

## THE ECONOMY OF INDONESIA AND GROWING COUNTRIES

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**Abstract :** *The economy of citizenship is family-based, the sovereignty of peoples, and shows the economy of the people; the Indonesian economic system is an example.*

*One can describe the national economy as a pillar of Indonesian economic development and growth. The small business sector plays an important and strategic role in national development in order to realize the development outcomes aspects. This is evident from their numbers and their ability to increase incomes and spread labour, and they play a role in realizing the destruction of development results, including poverty alleviation.*

*The Indonesian economy was destroyed in part by the 1997 monetary crisis. Many aspects of Indonesia's economy were affected by the crisis, including rising production costs and a fall in the value of debt in rupee. Declining economies, rising poverty rates, and unemployment are all problems that many societies are experiencing. People are moving and looking for new ways to regulate the economy.*

*One way to describe a national economy is as an economic system that leads to a social economic system. Muhammad Hatta, who is known as one of the Indonesian-born economic thinkers, is an important figure who discusses the economy of nationalism. Cooperatives are a kind of economic democracy aimed at improving the well-being of the people.*

*Keywords: Economics development, Enterprenerur, Growth, System*

### 1. BACKGROUND OF THE PROBLEM

A. Indonesia is one of the developing countries, where the country of Indonesia adopts the economic system of citizenship. Citizenship economics is not a new economic mazhab, but merely a construction of an understanding of the common economic realities that exist in developing countries. An economic reality where apart from a formal sector generally dominated by entrepreneurs and conglomerates, there is an informal sector where most members of society live. People's economies evolve according to the conditions of the people in a particular region. The economy of citizenship is an economic situation in which economic activities are organized with the participation of all members of society, while the conduct of economic activities is also under the control or supervision of members of the society. According to Mubyarto, the economy of citizenship is a family-based economy of sovereignty of the people and demonstrates a genuine influence on the people's economy.

In practice, a national economy can also be described as a networked economy that connects the centers of innovation, production, and independence. The economy of citizenship as the basis of the policy of development and economic growth in Indonesia. In order to realize the development outcomes, the small business sector plays an important and strategic role in national development, both quantitatively and in terms of its ability to increase income and absorption of labour in realizing the eradication of development results, including poverty alleviation.

The economy of the people is in fact a term for the people's economy which means the economy organized by the people. The economy organized by the people is the economic enterprise that is the source of income of the family or people. National economies are rooted in the potential and strength of the wider community in running their own economic wheels. As for the form of economy that is carried out directly by the society or the independence of the economy is by opening up small. Thus, to open up enterprises to their survival need funds or capital.

The 1997 monetary crisis in Indonesia has caused a great deal of economic collapse. The crisis has affected various economic elements in Indonesia, namely, the decline in the value of the dollar debt in rupees and the cost of production. So many people are experiencing economic decline, increasing poverty, unemployment, and so on. People are starting to be active and looking for innovation in the economic system. In the end, there's one economic group that's still standing upright, namely the national economic system. But it's still going on, the monetary crisis continues, which ultimately puts the people's economies under a lot of pressure.

The economic principle of citizenship becomes one of the ways to save the economic situation. The economy of citizenship upholds justice in all its activities. In addition, the national economy is also regarded as one of the economic systems that is very consistent with the order and values of Islam. Therefore, the national economic system cannot be abandoned anymore as a solution to the highly sought-after economic system in Indonesia. It is proven in the Indonesian economic conditions in 1997-1998 that the economy of citizenship played an excellent role in helping small, medium-sized enterprises and cooperatives, especially in the production and distribution of basic needs of society.

Citizenship economics can be understood as an economic system that leads more to a social economic system. The economy of citizenship, referring to article 33 UUD 1945, is an economic system that has the aim of realizing the economy of the sovereignty of the people. The concept of cohesion and *royong gotong* is used as a foundation in the economy of nationalism. Societies have an active role in economic implementation.

