



THE INDONESIAN GOVERNMENT'S INTERVENTION IN THE MANAGEMENT OF INDONESIAN MIGRANT WORKERS' REMITTANCES: NATURAL, TECHNICAL AND ULTIMATE RESTRICTIONS

Annisa Ayuningtyas¹, Mailinda Eka Yuniza²

Universitas Gadjah Mada, Yogyakarta

Abstract:

The constitutionally groundless intervention of Indonesian government towards remittances-the financial outputs categorized as private transaction generated from Indonesian Migrant Workers (IMWs) abroad-has occurred since 1983 until the enactment of Law No. 18 Year 2017 on the protection of IMWs. This Law imposes obligations for local and central governments to conduct financial protection through remittance management by involving domestic and IMW's placement state's banks or non-bank financial institution. Given to the limited constitutional basis, private nature of remittances and conditional impact of IWM's state of origin, this article discusses the limits of Indonesian government intervention in the management of migrants' remittances. This doctrinal legal research found that due to natural and technical restrictions, the government intervention is extremely limited.

Key words: Government intervention, remittance management, Indonesian migrant worker.

Título en Castellano: *La intervención del gobierno indonesio en la gestión de las remesas de los trabajadores migrantes indonesios: Restricciones naturales, técnicas y finales*

Resumen:

La intervención constitucionalmente infundada del gobierno indonesio en relación con las remesas -los productos financieros categorizados como transacciones privadas generadas por los trabajadores migrantes indonesios (TMI) en el extranjero- se ha producido desde 1983 hasta la promulgación de la Ley n° 18 del año 2017 sobre la protección de los TMI. Esta ley impone a los gobiernos locales y centrales la obligación de llevar a cabo la protección financiera a través de la gestión de las remesas mediante la participación de los bancos nacionales y de colocación de los TMI o de instituciones financieras no bancarias. Dada la limitada base constitucional, la naturaleza privada de las remesas y el impacto condicional del estado de origen de los TMI, este documento tiene como objetivo buscar las posibilidades que tiene el gobierno indonesio para poder intervenir en la gestión de las remesas. Esta investigación legal doctrinal sostiene que, debido a las restricciones naturales y técnicas, la intervención del gobierno es extremadamente limitada.

Palabras Clave: *Intervención gubernamental, gestión de las remesas, trabajador emigrante indonesio*

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¹ Annisa Ayuningtyas, Research Centre for Law, Gender, and Society, Faculty of Law, Universitas Gadjah Mada, Indonesia. E-mail<suciati@umy.ac.id>

² Mailinda Eka Yuniza, Administrative Law Department, Faculty of Law, Universitas Gadjah Mada, Indonesia E-mail<mailinda@ugm.ac.id>

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1. Introduction

The absence of constitutional protection and restriction has made the Indonesian government intervention towards financial output of Indonesian Migrant Workers (IMWs) employed abroad—*remittances*—a legally problematic policy since 1970. The constitutionally groundless intervention has infringed the notions of welfare state (1) as to how state activities are interlocked with the market—other than human rights entitlement—must be taken into account in a welfare state³ And (2) as international labour migration essentially intrudes and challenges the welfare state's endogenous nature.⁴ As more nations participate in labour migration, and there are already movements from what was once considered traditional destination countries, it is critical to understand the factors that influence migration flows from one country to another⁵. The lack of constitutional basis further brought such an intervention into migrant workers' remittances as a component of national income that is essential of a private nature. It is the government's responsibility, which has the jurisdiction to regulate the migrant worker mechanism, such as migration management, to aid migrant workers during the migration process⁶. It is necessary to control and oversight each sector related to migrant worker employment.

