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New Construction Actualization of Value of Pancasila in Economic Policy Formulation

Tobirin¹, Kadar Pamuji² and Siti Kunarti³

¹Departement of Public Administration, Jenderal Soedirman University, Purwokerto, Indonesia

²Department of Law, Jenderal Soedirnan University, Purwokerto, Indonesia

³Department of Law, Jenderal Soedirnan University, Purwokerto, Indonesia

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Abstract: Countries with extractive, exploitative and authoritarian political systems have failed to overcome poverty and create prosperity for their citizens. On the other hand, countries that succeed in overcoming poverty if the country has a competitive economic institution, an open and pluralist political system. Indonesia with a Pancasila economy is faced with global challenges and a capitalist economic system that dominates the world economy. The Pancasila economy which originates from the value of local wisdom is ineffective and fails to overcome the nation's economic problems. The purpose of this research is to explain and analyze the value of Pancasila which can be actualized in the formulation of economic policies that favor the people's economy. Research methods with qualitative methods through in-depth interview approach to populist economic actors. The results of the study show that Pancasila economy has basic values of people's economy with a family spirit, collaboration is just a concept that is difficult to implement. The role of state actors and the economy is still not optimal, and there is no political commitment in formulating the Pancasila economy in the formulation and implementation of the overall national economic policy. The abstract should summarize the contents of the paper and should contain at least 70 and at most 200 words. It should be set in 9-point font size, justified and should have a hanging indent of 2-centimeter. There should be a space before of 12-point and after of 30-point.

1 INTRODUCTION

Indonesia is a country that has the honorable goal which is stated in the opening of the 1945 Constitution of the Republic of Indonesia. The aim is to promote public welfare, educate the life of the nation, and participate in carrying out world order based on independence, everlasting peace and social justice (UUD 1945). This honorable goal has become the thought and hope of the nation's founding fathers, especially in realizing the value of social justice for all Indonesians. The value of social justice as a form of derivation from the values of divinity, humanity, unity, becomes integrated in the implementation of social justice to achieve general welfare. This means that the direction and purpose of the nation must achieve justice for all its people. Likewise, development will succeed if there are no more gaps and injustices in various aspects of life. The Introduction should give a short overview of previous studies avoiding a detailed literature survey or a

summary of the results; it should state clearly the object of the work and highlight its significance.

The history of the Indonesian nation's journey shows that there is still a problematic problem of inequality and a sense of justice in enjoying the results of development, not only during the Old era, but in the era of the New Order and the reformation of the gap problem, there were still obstacles in realizing the ideals of the Indonesian people. One issue of inequality is regional imbalances. To date the issue of regional disparity has centered on the gap between villages and cities, between Eastern Indonesia and Western Indonesia, and between Java and outside Java. (Saratri Wilonoyudho 2009)

In addition to regional gaps, the economic gap widens, data in March 2016 Indonesia's population below the poverty line reaches 28.01 million people or 10.86% this figure is still slightly better than the September 2015 data which reached 28.51 million people or 11.13% poor. In March 2017 the number of poor people, population with per capita expenditure

per month below the Poverty Line) in Indonesia reached 27.77 million people (10.64 percent of the total population), this number increased 6.90 thousand people compared to the conditions September 2016 which amounted to 27.76 million people (10.70 percent)

Ironically, Indonesia is a country that has rich natural wealth but its people are poor, more concerned about only a handful of people who have abundant wealth. Oxfam's data showed that the results of development are only enjoyed by a handful of the rich and the rest are contested by some poor people, the wealth of the four richest people in Indonesia is equal to the wealth of 100 million poor people. This shows a very real gap. If this is left unchecked it will cause the impacts that can be caused, namely: 1) the occurrence of economic inefficiency, especially in the absence of collateral, 2) causing inefficient asset allocation, and 3) weakening social stability and solidarity. Another consequence of the problem of inequality is closely related to the problem of poverty. The portrait of poverty is very contrasting because some people live in abundance, while some lives in deprivation. Wealth for some people means poverty for others. The substance of the gap is the inequality of access to economic resources and a sense of justice with social problems (Syawie 2011)