As for one of the fundamental figures in the economy of the nation, Muhammad Hatta. He is known as one of the Indonesian-born economic thinkers. His thinking in the field of economics is often referred to as a thinker of national economics. According to Muhammad Hatta, through the economic system of citizenship applied in the form of cooperatives can provide the prospect of a brilliant economy. Cooperation belongs to one of the forms of economic democracy that leads to the goal of society's well-being. In a country, well-being is the most important aspect that has a strong influence on the wheel of the economy or the order of government.

The cooperative economy system continues to experience significant improvement occurring in Indonesia, but within such improvement is still continuing to be filled with some obstacles. Meanwhile, the Sharia co-operative system still continues to require a lot of evaluation both in the institutional and business fields. This problem needs to be minimized as soon as possible for the economic progress of Indonesia.

## **2. CONCEPTS OF ECONOMICS OF NATIONALITY IN INDONESIA**

The concept of national economy in Indonesia is an economic system based on the values of family, *gotong-royong*, and economic democracy.

### **A. Understanding the Economics of Nationalism**

According to Zulkarnain in his book entitled: *Entrepreneurship (Strategies for Empowering Small and Medium-sized Enterprises and Poor People)*, citizenship economy

is an economic system that should be developed in accordance with the philosophy of our country which concerns two aspects, namely economic justice and democracy, as well as dependence on the economy of the people. Citizenship economics is a system of economy based on the economic power of people, where the people's economy itself is as an economic activity or enterprise carried out by the majority of people (popular) who by self-governing the economic resources of whatever they can exploit and control, which is later called the small and medium enterprises (SMEs) mainly covers the sectors of agriculture, farming, crafts, food, etc. Which is intended primarily to satisfy his basic needs and his family without having to sacrifice the interests of other communities. The economy of citizenship can be interpreted as equivalent to the term of economic democracy which has explicit explanations. Explanation of article 33 UUD 1945 states that the economy of citizenship is an economic system in which production is carried out by all, for all, and under the ownership of the members of society. Thus, one of the pillars of economic democracy is the participation of everyone in production.

Understanding the economy of the people can be seen from two approaches: first, the approach of the economic activities of small-scale economic actors, called the people's economy. (participatory development). Based on the above understanding, it can be concluded that the economy of citizenship is the economic development of a group of society that involves the entire layer of society in the process of development that is closely related to the aspects of justice, economic democracy, dependence on the people's economy based on fair market mechanisms with the aim of improving the economic well-being as a whole or the majority of the people.

## **B. Citizenship Economic Objectives**

Citizenship economics has four main objectives: first, the realization of extortion and social justice. Second, the spirit of economic nationalism strong, tough and independent. Third, economic democracy based on citizenship and family, cooperatives and cooperative enterprises inspire the economic behavior of individuals and societies. Fourthly, a harmonious, efficient and fair balance between national planning with economic decentralization and broad, free and responsible autonomy, towards the realization of social justice for the entire Indonesian people.

## **C. Nationality Economy Features**

According to Soeharto Prawirokusumo the economic characteristics of citizenship are: Enforcement of the principle of justice accompanied by care for the weak. Such an economic system must enable the entire potential of a nation, whether as a consumer, entrepreneur, or as a labour force. Without protection and without the right to advance its capabilities in order to improve its standard of living and its active participation in various economic activities, including the preservation of natural wealth and the living environment.

In carrying out such activities, all parties must refer to the rules in force:

- a. Enrichment, empowerment, and protection of the weak by all potential nations, especially the government according to its capabilities. The government is implementing it through market-friendly measures. Poverty alleviation and empowerment of small, medium-sized and cooperative enterprises (SMEs), including farmers and small fishermen, is a top priority in developing a national economic system. Measures have been taken to enhance their capacity and provide support to the disadvantaged population to benefit from open access.

