

## Coexistence of Rengasdengklok's Economic Dualism from the Japanese Occupation to the Modern Era

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### ABSTRACT

*Rengasdengklok*, a small town in Karawang Regency, has a long history from the Dutch East Indies to the Japanese colonization. This research analyzes economic dualism in *Rengasdengklok* from the Japanese colonial period to the modern era, using a historical approach to explore the socio-economic changes. The research methods include heuristics for historical data collection, source criticism to evaluate information validity, data interpretation in a socio-economic context, and historiography to compile a systematic narrative. Economic dualism reflects the existence of two different systems—traditional and modern—operating simultaneously. During the colonial period, Dutch colonial policy emphasized exploiting resources for export, while the Japanese focused on production for military needs. The results show that while the modern sector is thriving, the traditional sector remains the main foundation of local communities. This dualism creates challenges of inequality and dependence on modern markets but also presents opportunities for tradition-based innovation. The implications of this research emphasize the importance of inclusive policies that integrate the traditional and modern sectors for sustainable economic development.

**Keywords:** Rengasdengklok's; Economic; Modern Era

### INTRODUCTION

*Rengasdengklok*, a small town in Karawang Regency, has a long history from the Dutch East Indies to the Japanese colonization. Geographically, this area is located in a lowland with an average temperature of 27°C and annual rainfall of around 1,100–3,200 mm (Karawang Regency Government, 2020). The colonial history of *Rengasdengklok* shows a significant transformation in the socio-economic structure due to the policies implemented by the Dutch and Japanese colonizers.

During the Dutch East Indies period, *Rengasdengklok* was known as an agrarian area with an organized agricultural system for export. Infrastructure such as railways supported the efficiency of crop distribution. However, the Japanese colonial period brought drastic changes with policies that forced local communities to support the needs of the war, especially through agricultural programs focused on rice production (Aderoben et al., 2022).

Karawang has a long history that began during the Dutch East Indies period and continued into the Japanese colonial period. During the Dutch East Indies era, Karawang was known as a fertile agricultural area, with an organized agricultural system for export. Infrastructure built by the colonial government also supported this sector. However, during the Japanese colonial

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period, many changes occurred, where the Japanese focused more on the exploitation of natural resources for the sake of their war effort (Aderoben et al., 2022).

During the Dutch East Indies period, *Rengasdengklok* had a structured agricultural system where local people worked as farmers and managed their farmland. Agriculture was the main source of livelihood, and communities were also involved in the trade of agricultural products, although they depended on Dutch entrepreneurs who controlled the trade (Paramanandana et al., 2021). However, during the Japanese period, this condition changed drastically. Japan implemented harsher policies, forcing people to contribute to economic programs that supported the war, such as rice farming to meet military needs (Budiarto, 2021).

The *Rengasdengklok* community during the Dutch East Indies era had an important role in the social and economic fields, especially in the agricultural sector. They built a solid social network to support each other in facing difficulties caused by colonial policies (Paramanandana et al., 2021). However, during the Japanese period, their role changed as they were forced to follow policies that focused more on production for military purposes. This led to changes in social and economic structures, where people struggled to maintain their livelihoods amid increasing pressures (Aderoben et al., 2022).

The major difference between the Dutch East Indies period and the Japanese period lies in the economic and social approaches applied. During the Dutch period, despite exploitation, people still had room to engage in more diverse economic activities. Meanwhile, during the Japanese period, the policies implemented were more authoritarian, forcing the community to focus on production for the war effort. Japan's economic program, called the "War Economy," required people to produce large quantities of agricultural products, often disproportionate to the rewards they received. This caused dissatisfaction and affected the socio-economic dynamics in *Rengasdengklok* (Aderoben et al., 2022).

The coexistence of economic dualism in *Rengasdengklok* during the Japanese period can be explained by Boeke's theory, which states that two economic systems can operate simultaneously in one region. On one hand, there was an economy managed by the Japanese government, focused on military needs. On the other hand, there was a local economy trying to survive despite increasingly difficult conditions. The people of *Rengasdengklok* tried to balance Japan's demands with their need for survival, creating complex social and economic dynamics (Budiarto, 2021).

To understand economic dualism, it is important to refer to research describing the impact of colonial intervention on local economic structures. For example, Wahid (2018) highlights how the land tax system imposed during the colonial period created inequality in the management of economic resources. This policy not only exacerbated the gap between groups but also reinforced economic dualism by separating economic sectors based on their access to and ability to manage resources. These findings are relevant in understanding conditions in *Rengasdengklok*, where economic inequality is still felt today.

