

Neoliberal Policy of Indonesia's Agricultural Revitalization

Budi Winarno

Department of International Relations, Universitas Gadjah Mada

Bulaksumur, Yogyakarta 55281

winarno@ugm.ac.id

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Abstrak

Artikel ini membahas tentang kebijakan pertanian pangan Indonesia, terutama sejak era pemerintah Susilo Bambang Yudhoyono (SBY). Karena banyak dipengaruhi oleh kekuatan-kekuatan ekonomi politik global, Indonesia didikte untuk mempraktekkan kebijakan neoliberal, termasuk dalam sektor pertanian. Sebagai respon, pemerintah telah meluncurkan kebijakan revitalisasi pertanian untuk mendorong produktivitas pertanian melalui keterlibatan swasta. Penelitian ini menyimpulkan bahwa revitalisasi pertanian hanyalah kebijakan pragmatis jangka pendek dan sarat kepentingan ideologi neoliberal. Hal ini tidak memecahkan masalah utama ketahanan pangan dan persoalan pedesaan di Indonesia. Yang harus dilakukan pemerintah adalah usaha jangka panjang dan perencanaan untuk memperkuat produktivitas dan produksi pertanian pangan, serta meningkatkan kehidupan petani miskin di daerah pedesaan yang merupakan mayoritas penduduk Indonesia. Pada dasarnya, upaya dan perencanaan kebijakan pangan harus diarahkan kedua dasar masalah keamanan pangan di Indonesia, yaitu masalah akses pangan dan kerentanan petani.

Kata Kunci: Kebijakan neoliberal, Keamanan pangan Indonesia, Kebijakan pangan Indonesia, Revitalisasi pertanian

Abstrak

This paper discusses Indonesian food agricultural policy, particularly since the Susilo Bambang Yudhoyono (SBY) administration. Influenced by the powers of global political economy, Indonesia has been dictated to practice neoliberal policies, including those in agricultural sector. The government had launched a policy of agricultural revitalization to encourage agricultural productivity through a private involvement. This study concludes that the agricultural revitalization is just a short-term pragmatic policy and serves the neoliberal ideology. It is not solve the major problems of food security and of rural life. What has to be done by the government is a long-term attempt and planning to strengthen the productivity and production of food agriculture and to improve the life of poor peasants in rural areas—the majority of Indonesian population. Essentially, the attempt and planning has to be directed into two basic problems on food security in Indonesia, which are the problem of 'food access' and 'peasant vulnerability'.

Keywords: Neoliberal policy, Indonesian food security, Indonesian food policy, Agricultural revitalization.

INTRODUCTION

Discussing food policy or, more specifically, food security in Indonesia, one will face two important issues. *First*, s/he will meet the irony of agrarian country. While in the middle of 1980s rice production was self-sufficient, however, since 1998 till today as result of Indonesia has entered the global trap of neoliberalism, she has become the biggest food importer country in the world. This is, of course, ironical since, as the biggest agrarian country in Southeast Asia, Indonesia, indeed, has vast and fertile

land. In fact, for recent years, Indonesia has been facing food shortage especially in rice, sugar, soybean, and corn that they have been to be imported in great amount. In 1998 till 2000, for example, Indonesia became a net importer with an average value of US\$ 863 million per year (Witoto, 2006:229). *Second*, food is a sensitive issue since it deals with the achievement of a regime or government. In Indonesia, the decrement of poverty is an important indicator in evaluating the success of a regime. Therefore, in almost

every general election, this issue always becomes a political commodity which invites polemic. The claim from the incumbent government is likely to be challenged by its political rivals. While, on the other side, the poverty rate is susceptible against price fluctuation of basic needs (Basri, 2008). A slight increase of the price of basic needs will significantly affect the amount of poor people in Indonesia. Whereas, by applying careful and critical analysis in scrutinizing the poverty rate in Indonesia, using US\$ 1.5 per day as its standard as applied by BPS (*Badan Pusat Statistik/ Central Statistics Bureau*), 32.53 millions (14.5%) of poor people in 2009 was basically susceptible. It was due to great amount of poor people and the great role of food commodity in determining poverty. Hence, little fluctuation of basic needs will strongly affect the amount of poor people.

