

Effect of indonesia belief for its economy assignment

[Economics](#)



Indonesia is the fourth most populous country in the world. Indonesia is also considered as largest archipelago which consists of 17, 508 islands. For the reason that Indonesia is an archipelago, the diversity between each region is really high because they are also consisting of many tribes and ethnic which have different culture.

In order to support the diversity, the governments state the ideology of Bhineka Tunggal Ika for uniting the diversity into one single strong country called Indonesia. From the point of view of the belief system, Moslem and Hindu have the major role. The reason is because nowadays Indonesia is considered as the largest Moslem population in the world. However, Hindu also become the major part because the value of Hinduism already rooted in Indonesia since the kingdom of Majapahit.

In this paper we will see whether these values will have an impact toward the Indonesian economic system as a whole. In addition, this paper will discuss about whether the Indonesian economic system still implement these values from several economic aspects and sectors such as investment, banking, infrastructure, and government role in economy. Furthermore we will also discuss about the diversity which happening in Indonesia such as age, gender, social status, ethnic, and also religion. As it explained above that diversities is due to the vary of socio-culture, diversities also take an mportant role as the umbrella of all the differences, which is should be protected by Indonesian people itself so that the we can implement the good value and minimize the bad value. Later we are going to determine what Indonesia is from the economic point of view and the value which determine the most in the economic sector in Indonesia. We will try to elaborate a <https://assignbuster.com/effect-of-indonesia-belief-for-its-economy-assignment/>

doable & feasible project that can be done and also some recommendation to the government, academician & society. In the last section we will try to give conclusion for this paper according to our analysis to prove that what country Indonesia is in term of economic.

I. History of Indonesia Indonesia, is a country who accept the diversity of the religion by admitting the existence of 5 religions, which are: Islam, Protestant, Catholic, Hindu, and Buddha. We can see from the first principle in the Pancasila, which is " Belief in the one and only God", is reflecting that the government is giving the right to believe in what they wish to believe in. However, we can see that most of the belief systems in Indonesia, is highly affected by only two religions, which are Hindu and Islam. Hindu, are the oldest religion in the world and also the first religion that come to Indonesia.

The religion was predicted to be born at around 3102 B. C. It was brought to Indonesia approximately in the beginning of " Tarikh Masehi". As the oldest religion, Hindu has become the basis of the other religions. The essence of virtuous behavior and the belief that there is someone who has almighty power was adopted and become the trigger for other religions to born. In Indonesia itself, the spread of the Hindu is enhanced by many big kingdoms that were rule Indonesia, such as Kutai, Mataram, Singosari, Majapahit, and Watu Renggong. But it was during the Majapahit era the Hindu itself becomes widely spread among Indonesian People.

Majapahit, was in fact the biggest empire that exist in the history of Indonesia. When the Hayam Wuruk and Gajah Mada took control of the kingdom, the colonization of Majapahit covers almost all regions in Indonesia

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and the other South East Asian countries. During the Majapahit era, Hindu values also become widely spread among its colonized regions. Although nowadays Hindu has become the minority in Indonesia (4th after Islam, Christian, and Catholic), the impact of the long live history of Hindu in Indonesia makes some Hindu values still lives in the Indonesian society. Nowadays, the majority of the Hindu people live in Bali. Meanwhile, Jawa, Lombok, Kalimantan, and Sulawesi Island are also having a moderate amount of Hindu people. On the other hand, after the falling of Hindu-Buddha empires era, it was Islam religion that affecting most of Indonesian people. Islam entered Indonesia at around 7th century but the development start at 14th – 15th century, or after the weakening of Hindu-Buddha empires. The spread of Islam religion in Indonesia was did in the peaceful ways.

Therefore, the development of Islam during that era was very fast, since Indonesian people really like the way the spread of the Islam culture when at that time the Westerners was doing colonization toward many regions in Indonesia. Many of the Islam values, also has several similarities with the local culture at that time, which also enhance the development of Islam. Nowadays, Indonesia has become the largest Moslem countries in the world. Many analysts believe that the Moslem in Indonesia is almost 80% of the total population (or around 190 million people).

With the majority and having very big followers, it is no wonder that many of the belief systems in Indonesia are affected by Islam values. Indonesia ideology is “ Bhinneka Tunggal Ika” which makes them a country that

respect the diversity. But based on the history of Indonesia, the government does not really appreciate the minority in Indonesia. In religions, other religion than Islam is being stepchild by the government. When the government is donating a lot of funds to help the development of Islam (to build mosque, etc), there are very few government's aid toward other religion.

In terms of ethnics, Chinese ethnic is never be respected during the first 55 years of Indonesia, although the Chinese ethnic are having a quite big amount in Indonesia. Before Gus Dur era, the government never allowed a Chinese newspaper, Chinese lesson class, etc to be conducted. The implementation of the ideology in Indonesia is then questionable. II.

Economic Sectors Investment Since economic crisis hit Indonesia in 1997, investment has become the main focus of the government to boost the economic growth.