In addition, economic dualism often goes hand in hand with leadership dualism, which also impacts economic instability. Khairunnisa Pasaribu et al. (2024), in their research on the Sultanate of Jambi, revealed that colonial intervention not only affected economic structures but also caused conflicts in local leadership. This conflict created uncertainty that hindered economic development. This insight can be used as a reference in analyzing the impact of

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colonial intervention on economic dualism in *Rengasdengklok*, especially in the context of the relationship between the modern and traditional sectors.

This research focuses on changes in the economic structure of *Rengasdengklok* during the Dutch and Japanese colonization. Understanding how traditional and modern economic systems can grow side by side in a single region is important, as it provides a comprehensive picture of the social and economic dynamics of local communities.

During the Dutch colonial period, policies focusing on the exploitation of natural resources and infrastructure development for colonial interests brought major changes to *Rengasdengklok's* economic structure. According to Pranadji (2016), institutional aspects have a crucial role in directing social change processes, especially in rural areas dominated by agrarian civilizations. In this context, traditional agriculture-based economic systems began to be affected by economic policies that were more modern and market-oriented.

Further developments occurred under Japanese colonialism. Policies forcing farmers to hand over their crops created tensions between the traditional and modern sectors. Hubbansyah (2023) reveals that Indonesia's economic development is marked by a structural transformation, with shifts in the economic structure and employment from the agricultural sector to the non-agricultural sector. Even so, the traditional sector still plays an important role in people's lives, even as the modern sector continues to develop.

Understanding the interaction between the two economic systems is key to people's welfare. Syahyuti (2016) emphasized that changes in land tenure patterns and rural structures in Indonesia are greatly influenced by agrarian policies, which ultimately impact the social and economic aspects of the community. In the context of *Rengasdengklok*, this development can be read as an effort to balance the demands of modernization with the preservation of traditional values, so people can maintain their identity amid changing times.

One relevant theory to understanding the existence of two different economic systems is Boeke's concept of economic dualism. This theory asserts that traditional and modern economic systems can operate simultaneously within a single region. Boeke argues that although the coexistence of these two systems can cause inequality, there is also room for interaction and adaptation between them (Bachmid et al., 2024).

As an illustration, research by Riviera shows that although the modern market in Indonesia is growing rapidly, the level of consumer preference for traditional markets remains quite high. This tendency is especially seen among people who prioritize cultural familiarity and personal service (Riviera & Fauzi, 2022). This phenomenon demonstrates how both economic systems, traditional and modern, can influence and adapt to each other in the local context.

In this study, the selection of literature is based on relevance and credibility to present a comprehensive perspective on economic dualism in *Rengasdengklok*. The importance of choosing the right sources lies in ensuring accuracy and accountability of information. Therefore, various academic sources including journals, historical archives, and research documents are utilized to support the analysis.

One of the important elements in maintaining data accuracy is source validation, which can be performed through source criticism using historical methods. Through source criticism, researchers assess the reliability and relevance of the information obtained. For example, Firmansyah et al. (2023), in their research on Islamic religious education policies during the

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Japanese occupation, used literature studies to collect information from relevant experts, thereby creating a strong context for the issues studied. This method ensures the data used in the analysis are valid and reliable.

Another example can be seen in a study by Heryanto and Suryatmana (2020) that examined the dynamics of the sugar agroindustry in Indonesia. Using a secondary data-based system analysis approach and related literature, the study provided a comprehensive overview of challenges in the agroindustry sector. This demonstrates the importance of relying on credible sources for in-depth and accurate analysis.

In understanding the economic dualism experienced by *Rengasdengklok* during Dutch and Japanese colonization, several key studies offer important insights into historical and economic transformations. Wahid (2018) examined the impact of land tax policies during the colonial era and how they perpetuated economic inequality. This is highly relevant to *Rengasdengklok*, where colonial policies led to a sharp divide between those with resource access and those without. Wahid emphasized that these policies resulted in segregation of economic activities, aligning with *Rengasdengklok's* historical realities under Dutch rule. However, Wahid focused primarily on land taxation and inequalities without extending analysis to broader socio-economic effects or the shifts between modern and traditional sectors, a gap this study seeks to address.

Another important study by Khairunnisa Pasaribu et al. (2024) examined leadership and economic dualism in the Sultanate of Jambi during the colonial period, highlighting economic transformations influenced by colonial interventions. This study revealed struggles within local leadership and how colonial policies exacerbated community conflicts. While Pasaribu's research offers significant insight into leadership dualism, it did not fully explore how dual economic systems influenced local markets or the adaptation of traditional and modern sectors—crucial elements for understanding *Rengasdengklok's* dynamics.