Indonesian government's intervention of IMWs remittances through statutory laws has occurred since 1983 with capricious forms, i.e., a mandatory requirement, remittance program, monitoring, And, currently, remittance management, involving banks or non-bank financial institutions at home and in placement states other than through financial and entrepreneurship educations. The current form of intervention—in comparison to the previous ones— shows a different approach because it utilizes framework of financial protection imposed upon central and local governments and because it is the only form of intervention having legislation as a legal basis. Nonetheless, given the fact that migrant workers' remittances are essentially private essentially private transaction, while public approval is a prerequisite for government intervention in regards to the concepts of democracy and constitutionalism, this legislation is intended to meet this requirement simply and to provide a higher legal basis for the government's intervention. Migrant workers must be given more consideration on a policy basis, as their contribution is greatly valued⁷.

The restriction is required to prevent consequences or practices contrary to the intention of discretion, although government function expansion itself emerges as a consequence of welfare services demand in the framework of the welfare state⁸. Particularly in the context of IMWs' remittances, the fact that provisions in the 1945 Constitution concerning the extent of state intervention in economic resources allocation do not cover human resources is a forceful impetus to restrict the Indonesian government from intervening the remittance management.

Besides, remittance can be considered the most tangible benefit of international labour migration for developing countries, and most authorities in states of origin seem confident that

³ Esping-Anderson, Gosta (1990): *The Three Worlds of Welfare Capitalism*, Princeton, Princeton University Press.

⁴ Freeman, Gary P: "Migration and the Political Economy of the Welfare State", *The Annals of the American Academy of Political and Social Science*, n° 485 (May 1986), p. 52.

⁵ Yazid, Sylvia: "Labour Migration from Indonesia to South Korea: Challenges in Maximizing Potentials", *Jurnal Hubungan Internasional*, Vol. 6, n° 1 (September 2017), pp. 72-80.

⁶ Alfajri, Ahmad and Maulidia, Halida: "The Obstacles in Fulfilling Social Protection for Indonesian Women Migrant Workers in Malaysia from 2016 to 2018", *Jurnal Hubungan Internasional*, Vol. 8 n° 2 (March 2020), pp. 183-195.

⁷ Maksum, Ali; Tsay, Ching-lung and Muhammad, Ali: "Indonesian Migrant Workers in Taiwan: The State Dilemma and People's Realities", *JSP: Jurnal Ilmu Sosial dan Ilmu Politik*, Vol 24, n° 1 (2020), pp. 80-96.

⁸ Palguna, I D.G. (2019): *Welfare State vs Globalisasi: Gagasan Negara Kesejahteraan di Indonesia*. 1st ed., Depok, Rajawali Press.



the impacts have been 100% positive. However, the remittance impacts were varied in each region as these critically depended on the specific circumstances under which migration occurred⁹. It is naive to expect that ideas for facilitating remittances through official channels and channelling remittances into productive investments and mobilizing them for national development will be impossible as long as the political and economic conditions in the countries of origin of migrant workers remain unfavourable¹⁰.

Due to the lack of constitutional basis in respect to state interventions in human resources allocation, including the private nature of migrant worker`s remittances, as well as the conditional impacts, it is important to find out the extent to which the Indonesian government`s intervention—as regulated in Law No. 18 of 2017—can be conducted.

2. Literature Review

The economic development perspective mostly dominates academic research on migrant workers' remittances (e.g., Oberai and Singh 1980; Knowles and Anker 1981; Djajić 1986; Adams 1991; Nishat and Bilgrami 1991; Barham and Boucher 1998; Taylor 1999; Campbell 2008; Yang 2011; Awal 2011; Garip 2012; Gerber and Torosyan 2013; Mondal and Khanam 2018; Pan et al. 2020; etc.). Research on remittance behaviour (e.g., Chandravarkar 1980; S.-H. Lee, Sukrakarn, and Choi 2011), including motivation send remittances (e.g. Lucas and Stark 1985; Lim and Morshed 2015). Less attention is given to challenges to laws and policies on migrant workers' remittances. This article is expected to fill this space by discussing a welfare state's government intervention in the remittances of migrant workers, especially the restrictions for such an intervention.

