tiger Woods to be star of their advert which far exceeded what Nike paid its workers combined in Indonesia!

But, the large assets of the MNCs acquired through exploitation of labors. Nike, for example, has been proven to violate their workers' rights in Indonesia, Vietnam and China (Anya Schiffrin et.al, 2004). These MNCs could easily bail out to other countries. In Indonesia, Nike still has unfinished business with its former workers it left behind.

This was then followed by the closing of various other TTPs factories, and then by the increasing labors' demonstrations. In the last five years, the figure of actions carried out by the workers of TTPs industry has always been the highest compared to other sectors. Cities which used to be the bases of TTPs

industries, such as Jakarta and those in West Java Province, in the first semester of 2004, have witnessed 40 actions involving no less than 39 thousand workers (Sedane Journal, Vol.II, No.2, 2004). Until now, the workers of TTPs have dominated worker demonstrations, both in number of action and workers involved in it.

Indonesian Textile Association (*Asosiasi Pertekstilan Indonesia*--API) has started to cry out since several years ago asking for help. They reported that about half of 2,760 TTPs companies in Indonesia would go bankrupt. The government also reported that in 2002, 242 TTPs companies ceased operating and terminated the jobs of 19 thousand workers. Up to now, this figure keeps inflating.

This of course spells disaster to the industry which used to absorb more than two million workers. It is unfortunate that Indonesia's TTPs industry was dependent on quota given by developed countries (USA, European Countries, Canada). API recorded that Indonesia's TTPs export to the quota countries in 2002 reached 47 percent. According to an observer, one percent lost of the quota could spell disaster for 10 thousand workers.

However, it must be mentioned here that the quota Indonesia acquired is often traded and falls to the hands of employers with fictitious companies. Ambiguous retributions, bribery and a list of unclear costs in the export-import process then become the main factor weakening the competitiveness of Indonesia's TTPs industry.

Of course the TTPs industry in Indonesia does not die all together. There are several big companies which are able to compete since their initial market targets are non-quota countries such as Japan, and Mid-East countries. The market percentage is at 54 percent of the total Indonesia's TTPs export. The risk of loosing this non-quota market is also high.

Actually, the implementation of the quota system for the TTP market in the countries such as USA and European countries written in the MFA (*Multi-Fiber Arrangements*) since 1974 has been designed to protect the develop countries from getting flooded by imported TTPs products. The objective they want to achieve is that to provide protection to their own domestic TTPs industry so that they can adjust themselves in facing competition given by various foreign producers which mainly come from developing countries.

The developed countries and various MNCs also use MFA as a system to ensure the market accessibility system for the TTPs from developing countries. As buyers, the MNCs control the supplier (the subcontractors) in the developed countries to so that they can maximize returns provided by quota for their own profits. Huge expansion conducted by the MNCs then pushes and stimulates the appearace of TTPs industries in countries which do not have the potential and bases for TTPs industry, such as Indonesia.

Indonesia, which actually is an agricultural country, has been forced to become a TTPs exporting country through the development of various Export Processing Zones. This country's agricultural potential has been neglected only because of the beautified charm of the TTPs industry. Not, hundreds of TTPs factories have been closed down and hundreds of thousands of workers lost their jobs. The common reason given by the employers is that they are impacted by the end of quota, other than cloth smuggling and the much-needed industrial restructuring which costs US$ 505 million.

The government of Indonesia has failed in its efforts asking for TTPs quota extention and quota has been cancelled since January 2005. However, the developed countries' TTPs industries such as USA are also facing threats from cheap TTPs coming from China and planning to enact safeguards to protect their own interests.

Since long time ago, the developed countries have been trying to use protectionism and other non-tariff blockades as their means to reach the industrial success. Now, they are ready to kick the ladder away when there is a lot of developing countries need it. They are going to use the same ladder when they need it. It is very difficult not to see that the interests of the developed countries are so much controlled by the MNCs.

Informal Sector Workers

The informal sector workers are now a new phenomenon. These informal sector workers have a wide dimension. Informal sector workers are defined as any works outside the protection of the state and any works which are not subjected to taxes. Or in other definition, it is any types of jobs that do not provide permanent income and there is no job security or the permanent status on the job. Basically, informal workers are workers who work in business units or organizations which do not have legal bodies.

In 1989, the numbers of workers in this sector reached 75 percent of the total workforce. Later on, BPS stated that the figure was 70 percent of the total workforce. The government figure is of course a conservative one and the possible real figure is much higher. Even though the number of informal workers is much higher the government does not provide sufficient attention to the workers in this sector. Helps provided to small and medium enterprises (SMEs), for example, usually come from foreign donor institutions and/or developed countries such as Japan which of course limit their helps (loans) to the export-oriented SMEs. They, in return, must surely demand certainty on products they desire.