Indonesian government has been reducing the regulation, interest rate and other barriers in the investment policy as an effort to improve the investment in Indonesia. Although some conditions in Indonesia still bad in Indonesia (for example: long procedures, inefficient bureaucracy, bad infrastructure, political instability, etc), the government effort seems successful to increase the investment in Indonesia. Investment in Indonesia has been growing since then with the average of 7.6% (table 1). AT Kearney, a global consultant company also put Indonesia in the 21st position in the most attractive country for FDI.

Table 1. Indonesian Economic Indicators | Indikator Pertumbuhan sisi | 2000 | 2002 | 2004 | 2005 | 2006* | Rata-rata | | permintaan (%) | | | | | per tahun | | | | | ((2000-6) | | Pertumbuhan ekonomi | 4. 9 | 3. 7 | 5. | | | Laki-laki | Perempuan | Total | | | Male | Female | Total | | 0-4 | 9, 983, 140 | 9, 608, 600 | 19, 591, 740 | | 5-9 | 11, 370, 615 | 10, 739, 089 | 22, 109, 704 | | 10-14 | 11, 238, 221 | 10, 614, 026 | 21, 852, 247 | | 15-19 | 10, 370, 890 | 9, 958, 783 | 20, 329, 673 | | 20-24 | 9, 754, 543 | 10, 150, 607 | 19, 905, 150 | | 25-29 | 9, 271, 546 | 9, 821, 617 | 19, 093, 163 | | 30-34 | 8, 709, 370 | 9, 054, 955 | 17, 764, 325 | | 35-39 | 8, 344, 025 | 8, 428, 967 | 16, 772, 992 | | 40-44 | 7, 401, 933 | 7, 347, 511 | 14, 749, 444 | | 45-49 | 6, 418, 712 | 6, 190, 218 | 12, 608, 930 | | 50-54 | 5, 266, 079 | 4, 851, 176 | 10, 117, 255 | | 55-59 | 3, 813, 793 | 3, 563, 361 | 7, 377, 154 | | 60-64 | 2, 800, 974 | 2, 918, 499 | 5, 719, 473 | | 65-69 | 1, 990, 762 | 2, 192, 385 | 4, 183, 147 | | 70-74 | 1, 470, 205 | 1, 570, 199 | 3, 040, 404 | | 75+ | 1, 408, 711 | 1, 462, 776 | 2, 871, 487 | | Total | 109, 613, 519 | 108, 472, 769 | 218, 086, 288 |

This data means that the birth rate of Indonesia is quite high compare with developed countries which can has negative growth of population. Seeing from the advantage of economic perspective, it can mean more human resources in the future. Nevertheless, the disadvantage could occur if there are no more jobs available. Those children will do anything to keep surviving and can increase the crime rate in Indonesia. Beside this, lately our government tries so hard to convince foreign investors to do FDI. But the risks of doing FDI in Indonesia are quite big, for example the pungli, non conducive bureaucracy and many unskilled labors. To compensate that, some company even break the laws by working out under age labor.

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The children work under that factory is quitting school and prefer to earn some money to help their parents. Instead of attending school so, the children can become bright future leaders, the children were forced by the condition to work. So company like Nike where some of their production factory employ sweatshop should be watched out by government. This condition needs extra attention from the government because some companies to gain more profit exploit the underage labor. Since they can produce the products so cheap and sell it at normal price. Moving to productive age, in Indonesia, interesting fact is where the government still favors the cigarette company and not put pressure.

In Australia, the price of cigarette is so expensive it could make the consumers to think twice before buying it. But in here, cigarette price is still affordable. The dilemma approaches when those cigarette companies use intensive labor to make the cigarette. When the government put pressure on those cigarette companies by raising the tax, then the company might lay off their labors. In conclusion it will results in more high unemployment rate. In contrary, seniority values in Indonesia are still rooting within an organization. It is affected by Moslem value that the young people should respect more the elder. Moreover, the elderly voice and decision are more respected than the young one because the elder considered has more experienced.

Sometimes, breakthrough in economy needs new perspective of decision and dynamic decision and youngster may give different type of decision. In some aspects, the whole economy process needs regeneration to keep improving the society. It is absurd to keep the people who are already in

retirement time. So before the top people retire or step down from the organization it is better to prepare of successor in leadership process. The diversity of age should be an advantage for Indonesia if each generation does what they must do. For example, children should go to school instead of working and productive age can maximize their capability by not only working under company but also become an entrepreneur.

By doing so, Indonesia economy can be boost and not only relying on the experience people or the older generation. In addition, older people who have reached certain areas that reach pension time should not be allowed to work anymore. Not only because of the decreasing capability and physically, but because the organization of they work for needs regeneration. Fresh people could bring significant differences rather than keeping the organization stagnant. Struggling in providing the work field with the fact that Indonesia has abandon work force make the anomalies of economy occurs. Many people from island other than Java are coming in to seek job. It creates paradigm that if you want to get job you have to go to Java.