There has been researches on government interventions related to international labour migration. Lee discusses migrant workers' states of origin's interventions by offering an alternative approach to conceptualizing sending states' roles in international migration in a more optimistic sense, i.e., (1) intervention to reduce the risks and costs associated with international migration—in which case such intervention can be characterized as direct and indirect—besides to help linkages creation between potential employers and migrant workers,¹¹ (2) sending states could support the existing flows and pursue a policy of diversification, and (3) sending states to have access to formal diplomacy and other forms of engagement as well as the capacity to shape migrant labour pools in ways that help match the demand in targeted foreign labour markets¹². However, that discussion focuses on state interventions in international labour migration—not specifically the remittances generated—and relies on the evidence from the Philippines.

The existing research on IMWs' remittance management shows different focuses (e.g., Primawati 2011; Sulistiyo and Wahyuni 2012; Octaviani 2016; etc. Hamdi 2021; etc.), but state interventions in this management—particularly the restrictions—have not been discussed. For instance, Yuniarto describes remittance management from the experience of IMWs' families, in which case he refers remittance management to remittance use ranging from supporting families in the areas of origin—by funding daily needs, education, health, life support for

⁹ International Labour Office, (2010): *International Labour Migration: A Rights-Based Approach*. Geneva, International Labour Office, pp. 41-43.

¹⁰ Haas, Hein de: "Remittances, Migration and Social Development: A Conceptual Review of the Literature", United Nations Research Institute for Social Development, Programme Paper Number 34, October 2007, pp. 25-26.

¹¹ Lee, Suzy: "Migrating Beyond Networks: The Mechanisms of Sending State Intervention", *Migration and Development* (July 2019), pp. 2-5.

¹² *Ibid.*, pp. 9-10.



surrogate parents, land purchase, and entrepreneurship—to commemorating holidays¹³. Dewi and Yazid describe the actors involved in IMWs' remittance management—relative position and function within the remittance flow as well as bad and good practices—ranging from academicians to NGOs, migrant workers community, and government institutions, whose views on remittance management are broader than Yuniarto as high transfer cost, in addition to remittance use, also raises a concern¹⁴.

3. Methodology

This is a doctrinal-legal-research study with a more interdisciplinary direction. It is a positive-law-oriented research study seeking to determine the extent to which the Indonesian government can enter IMWs' remittance management. A law-in-context approach was used to understand the law as migrant workers' remittance management is not something that originated from the law internally. The research materials used in this article are comprised of (1) normative resources mostly in the form of statutory laws relevant to IMW protection, state finance, national economy, banking, and non-bank financial institutions, (2) authoritative sources in the form of scholarly legal writings, mostly concerning welfare state; and (3) additional sources consisting of some non-legal writings. These research materials were analysed qualitatively.

4. Discussion

4.1. The Stage of Management wherein the Indonesian Government Might Intervene

The Indonesian government's intervention in IMWs' remittances seems to attract something private into the active role of the government. Nonetheless, the position of IMWs' remittances outside the scope of state finance brings a consequence that the government cannot treat such remittances as it does state finance: the government cannot manage IMWs' remittances on its own. Hence, the stages of state finance management—either at the national level, comprised of planning, implementation, supervision, and accountability (Art. 1 point 6 Law No. 15 of 2004 on the Examination of State Finance Management and Responsibility (Law 15/2004)), or at the local level, covering budgeting, administration, and reporting (Art. 1 point 2 Government Regulation No. 12 of 2019 on Local Finance Management (PP 12/2019))—are completely irrelevant. However, the act of management by the government exists only in the context of state finance and—about the Constitutional Court's interpretation of under the powers of the state's—natural resources and important sectors of production (Constitutional Court Decision No. 001-021-022/PUU-I/2003). The stages are only in state finance, while the rest merely indicates how the management is conducted.

