



The objectives of this study are fourfold. First, to investigate the direction of impact of the technological change in the yarn and thread manufacturing industry (ISIC number 32111) and the weaving mills except yute and plastic weaving products (ISIC number 32112), since the foreign investment law and domestic investment law were announced. Second, to determine labour productivity changes. Third, to determine the opportunity of employment in the large and medium scale firms of both industrial groups. Fourth, to determine some factors which influenced the opportunity of labour employment.

This study deals with the impact of the establishment of the foreign investment law and domestic investment law on labour productivity and labour absorbed in the both industrial groups. The cross sectional data of 1975 and 1981 used was primary data on industrial statistics collected by Biro Pusat Statistik and processed especially for this research. The analysis employed was quantitative and qualitative analysis.

Some of the main results of this research were:

Some impacts of the establishment of the foreign investment law and the domestic investment law, in the yarn and thread manufacturing industry and the weaving mills, were different from one another:

1. After the foreign investment law and the domestic investment law were established, investment activities in the yarn and thread manufacturing industry and the weaving mills increased, and there were capital intensive technological changes in the both industrial groups, but in the yarn and thread manufacturing industry was more capital intensive than in the weaving mills. The technological changes caused the following items: (a) There was a concentrated of the product sales in the yarn and thread manufacturing, and the manufacturing firms which used labour intensive technology were eliminated, so that they faced an oligopolistic market. (b) There was technological dualism in the weaving mills, because the manufacturing firms which used labour intensive technology had to product differentiated products for their survival, and there was a lack of concentration in the product sales in the weaving mills, so that they faced monopolistic competitive markets.
3. There was an increasing labour productivity in both industrial groups, during the period of 1975-1981, but the increasing rate in the manufacturing industries established before the establishmet of the foreign investment law and the domestic law was greater than the one in the manufacturing industries established after.



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DAMPAK DIBERLAKUKANNYA UNDANG-UNDANG TENTANG PENANAIAN MODAL ASING DAN
UNDANG-UNDANG TENTANG PE A
AMAN MODAL DALAM NEGERI TERHADAP PRODUKTIVITAS TENAGA KERJA DAN TENAGA KERJA
YANG DISERAP (KASUS I

DUSTRI PEMINTALAN BENANG DAN INDUSTRI PERTENUNAN 1975- 1981)

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4. The decrease of the labour absorption which was caused by the technological changes was smaller than the increasing labour absorption caused by the newly established manufacturing during the same period, so that the establishing after foreign investment law and domestic investment law had increased labour absorption in both industrial groups.
5. In 1975 and 1981 the technical efficiency of the weaving mills in greater than the one of the yarn and thread manufacturing industry, because the former industry faced the monopolistic competition market and the latter industry faced the oligopolistic market.
6. The labour absorption in the both industrial groups were effected by the technological changes, and the amount of product and the changes of the wage rate, interest rate, raw materials prices and the product price did not effected them.

The main conclusion of this study, were:

1. After the foreign investment law and the domestic investment law were established, the yarn and thread manufacturing industry and the weaving mills except yute and plastic weaving products had important roles in the Indonesian economic development, because: (a) the capital intensive technological changes had increased their labour productivity, and thus it might increase the standard of living of society, and (b) there was an increase in the opportunity of labour employment in both industrial groups.
2. After the foreign investment law and the domestic investment law were announced, the intensity of capital used had increased the labour productivity and the labour absorption. In Order to enlarge the amount of the labour absorption, it is recommended to invest in capital with a capital intensive technology or to enlarge the amount of the product.
3. Some objectives of the establishment of the foreign investment law and the domestic investment law were to encourage increasing of the labour productivity and the labour absorption, but caused of the market structure of industries, the normative aspect of the both laws had not urged all of the development of the industrial firms. So the impact of the establishment of the both laws on labour productivity and labour absorption, in many industries, was different one another.