

THE ECONOMY OF INDONESIA AND GROWING COUNTRIES

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Abstract : *The concept of people's economy is one of the instruments of the economic system in Indonesia is so important that it cannot be avoided from the flow of globalization. This article aims to explain and describe how the economic system works. democracy in economic globalization. The data collection method that used, namely with library research , with data processing based on the chosen theme. The conclusion of the results of this writing is that developing the people's economy is a necessity for the Indonesian nation as democratization efforts are a global trend. The thing that is the basis the creation of a people's economic system because the Indonesian people still live in backwardness and poverty so that it becomes a reference for developing the Economic System The people should not be crushed by economic globalization. For this reason, the government must can take policies to counter the rate of global economic development, namely by strengthening protectionism, Competitive Product Quality, Superior Products, Support for National Infrastructure and Logistics Systems, Movement to Love Domestic Products and Downstreaming of Natural Resource Industries.*

Keywords : People's Economy , Backwardness, Poverty, Economic globalization.

1. BACKGROUND OF THE PROBLEM

The dynamics of world economic development are now marked by the existence of globalization in various aspects of life. The tale of liberalization, which is defined by each nation's openness to relations with other nations, is being continued by the current globalization. Globalization and liberalization reflect how The spirit of liberal economics (neoliberalism) is a force in the formation of the economy world united in the global economic region. Economic globalization's effects on a nation's economy, as seen by the growing volume of international commerce.

The ease with which commodities and services may move via international commerce and money flows is a measure of a nation's economic openness to other nations. Countries that possess commodities with highly competitive economic skills will be able to gain from the interaction process. economic that takes place. However, nations with high levels of competition and adversity have weaker economies than other nations; as a result, it is inevitable that the nation will merely observe the global economy.

Develop The entry of the era of globalization has made the world's nations almost have no boundaries. Mubyarto (1999) said that globalization is not an enemy that must be fought. But we still have to be extra vigilant in dealing with it, if we don't want to be "loot". Based on this statement, of course globalization has good and bad impacts. bad. Currently the impact has entered and is being felt especially if it is related to economy, the entry of globalization will certainly be followed by the existence of a very capitalist ideology individualistic and upholding the principle of profit alone.

People's economy is an economic system that places society as the center of economic activities (Rudiansyah, 2021; Yuanitasari & Suparto, 2020). The main principle of the people's economy is community empowerment in manage economic resources and promote active and inclusive participation from all members of society to create sustainable prosperity and evenly distributed to all levels of society (Septyarini & Maharani, 2019; Styaningrum, 2021).

An economic system based on the economic might of the populace is known as a people's economy. People's economy refers to economic activity that may provide a wide range of chances for community participation in order to effectively execute and grow the economy. People's economy has the aim of people's welfare. This needs to be supported by the government as policy makers who will be implemented to the people. The community still not many people understand the concept of people's economy. People only understand about the economy which is controlled by the government alone. The community needs to equipped with knowledge about the concept of people's economy so that they can evaluate government performance. The government as a policy maker can be criticized by the public.

if it is not in accordance with the interests of the people. To be able to further understand the meaning and explanation of the above information can be seen in the following discussion results.

1. Research methods

The data collection method that used, namely with library research , with data processing based on the chosen theme

2. Results and Discussion

One aspect of national development that is the focus of attention is the sector economy. Economic development is related to the economic structure implemented in various countries, which are differentiated based on the ownership of economic resources. The classification includes socialist (socialist economy) and capitalist (capitalist economy) systems.

a) Liberal-capitalistic economic system

This system provides a fairly large degree of freedom for economic actors. to carry out economic activities according to their individual interests on economic resources or factors of production. The principle of justice applied In this system, rewards are given based on individual performance.

b) Socialist-communistic economic system

]An economic system in which economic resources or factors of production are owned by country. The principle of justice in this system is that every individual receives equal rewards, not depending on their performance, but based on individual needs Mixed economy or better known as a mixed economic system, between the two with varying degrees of dominance.

When we talk about the relationship of economic globalization to economic law, this very closely related to the concept of a welfare state that the government wants to achieve The Unitary State of the Republic of Indonesia. As explained in the preamble to the constitution, One of Indonesia's goals is to improve the welfare of the people, and this has strong relevance to the impact of economic globalization on economic law.

Pranoto (2018) stated that all development steps taken by government, including legal developments in the economic sector, must aim to achieve people's welfare.

People's Economy

The term and concept of people's economy according to Pohan, et al. (2019) is the result a thought introduced by Muhammad Hatta. He poured the idea into paper his work entitled "People's Economy in Danger" in 1934. The writing has become the basis for the concept of people's economy as a rival to the economic system The Dutch were supported and assisted by the aristocrats in the feudal system. The system people's economy is based on the power of the people, while the people's economy is economic activities carried out independently to manage resources is around.