The seeking of stages in which the government may intervene must be based on stages that specifically exist in migrant workers' remittance management accordingly. The development and migration pessimism argument—that remittances are mainly spent on conspicuous consumption and that consumptive investments are rarely made to productive enterprises¹⁵—reflects the utilization of remittances: to which posts the remittances are allocated and spent. In the sense that remittance management is conducted after remittances are received by migrant workers' families—meaning that the families conduct the management—such utilization appears to be the only plausible stage of remittance management. Nonetheless, another study suggests a wider perspective, i.e. remittance management should be viewed as a

¹³ Yuniarto, Paulus Rudolf: “Siasat Bertahan, Model Pengelolaan Remitansi, dan Usaha Mikro Keluarga Buruh Migran”, *Populasi*, Vol.23, n° 1 (2015), pp. 81-83.

¹⁴ Dewi, Elisabeth Adyiningtyas Satya, and Sylvia Yazid: “Tata Kelola Remitansi Buruh Migran Indonesia oleh Pemangku Kepentingan di Tingkat Nasional dan Akar Rumput: Praktik Baik, Peluang dan Tantangan”, *Jurnal Hubungan Internasional*, Vol. 6, n° 2 (2017), pp. 209–219.

¹⁵ See Haas, *op. cit.*, p. 5.



matter of controlling informal channels entailed by all stages of the process—from transfer mechanisms to investment schemes and diaspora entrepreneurship¹⁶.

If spending—including the allocation arrangement by IMWs' families—is considered the only stage of migrant workers' remittance management, it is logically impossible for the government to intervene. Even if it is only one of the stages, this should be the area fully controlled by migrant workers' families. However, the Indonesian government may intervene in the other stages. Transfer mechanisms can be intervened through the relation between the government and remittance channels—meaning that this applies only to the channels the government has a relevant relation with—but remittance channels also include informal ones, among others, self-carry and peers. Investment schemes and entrepreneurship can also be intervened through the relation between the Indonesian government and institutions relevant to investment and entrepreneurship—hence, it is also applicable only to institutions the government has a relevant relation with—but this only covers certain portions of the remittances allocated in investment and entrepreneurship.

There is no stage of migrant workers' remittance management wherein the government has direct and full access. The private nature of migrant workers' remittances naturally restricts the Indonesian government from managing IMWs' remittances. How the Indonesian government relates to other institutions becomes the entrance point, and the widest space for intervention is merely at the stage of the transfer process, while investment and entrepreneurship are—in addition—highly influenced by the remittances allocation arranged by IMWs' families. Spending—including the allocation arrangement—is logically a restricted area, and it can only be fostered towards investment and entrepreneurship through education. Financial and entrepreneurship educations are consequently very important steps, but the intact formulation of Article 35 of Law 18/2017 is separated from remittance management.

In comparison, governmental policy measures over the years—as summarized by ILO—also cover these steps. The notion tends to be something influential—instead of mandatory means—to attract remittance flows as the policy measures have been largely in the form of incentives due to the nature of migrant workers' remittances that are essentially private transfers. Mandatory remittance requirements exist only at the transfer stage—wherein the effectiveness depends on a rare situation—while incentives appear in every stage, including the transfer process¹⁷ (Puri and Ritzema, n.d., 19).

4.2. The Involvement of Banks or Non-Bank Financial Institutions in the Management

As the extent of state intervention in economic resources in the 1945 Constitution merely encompasses natural resources and important sectors of production but not human resources, the Constitutional Court's interpretation of the meaning of 'under the powers by the state. That also includes the management function (*beheersdaad*) has no direct linkage to the remittances of IMWs. The Constitutional Court stated in its decision that the management function is conducted through a shareholding mechanism or a direct involvement in State-Owned Companies/State-Owned Legal Entities as an institutional instrument wherein the state makes use of its control over wealth sources to be utilized for the prosperity of the people (Constitutional Court Decision No. 001-021-022/PUU-I/2003), but—again—this is in the context of natural resources and important sectors of production. IMWs' remittances cannot be considered natural resources because they are generated from human resources—IMWs—

¹⁶ Moniruzzaman, Mohammad: “Governing the Remittance Landscape for Development: Policies and Actors in Bangladesh”, in Chikanda, Abel., Crush, Jonathan., Walton-Roberts, Margaret (eds) (2016): *Diasporas, Development and Governance. Global Migration Issues*, vol 5, Cham, Springer, p. 119.