This could happen because in Soeharto era, the development of country was centralized in Java only and neglect the outer island. This created chain effect that the outer island economy condition will keep behind Java. To help keep the normal distribution of population by age, the government can give extra incentives and motivation to send the non-working productive age to work in outer island. There will be two advantages: the unemployed people could work and earn money and the areas can earn higher productivity and higher GDP. The effort of government to promote wealth distribution can

begin from sending the properly aged person to work and therefore they do not have to work illegally in metropolitan city.

Moreover, healthy company and organization has to treat equally between senior and younger people. Even though it is important to respect the older, but in economic decision that kind of perspective should be reduced because the company must value the workers by their skills and not by their age. This old fashion value should be reduced and start thinking logically to treat the diversity in terms of age. In addition, government, NGO, women and children organization should watch out the sweatshop practice in Indonesia and report to the authority. The government should also implement their own laws strictly. In Nike for example: the company has been caught doing sweatshop practices for over a long time.

The odd question occurs when the government seems do not see this problem, as Nike give high investment for Indonesia. For economy activity, employed under age workers might give instant advantage by the cheap salary given therefore it can reap really high margin. But then for long terms goals, the economy activity will slow down because Indonesia will have less people who is competence in doing their job. The human resource development and skills are vital in nowadays activity. Therefore, children must go to school instead of working. Race/Ethnics Riots Indonesia has plenty kinds of race and ethnics spread over the islands and areas through the archipelagos.

More than 120 races and ethnics live together in one country has made this country own a lot of cultural diversity, such as languages, beliefs, rituals,

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habits and many ceremonial activities. With the value of unity “Bhinneka Tunggal Ika”, which means unity in differences, has been established as a manifestation of the spirit of unity as a nation. With this value, there is a sincere hope that this country will be able to live in harmony one to another with respect to every different parts so that the nation will have a good stability and strong nationality beside the rich in natural resources as it has been in great capital to achieve wealth to all Indonesian people.

The idealism of Pancasila actually also supports the earlier motto: Bhinneka Tunggal Ika, particularly in the second and third commandment, which mentions the importance of humanity and Indonesia’s unity. In the implementation, however, this value has not be obeyed. As shown in the table above, there has been so many riots that happen over and over as the evidences that this country is no longer preserve the peace and harmony lives. More than twenty riots either between races or anti-ethnics happen from the early 1960s until 2001 with the latest case was the riot between the Madurans and the Dayak people in Sampit, Borneo. These riots have brought negative effects on Indonesia’s economy.

The national stability get worsen every time a riot occurs so that Investors are afraid to invest their capital and penetrate market. Moreover, the anti-Chinese riots, which are the most often happen, is an evidence of the reluctance Indonesian people to open to the other ethnic. In the case of Indonesia, where the economic crisis was accompanied by major social disruptions, often targeted against the Chinese merchant class, high prices and scarcities of basic commodities became a political issue. Chinese traders

became scapegoats in attempts to explain away basic economic facts arising from the massive depreciation of the rupiah and massive monetary expansion.

Control over many trading activities has become highly politicized, with various special interests fighting for government-sanctioned control of special subsidies to manage the “ broken” distribution system. Whatever else might be said for many of these actions and the underlying political processes, they have not done much to help the poor. | HISTORY OF RACIAL RIOTS IN INDONESIA | | Date | Place | Description of riots | | 10 May 1963 | Bandung | The biggest anti-Chinese riot in West Java.

It was triggered by a riot at the | | | campus of Institut Teknologi Bandung between the indigenous and Indonesian | | | Chinese. The riot turned greater to many areas and cities such as Malang, | | | Yogyakarta, Surabaya, and Medan | | 31 Dec 1972 | Pekalongan | A riot between Arabic and Indonesian Chinese. Triggered by a fight ended with | | | Indonesian Chinese guy killed. The riot happened at a funeral ceremony. | 27 June 1973 | Palu | A group of youth destroy a store belong to an Indonesian Chinese. The riot | | | occurred since the store owner uses a paper with Arabic letter for the goods | | | packaging | | 5 Aug 1973 | Bandung | Started from a hit of a car and a gerobak that ends in a fight. Coincidentally, | | | the car passengers were Chinese.

Finally, riots happened everywhere. | | April 1980 | Ujungpandang | Suharti, a domestic helper, dead instantaneously. Then an issue spread that her | | | dead was because her Chinese boss treating her beyond humanity. The riot

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began | | | and hundreds of Chinese houses and stores were ruined. | | 12 April 1980 | Medan | A group of USU university students rode motorbikes to roads in the town, while | | | shouting anti-Chinese words. The riot was begun from fights. | 20 Nov 1980 | Solo | Riots occurred in Solo and spread to other cities in Central Java. Started from a | | | students fight in Sekolah Guru Olahraga, between Pipit Supriyadi, an Indonesian | | | and Kicak, a Chinese. The fight turned to damaging and burning stores that belong | | | to Chinese. | | Sept 1986 | Surabaya | A domestic helper was treated not in humanly by her boss, a Chinese. The incident | | | blows the anger of Surabaya society.