The purpose of this study is to analyze the evolution of economic dualism in *Rengasdengklok* during the Dutch and Japanese colonial periods, focusing on the socio-economic impacts of these dual systems. By examining the interactions between traditional and modern economic structures, the study aims to contribute to the historical understanding of how colonial policies shaped local economies. The findings will provide insights for contemporary economic analysis, particularly in understanding how colonial legacies continue to influence local markets and social dynamics in rural Indonesia. The research also offers practical implications for policymakers and scholars, enhancing the understanding of socio-economic resilience and adaptability in post-colonial contexts.

## METHOD

This research employed a historical approach to analyze socio-economic developments in *Rengasdengklok* from the Japanese colonial period to the modern era, following four key steps: heuristic, source criticism, interpretation, and historiography. Initially, researchers gathered various historical sources such as academic literature and archival documents to provide context, drawing on studies that emphasize the importance of local history and data collection methods (Kuswono et al., 2021; Kholil, 2023). Next, source criticism evaluated the validity and relevance of these materials, prioritizing accurate primary sources to ensure quality analysis (Nurhakim, 2024; Sjamsuddin, 2012). During interpretation, data were analyzed

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within socio-economic contexts relevant to *Rengasdengklok*'s social dynamics under Japanese rule (Purnama & Wahyuni, 2018), while historiography involved assembling findings into a coherent, accessible narrative (Maula, 2020; Mafa'idah, 2022).

Economic dualism in *Rengasdengklok* reflects the coexistence of two sectors: a modern sector linked to the global market and a traditional sector reliant on local practices. During the Japanese occupation, policies influenced resource distribution and created inequalities between these sectors (Aderoben et al., 2022). The Dutch colonial period saw exploitation of natural resources combined with infrastructure development primarily serving colonial interests rather than local welfare (Arifin Rivai, 2017). Japanese policies such as “rice politics” further strained the community by compelling farmers to surrender crops, adversely affecting food security (Galuh Mahardika & Ramadhan, 2020). Post-independence efforts to strengthen the local economy did not fully resolve disparities, as the modern sector continued to outpace the traditional one (Al Hazmi, 2024).

Quantitative and qualitative evidence reveals persistent poverty among farmers and feelings of marginalization amid industrial growth (Khairunnisa, 2024; Christian et al., 2022). The theory of economic dualism explains that unequal access to resources and technology perpetuates these divides. Government policies favoring industrial growth without adequate support for traditional sectors exacerbate economic injustice (Christian et al., 2022). Furthermore, Indonesia's economic relations with Japan in investment and trade often overlook impacts on local communities, deepening economic dualism (Arifin Rivai, 2017).

## **RESULTS AND DISCUSSION**

The results and discussion in this study focus on the analysis of economic dualism in Rengasdengklok, specifically how two economic systems—traditional and modern—operated simultaneously from the colonial period to the modern era. This research discusses the impact of colonial history on local economic structures, the role of the traditional agricultural sector as the economic foundation of the community, and the dynamics of transformation towards modernization. By understanding the interaction between the traditional and modern sectors, this discussion explores how inequality and coexistence affect the well-being of local communities.

### **Economic Restructuring of Rengasdengklok during the Dutch East Indies Period**

During the Dutch East Indies colonial period, colonial policies that focused on regulating agriculture and plantations for export greatly influenced the economic restructuring in Rengasdengklok and the surrounding area. Through the Cultuurstelsel system, the colonial government required local farmers to grow commodities with export value such as coffee, sugar, and spices. This policy not only changed traditional farming patterns, but also had a major impact on the social and economic order of the local community (Machmudi et al., 2024; Puspita et al., 2022).

In addition, infrastructure development was also an important factor in economic restructuring at that time. The colonial government built a transportation network including highways and railways to facilitate the delivery of produce to export ports. These projects, which are generally managed by Dutch engineers, aim to improve production and distribution efficiency, but often override the welfare of local communities (Machmudi et al., 2024;

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Ravesteijn, 2007). Although the new infrastructure brings a modernization aspect, the social costs that the indigenous people have to bear are often not small (Machmudi et al., 2024).