Basically, the vulnerability of food security in Indonesia today, as a whole, cannot be separated from the failure of agricultural development inherited by the Suharto's New Order. Green Revolution, in fact, had widened social and economic inequality in rural areas (Winarno, 2008). Subsidies and facilities offered during Green Revolution was distributed to landlord only, while small farmers did not get equal benefit because of lack of access to the input of agricultural production. This condition was worsened by the policy of cheap food applied during the New Order. The price of basic needs, in Soeharto's era, was always made cheap to silence the potential violence of urban citizens (Jhamtani, 2008). Political stability which was one of the main purposes during development era required the regime to prevent every potential violence. The policy of cheap food, along with military repression, was utilized to cope with the protesters. Its consequence is clear as shown by more rural inequality condition. As revealed by Sritua Arif (2005), during the New Order, 20% of Indonesian population enjoyed 80% of the national wealth, while the rest, the biggest part, only gained 20%.

When the New Order regime fell in the end of 1990s, precisely in May 1998, the next government inherited a bankrupt economic system suffering huge

debt. Even, Indonesia had to obey IMF as a consequence of its debt. Ironically, compared to the other countries facing the same crisis, Indonesia needed longer time of economic recovery because of its faithful obedience to IMF suggestions.

The intervention of IMF into Indonesia during the reform era has given broad implication to Indonesian economy, particularly in agricultural sector. One of the results of Letter of Intent (LoI) is agricultural liberalization and the reformation of *BULOG*. This agreement was included in the Memorandum of Economic and Financial Policies, signed by Indonesian government and IMF in the beginning of 1998. There are four basic matters approved in the memorandum (Jhamtani, 2008:21), namely: *first*, the abolition of *BULOG* import monopoly on wheat and wheat flour and onion. Private importer was allowed to distribute all these products, except wheat, in domestic market. The rate was imposed for all of these products, but limited by 20% or less, and would be relegated into 5% in 2003. *Second*, the rate of all food products was re-relegated into a maximum of 5%, while the regulation on local content for milk production was abolished. *Third*, all importers were allowed to import sugar and distributed it in local market. This policy aimed to rationalize sugar production and improve efficiency and competitive ability of industry which utilized sugar, such as food processing. In addition, the government had to reform *BULOG*—the institution of food security in Indonesia during the New Order. Through Letter of Intent, in 1998, *BULOG*'s status as State Trading Enterprise (*STE*) had to be revoked. Some of the most important agreements are: the monopoly of strategic commodities (rice, sugar, soybean, corn, wheat, and cooking oil) was abolished; inexpensive donation of *KLBI* (*Kredit Likuiditas Bank Indonesia/Bank Indonesian Liquidity Credit*) was reduced, and captive market (*PNS/Civil Servant and TNI/Armed Forces of Indonesia*) was abolished.

Discerning the entire LoI in agriculture as stated above, it is easy to predict the direction of the next food and agricultural development policy in Indonesia: the domination of neoliberal policy. Through the

above four agreements, Indonesia was driven to be part of agricultural neoliberal globalization, which was obstructed on the plane of international level (WTO). Therefore, through *IMF*, the place of the most fertile neoliberal ideology (Harvey, 2009), the policy moved smoothly. Besides, the fast speed of neoliberal policy was sustained by “organic intellectuals”, in Gramsci’s term, who dominate the reform government. It can be seen from two indications, namely the consistency of agricultural liberalization and the stronger domination of private enterprise in agricultural sector. The next appropriate questions to ask are: will this neoliberal policy in agricultural sector strengthen food security or just the reverse? Besides, in the context of Indonesia, is there any other reason that can be utilized to explain the domination of neoliberal policy in agricultural sector, particularly in the context of agricultural revitalization?

This writing will attempt to answer those two questions by focusing on the analysis that liberalization policy in agricultural sector constitutes pragmatic policy. It is a policy framework which is basically an integral part of economic pragmatism of the New Order. In this context, agricultural revitalization has to be understood in the frame of agricultural liberalization which not only serves neoliberal ideology, but also constitutes the pragmatic response to the backwardness of agriculture or, more specifically, the decrease of agricultural productivity and production in Indonesia which implies to food security.