¹⁷ Puri, Shivani, and Tineke Ritzema: “Migrant Worker Remittances, Micro-Finance and the Informal Economy: Prospects and Issues”, ILO Working Paper. n° 21. p. 19.



which are a distinct component of economic resources. Such management function can only be pursued if IMWs' remittances are regarded as an important sector of production—following the Constitutional Court's interpretation on 'important sectors of production'—thus, the shareholding mechanism or direct involvement is relevant for State-Owned Companies/State-Owned Legal Entities related to IMWs' remittances.

Starting from the point that remittances are of a private transfer nature—thus, stimulation is needed to enter certain stages of remittance management, specifically investment and entrepreneurship—and by taking into consideration the possibility to include IMWs' remittances as an important sector of production—thus, such a government management function can be executed—some institutions can be involved in IMWs' remittance management stages to attract or to manage. However, the means are probably the same. One thing to note is that Article 35-point a of Law 18/2017 is insufficient to completely reach IMWs' remittances as the formula restricts these institutions to only banks and non-bank financial institutions. In other words, the formula is formal-money-transfer-oriented, while the remittances of migrant workers are not always in the form of money¹⁸ and can be transferred through informal channels.

There are examples from other states of the involvement of banks or non-bank financial institutions, but it is difficult to set free from financial and entrepreneurship educations. In the transfer process, banks and licensed fund transfer service providers providing remittance services can attract remittance sending through official channels. Governments' policy measures at this stage consist of mandatory requirements and incentives, but incentives—especially in the form of repatriable foreign currency accounts (RFCAs) and foreign-currency-denominated bonds—are more preferred.¹⁹ As mandatory requirements—governments requiring certain percentages of remittances to be transferred through migrant workers' states of origin's domestic banking systems—can only be effective if the authorities have direct control over the entire process of labour migration.²⁰ In the investment stage, investment institutions can be involved to attract the utilization of IMWs' remittances towards this as well as to manage it, for instance, through a non-repatriable investment scheme and duty exemption for certain goods as in the case in Pakistan, preferential access to certain goods as in the case in India, and advisory services and supplementary loans as in the case in Thailand.²¹ In the entrepreneurship stage, some institutions can also be involved to attract the utilization of IMWs' remittances towards this and manage it, among others, through training centres establishment and entrepreneurship development program inauguration.²²

Whether these means can be implemented in Indonesia is determined by how the Indonesian government relates to institutions related to IMWs' remittance management; hence this relation technically restricts the Indonesian government's intervention in IMWs' remittance management. Institutional authority is a big issue in managing IMWs' remittances as the authorized entity needs to be clarified. *Which government institution at the central level has the authority? What about local governments? How do both relate to each other? How do they relate to banks and non-bank financial institutions? Is there any distinctive relation with banks or non-bank financial institutions outside the state, especially in IMWs' placement states?*

The remittances of IMWs are particular objects showing an intersection between—in the decentralized unitary state of Indonesia—central and local governments: *it is a matter of labour, but it is also a matter of national income* (Ou 1946, 294–96). Law No. 23 of 2014 on

¹⁸ Engle, Lauren B: "The World in Motion: Short Essays on Migration and Gender", IOM, 2004, pp. 38-40.

¹⁹ See Puri, *op. cit.*, pp. 20–21.

²⁰ *Ibid.*, pp. 19–20.

²¹ *Ibid.* p.24.

²² *Ibid.* pp.24-25.



the Regional Government (Law 23/2014) has placed labour as a compulsory affair unrelated to basic services. They meant that it is classified under concurrent government affairs, which are regional governments' authority (Arts. 9 para. (3); 11 para. (1) Law 23/2014). Meanwhile, national monetary and fiscal affairs are categorized into absolute government affairs, meaning that they entirely fall under the central government's authority, while the central government executes these affairs on its own or delegates its authority based on the de-concentration principle (Arts. 10 paras. (1), (2); 9 para. (2) Law 23/2014).