From a social and economic perspective, the impact of this policy is very felt by the local community. They are often forced to work on plantations and infrastructure projects for minimal pay, thus triggering labor exploitation and lowering living standards. The focus on production for export purposes also creates a high dependence on the global market, thereby weakening the economic independence of the local population (Puspita et al., 2022; Widjanarko et al., 2023). In many cases, these policies cause social conflicts, as people feel left out in the economic system they helped build (Wahyudhi, 2024).

Overall, the economic restructuring in Rengasdengklok during the Dutch East Indies colonial period illustrates the complex interplay between colonial interests and their influence on local communities. The policies implemented not only changed the way people viewed the economic environment, but also affected the existing social and cultural structures, creating challenges that continue to be relevant today (Machmudi et al., 2024; Puspita et al., 2022).

### **Economic Restructuring of Rengasdengklok in the Japanese Period**

During the Japanese occupation of Indonesia, including in Rengasdengklok, the "War Economy" policy became one of the main foundations in economic restructuring. This policy aimed to meet the needs of the Japanese military during World War II and triggered major changes in the production system. Its main focus was to direct resources and labor to sectors that supported the interests of the war, such as agriculture and industries that produced military equipment (Hennida et al., 2017; Putri & Hartanto, 2023). To meet the needs of labor, the Japanese occupation government implemented a forced labor romusha program that required locals to work on various infrastructure and agricultural projects, often with poor conditions and minimal remuneration (Oktariani & Suhermanto, 2022; Putri & Hartanto, 2023).

The changes in the production system under this policy are not only focused on increasing output, but are also directed entirely to military interests. As a result, the basic needs of local communities that previously depended on agriculture for their own consumption have been neglected. With the shift in production priorities towards goods needed for war, many farmers lost their land and livelihoods, directly affecting their welfare (Hennida et al., 2017; Putri & Hartanto, 2023). In addition, the economic exploitation that took place during this period resulted in a decline in the quality of life of the people, as they were often forced to work in harsh and inhumane conditions (Oktariani & Suhermanto, 2022; Putri & Hartanto, 2023).

The impact of this economic exploitation is very felt on the welfare of the local community. Many families lost access to food and other resources, as agricultural products were no longer intended for local consumption, but were used to support the needs of the Japanese military. Worse, the poor working conditions and coercion in the romusha program cause workers to suffer physical exhaustion, illness, and even death (Oktariani & Suhermanto, 2022; Putri & Hartanto, 2023). In the end, despite Japan's efforts to increase production and efficiency, the resulting social and economic consequences were devastating to the local population, while creating profound structural injustices in Rengasdengklok and the surrounding area (Hennida et al., 2017; Putri & Hartanto, 2023).

### **Economic Reconstruction of Rengasdengklok After the Colonial Period**

After the colonial period ended, Rengasdengklok entered a transition phase from a colonial economy to a more independent national economy. This process involves various initiatives from the local government to restore the traditional economy that had been affected by colonial policies and Japanese occupation. One of the first steps taken is to strengthen the micro, small, and medium enterprises (MSMEs) sector, which is expected to be a solid foundation for local economic recovery. Through the development of MSMEs, the government seeks to create new jobs and improve people's welfare (Badri & Amrina, 2023; Meilariza et al., 2024).

To achieve this goal, local governments facilitate training and provide access to capital for business actors so that their productivity and competitiveness increase. These programs also encourage product and service innovation, while infrastructure development is a priority to facilitate the distribution of agricultural products and local products (Meilariza et al., 2024). However, the gap between the traditional and modern sectors often appears. The modern sector, which usually receives support from advanced technology and foreign investment, tends to grow rapidly and attract market attention, while the traditional sector still has to adapt in order to survive (Stuart & Ellitan, 2023; Rosyadi et al., 2021).

This inequality affects access to resources and economic opportunities for traditional business actors, who are often marginalized and have difficulty reaching a wider market. This situation can hinder local economic growth and have an impact on the welfare of people who rely on the traditional sector (Rosyadi et al., 2021). Therefore, inclusive policies are needed so that not only the modern sector benefits, but also ensures the sustainability and development of the traditional sector (Meilariza et al., 2024).

Overall, the process of economic reconstruction in Rengasdengklok after the colonial period is a complex effort that demands a balance between the expansion of the modern sector and the preservation of the traditional economy, with the aim of bringing equitable economic benefits to the entire community (Badri & Amrina, 2023; Meilariza et al., 2024; Rosyadi et al., 2021).