THEORETICAL FRAMEWORK

We will not gain careful understanding in describing agricultural liberalization without discerning the activator ideology, neoliberalism. Briefly, a neoliberal is the endorser of economic liberalization who defends the importance of free market and *laissez-faire* principle. This ideology was strengthened in 1980s when Margaret Thatcher and Ronald Reagan executed economic reform. Those two figures believed that market was the most efficient mechanism in distributing scarce economic sources. According to neoliberal, peace international trade and market economy will result in

better life standard above big countries governed poorly (Wolf, 2007:39).

The base of free trade is comparative advantage theory developed by Adam Smith and David Ricardo. According to this theory, a country ought to self-specialize to produce goods which cost smallest compared to other countries, based on its comparative advantage. For example, if Indonesia has a comparative advantage in producing rice powder, it is better for Indonesia to specialize in trading the commodity. For other necessary products, it is better for Indonesia to get them from international market through international trading because purchasing costs cheaper than producing. According to comparative advantage theory (Chang, 2008:54), although it is more efficient for a country, compared to other countries, to produce goods, the other countries still earn profit by specializing to produce goods which give them more profit than its partner. Likewise, a country will still earn profit though its production cost is higher than her partner’s, as long as it specializes to produce goods which cost smallest.

Eli Heckscher and Bertil Ohlin, Sweden economists, and also Samuelson consummated this comparative advantage theory. By referring to David Ricardo, yet having differences in some important issues (Chang, 2008:84), *HOS* theory believes that comparative advantage particularly emerges because of international differences in relative contribution of “production factors” (capital and labor), and not in international difference in technology. According to free trade theory, every country earns comparative advantage in some productions because, based on this definition, every country is relatively better in producing certain goods rather than other goods. In *HOS* perspective, a country earns comparative advantage in products which intensively utilize relatively helping production factors. Free trade, related to this, will encourage countries to carry out specialization based on their comparative advantage. “Trade theory contends that under free market trade each country can and will specialize in that industry where it has a comparative advantage, and will trade with its partner

to secure that good for which it does not.” (Chang dan Graebel, 2008: 54).

According to Heckscher and Ohlin (Oatley, 2004: 23-24), comparative advantage of a country will increase as a consequence of the differences of factors of endowments owned by a country. These factors are basic tool for production process. Factors of endowments meant by Heckscher-Ohlin model are labor and capital. When an enterprise produces goods, it uses labor and capital to alter raw materials into finished goods. Every country, in this understanding, has different factors of endowments. Hence, it has to specialize in producing goods which have the lowest cost in order to gain profit from international trade.

The basic assumption formed in this free trade theory constitutes the base for agricultural liberalization. In this theoretical perspective, free trade gives all countries, especially the poor ones, advantage. *First*, agricultural liberalization will encourage efficiency. Competition is considered positive based on the assumption that it will encourage market agent to find the most efficient fashion. *Second*, for Third World countries, it is better for them to open their market because people in Third World countries will have bigger chance to get cheaper agricultural products. It will encourage consumption and eventually more poor people have the chance to get cheaper food material. *Third*, Third World countries will get more benefit from the open market of developed countries. Third World countries can exploit developed countries' market through the export of agricultural products by which they get the comparative advantage. The result of this export is significant income which will be used to defray the domestic development. Therefore, agricultural liberalization will bestow prosperity for all.

The issue faced in the frame of agricultural liberalization is that what was assumed by neoliberals misses the target. There are several reasons proposed. *First*, comparative advantage theory, the base of neoliberal economy, in globalization era carries deformity and is in question (Burcill, *et. al.* 1996:57-61). Comparative advantage theory was proposed in the time when

national control on capital movement existed.