Another fact is the mandate of Article 33 Paragraphs (2) and (3) of the 1945 Constitution of the Republic of Indonesia which clearly states that production branches which are important for the State and which control the livelihood of the public are controlled by the State. The earth, water and natural resources contained therein are controlled by the State and used for the greatest prosperity of the people. In fact, the conditions are different from the goals and ideals of the Indonesian people that have been mandated together in the constitution. Natural resources are heavily exploited by foreigners. Countries such as the United States, Britain, China, the Netherlands, Japan, France and others control and exploit natural resources in the name of investment. Foreign companies such as Freeport, Exxon Mobile, Newmount, Shell, Petrochin exploit Indonesia's natural resources massively without thinking about the usefulness and sustainability of sustainable nature and the prosperity of the surrounding area.

Problems are increasingly complex in line with the spirit of globalization and free markets which are colored with concrete forms, namely joint, regional and international markets. The free market is a hallmark of economic globalization that requires economic activity to be left to the rules that have been

jointly determined through agreements between countries both within the regional and international scope. The rules and collective agreements require that inter-state policies in the economy have no discrimination, especially in trade through export-import between countries. The economic system is a necessity for the state to carry it out, the attachment to market freedom is sometimes not present to regulate the economy based on a common welfare orientation. Globalization in the economic field will create interdependence in the process of production and marketing, and in the field of politics create liberalization. (Nugroho, 2001)

This global problem demands the Pancasila economic system which is the identity of the nation faced with various problems. Indonesia's economic system is between the interests of the liberal capitalist and socialist economics, at this time it tends towards liberal capitalism because the role of the state is limited to the night watchman. The state has withdrawn from its duties and responsibilities in carrying out the mandate of Article 33 of the Constitution of the Republic of Indonesia in 1945. This fact is seen by the exercise of strategic natural resources owned by foreigners, the gap and poverty are increasingly sharp. Besides that, the task of the state in providing protection to the poor is increasingly questionable, subsidies are withdrawn, the cooperative economic economy does not get an appropriate portion in economic policy, privatization becomes an unhealthy SOE solution.

This fact provides a signal to revitalize the economic role of Pancasila with the principles of kinship, togetherness and prosperity. Pancasila economy is not only a guide star but is able to be realized in strategic steps in the formulation of economic policies. Therefore, it is imperative to formulate Pancasila economics philosophically, operational practices become joint demands.

2 METHOD

This study uses a qualitative approach that is about the researchers beliefs based on research experience and the nature of the problem. As a research with qualitative methods, this research explores data from the perspective of research subjects. Researchers place research subjects as individuals who know best about the problem. Researchers also place themselves as neutral figures who do not have special alliances with certain parties and are not related outside settings that might interfere with the subject. Researchers protect

research subjects to develop trust and feel easy with the presence of researchers, so that familiarity with them can be maintained. This is considered important by researchers to explore all the information needed. Data is processed in a reflective manner by researchers, especially by researchers who are directly involved in data collection with the informants studied. Data that has been collected is then compiled and examined. If it is not sufficient, the data is added by plunging back into the field as needed. Adding data can still be done when a lack of data is identified during analysis or report writing. This is possible especially if the data is qualitative data. (Bungin 2001).

3 DISCUSSION AND ANALYSIS PROBLEMS AND CHALLENGES OF PANCASILA ECONOMY

Changes to an economic system that matches the honorable values possessed by the civilized Indonesian people, the existence of honest, democratic and open People's Economic Ethics, which emphasizes collective action and cooperation, are the key to health and national economic recovery from prolonged crisis conditions. This is the national development moral that believes in the strength and resilience of the nation's own economic togetherness and religion. (Supriyanto 2009)

The hope to return to the economic system that is based on the values and culture of the local community, namely Pancasila, is faced with crucial problems and challenges. Suroto (Suroto 2017) gave opinion that the reformation era is going on with a strong effort to overcome the economic crisis. Previous economic models oriented to state capitalism (state-led capitalism) experienced increasingly drastic changes to capitalistic market-leadership orientation (market-led capitalism) to be compatible with free markets. National economic policies ultimately subject to the rules of the game "Washington Consensus" sponsored by the United Kingdom and America with its Trimatrices: liberalization, deregulation and privatization.