### **Traditional Economy of Rengasdengklok**

The traditional economy in Rengasdengklok has a very important role in the lives of the local people, especially through traditional markets which are the center of local trade activities. This market not only provides a space for buying and selling transactions, but also a place for citizens to interact, exchange information, and foster social relationships (Bataric & Komala, 2023). Even in the midst of competition with modern markets that are more systematic and easily accessible, traditional markets still retain their function as a symbol of local identity and culture (Santoso et al., 2023) (Santoso et al., 2023).

In terms of distribution, the region's traditional economies rely heavily on community networks and trust between individuals. Goods distribution activities are often built on personal relationships between traders and consumers, thus fostering a system that is responsive to local needs although sometimes less efficient when compared to modern distribution systems (Wijayanti et al., 2015). The products offered at the traditional market are mostly from local farms, reflecting the wealth of natural resources as well as diverse agricultural practices in Rengasdengklok (Wijayanti et al., 2015).

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Meanwhile, the production aspect in the traditional economy is dominated by subsistence agriculture, where farmers grow various types of crops to meet the family's food needs. The farming methods practiced are often passed down from generation to generation, such as the use of organic fertilizers and simple irrigation systems (F. Firmansyah et al., 2023). While this helps maintain family food security, farmers often face competition with agricultural products outside the region that are cheaper and have wider access (F. Firmansyah et al., 2023). Not only that, climate change and environmental damage are also threats to the sustainability of this traditional agricultural practice, so help and attention from various parties are needed to ensure its future (Zainal Arifin et al., 2023).

Overall, the traditional economy in Rengasdengklok is the result of a complex interaction between markets, distribution networks, and production practices. Despite facing various challenges, traditional economies remain a pillar of the lives of local communities, while ensuring their identity and independence in the midst of the ever-growing modernization trend (Bataric & Komala, 2023; F. Firmansyah et al., 2023).

### **Modern Economy Rengasdengklok**

In the context of economic dualism in Rengasdengklok, the role of the modern economy is very important in connecting local markets with national and global networks. The modern market in Rengasdengklok is very important because it connects local products with larger markets, both domestically and abroad. This market is not only a place to buy and sell, but also connect farmers and entrepreneurs with buyers. With a modern market, entrepreneurs in Rengasdengklok can use information technology to market their products better.

Research shows that using digital technology in marketing can make local products more competitive in a wider market, including abroad (Scott, 2019). In addition, the modern market also helps entrepreneurs get information about market trends and consumer needs, which is important for creating products that are in demand. However, how effectively information technology is used depends on how well the entrepreneur understands and applies it (Aman et al., 2023).

The distribution of products from Rengasdengklok is also greatly influenced by the existing infrastructure. Good infrastructure, such as roads, transportation, and storage facilities, is important to ensure that products can be distributed smoothly. Research shows that building adequate infrastructure can increase product access to the market, which in turn can increase the income of local farmers and entrepreneurs (Hasyimy & Hidayat, 2022). An efficient distribution system benefits both producers and consumers because products can be available faster and in better condition. Therefore, investment in distribution infrastructure is very important to support economic growth in Rengasdengklok.

Agricultural products in Rengasdengklok usually consist of various types, such as vegetables, fruits, and other produce. Using modern technology in production, such as organic fertilizers and environmentally friendly cultivation methods, has been proven to improve the quality and quantity of agricultural products (Saputro, 2023). For example, research shows that organic fertilizers can increase crop productivity, which is essential to meet the ever-increasing market demand (Haryanta et al., 2023).

In addition, diversification of agricultural products is also important to increase the competitiveness of local products. By producing various types of commodities, farmers in

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Rengasdengklok can reduce the risk of losses due to market price changes and increase their overall income (Purnomo, 2023).

### **Coexistence of Traditional and Modern Economies**

The coexistence between traditional and modern economies in Rengasdengklok cannot be separated from the broader historical context, including the influence of the Dutch East Indies colonial era and Japan. When the Dutch colonized Indonesia, including Rengasdengklok, the economy was greatly influenced by their policies that focused on exploiting natural and agricultural resources for Dutch profit. This policy makes local agriculture highly dependent on Dutch-owned processing industries, such as rice, coffee, and spices exported abroad (Pujiriyani et al., 2016). Research shows that during this time, many farmers in Rengasdengklok had to adjust to a commercial farming system that often ignored traditional ways that existed before (Marit Sanggenafa, 2020).

Then, when Japan colonized, there was a major change in the economy. Japan created a more centralized system and asked the community to produce more agricultural products to support the needs of the war. This increased agricultural production, but it also put pressure on local farmers who had to adapt to new demands (Marit Sanggenafa, 2020). The Rengasdengklok people, who had previously used traditional farming methods, began to use modern agricultural techniques and tools, although often forced and limited (Lestari et al., 2019).