Ricardo and Smith considered capital unmovable and only provided for national investment. They also had a notion that capitalists are, first and foremost, national political community members, which, in this context, form commercial identity. In Smith's opinion, 'the invisible-hand' requires internal relationship and society bonds that the capitalist could feel 'natural disinclination' to invest abroad. Thus, Smith and Ricardo could not predict what so called *a world of cosmopolitan managers* and transnational corporations, which suffer limited liability and immorality bestowed by national government. They have ignored governments and no longer discerned national community as their context. Hence, the emergence of capitalists who release themselves from community loyalty and obligation and no longer possess 'natural disinclination' to invest abroad seems absurd (Day and Cobb, 1989: 251). Movable capital markets, which are also chopped around, are the challenge for comparative advantage theory.

Second, intellectual, economic, and political development, including the shift of 'comparative' advantage into 'competitive' advantage as the trade base, and the formulation of 'new (strategic) trade theory (Gilpin and Gilpin, 2002: 85). According to competitive advantage theory, trade is not merely determined by capital, labor, and resources. It is often affected by specialization change, historical event, and technological development (Gilpin and Gilpin, 2002: 91). This theory acknowledges that technological change become more significant in determining trade patterns. In relation to this, technology grounds for competitive advantage and trade patterns are often deliberately created by government and corporations. By the same token, some national economic aspects possess significant meaning: national culture and its influence toward the purpose of economic activities, the status of capital and labor, the demand sufficiency, the health of supporting industries and industrial structures in economy (Gilpin and Gilpin, 2002: 92). Hence, the supporters of competitive advantage theory support the notion that the advantage in international

trade, at least in industry, can and in fact be created by deliberate corporation's and government's policies and rules, and not merely from nature's static gift. *The last*, the new development of protectionism forms in trade. Ironically, the obstacle of this trade often exists in developed countries which constantly obtrude trade liberalization. Hence, liberalization is only a tool for developed countries to win their economic interests against Third World, while in the same time they hamper the entry of goods from other countries through several harming non-rate obstructions. Green and Luehrmann (2003: 118) stated, "Ironically, for all their talk about "free trade", it is subsidies and various protectionist measures by developed countries that are making it hard for much of the third world to earn an honest living through trade".

Joseph Stiglitz (2007:151) has pointed out this agricultural liberalization trend and its implication to Developing Countries, the notion that indirectly defend the above objection. According to Stiglitz, a decade after Uruguay Round, more than two third of agricultural income in Norwegian and Switzerland, more than half in Japan, and one third in European Union come from subsidies. For some plants, according to Stiglitz, such as sugar (sugar cane) and rice (rice plant), the subsidies reached 80% from the income of agriculture. Therefore, the aggregate of agricultural subsidies in US, Europe Union, and Japan is at least 75% of total income in Sub-Saharan Africa. It is a huge amount income that debilitates the ability of African peasants to compete in the world market (see Stiglitz, 2007:152).

As pointed out by Stiglitz, Third World countries do not only face the deadening subsidies of developed countries, but also the narrow land they work on. Hence, no matter how high the food price resulted from globalization in this sector, it will not be sufficient to fulfill their basic needs. It does not mention the low access of technology for Third World peasants, bad irrigation, and other non-rate obstacles that hamper Third World peasants to access the market created by liberalization in developed countries.

The lesson learned from what happened with the

world cotton trade is the failure of theoretical assumption of free trade. The US's subsidies which reached 3-4 billion dollars given to 25,000 rich cotton peasants had pushed down the world cotton price and inflicted a financial loss to 10 millions of cotton peasants in Burkina Faso and other places in Africa (Stiglitz, 2007: 152). The more concerned matter, the amount of Third World people who depend on agriculture is much higher than those of developed countries. As shown by Stiglitz (2007: 153), by studying all agricultural products (1% from total products), it is proven that those products received 25% of total subsidies, with the average amount reached 1 million dollars per agricultural land. Eighty percents of the money entered the rich farmers' pockets with average receipt of US\$200,000, those who only occupied 20% of all farmers. Ironically, according to Stiglitz, 2,440,184 small farmers in bottom level, who are the real farmers, only received 13% of total subsidies, which only reached US\$7,000. As a consequence, small farmers were marginalized.