In 2003, the government actually acquired a loan from the Asian Development Bank (ADB) to handle the issue of unemployment. ADB agreed on providing a loan in the amount of US$ 85 million to finance job market extension through capacity building of the export-oriented SMEs. Bank Ekspor Indonesia and other local banks managed the loan. The project, finishing in 2007, costs US$ 113 million. The loan is surely included in the state's foreign debt. But ADB also provided grant in the amount of US$ 500 thousand to provide technical assistance to the banks, exporting SMEs which acquired the loan, and also to finance a study of the impact of Bali Bombing in Bali and its surrounding area. Grant also comes from

JICA (Japan International Cooperation Agency) in the amount of US$ 5 million, and the usage of the grant is still unclear.

At that time, 2003, as reported by the media, the government conducted a labor-intensive project for the farmers affected by draught in 11 regencies within the Central Java Province. The project would provide various works to rehabilitate irrigation network, village irrigation network rehabilitation, and embankment building cost Rp.1.3 billion. The government provided Rp.6 billion to non-agriculture labor-intensive program carried out in September 2003 in 40 locations in Central Java, West Java and East Java Provinces. This was of course just an intermezzo program since it was just a safety net program which could not handle the unemployment. ADB itself stated that its loan was only meant for export-oriented SMEs, while unemployment happened in various sectors. This policy surely preserves the extraction pattern of developed countries on Indonesia so far.

In 2005, there were actions from the government which pretended to give attention to the informal workers, which was by involving the informal workers in the social security scheme (Jamsostek) in a certain payment scheme. There was a pessimistic outlook towards the government's program. The informal workers were about to become the next victim, after the formal sector workers who are obligated to pay the dues but receive poor treatment from Jamsostek.

As usual, the former sector workers always become the victims of the government and/or employers' heavy-handedness: there are several companies routinely pay the dues of their workers to Jamsostek, but Jamsostek provided minimal and complicated services, for example the complicated administration process, the small amount of compensation received, miss-management by the employers and also by related officials, etc. Workers who got their fingers cut in their works (work-related accidents) only receive Rp.3 million (around US$ 300) in compensation! Imagine, there are other companies who mismanage their workers' Jamsostek dues so that the workers do not receive anything. There are numerous workers who could not take compensation from Jamsostek while they actually have been diligent paying their dues.

The last few years' trend on work termination shows that employers move their production process into houses (*home industry*) whose workers wages are very low. The workers, housewives, do not receive protection, while their products are exported to various developed countries. The issue of quota elimination that impacted hundreds of thousands of workers is also believed to be manipulated by employers to take advantage of the current work system.

Work termination befalling tens or even hundreds of thousands of workers recently was not as bad as it was during the crisis of 1998/98. The government must have realized that the high-level informalization level done by the employers impacts negatively to the country's economic growth. So, the government has no choice but to try providing jobs to the unemployed (open or under) which number has reached at least 40 million people! When we talk about business opportunity for the laid-off workers to work in the

informal sector, the opportunity can actually be created; for example by helping the former workers to have their own businesses, such as what happened post 1997/98 crisis. But we cannot forget that it is also an urgent issue to push the government to have a tackling scheme for the laid-off workers.
Another problem which needs to be addressed is our unbalanced business structure: the dominance of a handful of conglomerates which only count for 0.01 percent of the total numbers of employers (36 – 40 million employers currently active), but they control about 60 percent of the national assets or productive resources. The rest, the 99.9 percent, are small-scale employers, who only control about 40 percent of the national assets. This is so unfair.

Actually, the tradition built in our business world is not to foster the employers capability into industrialists, but only as merchants. The indication is the cotton substitution import policy for our textile industry which almost 100 percent of the raw material is still imported. The same thing happens in the automotive sector which maximally only functions as assembly industry for the main components which are still imported. There are no policies which can slowly push our industry to develop not only because the existence of a large market share (227 million population) but also because of the existence of comparatively low labor wages. Whereas, the industrialization based on knowledge has become the trend, even in the South Asia Region at the moment.

So, considering our unbalanced business structure, the opportunities which can be taken in the SMEs sector are not really promising. And this is added with the reality that business credit provided by the government, more often than not, does not reach its intended targets, mismanaged, and sometime creates problems to the small enterprises. Again, this is about blocked access to the small enterprises but an open highway for belligerent heavies. It is time we restructure this unfair business structure. The existence of the Law on Antimonopoly and Unhealthy Competition and also the falls of many conglomerates operations during the 1997/98 crises turn out to provide a fertile condition for many strong medium scale businesses after the crisis.

Referring to our current labor laws, the informal sector workers cannot form unions which are hoped to provide them with legality in the face of labor courts. Our labor laws limit the union as an association of people working in a business unit which has legal body and relationship between employees and employer. Again, there is a fact that the informal sector workers do not receive protection at all from the state. They do not receive legal and political protections.