Banks and non-bank financial institutions involvement appears to be in the domain of the central government as (1) it is largely counted as a national monetary and fiscal affair and as (2) Law 18/2017 imposes the duty to conduct inter-institutional coordination concerning the policy of IMW protection upon the central government (Art. 39 point m Law 18/2017). More than 25 districts/municipalities in Indonesia are migrant worker enclaves (BP2MI 2021). However, local governments have no clear authority to manage IMWs' remittances—or, more specifically, banks and non-bank financial institutions in such management. The most relevant provision is that provincial and district/municipality governments bear the duty and responsibility to provide IMWs with after working protection which includes the empowerment of IMWs and their families (Arts. 40 point e, 41 point e, 24 para. (1) point e Law 18/2017). This might be relevant for the entrepreneurship and investment stages of IMWs' remittance management, but the timeframe is limited due to its placement under the framework of after working protection, meaning that this does not apply if the IMWs have not returned to their areas of origin. Besides, there is also an unclear portion of the Ministry of Manpower and the Indonesian Migrant Workers Protection Board (*Badan Pelindungan Pekerja Migran Indonesia*, BP2MI) on the former IMW economic empowerment program (Arts. 45 point g, 47 point f Law 18/2017).

At the central level, the Minister of Manpower acts as a policymaker—in which case the tasks include arrangements of norms and standards on IMW protection—while the BP2MI is a non-ministerial government agency—revitalized from the National Agency for Placement and Protection of Indonesian Migrant Workers (*Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia*, BNP2TKI) and acting as the policy executor (Arts. 45 points a, 46 para. (3) Law 18/2017; Art. 2 Presidential Regulation No. 90 of 2019 on the Indonesian Migrant Workers Protection Board (PERPRES 90/2019)). This means that there should be a norm and standard on IMW protection initiated by the Ministry of Manpower—particularly in terms of financial protection, there should be a government regulation—to be executed by the BP2MI.

In order to involve banks and non-bank financial institutions in the management of IMWs' remittances, the central government should coordinate with some independent bodies, i.e., the Financial Services Authority (*Otoritas Jasa Keuangan*, OJK) and the central bank (Bank Indonesia, BI), as currently the regulation and supervision of (1) non-bank financial institutions—which include, among others, insurance institutions, financing institutions, export financing institutions, etc.—are carried out by the OJK (Arts. 5, 6, 8, 9, 2 para. (2), 1 point 10, 55 para. (1) Law No. 21 of 2011 on the Financial Services Authority (Law 21/2011)), (2) bank micro-prudential supervision is similarly carried out by the OJK (Art. 34 para. (1) Law No. 13 of 1999 on Bank Indonesia as lastly amended by Law No. 6 of 2009; Arts. 6 point a, 7, 39, 55 para. (2) Law 21/2011, ('Joint Press Release No. 15/56/DKom' 2013)), and (3) bank macro-prudential supervision is carried out by BI in coordination with the OJK ('Joint Press Release No. 15/56/DKom' 2013). The coordination with the OJK would be beneficial, especially in banks' involvement in IMWs' remittance management, as the OJK is authorized to regulate and supervise banks' institutions, including their business activities (Art. 7 points a Law 21/2011). However, special attention needs to be directed to banks involved in the transfer stage as there



are only 7 Indonesian banks having branch offices located in Hong Kong, Malaysia, Singapore, China, Japan, India, East Timor, the UK, the USA, and Cayman Islands (OJK n.d.), whilst IMWs spread across over 25 countries and—at least since 2017—the top 10 always include not only Hong Kong, Malaysia, and Singapore, but also Taiwan, Saudi Arabia, and Brunei Darussalam (BNP2TKI 2020; BP2MI 2021).