By understanding those facts, free trade is basically a condition desired to reach, while the requirements to reach is likely unfulfilled. The problem faced by Third World countries, such as Indonesia, is that they cannot avoid the international pressure to open their domestic agricultural markets as the consequence of financial dependence, the lack of vision from their leaders, and inefficient bureaucracy. As a result, liberalization makes farmer more marginalized and poorer.

RESULT AND ANALYSIS

IMPLICATION OF LOI IN FOOD AGRICULTURE

The trade liberalization in Indonesia after *LoI (Letter of Intent)* agreement with IMF reflects the damaging effect of neoliberalism in agriculture. As shown by Witoro (2006:228), in turn, food trade liberalization increases the dependence of Indonesia to food import. In 1989-1991, Indonesia was a net exporter of food with approximate value of US\$ 418 million per year. Yet, since 1994, Indonesia was a net food importer. In 1998-2000, Indonesian's net import value US\$ 863

million per year. In 1996-2003, according to Witoro's note (2006:229), per year, Indonesia imported 2.83 million tons of rice, 1.6 million tons of sugar, 1.2 million tons of corn, 0.8 million tons of soybean, and some other foods. In 2003, Indonesia suffered US\$ 2.3 billion deficit for food plants and US\$ 134.4 million for livestock.

In sugar industry, *LoI* which was signed by IMF and Indonesia in 1998, which was followed by President Instruction No. 5/1998 on the ceasing of TRI (*Tebu Rakyat Intensifikasi*)/Intensification People Sugar-Cane) program and Ministerial Decrees from the minister of industry and trade no. 717/MPP/Kep/12/1999 on the abolition of rice and sugar trade system had destroyed the domestic sugar productive ability. In addition to the abolition of subsidies and *BULOG* monopoly, *LoI* abolished the obligation for farmers to plant sugar cane (Witoro, 2006: 232). Besides, private importers were allowed to import sugar with duty-free. As the effect, the national sugar production which reached 2.1 million tons in 1996 decreased into 1.5 million tons in 1998. In the next years, the increase occurred, but the amount was not sufficient for domestic needs. In 1996, sugar import reached 1.09 million tons; in 1999 it reached 1.95 million tons; while in 2000-2001 the import decreased slightly.

In sum, the damaging effect of neoliberalism in food agriculture has worsened Indonesia's food security. This country has been continuously trapped in food import flows year by year. More than US\$ 5 billion or equivalent to Rp50 trillion each year has been depleted to import food (*Kompas*, August 24, 2009). Since the government of *SBY* trade liberalization has been destroying Indonesia's food agriculture, and has been changing the rural life become miserable, as a result of domestic agricultural products are not able to compete with imported food.

AGRICULTURAL REVITALIZATION

Facing the criticism from several community groups on the vulnerability of food security in Indonesia, the government, in many occasions, has stated the importance of agricultural revitalization. It is utilized as an

attempt to figure out some basic problems in agriculture. When delivering his welcoming speech in the 57th *Dies Natalis* of Gadjah Mada University's seminar carrying the theme "The Implementation of Agricultural Revitalization Program: Successes and Obstacles" (December 2006), Agriculture Minister Anton Apriantono stated that agricultural revitalization is an awareness to reposition the significance of agriculture proportionally and contextually; meaning to refresh the vitality, empower and improve agricultural performance in national development, yet regarding also other sectors. According to Anton Apriantono, the agenda of revitalization is to reverse the trend of decrease and to accelerate production increase and the added value of agriculture. The key factors for the purpose were, according to Apriantono, the improvement and extension of production capacity through renovation, agribusiness growth-and-development and restructuring, supporting institution or infrastructure. This agenda would be done through business investment and infrastructure investment, which basically constitute the capital to improve and facilitate the production capacity.