They then destroy cars and stores belong to | | | Chinese. | | 1 Nov 1995 | Purwakarta | Riots happened in Purwakarta, West Java. The riots were triggered by an incident | | | in a convenience store. Lia Yulianawati, was splashed by storekeeper to be | | | suspected for stealing chocolate. | | 24 Nov 1995 | Pekalongan | Yoe Sing Yung, a merchant, tore up an Al-Qur'an. As a result of the crazy | | | priest's action, the mass got very angry and damage Chinese stores. | 14 Jan 1996 | Bandung | The masses get angry at the end of Iwan Fals' concert. They then damage the stores | | | belong to Chinese since they cannot enter the concert for did not have money to | | | buy the concert ticket. | | 30 Dec 1996 | Sanggauledo | Dayak Sanggauledo race, West Borneo, attacked and burned a Maduran village. | | | Hundreds people died. Thousands of Madurans were moved. Started by a fight | | | between youths. | 30 Jan 1997 | Rengasdengklok | Triggered by a Chinese that felt annoyed by the sound of beduk in the dawn. A | | | fight happened. The masses got angry and destroy houses and stores belong to | | |

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Chinese. | | 15 Sept 1997 | Ujungpandang | Benny Karre, an Indonesian Chinese and was suffering from mental sickness, kill an | | | indigenous child. As a result, riots exploded and stores belong to Chinese were | | | burned and destroyed. | Jan - Feb 1998 | Kraksaan, Donggala, Sumbawa, | Anti-Chinese | | | Flores, Jatiwangi, Losari, | | | Gebang, Pamanukan, Lombok, | | | Rantauprapat, Aeknabara: | | | 5-8 May 1998 | Medan, Belawan, Pulobrayan, | Political dissatisfaction that grew into anti-Chinese riot. | | Lubuk-Pakam, Perbaungan, | | | Tebing-Tinggi, Pematang-Siantar, | | | Tanjungmorawa, Pantailabu, | | | Galang, Pagarmerbau, Beringin, | | | Batangkuis, Percut Sei Tuan | | | 13-14 May 1998 | Jakarta Masses rage as a result of the shot to students of Trisakti University that was | | | grown by a certain political party becoming an anti-Chinese riot. This incident | | | is the biggest anti-Chinese riot ever happened in the history of riots in | | | Indonesia. A huge amount of Chinese women were raped. sejarah Republik Indonesia. | | 14 May 1998 | Solo | Political dissatisfaction that later was triggered by certain political party | | | becoming an anti-Chinese riot. | 27 May 1998 | Tanjung Balai | Anti-Chinese | | 9 June 1998, | Tegal | Anti-Chinese | | 15 June 1998 | | | March 1999 | Sambas | Riots between Malay and Dayak in one side and opposing the Madurans and in the | | | other side. Hundreds of victims dead in that riot, mostly Madurans. | Sept 1999 | Kebumen | Anti-Chinese | | Feb 2001 | Sampit | A fight exploded in Sampit, central Borneo, between Dayak and Madurans. The cause | | | is not far different from those happened in West | | | Borneo Pokok masalah pertikaian Maduravs Dayak di Kalimantan Tengah | | | tidak jauh berbedadengan apa yang terjadi di Kalimantan Barat.

Ratusanorang, | | | | kebanyakandarisukuMadura, tewas | Social Class Pro-rich government economic regulations and actions Based on the fifth sila of Pancasila which declares the social justice for the entire society of Indonesia and the UUD 1945 pasal 33, the government of Indonesia should protect the importance of Indonesia's society and support the equal distribution to all social classes of the people especially to the poor people. It implies that the government should have made, create or decide policies which are not pro only to the rich people yet also to the poor.

Below are some cases that reveals the government actions that pro to the rich. Government Budget The table below shows how the government manages its budget allocation for the Board of Representative members and the allocation for the development for the society. From the figures it seems that government does not allocate the budget proportionally for both parties. Based on those data, the question is whether " the price" of a " people representatives" towards the " price" of the society they lead or represent. | Indikator ketimpangana lokasi belanja Pemda DKI | | a).

Jumlahpendudukmiskindi DKI Jakarta sebesar 284. 709 orang, sementaraalokasianggaranbelanja yang | | kira-kiralangsungditujukanuntukkepentingankelompokmasyarakatmiskini hanya Rp130, 5milyar (5, 2% daribelanjapembangunanatau 1, 7% dari | | total APBD). Iniberartisetiapjiwaorangmiskinhanyamendapatkanalokasidana Rp458 ribu per tahun. | | b). Alokasibelanjauntukkesejahteraanparaanggota (85 orang) DPRD jumlahnya mencapai Rp67, 7milyar (mulaidariuangrepresentasi, | | uangpaket, berbagaitunjangan,

hinggapakaiandinas). Ditambahdenganalokasibelanjauntuksekretariat DPRD yang jumlahnya Rp78, 2milyar, | | maka total belanjarutin DPRD mencapai Rp145, 9 milyar.

