

**ECONOMIC CRISIS, TRADE UNION AND EDUCATION  
(AN OVERVIEW OF INDONESIA CASE, 1999)**

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**ABSTRACT**

Indonesia was still enjoying the 7 % of economic growth on March 1977, when suddenly was shocked by the rapid depreciation of rupias, especially against US dollar. It was really a disaster, the price of imported goods became very high and it was a very heavy and risky burden to Indonesian economic. This also influenced the price of domestic products, due to necessity of imported parts/materials in the production process. The crisis pushed President Soeharto to step down and created the democracy euphoria. The right to organize was recognized. New trade unions were found and registered neglecting strong base membership. The decline of buying power of the people had increased the number of millions of poor children had to quit school created the education crisis.

**Key Word** : Enonomic crisis, political crisis, trade union and education.

**KRISIS EKONOMI, SERIKAT BURUH DAN PENDIDIKAN  
(SUATU TINJAUAN STUDI INDONESIA, 1999)**

**ABSTRAK**

Indonesia yang sedang menikmati pertumbuhan ekonomi 7% tahun sampai Maret 1997, tiba – tiba dihadapkan pada depresiasi terhadap dollar. Ini menjadi bencana, karena barang import langsung melonjak tinggi, demikian juga utang luar negeri, memukul industri dalam negeri sehingga timbullah slow down sampai ke penghentian aktifitas. Krisis ini mendorong Presiden Soeharto untuk turun dari kekuasaan dan menumbuhkan ephoria demokrasi. Disisi lain secara organisatoris para pekerja yang sejak lama tertekan kini mendapatkan kebebasan berserikat yang penuh yang berakses kepada menjamurnya Serikat Pekerja tanpa keanggotaan yang kuat. Krisis ekonomi juga mendorong krisis pendidikan karena ketidak mampuan masyarakat untuk membayar biaya sekolah yang terasa menjadi sangat tinggi.

**Kata Kunci** : Krisis ekonomi, krisis politik, serikat pekerja dan pendidikan.

## **INTRODUCTION**

Indonesia was still enjoying the 7% of economic growth on March 1997, when suddenly was shocked by the rapid depreciation of rupias, especially against US Dollar. It was only Rp. 2300 per US \$ 1, to become Rp. 12000, and even within several days it became Rp. 15000.

It was really a disaster, the price of imported foods became very high and it was a very heavy and risky burden to Indonesian economic. This also influenced the price of domestic products, due to the necessity of imported parts/materials in the production process.

Foreign and other international financial institution debts were like jumping to the sky if counted in rupias – a reality that hit the ability of government and private sectors to pay their debt. The total amount of Indonesian debt was US \$ 138,018 billion, about 73 billion of which was private sector debt. Most of the debts were due in 1998. Indonesian industries began to slow down and many of them stopped their activities in the second semester of 1997.

Indonesian economic became a complete ruin in only several months. Living costs became very high, pushing the marginal wage earners and the poor to the ground. The number of poor people increased from 30,000,000 people in the beginning of 1997 to 130,000,000 people in the last month of that year. Pressed by people power (reform power) in 1998 president Soeharto stepped down on may 21<sup>st</sup>, 1998 and was replaced by President Habibie.

It opened a new era in the Indonesian political policy.

## **ECONOMIC CRISIS AND POLITICAL CRISIS**

The economic crisis has made people very poor and angry, however, on the other side it made the hungry and the angry people gather to destroy authoritarian government. On 13-14 May 1998, there were riots which killed hundreds of people and put the government, especially President Soeharto, into a huge pressing and make him withdraw himself from the government.

When then President Soeharto stepped down, it was like a dawn of democracy and it soon became a very bright change for democracy. However, the people have been depressed for more than 40 years since the first President Soekarno was still in charge. Soon the freedom to associate and freedom of speech became euphoria of democracy.

Everybody started to want to speak anything, even though it hurts or will hurt others. This was stimulated by the still-questionable legitimation of the government and the fact that some people of the new order government wanted to keep the status quo.

The results of that anarchy have become a common thing in the society and it made the economic situation become worse and worse.

Some groups of people wanted to have a revolution supported by a small but militant group of students. They even did not believe that the general election would be the way to get a legitimate government.

The majority of people wanted to have a general election in a clean and fair way. They believed that it would be the pillar to get a legitimate and democratic government. Many groups of people prepared themselves and founded new political parties. We now have 108 political parties and it is still counting.

The bills for political party and general election were still in finishing stage meeting in the House of Representatives. The last crucial issue was about the neutrality of the public servants, whether or not they might be a member or officer in political parties.

The people also wanted to compose a rule of law, including a certain step to bring ex President Soeharto to trial. Many also wanted to eliminate, or at least decreased the military dual functions for ABRI (Indonesian Military Forces), Indonesian military forces had dominated the previous government.

There is a very tight relation between political crisis and economic crisis. They go together, so there should be a political solution to realize the economic improvement.

### **THE ECONOMIC SITUATION IN GENERAL**

The economic growth in 1998 was minus 13.68 % with the inflation rate of 77.63 %. Debt service ratio (DSR) in 1998 was 42.9 %, which was more than dangerous.

Some experts proposed ideas to control the foreign exchange, but it would oppose the mainstream of globalization. The government's effort, supported by IMF, World Bank, some foreign countries and other international financial institution had put rupias in a relatively stable position at the range of Rp. 7000 to Rp. 8300 / US \$ 1.