The operation of agricultural revitalization covers three basic points, namely the program of food security, the program of agribusiness development, and the program of improving farmer's prosperity. Dealing with the program of improving food security, the minister of agriculture stated that it would be reached through (1) intensification and extension of production of basic food commodity; (2) improvement of local food alternative resources; (3) improvement of non-rice local food consumption; (4) facilitation of subsidy of production input; (5) formulation and decree of food price; (6) management of food trade system; and (7) improvement of food and nutrition vigilance system. From those programs, it is clear that food security is defined as production capacity, though farmer prosperity is slightly touched. However, the ability of this improvement programs are broadly determined by other factors, such as the ability to damp up agricultural neoliberalism. In relation to this, land access is a crucial issue. Unfortu-

nately, several governmental policies precisely strengthen the domination of corporation in agriculture; the government does not pay serious attention to 60% of Indonesian people living from agriculture. Whereas, as pointed out by Brandt and Otzen (2000; quoted by Ivan A. Hadar, 2008), the experiences from other countries show that land access is the most important requirement in agriculture and village development. Hence, agrarian reform is a must.

The government's strong alignment to corporation is reflected from several laws and rules. Hence, it is not surprising that in 2007 the government legalized the Law No. 25 of 2007 on investment which contains the extension of the capital power in agrarian authority and ownership. Next, President Instruction No. 5 of 2008 on Economic Program Focus 2008-2009 in which food estate investment included has opened the path to privatization and monopoly in food sector (Rini, 2010: 62).

This condition was worsened by the policy framework composed by the Department of Agriculture referring to Regulation of the President No. 77 of 2007 attachment II which stated that food plant commodity was included into List of Business fields Open to Investment with Conditions. The cultivation of rice, corn, cassava, and other food plants utilizing more than 25 thousand hectares allowed the maximum of 95% foreign ownership (Rini, 2010: 63). This policy was made to encourage bigger investment in agriculture.

This variety of policies from the government indeed encourages foreign investment to come to Indonesia. For instance, an investor from Korea was interested in developing corn and cassava as the raw material to be sent to his country. The land area projected investment is 1,500 hectares spreading out in Pombeve Village and Sidera Village in Sigi Biromaru Sub-district. Meanwhile, an investor from China was interested to invest in West Sulawesi. It was planned that in this year (2010), the Chinese investor opened a 1,000-hectare land in that area. In Merauke, Medco Group had entered to open an estate. Outside those areas, there are a lot of other

investors who are planning to enter Indonesia.

The problem that should be answered is whether the privatization of agriculture gives bigger chance for corporations to achieve food security or the reverse. To comprehend this, we need to take a careful look at the definition of food security and the influence of liberalization toward food security in a country. It is important to underline since, as noted by Rini (2010: 106), the President Instruction No. 5 of 2008 basically aimed to answer the problems of national food by giving entrepreneurs and investors the chance to develop the food plant plantation. This would change the family-based agriculture into corporation-based agriculture, which debilitated the food sovereignty in Indonesia. Thus, substantively, agricultural revitalization is rather an attempt to fulfill food productivity than an extension of food access. In other words, this revitalization is a pragmatic policy aimed to patch national food deficit. However, what matters is that food security is not about food productivity and supply, it is rather an access to the resources. This access availability is possible when the government is able to improve the peasants' income and not by shifting the family-base agriculture, the nature of Indonesian agriculture pattern, into corporation-based one, which depends on capital.

FOOD SECURITY: ACCESS PROBLEM AND PEASANT VULNERABILITY

Food security is a strategic issue in the development of Third World countries like Indonesia (LIPI, 2007) since it holds double functions, namely one of the targets of development. Here, food security functions as the requirement to the guarantee of food access for all people. In addition, food security is important in the context of international and global politics. The fragility in food sector will threaten Indonesia's independence, and therefore it will obstruct the achievement of Indonesian foreign policy as formulated in the Constitution.

From time to time, food security has been defined differently. However, there has been a shift that it is defined as access than rights. Maxwell and Slater

Table 1
Rice Production and Consumption
(Thousand metric tons)

	2006/2007	2007/2008	2008/2009	2009/2010	August 2010/2011
National Rice	35,300/	37,000/	38,300/	38,300/	40,000/
Production/ National Rice Consumption	35,900	36,350	37,090	38,100	39,500

Source: *Kompas*, August 30th 2010, page 1.

(2003) tracked the variety of food security definitions over time and found that the discourse of food security moves quickly from the focus of supply and availability to the right and access (entitlements).