However, along the way, the people's economy faces various challenges. problems that hinder the achievement of overall community welfare. The people's economy emerged as an alternative to the dominant economic system, which often based on narrow and unequal economic interests. Economic

People's focus is on community empowerment, active participation, profit sharing fair, and economic sustainability (Diatmika & Rahayu, 2022). The main principles people's economy includes shared ownership, democratic participation, justice, solidarity, and environmental sustainability.

The fundamental pillar of Indonesian society must be the people's economy. enhance their quality of life, and the government must ensure that its citizens can get respectable employment and afford essentials. Strong buying power and adequate housing are essential for economic development. The nominal Gross Domestic Product (GDP) or the magnitude of the economic growth rate serve as the foundation for the people's economy.

Therefore, by involving the people as a trustworthy resource and offering a lot of opportunities for cooperatives and Micro, Small, and Medium-Sized Enterprises (MSMEs) as well as economic activities, the government plays a significant role in improving the welfare of its citizens. This includes protecting the rural population from the power of the capitalist economy by allowing them to engage in productive economic activities like farming and fishing. Because of this, the government in this situation has to develop components or minor sectors of the local economy that are directly tied to meeting the requirements of the community.

According to (Marzuki, 2015), people's economy is a system an economy based on the economic strength of the people, where the people's economy itself is as an economic activity or business carried out by the general public (popular) by independently managing whatever economic resources can be exploited and controlled, which are hereinafter referred to as small and medium enterprises (SMEs), especially covering the agricultural, livestock, crafts, food, etc. sectors.

Globalization of the Economy

Globalization is usually associated with advances in information technology, speculation in the money market, increasing cross-border capital flows, mass marketing, global warming, the era of multinational companies, the disappearance of boundaries between countries and the increasing weakening of state power (Budiono, in Suparlan 2012). Characteristics of the influence of Economic globalization is characterized by characteristics including, firstly, economic openness.

Especially the existence of market liberalization, as well as international technology transfer, secondly the existence of economic, financial, trade and industrial interrelationships and dependencies between countries or companies indicated by the formation of multinational companies, and third, the tendency towards regional economic integration.

When economic globalization occurs, the boundaries of a country will become blurred and the relationship between the national economy and the international economy will become

closer. On the one hand, economic globalization will open up market opportunities for products from within country to the international market competitively, on the other hand also opens up opportunities for entry global products into domestic markets.

The Existence of People's Economy in Economic Globalization

In economic globalization, developing the people's economy is inevitability for the Indonesian nation as an effort to democratize which is global trends as well. The momentum of developing the people's economy is increasingly visible in line with the change of regime in Indonesia and the changing development paradigm applied previously. Therefore it is believed that a process of political change will occur – economy significantly that drives democracy and the development of the people's economy so that the process of dividing political economic power becomes relatively balanced.

This change will certainly accelerate the pace of various demands from society. requires that the sustainability of economic development requires participation wider society. The People's Economic System is a new rule of the game Indonesian National Economy. Reforms towards a people's economy are implemented based on the principle of democracy and the basic principles of economic empowerment programs people. The goal of the Indonesian economy is social justice for all Indonesian people.

The Indonesian people still live in backwardness and poverty, so that they become reference for developing a People's Economic System so that it is not crushed by globalization economy.

Economic reform has the twin goals of increasing economic efficiency. nationally as well as eliminating various economic injustices with the ultimate goal the realization of a Pancasila or the People's Economic System in facing economic globalization carried out based on ethical principles in 7 paradigm points, namely:

- a) Must contribute to the creation of strong national economic resilience and tough.
- b) Must contain an attitude and determination of independence in humans, families and Indonesian society.
- c) The national economy must be developed towards an economy that is just and highly competitive.
- d) Economic democracy must be realized to strengthen the national business structure.
- e) Cooperatives are the pillars of the national economy, as a movement and forum for people's economic activities, cooperatives as business entities are aimed at strengthening and expansion of business base Business.
- f) Partnerships inspired by the spirit of togetherness and family.
- g) Profitable must be developed National businesses must be developed as joint ventures based on the principle of family in a market economic system managed and controlled by faith and devotion to God Almighty and high nationalism (Mubyarto, 1999).

The competitive advantage possessed by products from abroad can cause weakening the competitiveness of local products until finally the domestic market will be flooded with local products from abroad. The marginalization of local products in the global era will continue to occur when there are no efforts to revitalize the MSME sector and strengthen resources human resources in the MSME sector. With a large population, a country can have great market power.

However, the domestic market will be dominated by foreign economic actors. country when domestic business actors do not immediately make various efforts constructive anticipation. The negative impacts of globalization must actually be anticipated. In Sukarno's view, imperialism would continue to change according to the situation and conditions.

accompanying it. Its exploitative nature will remain unchanged and will instead expand even further. Globalization with the concept of uniting the world in world trade without any again, state borders make the practice of neo imperialism increasingly widespread. Therefore Indonesia must remain careful in all its economic policies, both in terms of trade and finance. The development of industry 4.0 in this case needs to be addressed carefully while still prioritizing national interests.