Jumlahalokasibelanjauntukmenunjangkepentingan 85 | | oranginiternyatajauhlebihbesardaripadauntukkepentingan 284, 7 ribuorang. Dengankata lain “ uangrakyat” yang | | terpaksa dihabiskan untukmenunjangkepentinganpara “ wakilnya” mencapai Rp1, 7milyar per orang, atau 3. 742 lipatdibandingkananggaran | | yang diperuntukkanbagisetiaporangmiskin. | | c).

Anggaranbelanjarutinuntukpimpinaneksektif (gubernurdanparawakilnya, 4 orang) mencapai Rp18, 2milyar, | | atausetiaporangmasing-masingmenghabiskan APBD sebesarRp 3, 6 milyar. | | Sumber: BKPK dan SMERU, 2005. PaketInformasiDasarPenanggulanganKemiskinan |

With the value of the fifth sila of Pancasila that is the social justice for the entire Indonesian people, the loopholes of such fact is actually the representative members' tendency to perform corruption in their community. This is because of the “ tradition” of the Soeharto's regime that was full of corruption, collusion and nepotism practices. This practice of corruption in the board of representatives should not have happened since the value of people's representatives must devoted to the society's importance. The system of budgeting that over-paying the authorities is non sense and implies that the policies are made in the favor of being pro to rich people, instead of to the poor society.

The Case of Soeharto The case of Soeharto also shows that the good economic policies are often made pro to rich people. As many people has been familiarize with the case of the late President Soeharto, this big case can be considered as government pros to the rich, that government policies have been made to give easiness to the parties which have monetary power to influence the government decisions. Beside Indonesian Chinese entrepreneurs such as SudonoSalim (Salim Group) and PrajogoPangestu (Barito Pacific), Soharto and his family is included in the richest families in Indonesia due to suspect of their business network's corruption, collusion, and nepotism.

For more than 30 years, the sources of national economy had been their "milk cows". The wealth of Soeharto family basically shows its power in dealing with parties who wants to take their wealth away or judge him either for the corruption suspect or to be responsible to the human crime after he no longer rule this country officially. While for the corruption cases, the whole Soeharto and his family's wealth cannot be traced and investigated by the Law officials especially the KejaksaanAgung by using Anti-Corruption Law. The fact is the investigation towards Soeharto with the corruption cases in several organizations of him is stuck. The current JaksaAgung seems to be very weak, not as strong as BaharuddinLopa.

The KejaksaanAgung is no more that a "toothless tiger" in front of them, seen from their power. The weak of this KejaksaanAgung is still related with the weak government if were faced to the New Orde such as Soeharto and his generals. They have many companies as their source of fund to barricade

various actions of corruption and collusion cleaning. The most concrete power is money and they possess all of these, so that they can pay many parties, including to pay an intelligence operation. That is why the power of money is able to have power over the law supremacy authorities, moreover if the authorities are still trapped within the corruption circle.

From the inspection from Kejaksaan Agung, Soeharto's wealth is no less than 4,014,000 Billion Rupiahs suspected from corruption. This amount of money is up to now very difficult to be liquidated since the investigation process itself was stuck over and over again due to the influence of Soeharto to the authorities. The Lies behind Privatization The privatization policy in Indonesia from 1991 to 1997 has been done by selling IPO in domestic and foreign stock market. In 1991 the government sold 35% stocks of Semen Gresik then continued in year 1994 the government sold 35% stocks of Indosat. In 1995 the government sold 35% stocks of PT Tambang Timah and 23% stocks of Telkom.

In 1996 BNI stocks were divested by 25% and in 1997 the stocks of Aneka Tambang was sold for 35% ([www. bumn-ri. com](http://www.bumn-ri.com)). The privatization policy in the New Order was done for Indonesian foreign payables which amount was swollen. The privatization after the New Order was done under IMF's pressure and intervention. Since being under the control of IMF, Indonesia was pressed for doing economic reforms (structural adjustment program) that was based on Capitalist-Neoliberal economic thought. The reforms consist of (SrituaArief: 2001): 1. Minimized or eliminated government intervention 2. Wide privatization of Indonesian economic 3. Liberalization of

entire economic activity by eliminating all forms of protection and subsidies
4.

Widen and smoothen foreign capital flow with greater facilities Under IMF, Indonesia is forced to tighten budget by subsidy elimination and subtractions, increase the goods prices, and increase the revenue from taxes and sale of country's assets by SOE privatization. The privatization program run by New Order has been continued by adding the sold SOE amount either in capital market or strategic investors. Between 2002-2006 the government continued the privatization by selling stocks of 14 SOEs by IPO and strategic sales. (www. bumn-ri. com). Privatization is the shifting of state ownership to the private sectors and foreign (Mansour: 2003). Yet, the Undang-undang no. 9 year 2003 about SOE has enhanced the mean of SOE with adding reason that is to improve the performance and and corporate values, enhance the benefits for the nation and society, and widen the stock ownership of the societies. Based on the definition of privatization in Undang-undangSOE, the vision on state minister of SOE is " to support SOE to improve performance and corporate value added for being champion in its industry and improve the society's role in their stock ownership. " (www. bumn-ri. com). Meanwhile in this year's privatization program, a reason mentioned by SofyanDjalil is that privatization of SOE is done not for selling the SOE but to empower the SOE itself so that it will make SOE become more transparent and dynamic. (Kominfo Newsroom, 21/1/2008).