Pribadi (Jhamtani, 2008: 14) defined food security as a condition in which all people have physical and economic access to food in order to gain sufficient nutrition for his productive and healthy life. Furthermore, Amartya Sen (1981), in *Poverty and Famines: an Essay on Entitlement and Deprivation*, defined food security as not merely about supply but access. Through the study in India and Africa, Sen came to conclusion that food insecurity and famine are not the result of availability of food in a country or region, but of entitlements failures. In this point, Sen has toppled the previous paradigm in which food security is understood as food availability and production.

Sen's formulation is interesting for at least two reasons. *First*, there are a lot of evidences that today's food production is overwhelming and able to fulfill the needs of people around the world, whether those living in rich countries or in Third World. However, in fact, famines occur. The causal factor is, as shown in the famine cases in Indonesia, poverty. And it means that it is related to access. There are a lot of food materials poor people can get in the market, but the high price of rice or the low purchasing power makes them unable to fulfill their own food needs.

Second, Sen's notion is particularly interesting in relation to the wave of neoliberalism in agriculture. The neoliberal's liberalization will encourage land governance by big corporations, and in the long period, will marginalize small farmers. Related to this, the increasing food production is not followed by the

improvement of purchasing power that agricultural productivity will not contribute to the improvement of food security for all people. The unavoidable fact is that big agricultural corporations only care of profit and not of human rights (Jhamtani, 2005: 31). From this perspective, wide-scale land clearing by corporations will not automatically encourage the food security in Indonesia. On the other hand, in today's trade liberalization, the competitiveness of commodity is not only determined by production ability, but also depends on the distribution system and consumer-level price (Adnyana, 2006:119). Thus, improving people's purchasing power is important to encourage food security. This is only possible if the government seriously pay much attention to the peasants, those who constitute 60% of Indonesian people. Avoiding this, poverty will always infect most village people that productivity and production improvement through privatization as a pragmatic step to figure out domestic food scarcity will not give significant contribution to the improvement of peasant's prosperity. On the other hand, the improvement of productivity and production precisely encourages export orientation to the promising foreign market. If it occurs, the land mastery by corporations will precisely increase the marginalization of poor and small farmers.

The data released by *Kompas* shows this argumentation. As pointed out by *Kompas*, the production of rice has constantly increased since 2006, and national rice production always gives surplus (see Table 1). However, in fact, many people in Indonesia consume 'nasi aking'¹. Many cases of malnutrition and famine still occur.

Seeing the data above, it can be concluded that

food security cannot be fulfilled by improving the productivity and production-scale only because the fact shows that many people are unable to fulfill their basic needs. Thus, food security is not only the issue of productivity, but also the eagerness to seriously attempt to develop villages, particularly concern on the peasants who have less than 0.5 hectare land. Without doing this, food security will always be a problem.

CONCLUSION

As one of the Third World countries, Indonesia has suffered a great pressure to practice neoliberal policies, no exception for agriculture. The collapse of Indonesian economy during 1998 monetary and economic crisis had forced the government to borrow funds from IMF. Consequently, Indonesia had to liberalize her agricultural sector, which unfortunately led to decreasing agricultural productivity and production, destroying domestic agricultural products, and marginalizing large-scale peasants. On the other hand, during the last 15 years, Indonesia has faced her vulnerability of food security. Since the government under SBY leadership, the agricultural vulnerability has been tried to be solved through agricultural revitalization, among others, is to encourage agricultural productivity and production through private involvement. In short period of time, this policy will possibly improve agricultural productivity and production, but food security is not merely productivity and production, it is rather an access issue. Thus, this revitalization is a short-term, a pragmatic policy oriented to solve food scarcity rather than a serious attempt to improve the life of poor peasants, who constitute 60% of Indonesian population.

ENDNOTES

- 1 Nasi aking is dried, spoiled rice. To produce nasi aking, people collect leftover mostly rancid rice, and dry it in the sun. Indonesians buy nasi aking in the shops, clean it to screen out the fungus, discard rotten parts, and then cook it. To reduce the terrible taste, they mix it with some traditional brown sugar made from coconut water and grated coconut. Normally, nasi aking would be used as poultry feed.

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