The Indonesian government must accept various multilateral free market policies and remove all regulatory barriers for the free flow of capital, goods and services. The government was also forced to privatize various national business entities and natural resources. The process of political consolidation occurs with various policy

compromises which must be "friendly" to market interests. The position of the state becomes subordinate towards the global market. Market leadership that subordinates the state and society determines the pattern of economic policy that places the state in a position as a "night watchman" to become a "janitor". This was marked by a large fiscal allocation policy to bail out the crisis of banking due to the conjunctural economic crisis with the release of a bail-out through the Bank Indonesia Liquidity Assistance scheme (BLBI) which left a problem until now. The total state losses and the restructuring costs of banking from 1997-2004 to 640.9 trillion if calculated by the growing exchange rate, the current value is approximately 2000 trillion rupiah (Fitra 2017). Then the privatization of various natural resources, state-owned enterprises was marked by the signing of the new SOE Law, the Investment Law and the Coal Mineral Act, the Banking Act, and others that have been separated from national interests. It can be seen how many economic laws were annulled through Constitutional Court decisions such as Water Law, Electricity, Cooperatives and others which are essentially considered unconstitutional

In the end, Indonesia is fully entered into the trap of constant economic growth with increasingly worsening conditions facing natural resources and ecological crises at the same time. The quality of our economic growth not only does not show economic injustice, but also only relies on consumption factors supported by food imports. The domestic economy, especially our food and energy sector, has become neglected and we suffer from dependence on the extractive economic sector which is highly dependent on international market fluctuations and at the same time the oligopoly of international economic actors.

The people's economic valve is increasingly open and sucked into the tertiary economic sector, especially the banking sector. While our banking regulations are listed as the most illegal in the world by allowing foreign investment up to 99 percent. The contribution of economic growth from the consumption sector to 70-80 percent which is more dependent on finished food importation, so that what Bung Hatta warned in 1931 became a reality, we have made the economy which should be the peak of the base and the base being the peak.

At the present, even our fiscal conditions are vulnerable because they are always in the threat of short fall or not achieving tax targets. Moreover, because of the high social burden of social spending for the provision of education, health costs and so forth. Then, the strategy to swell the debt is the solution. Increasingly swollen debt to cover the fiscal

deficit and pursue the ambition of infrastructure development which is actually a supporting factor for the smoothness of foreign investment whose dividend costs are greater than the benefits we receive.

The amount of our debt until July 2017 has reached 3,672.33 trillion rupiah. A drastic increase occurred during the Jokowi-JK Government which was only 2.5 years old amounting to 1,067.4 trillion rupiah. That means if divided by our population of 259 million people (Susenas 2010), it means that approximately every person and including a newborn baby must bear a debt of 16 million rupiah. Our maturing debt in 2018 is 810 trillion and if we cannot reschedule then we will experience the threat of bankruptcy and can lead to the emergence of political turmoil that can be out of control.

Average Economic growth in the decade is 5.6 percent and the annual Gini Ratio continued to increase from 0.33 in 2004 to 0.41 in 2013, and it was the highest income gap figure since Indonesia's independence. According to the World Bank (2016), as much as 0.02 percent of the total population controls our total Gross Domestic Product (GDP) up to 25 percent and 1 percent of the total population controls 52.3 national total assets. According to data from the Central Statistics Agency (BPS), currently 87 percent of our land is controlled by only 0.2 percent of the population. One person can control a land of up to 5 million hectares while many people call themselves citizens but do not have complete land as well. Our society is not only separated from the land where they grow to survive (subsistence), but has been included in the dependence on the imported food cartel mafia.