In conclusion, the privatization should have not been carried out to the corporate of public services such as the telecommunication, water and

electricity since it concern to the society's life. The government should have control that sectors and make it under the control of Indonesia instead of the private sectors or even foreigners. The Case of Lapindo In 2005, the Lapindo case happened in East Java, and the traffic jams it causes has made many obstacles to the economic activity in Surabaya and many surrounding cities and towns also from Central and West Java. The flows of goods and service have become not smooth at all, so that economic condition of East Java has been brought to a critical position. Beside that, many losses suffered by the thousands victims of Lapindo both material and immaterial.

Although the government has done several actions to force Lapindo to give compensation to the thousand victims, at the end the Kejaksaan Agung has finally decide that the Lapindo's case to be a civil (perdata) rather than criminal (pidana) since the incidents were analyzed as the natural disaster rather than human error. This has made Aburizal Bakrie to be able to sue back all of the corporate money have been donated to compensate the Lapindo victims in Sidoarjo for 54 billion Rupiah. Many economist suspects this phenomena happened actually because Jusuf Kalla, the Vice President of Indonesia, is also included in the ownership in Lapindo. The fact that Lapindo is being sued for the civil was strange since many evidences has been referring to that point. The intervention of both Aburizal Bakrie and Jusuf Kalla, has made the Kejaksaan Agung decide that the case is included in civil case so that they can sue back the corporate money.

In this case, the government's authority to make decision is influenced by rich parties instead of the poor. Religion Force to business closure in

Moslems' fasting time As well as the abundant variety of races and ethnics, Indonesia also has six religions to be hold by Indonesian people that are Islam, Christian, Catholic, Hindu, Buddha and Konghucu. As stated in the first sila of Pancasila, and again Bhinneka Tunggal Ika, the value of diversity in religions must be seen as a harmony of people living in different religions. In Indonesia, although Islam has the most holders (more than 90%), yet as proclaimed in the Pancasila and Bhinneka Tunggal Ika, the government is not supposedly driven by Islam to lead this country in the Islam way.

There are plenty cases occurred in Indonesia as evidences that the government has been trying to lead this countryby using Islam manner, instead of the neutral manner, which does not emphasize to any specific religion in this country. One outstanding case is at the Moslems' fasting period. At the Moslems' fasting period, there is a rule for business owners especially of restaurants, movies, salons, billiards, bars, and massage houses are forced to close their business although they are not Moslems and not perform the fasting ritual. This policy happens almost in every cities, areas and provinces except Bali. Logically, it is quite peculiar not to include Bali as a place to impose the prohibition policy, since there are a lot Moslems as well in Bali.

The reason of Bali government to reject the policy impose is simply because as a tourist destination, a lot of Balinese earn living from such business— restaurants, salons, billiards, bars, massage houses and many other entertainment places. So, what drives central government not to impose this policy is not strong enough since it is still can be affected by economic

factors. The government should have imposed the policy equally to all areas in this country if they want to Islamize the country and really for the intention of respecting the Moslems. On the other hand, this practices does not go the same way with, say, Christians or Buddhists. In Christian, there is also a fasting time before the Easter day.

But there is no policy to respect this ritual in a certain ways. Out of the matter with jealousy, we can see that the treatment is tend to be devoted to a central religion only, which in this case is devoted to Islam. From the business and economic point of view, the practice of closing mentioned fields of business can be an obstacle to economic activity. People who are forced to close their business during the fasting month might earned less for living and the condition might shift aggregate demand to be lowered than those in the normal period. Furthermore, the people's purchasing power might also decline and this will lead to a lower GDP and lower economic growth.

In conclusion, imposing such policy is already a bad idea since it shows the ambiguity of government towards the diversity value as Indonesia's identity that followed by its weakness towards the Islam influence. The government in the name of Pancasila should have more sovereignty than the Front Pembela Islam (FPI). III. Recommendation In this section we would like to give recommendations to government, society and academicians of Indonesia so that they will be able to perform better in the future in order to contribute goodness to this country, Indonesia, and its economic sectors. Government There are two kinds of poverty that are the country's poverty and the society's poverty.

The country's poverty can be assessed from the low GDP rate, low inflation rate, low FDI, low level of investments, and so forth. That is so called the negative nominal growth measured by macroeconomic indicators. While the society's poverty can be assessed either by for example seeing the low standard of living of the poor, low infrastructure, or the income disparities between the have and the poor. So, for the government of Indonesia, they should take actions to handle the society's poverty instead of the country's poverty. Instead of just focusing to the nominal growth of the economy, they must also pay attention to how to make betterment in housing the poor people, their wage fair, education and their jobs.