In order not to be left behind by global competition, there are several ways that must be done carried out to improve the people's economic system (in Parimin and Umar, 2018) is :

Protectionism

This is one way we can do to overcome large currents. neoliberalism is by creating regulations that are carried out by government. The state must truly implement its function as protector. The state must be able to create a pro-people policy, to tackle the big current of neoliberalism, for example the government must make laws laws related to investment issues.

Competitive Product Quality

Competitiveness is highly dependent on the power of creativity and innovation in science. and technology. Both are the main variables in the process of social transformation. determine the spirit, character, nature, structure and changes in the economic, social, culture and politics of society. Creativity and innovation have become fundamental essences in increasing the nation's competitiveness. A concept commonly known as fourth wave of civilization or the 4th wave of civilization which is characterized by three pillars namely the pillars of culture, technology and innovation.

Featured Products

The government must also increase the development of local industry so that it can improve the quality of its products so that they can compete with imported products. For example, for example, don't let people not dare to buy local food because feared to contain formaldehyde or other dangerous chemicals. One of The reason why foreigners choose food franchises from developed countries is quality assurance. And we like to imitate the behavior of foreigners because we think they are more advanced. The question is, how can the government and local entrepreneurs we can guarantee the quality of the product.

Support for National Infrastructure and Logistics Systems

Efficient Logistics systems are closely related to infrastructure development. Adequate infrastructure enables the logistics system to be efficient. Good and efficient logistics can increase global competitiveness. Thus, infrastructure support capacity also influences competitiveness. Extensive infrastructure and efficiency is essential to ensure the effective functioning of the economy. Infrastructure is an important factor in determining the location of economic activities that can developing in certain areas. Good infrastructure conditions reduce the effects of distance between regions, integrating national markets and connecting them to markets in other countries and regions at low cost. In addition, the quality and breadth of the network infrastructure significantly affects economic growth and reduces income inequality and poverty.

Love Domestic Products Movement

The movement to love Indonesian products is part of an effort to confront the dominance of foreigners. The "I love Indonesia" movement campaign aims to change the sense of pride towards Indonesian products. The campaign activities must involve all components nation, both government and private sectors and intellectuals as product creators creative Indonesians and the general public as consumers, as well as the media sector for promote this movement. For this reason, it is necessary to carry out a series of long-term activities. integrated and sustainable long term, encompassing four stages of activity, namely building awareness , building interest

, growing a sense of loyal (desire), and the stage of acting to invite other parties (action). While the logo “100% love Indonesia” has a meaning that is easy to understand for various nations and is a guide that reminds and makes us aware that Indonesia deserves progress as a creative nation. The colors in the logo reflect diversity and the wealth of resources, culture and creativity of the Indonesian nation. Letters that are not full as if cut off shows that the creativity of the Indonesian people is limitless.

Downstreaming of Natural Resource Industries

One of the policies that the government can implement in order to face the era free market is a policy of downstreaming natural resource-based industries. What an irony that we export raw materials to other countries. Then, we import goods. So (the raw materials come from raw materials that we export) from other countries with higher prices. The downstreaming program is important because it aims to increase added value of export commodities. The government can help by implementing incentives taxes on exports of finished goods are lower than on raw materials in the hope that Exporters will start to think about exporting processed goods which of course have a higher selling price. higher than raw materials. This is an example of a case that could possibly be processed first. In the past, it was a fairly abundant raw material in Indonesia, such as palm oil.

which can be processed into bioenergy, wood that is processed into various products, rubber, cocoa, and so on. For this reason, it can be seen that the existence of a people's economy can be realized. by prioritizing the principles of government policy, family and the role of the perpetrators economy as a partner, to counter the flow of global capitalism.

3. Conclusions and Suggestions

The era of globalization, namely a process of integrating the national economy into the international system. world economy based on a belief in true free trade has proclaimed since the era of colonialism. Based on the explanation above, it can be concluded that the development of the people's economy is a necessity for the Indonesian nation as democratization efforts are a global trend. This is what becomes the basis for the creation of a people's economic system is because the Indonesian people are still alive in backwardness and poverty so that it becomes a reference for developing the System People's Economy so as not to be crushed by economic globalization. Globalization at the moment This is a new imperialism in the form of a new system of “global governance” which structured in the network of the new international capitalist class. But we cannot avoid the storm of globalization, because according to the mandate of the 1945 Constitution, Indonesia must participate in world order. For this reason, the government must be able to take policies to counter the current flow of global economic development, namely by strengthening protectionism, Competitive Product Quality, Superior Products, Infrastructure Support and National Logistics System, Love Domestic Products Movement and Industrial Downstreaming Natural resources.

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