- b. Creation of a healthy business competitive climate and market-friendly intervention. Exploitation efforts go hand in hand with efforts to create a competitive market to optimal efficiency. Thus, for example, a partnership between large enterprises and SMEs should be based on competence rather than compassion. To that end, priority is given to the elimination of practices and behaviors of economic behavior beyond the rules of the game that are considered reasonable and fair by society such as monopoly practices, the development of a progressive taxation system and deregulation aimed at eliminating high-cost economies.
- c. The empowerment of people's economic activities is closely linked to efforts to move the rural economy. Therefore, efforts to accelerate rural development, including remote areas, minus areas, critical areas, border areas, and including other backward areas should be a priority. This is done, among other things, by improving the development of rural plants in support of the developing of village-village connectivity as a form of mutually beneficial production and distribution networks.
- d. Heating and use of land and other natural resources, such as forests, seas, water, air, and minerals. Everything must be managed fairly, transparently and productively, giving priority to the rights of the local people, including the right of indigenous peoples to rule, while ensuring the sustainable functioning of the living environment.

#### **D. Nationality Economy Features**

The principles of economics of citizenship refer to the foundational concepts and values that guide the relationship between citizens and the economy within a nation.

Economic principles of citizenship set forth in UUD 1945 in particular article 33 are:

- a. The principle of family. In the explanation of UUD 1945, it is stated that the economy is structured as a joint enterprise based on the principle family. This principle is the benchmark of all business bodies BUMN and BUMS, BUMD.
- b. The principle of justice. The economic implementation of citizenship must be able to realize justice in society. This system is expected to provide equal opportunities for all children of the nation, whether they are consumers, entrepreneurs or workers. No tribal, religious and gender differences, all equal in the economic field.
- c. The principle of income reduction. People as consumers and economic actors must feel the loss of income. If the government is taking too much care of high economic growth, it's just nothing. High growth does not lead to a loss of income. That growth was felt only by a handful of the so-called big businessmen, while the majority of the people differed in poor and disadvantaged positions.
- d. The principle of balance between individual interests and the interests of the community. Economic activity must be able to realize the synergy between the interests of the individual and the interest of the community.

#### **E. Economic Success Factors of Citizenship**

Economic success factors of citizenship refer to the elements and conditions that contribute to the economic prosperity and well-being of citizens within a country. Important factors in the conduct of the national economy are:

- a. Economic efficiency based on justice, participation and sustainability.
- b. The vital role of the government to regulate the course of the economy wheel and guarantee prosperity and prevent injustice in society.
- c. Control in terms of factors of production.
- d. Allocation mechanism through government planning, market mechanisms and cooperation.
- e. The paradigm pattern of production relations of partnership is not labour-employment.

According to Soeharto Prawirokusumo, the realization of the economy of citizenship is determined by a number of factors: First, the level of development of the region. Second, the degree of independence of the people. Third, a degree of confidence in equality. Fourthly, the power of work that covers the level of employment opportunities of the community. Fifth, the level of community participation. Sixth, healthy competition. Seventh, there is openness/democracy. Eight, a fair expression.

### 3. NATIONAL ECONOMIC OPPORTUNITIES

People's economies are paralyzed. The problems of society are related to economic problems like the many people who are in the PHK and lose their sights on a daily basis. The excessive burden on the public is added when government aid is not targeted. Looking at this problem, then the right solution is to create an independent society, which does not rely on government aid but has the initiative to find solutions for economic gain. Governments should give the socialization of knowledge to the society for self-reliance, not just silence without productivity or creativity produced. The best strategy in looking at all this is that people should be smart enough to read this economic opportunity.

Therefore, the government as a facilitator should provide educational training to the public. It will also create an independent society that is not dependent on the help of others or governments because the aid provided by the government is very limited, and cannot be given to the entire affected community. People must be able to read economic opportunities. Nowadays, people are accused of being able to read economic opportunities to survive. Then from that, the economy of citizenship must be developed, as is the mandate of training-skills to provide society with inputs. In addition, the government needs to provide economic training programmes to the people so that they can still make money in these conditions. The appropriate programmes for the people will be able to help the people to remain productive, even in these circumstances should not gather a lot of masses in one place, but can still be done with the use of technology.