4 NEW CONSTRUCTION OF PANCASILA ECONOMY IN FORMING REGULATION

Problems and facts about the Indonesian economy lead to capitalist interests becoming increasingly thick with liberal economic policies. The responsibility of the state in accordance with the mandate of Article 33 of the 1945 Constitution of the Republic of Indonesia is ignored. Keep in mind, the importance of re-affirming the ideals of the Indonesian people to implement the Pancasila economic system. Sudrajat explained that Indonesia as a country that embraces Pancasila ideology, and also adheres to the Pancasila economic system will apply economic values mandated by Pancasila. The kinship or institutional economic system mandated by

Pancasila is a family economic system, which can be interpreted to develop the economy independently with the understanding that it is not permissible to rely on foreigners or commonly called citizenry-based economy (Sudrajat 2017)

On that basis, Pancasila as the Indonesian ideology became the reference of the 1945 Constitution of the Republic of Indonesia, should be a policy reference, and the derivative of this policy is the laws and regulations below it, from policy formulation, implementation to policy evaluation. includes: 1) The principle of the Supreme Godhead is the moral basis of the economic behavior of Indonesian people. It is expected that the policies made by the government include the divine principle of the Almighty which is to consider the moral and characteristics of the Indonesian economic moral system that indeed has underlie or become a guideline for the economic behavior of individuals, groups in society. 2) Fair and Civilized Humanity Value. There is a strong will and the whole community to realize (egalitarian) social equality according to humanitarian principles. 3) Indonesian Unity. the priority of economic policy is the creation of a strong national economy. This means that nationalism animates every economic policy. The spirit of nationalism in the economic field always animates the Indonesian nation. In carrying out the economic system of joint ventures based on the principle of kinship must be able to accommodate the interests of the three main actors, namely cooperatives, state enterprises and private businesses. From this point arises the notion of collectivism (communitarianism), namely society (society) with the understanding of togetherness (mutualism) and kinship (brotherhood), along with the mutual interest (mutual interest) that accompanies it, placed in the main position. 4) Popularism led by Wisdom in Consultation / Representative Policy. Cooperatives are the pillars of the economy and are the most concrete form of joint effort. Cooperatives as economic organizations with social character are organizations or associations of people not capital associations formed by its members to serve their interests, namely to help fight for their interests, especially in an effort to improve their welfare. This means that the mission of the cooperative is the best service and to the maximum extent possible to members. 5) Social Justice for All Indonesians. There is a clear and firm balance between national level planning and decentralization in the implementation of economic policies to achieve economic justice and social justice. The Indonesian people included social justice for all the people as the ultimate goal which was described as a just and

prosperous society, which was weak in the way of raharja, because the final manifestation of the intended national community was clearly intended as a society containing complete characteristics of justice and prosperity. which includes legal, economic, political, socio-cultural, and moral justice.

The meaning of constructing the value of Pancasila manifests itself in the value of social justice, therefore Sukarso (Sukarson 2017) argued that if the economic understanding literally connotes how limited resources can be used optimally, then economic policies tend to be related to the issue of distribution and allocation of benefits for the Indonesian people. Therefore, economic policy must be appropriate and not in conflict with the value of social justice for all Indonesian people based on the values of divinity, humanity, unity and popularness. There are American scientists, not Indonesians who have Pancasila, who may not know about Pancasila, phenomenally say that the important government (State Administration) task is not to find effective and efficient ways or fulfill the choices of its citizens but how to create social justice for its citizens. This idea is known as the New State Administration, but unfortunately there are less followers, even in Indonesia, because it may not be fundamentally compatible with liberal-capitalist thinking.

5 CONCLUSIONS

Pancasila economics should save Indonesian people from poverty, the trade mafia, and not just save the capital / investment. The Indonesian Economy Must be able to reaffirm the spirit of contradiction that requires the state to be responsible for public welfare. Basically, there are several principles that must be elaborated in the Pancasila economic system including: (1) the party who controls the lives of many people is the state/government; (2) The role of the state is important but not dominant, and so is the role of the private sector whose position is important but does not dominate. So there is no condition of the liberal economic system or command economic system. Both parties, namely the government and the private sector, live side by side, side by side peacefully and support each other. (3) The community is an important part in which production activities are carried out by all for all and led and supervised by members of the community. (4) Capital owners do not dominate the economy because it is based on the principle of kinship among human beings. (5) Social justice is a joint commitment in

implementing the country's economy based on equality and mutual welfare.

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