To be exact for example, when there is a Foreign Direct Investment come to Indonesia by setting up their factory and employ Indonesian labors, the government should pay attention to the labors' fair working time, fair compensation, and health insurance, and make policies to protect resources and the society so that foreign investors does not overexploiting Indonesian labors and the resources. Moreover, policies created for business should be in the favor of Indonesian and not only pro to the rich people instead of the poor. Indonesian government have to set regulations that is fair to both parties, also reduce the corruption, collusion and nepotism mentality that may ruin the law supremacy and the sovereignty of Indonesian government. The law must be implemented fairly by authorized parties and eliminate the influential involvement from certain parties such as the rich businessmen, political parties, foreign investors and certain influential religion(s).

Furthermore, since development in Indonesia are mostly in big cities especially in Java, the government have to perform attempts for distributing the development evenly including to underdeveloped areas such as Sumatra, Kalimantan, Sulawesi or even Papua. This is important to implement the fifth commandment of the Pancasila that is to apply the social justice for the entire Indonesian society. Most important, the government has to keep Indonesia to be mostly controlled by Indonesians, not by letting assets by assets fall to the foreign hands and let the tragic hold Indonesian people with so much misery and poverty in their life. Academicians In Indonesia, there a lot of values both come from Islam and Hindu that were found to be supposedly great for the economic and social life of Indonesians. So, for the academicians, they have to attempt to do efforts to criticize, filter and develop the values of Islam and Hindus that are good for Indonesia and in certain way create, produce and invent new methods, ideas or thought of economic that is applicable to be implemented in Indonesia in the future. For example, the concept of cooperative is very good for Indonesia since the values of social welfare is within the cooperative system and is healthy to be developed in Indonesia. On the other hand, they have to step by step eliminate the unfavorable economic practices that are not healthy for the economic condition of Indonesia and tend to be underlain by other unfavorable values. This is because academicians are the parties who has the potential to drive and lead Indonesian to a brighter future especially in economic.

We suggest that academicians can affect the society to preserve the good values into the economy and eliminate the bad values and its practices. Society For the society, the major matter that must be repaired is the mindset. The people in this country should have greater sense of nationality that means love to their country, Indonesia. As diversity has become an integral part of Indonesian community, the diversity itself must be viewed as an advantage instead of a deficit to the country's unity. In the implementation, every member of the society has to respect other races, religions, ethnics and social class and regard others as one Indonesian family.

Discrimination must be abandoned since many social clashes were actually provoked by certain irresponsible parties that lead to disintegration among the races, religions, ethnics or other elements in the society. The Indonesian society have to realize that provoker parties indeed expect the ruin of Indonesians unity so that they can take benefits from our fall, that means to be able to take away our rich as the people get in quarrel each other. They have to consider all social and economic consequences from being discriminative to others such as poorer infrastructure post riots, social instability, declining attractiveness for investors and lower social safety.

By maintaining the harmony in the social diversity, the society will be healthier, the social crime will be lowered, and Indonesian can be more attractive to both domestic and foreign investors since by doing so it simultaneously make a conducive business climate that supports any business to grow with stability to contribute goodness to the economy. IV.

Project Our project is to enhance the existence of Syari'ah Banks in Indonesia because of its advantage. The fact that Syari'ah Banking System is very advantageous will brought a good prospect to the existing or potential businesspersons. Syari'ah Bank' also offers a very convincing action and there is a possibility that the whole world will apply its system despite the fact that there are also groups of people who are totally against it.

We believe that the value and essence dwell within Syari'ah Banks is very good and noble due to the zero interest policy. In the implementation, this situation can be used by the small or medium enterprises to obtain a capital in order to set up their own business. Accumulatively, many people will attract to set up their own business, which ultimately will enhance economic condition and hopefully will minimize the unemployment & poverty rate. Along with the spread of Syari'ah Bank, it will also deliver the good or the noble of the value inside the banking system to the people. The value intrinsically told people to help each other without demand any honorarium.

In addition, the value also told us to maintain our morality, which will make a conducive atmosphere in doing business, so that businessperson will not only think about their own good but also consider about the others. To realize this project what we need to do is to increase the number of Syari'ah Banks itself, office and the supporting devices such as ATM machines and other n facilities. It means that the government will need to adjust and allocate their budget into this banking sector. Government believes that the opportunity is good and can be seen as in the factors below: 1. The enthusiast society' response in doing the economy activities by using

Syari'ah' values. 2. A positive tendencies in non-economy sector such as education, law, etc. which will able to support national Syari'ah development. 3. The developments of Syari'ah financial nstrument recently has been attract investors and indirectly enlarge the Syari'ah National Banking. 4. Big potential advantages to attract foreign investors from Middle-East countries to participate in the Syari'ah National Banking. However, one important step that government needs to do before all that is to well spreading the information and the essence of this banking system to the whole society. By doing advertising and campaign, people will understand that Syari'ah Banks is not only just a bank but also contain a noble, humanity value that is applicable in this nation. Be expected that people will generously accept this banking system so that they can maximize the usage of this financial institution to expand their business.