The utilization of technology must also be through socialization to the society, because the society does not fully understand, and still many are blind to technology. So socialization from the government related to the use the technology is very necessary because technology is now used as a means in communicating as well as other official events such as virtual seminars known as webinars or training in virtual form. This order of life has been predicted by the experts, if before we know the era of the Industrial Revolution 4.0 which is the new order of the life in the industrial sector where the work is done by the power of the machine no longer the human power, then today we are entering the age of the Industry Revolution 5.0 or society 5.0. Human patterns of life have evolved all the time. If society 4.0 allows us to access and share information on the Internet, then, in the society 5.0 phase, all technology will be part of the human being itself. The Internet is not only used as an access to information but also for living a life. So technological advances can minimize the gaps in human and economic times in later days.

#### 4. NATIONAL ECONOMICS OF NATIONALISM AND ECONOMIC ETHIC

The book entitled “People’s Law and the Economy of Nationality” by Bung Hatta which was presented by Tan Sri Zulfikar Yusuf explains that for us (this nation) the people are the main, the common people who have sovereignty, power, (souverenitet). Therefore the hearts of the nations and of the peoples are the highest measure of our lowest degree. (bangsa ini). With the people, we go up and with the people we go down. Life and death of Indonesia, independence, it all depends on the spirit of the people. Such a statement needs to be the full attention of the government and other social institutions.

The economy of citizenship is an economic system that is structured as a joint venture and inspired by family values. In the economy of citizenship, potential resources are managed on the basis of independence, and used to the greatest extent for the prosperity of the people. Citizenship economy is an economic situation in which economic activities are organized with the participation of all members of the society, while the maintenance of economic activities is under the control or supervision of the members of society.

With the information of the decline in economic growth, of course we will be able to cope with cooperation shoulder-to-shoulder. At a time like this, good communication is needed between the government and domestic entrepreneurs. The government's decision to provide benefits or incentives to the affected communities is perfectly appropriate and consistent with the function of the State itself. On the other hand, private companies must also demonstrate the role of humanity and their families to the affected communities.

This will greatly help to contain the deterioration of the values of well-being in society as a result of the pandemic. The same is true of many people who are still able to support each other's small enterprises in society, such as culinary enterprises or other kinds of micro enterprises. In the case of the company that performs the PHK, it should continue to pay attention to the employees who are the victims, not by just letting them do so. Of course this issue is also a matter of concern to the government. Good communication must be passed on to the associated companies and plan new alternatives to accommodate the employees at PHK after the economic conditions have improved. However, unemployment is equally dangerous to the well-being of the people. This is what is then called the application of the economic values of nationality in the basis of the family which includes the value of affection, respect and appreciation, the value of help and gotong royong, democratic values and unity of unity that is the one leader with the one led.

The economy suddenly underwent a crash landing, and must go to the emergency room. Economic development is an absolute process that a nation must undertake in improving the standard of life and well-being of the entire nation. In this respect, the government must take a more active role as the engine of national economic development. Governments and communities have an important role to play inining social and economic stability so as not to create lasting chaos.

#### 5. NATIONAL ECONOMICS OF DEVELOPMENT STRATEGY

There are several steps or efforts to be observed in realizing or developing the economy of citizenship, namely:

- a. Identification of the potential and development of enterprises against economic actors, such as cooperatives, small enterprises, micro, medium, farmers and peasant groups.
- b. Implementation of training programmes for entrepreneurs through accompanying programmes.
- c. Training programmes according to their needs at the time of developing enterprises.

- d. Coordination and evaluation to those involved in the construction process, both construction against capital, SDM, market, market information, or application of technology.