Today, the interaction between traditional and modern sectors in Rengasdengklok reflects the legacy of the Dutch and Japanese colonial periods. Local agriculture is still the main source for the modern processing industry that processes agricultural products into higher-value products. This dependency shows that despite modernization, the traditional sector remains important to the local economy (DEWI et al., 2023). However, farmers and traditional business actors face challenges to keep their ways alive amid rapid modernization. Many farmers feel compelled to switch to modern farming methods even though they want to maintain their traditions (Marit Sanggenafa, 2020).

The people of Rengasdengklok also try to maintain tradition in the midst of modernization. They maintain local values and traditional practices such as mutual cooperation and cultural celebrations, despite pressure to use more efficient modern ways (Haryanto et al., 2022). Research shows that maintaining this tradition is important not only for cultural identity, but also for a sustainable local economy, as many traditional products have a high selling point in modern markets (Lestari et al., 2019). Thus, the coexistence between traditional and modern economies in Rengasdengklok creates opportunities for tradition-based innovation while still adapting to changing market needs.

Overall, the existence of the traditional and modern economy in Rengasdengklok shows that these two sectors complement and support each other. The historical influences of Dutch and Japanese colonialism shaped the current economic structure, where local agriculture remains the basis for modern industry. Communities' efforts to preserve traditions in the midst of modernization strengthen their cultural identity and create opportunities for sustainable economic growth.

### **The Impact of Economic Dualism on Local Communities**

The impact of dualism economics on the community in Rengasdengklok can be seen from three main things: social differences between traditional and modern economies, changes in traditional ways of working and values, and the dependence of the local economy on the modern market. These three things are also influenced by history, especially the Dutch and Japanese colonial periods.

First, the social differences between traditional and modern economic actors in Rengasdengklok are getting bigger along with the development of the modern economy. When the Dutch colonized, their policies were more favorable to the colonial side and made the economy unfair. Local farmers had to sell their produce at low prices to middlemen working for the Dutch, so their income was uneven (If'all & Unsunnidhal, 2023). Research shows that this is still the case today, where modern economic actors such as the processing industry have better access to markets and technology, while traditional economic actors continue to use less advantageous means (Satriak Guntoro & Ahmad, 2022).

Second, changes in traditional ways of working and values are also an important impact of the dualistic economy. When the Japanese colonized, they changed the agricultural system so that farmers had to increase production to support the needs of the war. Many farmers are switching from traditional farming methods to more modern methods, although they are forced to do so (Suryade et al., 2022). This change not only changed the way of farming but also threatened traditional values such as mutual cooperation and independence. These values are increasingly lost due to the pressure to adapt to a more competitive modern market (Arifin, 2023).

Third, the local economy's dependence on modern markets is increasing and this has two sides. On the one hand, access to modern markets provides opportunities for local economic actors to increase their income. However, on the other hand, this dependence makes society vulnerable to market changes and policies made by large corporations. During the colonial period, this dependency existed when local agricultural products were exported for the benefit of the Dutch, and the local people did not control their resources (Oktaviana, 2019). Today, this dependence still persists, with many local farmers and entrepreneurs feeling compelled to keep up with modern market trends, often ignoring more sustainable traditional ways (Nurhayati, 2021).

Overall, the economic impact of dualism in Rengasdengklok creates complex challenges for local communities. Social differences between traditional and modern economies, changes in traditional ways of working and values, and dependence on modern markets are issues that need to be addressed to achieve inclusive and sustainable development. Therefore, it is important for all parties, including the government and society, to work together to create policies that support a balance between these two sectors, so that the benefits of the dualism economy can be felt by all levels of society.

### **CONCLUSION**

This research reveals that economic dualism in *Rengasdengklok* stems from a long history of colonial exploitation and gradual modernization. Dutch colonial policies prioritized resource extraction and infrastructure for colonial benefits, creating local economic dependence, while Japanese war-driven policies shifted agriculture toward commercial production, intensifying

social and economic inequalities that persist today. Traditional sectors like agriculture remain central to the community, even as modern industries introduce technology and global market opportunities, often increasing local dependence on external systems. This imbalance poses challenges to equitable development, highlighting the need for policies that integrate traditional values with modern innovations to promote inclusive and sustainable growth. Future research should explore specific strategies for policy implementation that effectively bridge traditional and modern sectors, ensuring fair distribution of economic benefits in *Rengasdengklok*.

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