Western Union, MoneyGram, and Pos Indonesia (Indonesian postal network) appear to be the other channels having a broader range; hence the government's coordination with BI is also necessary—although the dynamic of the institutions regulating and supervising financial institutions shows that BI's authority has been significantly reduced—as these have been listed as 3 out of 206 licensed non-bank money transfer operators ('Payment System' n.d.). While non-bank money transfer operators licensing and regulation are still under BI's authority (Art. 69 paras (1), (2) Law No. 3 of 2011 on Fund Transfer (Law 3/2011); Bank Indonesia Regulation No. 14/23/PBI/2012 on Fund Transfer (PBI 14/23/PBI/2012)), besides, BI is the institution arranging the Indonesian balance of payment (*Neraca Pembayaran Indonesia*, NPI), in which case IMWs' remittances are personal transfers recorded under the secondary income.

One thing that tends to be unclear is how the government can touch other non-bank financial institutions related to the other IMWs' remittance management stages through coordination with the OJK. These institutions' supervisory and regulatory affairs are under OJK's authority. However, the authority specifically relating to their business activities is only in terms of supervision, i.e., in the form of approval or approval revocation to conduct business activities (Art. 9 point h Law 21/2011). No regulatory authority is specifically dedicated to non-bank financial institutions' business activities, but efforts might probably be made for it through the OJK's authority to establish statutory laws on the financial services sector (Art. 8 point b Law 21/2011).

4.3. The Construction of a 'Safe House.'

The welfare state as a closed system is essentially inward-looking—seeking to take care of its own while its ability to do so is premised on its ability to construct a 'safe house' to shelter its members from the outside world²³—hence, the implications for the welfare states playing different roles in the international labour migration process are distinctive. For a welfare state acting as a placement state, the migration addresses problems caused by welfare state constraints on the flexibility of the labour market only if the migrant workers are excluded from exercising welfare state rights.²⁴ For a welfare state acting as a state of origin—as Indonesia in the context of IMWs—the demand to construct such a 'safe house' should be translated into the best protection for IMWs as its members.

As the need for restriction is to prevent consequences or practices contrary to discretion, then the intention itself ultimately restricts such an intervention. The government's intervention in IMWs' remittances is consequently restricted by the intention to give financial protection. This conforms with the consequence of welfare state as a closed system in the case of a welfare state acting as a migrant workers' state of origin, i.e., to construct a 'safe house' by protecting its members as the welfare state is essentially inward-looking—seeking to take care of its own. At the same time, its ability to do so is premised on its ability to construct a 'safe house' to shelter its members from the outside world.²⁵

The government's intervention in IMWs' remittance management may be a means of protection, but the creation of employment within the state—in the context of IMWs related to

²³ See Freeman, *op. cit.*, p. 54.

²⁴ *Ibid.*, p. 56

²⁵ *op. cit.*, p. 54.



the concept of the welfare state as a closed system—appears to be the best way to protect IMWs while reducing Indonesia’s dependence on labour migration. This can be an attempt to blunt the sharply disparate condition for the sake of maintaining the welfare state concept in an increasingly interdependent global political economy. Indonesian policy regarding the government’s intervention in IMWs’ remittances will be a ‘safe house’ if the general economic condition within the state—including the job creation—is enhanced.

5. Conclusion

The space for the Indonesian government to intervene in the management of IMWs' remittances is extremely limited, as many restrictions do exist. First, the private nature of migrant workers’ remittances naturally restricts the government’s intervention, leading to the stages of remittance management in which the Indonesian government might intervene and the degree of accessibility. In essence, there are no stages of migrant workers' remittance management wherein the government has full and direct access. Second, the intervention is technically restricted by the relation between the Indonesian government and other institutions relevant to remittances at the accessible stages. In this sense, coordination between the central government and some independent bodies—the OJK and BI—is necessary. Third, the position within the framework of financial protection ultimately restricts the government’s intervention. If the welfare state notion as a system is to persist in the interdependent global political economy, the intervention must be used as a measure of protection while generating better domestic employment opportunity.

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