The next step is to build the facility, begin from the major city all around Indonesia. That is because we want the spreading of the banks is evenly spread and all the people in Indonesia can take advantage out of it. We believe that after the establishment of the Syari'ah Banks all over Indonesia, the people who will maximize this advantage is not only from Java Island but also from other island. If this thing occurred, it means that the economic condition of its specific region will rise. In the end, our economic national growth will not only come from Java but also come from other region. One of the important but also risky advantages of the Syari'ah Banks is zero percent interest.

People will maximize this advantage to the very end but also it is a little bit risky in Indonesia. One of the weaknesses of Syari'ah Banks is that if the borrower runs with the money, the bank does not have the power to out best the situation especially bank who just established. In Indonesia, this kind of thing usually happened due to the poor mentality of Indonesian. The way to overcome this problem is to strengthen the basic and system foundation of the banks so that this thing will never happen again. From the <http://www.halalguide.info/content/view/415/46/>, there are some factors that can slow down the development of Syari'ah Bank: 1.

Service office network & Syari'ah' financial is relatively limited. 2. The professional human resources are not in optimum numbers. 3. Society' tendencies to use Syari'ah Bank are still low even though they had enough information about it. 4. The policies' synchronization between government institution and financial transaction, such as tax policy & legal aspect is not in maximum level yet. 5. The social functions of the Bank to facilitate voluntary sector and economy is not optimum yet. 6. The government should also helps to deal with these 5 problems so that the development of the Syari'ah can be developed in the right direction. V. Conclusion

Based on the historical until the current condition of Indonesia, we can see that Hindu and Islam are the two main belief systems that affected Indonesia. Hindu as the first religion and Islam who has the biggest followers in Indonesia should affected Indonesia country's systems, including economy. However, for the implementation, we can see those values do not really being applied in the economy of Indonesia. We can see Hindu values in

some sectors, such as in the subsidy, which gives it equally to all kinds of people. On the other hand, we can also see some Islam values in the fiscal policy or in the rising of syariah based banking system. Besides those two values, some Westerners value like capitalism also has affected Indonesia.

Profit oriented government in order to get more investment is one of the example of that. Therefore, to conclude which value Indonesia adopted is a very hard question. However, there is one thing that we can see from the economic sector in Indonesia. We can see that for the domestic policy, which the foreigners is little affected by that, we can see many Hindu and Islam values. For example, we can see the fiscal policy in Indonesia. The way the government put the tax system voluntarily and set progressive tax is implementing both Hindu and Islam values. On the other side, for the policies that affected the foreigners, the government seems to let loose of those two belief systems, and adopt it with Western values.

The reason why the government adopt to western shows that there is high power of the foreigners in affecting the Indonesian economic system. They set high interest rate for the banks and investment policy that is very profit-oriented. The government also only tries to deal with the poverty of the country, and not the poverty of the society. It means that the government concentrate to increase GDP, but they do not focus on reducing the poverty rate or increasing the social and life condition of Indonesian people. We can also see that many of the government policies are pro rich, such as the banking and also the privatization method. Another thing to be question is the way Indonesia see the diversity.

They stated that they appreciate the diversity, as in the “Bhinneka Tunggal Ika” principle. However, the implementation do not show that principle. The Indonesian government itself still do not respect the minority, in terms of the ethnics and religion. In addition, the rich, male, and seniors are also treated better in the society. Sources: <http://www.forum-rektor.org/opini.php?hal=3&no=27> <http://buletinbisnis.wordpress.com/2007/07/12/dep-pu-buka-investasi-asing-hingga-95-untuk-air-minum-dan-tol/>, <http://surabayawebs.com/index.php/2008/04/03/asing-kuasai-mayoritas-saham-operator-telekomunikasi-di-indonesia/> <http://www.perbendaharaan.go.id/perben/modul/terkini/index.php?id=2020> <http://jurnal-ekonomi.org/2003/10/13/pengusuran-korban-kapitalisme/> http://www.incis.or.id/talkshow/talk_3.htm <http://www.forum-rektor.org/opini.php?hal=3&no=25> <http://smile-rawa.blogspot.com/2007/10/subsidi-orang-kaya.html> <http://irwandianto.wordpress.com/2008/01/31/kronologi-kasus-dugaan-korupsi-soeharto/> <http://jurnal-ekonomi.org/2008/02/18/fakta-dan-kebohongan-privatisasi-di-indonesia/> <http://en.wikipedia.org/wiki/Indonesia> <http://www.kabarindonesia.com/berita.php?pil=10&dn=20080113134905> [http://www.mail-archive.com/\[email protected\]com/msg01342.html](http://www.mail-archive.com/com/msg01342.html) http://mui.or.id/mui_in/product_2/fatwa.php?id=36&pg=2 <http://geraidinar.blogspot.com/2007/12/bagaimana-spekulan-mata-uang-beraksi.ht>