However, the other national economic system agendas that can be applied are:

1. Economic resources are increasingly developing access. People's economists must have access to economic resources such as capital, raw materials, and information. Credit mechanisms and interest application must ensure that 15 people's economic actors are not discriminated against. Implementation of Law 6/2014 on the village by providing cash transfers to the village is a concrete manifestation of the development of access of the village community to economic resources, in this case financial. Government programmes to build infrastructure in the most advanced, isolated, and backward areas are also another form of access to economic resources such as markets.
2. The need for institutional arrangement. The things to bear in mind in making institutional arrangements for the development of the economy of citizenship are:
  - a. The granting of business permits required by people's economists should be given quickly, easily, and cheaply. Although the government is currently striving to simplify and speed up the licensing process, this policy still places external investors as a priority. People's economists are still on the outskirts. Permissions that are supposed to be a boost to the development of people's endeavours in practice are still a burden.
  - b. Ensure that the major global economic actors do not enter the economic sectors that are the sphere of people's economic movements. The ten economic policy packages issued by the government are focused on attracting investors from outside. This policy has not been offset by efforts to protect and empower the economic entrepreneurs of the people.
  - c. Collaboration and patterns of cooperation between the people's economic actors and the big/global economy actors should become the dominant business practice in Indonesia. In this case, the government has the means of making all BUMN/BUMD as promoters of cooperation with the people's economic actors.
3. The reorientation of education. The revision of education is a vocational education that is adapted to the need to be a development priority, especially in areas with specific resources. For example, areas with potential fisheries resources need to develop vocational marine education and fishing, while areas with forest potential need to grow vocational training in timber industry and processing of non-wood forest products. (non timber forest product). On the other hand, general education in particular in the disciplines of economics and management needs to develop the understanding and concepts of people's economics. For that, the study, modeling and theorizing of the economy of the people must be done by academics.
4. Capacity development is needed. Able to compete with the people's economists with the global economists of this era. Capacity development to carry out efficient and productive economic activities becomes a must. It is not an easy matter, as the development of the capacity of the village apparatus to be able to use the village funds optimally is still a challenge. There are more than 74,000 villages, when each village has to be trained by the village chief, the village secretary, and the head of the BPD means 222,000 people need to get trained. Intergovernmental coordination to implement this remains an unfinished issue.

5. Overcoming economic barriers. In this case, we need to overcome the economic barriers of citizenship. The economic barriers of citizenship consist of illegal big business practices such as illegal fishing, illegal logging, illegal trading. The next economic obstacle is a biased trading system that leads to the price of people's economic operators being constantly pressured, such as agricultural commodities and plantations. The final economic obstacle is the various charges and remuneration imposed by local authorities, often without any clear basis.

## 6. CONCLUSION

The economy of citizenship is an important aspect of Indonesian economic development. It is based on the principles of the Universal Declaration of Human Rights and the concept of cooperation and common rules. By addressing this problem, Indonesia can work towards a more prosperous and sustainable economic future.

The economic efficiency of a society depends on its ability to participate, engage, and collaborate. The important role of the government in guiding the economy and ensuring economic growth and well-being for the people is crucial. Production efficiency is determined by a variety of factors, including the size of the area, the level of government support, the rate of participation, the degree of government involvement, and the levels of cooperation.

The economic environment of a nation is influenced by a variety of factors, such as population size, levels of government support, rates of government involvement, and levels of technology. Governments must provide education and technology training to the population to help them become productive and productive. Technology is also important for the development of society, as it is a tool for communication.

Technology is also important for the development of society, as it is a tool for communication and exchange of information. In the age of society 5.0, technology will be used not only for information but also for life, minimizing the impact of technology on human life and economic conditions.

The economic efficiency of a society depends on a variety of factors, including the size of the population, the level of government support, the degree of government involvement, the technology level, and the levels of government participation.

The book "The People's Economy" by Tan Sri Zulfikar Yusuf explains that for the people of Indonesia, the first generation, the general public, and the people who are the future, the country is in great need of economic development. This is because the government and the people are the most important resources for the nation."

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