However, many financial institutions, such as banks and also many industries had already fallen down and brought heavy unemployment in 1998. Income per-capita fell down from 1225 in the beginning of 1997 to 445 in 1998.

In the 1999/2000 national budget, the target of economic growth is 0% and inflation 17%, the rate of US \$ is expected to fluctuate between Rp.7000 to Rp. 8000.

The price of crude oil was targeted at US \$ 10.5/barrel, decreasing from US \$ 14 in the last year. This would be the challenge to increase non-oil export. With the new loan of US \$ 10.5 billion, bank rates would be about 20 to 30% and the expected budget deficit was 4.8%.

With this figure, the economic situation was still very hard to improve, and the implication on the labor market was the unbalanced increasing supply with the demand of labors.

## **TRADE UNION IN THE ECONOMIC CRISIS**

Trade unions in Indonesia have been weakened for years. The interference by the government has been so strong that makes the union look like bureaucracy.

It began in the end of 1970's and the beginning of 1980's the government observed that FBSI grew stronger and stronger. The government considered that the development would hinder foreign investment from coming. Then they promoted cheap labors as a competitive advantage and to make sure that the policy was appropriately conducted, Soedomo was pointed to the position of Minister of manpower, and that was the era of miserable condition.

Soedomo interfered Congress of FBSI in 1985 and declared SPSI as a new organization with a new character, which was Unitarian, and was practically dominated by government. Some of the FBSI activist founded the Joint Secretariat of SBLP. That was the first trade union running out of the system in Soedomos era.

Joint Secretariat of SBLP was supported by BATU/WCL. The Joint Secretariat of SBLP was fused again into SPSI in the last congress of SPSI, when the organization was once again a federation, F.SPSI.

When Soeharto stepped down from his power, the demand for democracy increased, the ILO Convention no. 87 was ratified. New trade unions were founded and registered in the Ministry of manpower, SBSI, PPMI, Gaspermindo, Sarbumusi, SPDNI, Gasbiindo and even reformed F.SPSI. The number of registered Tus, according to the Ministry of manpower, is now 12 Tus.

However, trade unions were facing a huge problem of employment and waging, on one side we got a new atmosphere of democracy but on the other side we were facing the reality of decreasing economic. Unemployment reached the number of 20 millions people last year, if disguised unemployment was included the number actually reached 73.7 millions people, a very sad reality.

This is the time that partnership between trade unions and employers should be increased to save the companies, the jobs and the economic sector of the country.

## **THE ECONOMIC CRISIS AND THE EDUCATION**

The decline of buying ability of the people has increased the total number of the poor. Millions of children have to quit school, because they could not afford the cost for school. Although it is free to go to public schools and secondary schools, but they still had to pay for transport or any other cost, such as textbooks, note books, pencils and so on.

The government with the aids from society and even from World Bank gave scholarship for millions of poor people but it was still not enough to keep them stay at school. Hundreds of thousands of children went to the street, and became street children, which arose thousands of new problems.

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The educational institution affected by the decrease of the number of pupils or student, were especially the private school whose income depended upon the school fee. However, educational institutions were more fortunate than the industries, since we could actually say that no school was closed due to the sad situation. Some school, anyway, had laid off and reduced the number of their non-permanent teachers, or even postponed the teachers salaries.

In contrast with private schools teachers, state-owned schools teachers are going to have a rise of salary by at least 30% a year. Therefore, there should be an effort by the government to help private schools overcome the problem. If not, it would endanger the survival of the schools, which have actually helped the society for state schools accommodation is quite limited. The following is the comparison of accommodation of the two schools:

	State-Owned	Private Owned
Students	32,549,652	14,276,534
Teachers	1,517,764	552,091

The comparison shows just how important it is for the government to fully help private schools dealing with the recent economic crisis.

The following describes the recent financial and economic situation of Indonesian teachers.

Minimum Wage	:	Rp. 200,000 (US\$ 24)
Rice	:	Rp. 3,000/kg (US\$ 0.40)
Cooking Oil	:	Rp. 4,000/kg (US\$ 0.55)
Detergent	:	Rp. 9,000/kg (US\$ 1.20)
Beef	:	Rp. 30,000/kg (US\$ 4.00)
Chicken	:	Rp. 14,000/kg (US\$ 1.80)

So it is very hard to be a teacher in Indonesia. Trade Unions in private education Institutions, (PGRI, ASOKADIKNA) should help them whether or not they are members, by supporting them and urging the government to help private schools which will directly also help the teachers.

## **CONCLUSIONS**

1. The economic crisis has brought misery to Indonesian people, in spite of a light of democracy. Soeharto stepped down, People's power, freedom to associate as well as freedom of speech were returned to the people.
2. The freedom that rushed in so rapidly and suddenly became a ground for democratic euphoria, which could actually bring difficulties to the people themselves. Political parties have been growing like mushrooms in the rainy season and the number has become too many and can potentially confuse people. A political solution is necessary to realize economic improvement.

3. Industries are most badly affected by the crisis and it has caused a very high unemployment rate. On the other hand, this is the time that workers have their freedom to associate in order to improve their condition.
4. Schools are facing the reality that many students are quitting for they can no longer afford the education. Private schools get the heaviest blow since they mainly depend on school fees.
5. The declining of number of students has caused the decrease of ability for the private schools to pay their teachers. Once again, government's help is crucial in helping the private schools to survive in the crisis. Organizations of teachers and school workers must be developed, so that all school workers (including teachers) can be covered and helped not only to survive but also to improve their life quality.

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