

Indonesian Protests Must Confront Neoliberalism as the Root Cause of the Crisis

News:

About 1,500 Indonesian students staged a protest in Jakarta under the slogan “Indonesia Heading to Bankruptcy” to oppose several economic policies of President Prabowo Subianto’s government. The protesters demanded lower fuel and food prices, the cancellation of costly programs such as the free meals initiative and village cooperatives, and a reduction of the military’s role in civilian affairs. The demonstrations were driven by rising living costs, a 32 percent fuel price increase, the weakening rupiah, and growing fiscal pressures on the government. Students argued that public spending priorities were misguided and that the government was failing to acknowledge the country’s economic challenges. Thousands of security personnel were deployed, and minor clashes occurred between protesters and police. ([Al-Jazeera.com](https://www.aljazeera.com))

Comment:

The recent student protests in Indonesia should not be viewed merely as a reaction to rising fuel prices, food inflation, or budget cuts. Rather, they reflect a deeper public frustration with the long-term direction of Indonesia’s political economy. While President Prabowo Subianto has become the immediate target of criticism, many of the economic challenges facing Indonesia today are the cumulative consequences of liberal economic policies that have been pursued by successive governments over the past several decades.

Since the post-New Order era, Indonesia has embraced a development model that relies heavily on market-oriented reforms, foreign investment, privatization, and the extraction of natural resources. Strategic sectors such as coal, nickel, forestry, and other natural resources have increasingly been dominated by large private corporations and foreign investors. As a result, the state’s capacity to directly control and benefit from these resources has become limited, while economic gains are often concentrated among a small group of business actors.

At the same time, the Indonesian state budget (APBN) remains heavily dependent on taxation and debt financing. Government debt has now approached Rp 10,000 trillion, reaching approximately Rp 9,920 trillion as of March 2026. Although the government argues that the debt-to-GDP ratio remains within a manageable range, the growing dependence on borrowing illustrates the structural weaknesses of Indonesia’s fiscal model.

The Prabowo administration has further intensified public concerns through several controversial policies. One of the most debated is the large-scale budget efficiency program, which redirected hundreds of trillions of rupiah in government spending toward flagship initiatives such as the Free Nutritious Meals Program. Critics argue that while social welfare programs are important, allocating such a massive portion of state resources to a single program has reduced fiscal flexibility and contributed to pressures on other sectors of public spending.

Therefore, the current wave of protests represents more than dissatisfaction with specific government policies. It symbolizes growing public frustration with an economic system that many perceive as failing to deliver broad-based prosperity. However, most demonstrations remain focused on the symptoms of the problem—fuel prices, food costs, budget cuts, and corruption allegations—rather than addressing what many critics identify as the root cause: the neoliberal paradigm that has shaped Indonesia’s economic governance for decades.

If Indonesian society wishes to find long-term solutions to recurring economic crises, public debate must move beyond policy outcomes and begin questioning the underlying assumptions of the development model itself. Discussions about state control over strategic resources, fiscal sovereignty, dependence on debt, and the role of the market in public welfare should become central to the national conversation. Without addressing these structural issues, protests may continue to emerge in response to each new crisis, while the fundamental causes of economic vulnerability remain untouched.

Written for the Central Media Office of Hizb ut Tahrir

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