The consultancy needed by the informal sector workers can be carried out by activists and NGOs which have visions of empowering them. There are plenty of advocacy institutions or groups which can carry out defense activities for them. Actually, the problem of informal sector workers is the non-existence of political identity; while the formal sector workers keeps getting pressured and their bargaining position keeps getting weaker. So, at the moment, there is a need of a breakthrough on how to provide the political identity, that the workers in any sectors are becoming victims of unfair economic globalization. In finding the political identity breakthrough, a common political orientation is needed; for example, building

the political identity of urban poor population, victims of forced evictions, banned to operate paddy cab drivers, etc. These efforts must be carried, including by the labor unions.

Labor Unions at present must realize that their members are under constant threat of work termination and can become informal workers in the near future, or even unemployed. A way must be found to ensure that they do not need to severe their membership ties with the unions. Union alliances and workers organization efforts must also involve workers and workers organizations from informal sectors.

Notes for the Labor Movement

The many cases of work termination, the high unemployment and the limited available works are responded by the government by releasing various policies, such as increasing the number of Indonesians working abroad, encouraging export oriented SMEs, etc. If this is observed from economic perspective, Indonesia's economic bases is mainly based on third party (foreign capital) so it pushes the high level of dependency and does not create independence. This is a fact which is very interesting to observe, especially with the efforts to develop domestic market. What we need to thing about are ways so that the domestic market can support and maintain Indonesia's economic stability. This means, if Indonesia's economy is more stable, then the workers condition is going to be better even though it is difficult not to see the exploitation experienced by the workers. Other than that, developing domestic market also means developing various alternative economic activities which can support the continuance of the workers and other poor groups' livelihood.

The scenario of strengthening alternative economic activities is significant to do because the unstable economic condition in Indonesia is disadvantageous for the workers' bargaining position. Various actions carried by the workers are not always successful in preventing work termination or improving the workers' bargaining position. The situation places the workers and workers-to-be in a very difficult position. The unstable condition faced by the workers in the formal sector (especially manufacturing) is a big hurdle for the efforts of base strengthening in the workplaces.

There are several notes in looking at the trends of labor in the next future; especially now when the workers are once again challenged to show off their power on the face of current labor laws which are pushed to the direction not advantageous for the workers. Several laws considered disadvantageous for employers and investors are about to get revamped.

Other than that, the internal and external issues of the labor movement must be settled down. First is the strengthening and extension of the base. The many cases of work termination and the decrease in the unions' bases have already taken toll to the works of the unions. But, this fact must be fought off by the unions by keep doing base strengthening and extension whenever they can. If not, the domestication of unions will become worse. Unions must surely take greater roles up to the issues of where the workers live. Advocacy done by the unions can longer be limited only in the industrial relationships, since workers also have matters where they live and in their relationships with the community. This means, unions have

a social role. The unions' roles and orientations are not as mediating organizations but as social movement organizations.

For that, second, the unions are demanded to have social and political orientations, conduct constituent extension, conduct dynamic internal changes qualitatively or quantitatively, and democratically organized. Third, continuous alliance efforts among unions and developing common platform must be carried out. This is important to reduce the fact that unions at the moment tend to go their own ways and have difficulties to cooperate. Fourth, the unions must conduct campaigns on reality and conditions faced by the workers. This needs to be done so that the workers in the lowest level realize what they are going to face in the future, other than an effort to grow their awareness and also carry out education process in the base level. Fifth, there is a need of political education for the workers. Workers need to have continuous education so that their participation is more optimal.

The politics of labor movement in Indonesia, such as what happen in other South East Asia, is surely focused on adopting economic unionism concept and not political unionism concept which used to appear in the colonial time. The political unionism concept is now in ruin with the impact of limitation of the workers' struggle in the issue of economic welfare separated from a wider social and political agenda. At the moment, to fight the invisible colonization, it is important for the workers' movement to think that it is a terrible mistake to limit them only on the economic vision. The struggle to acquire economic rights and welfare is essentially a political struggle (Hadiz, 2004).

Indeed, until now, there is no basic strategy found by the unions to face the global challenges. The initial step needed is to bring out again the tradition of political unionism and reacquire the public space as a legitimate objective of the labor movement. Whatever the cost, the issues of workers' organization must be reflected back that it is also related with the efforts to wake up the workers' political awareness. This political awareness will in the future push the workers to participate in the unions' works. Of course, this represents a significantly heavy challenge to the organizers of the unions to widen the participation space and encourage their members to take part in the unions' works. The more important is the effort to bring together various workers elements and alliances into a common struggle. This must be improved, nurtured and taken care off. The cooperation among various labor elements is extremely important to the awakening of strong labor movement. ***

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