

The Dynamics of Development in Indonesia: The Perspective of Political-Economy

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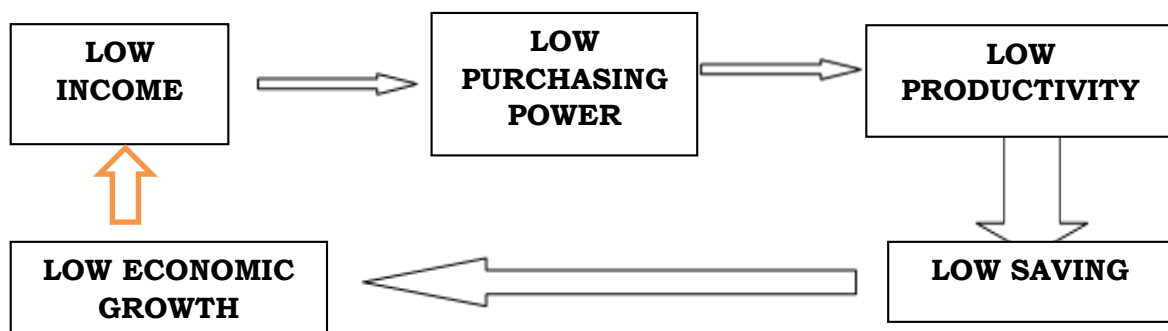
Abstract

The development process from based on political economy perspectives actually possesses plenty of selections in terms of comprehensive development, models and approaches which could be adjusted into the context of economy and political development and existence of the ruling regime as its foundation creators. Although the per capita income is increasing every year, but Indonesia's economic growth tends to decline and the poverty rate is still high. This article aims to invites readers to scrutinize again experience of development which has brought successes and failures, support and resistance, even poverty and prosperity of the people in dynamics aptly named as the “Commander of Development”: politics, economy and morale of commander.

Keywords: *Economy Growth, Prosperity, Affluence and Justice*

Introduction

The objective of development is to eradicate poverty. But in reality, the problem of development is the vicious circle of poverty is; low income, low purchasing power, low productivity, low saving and low economy growth (Todaro, 2015).



It actually showed how development could not adjusted as the prominent process to produce prosperity due to it indeed also contains probability to driving some people in to worst quality of life in term of the welfare society. Moreover, the process of development is not always about a success story. It because, in the same time, euphoria of development as process to be as prosperity people still have potentially of failure to reach its own goals.

The Concept of Development

According to Bryant and White (1987), development is defined as “the effort to increase the ability of a human being to govern his future”. In this term, they are also indicates 5 (five) key implications based on the definition, which are;

- 1 *Capacity*, development means to evoke human being’s optimum ability, as it individually or collectively.
- 2 *Equity*, development means promoting and stimulating the growth of togetherness and affluence of value and prosperity.
- 3 *Empowerment*, development means trusting the community to develop itself in accordance with its capabilities. This belief is expressed in the same form of opportunity, freedom of choice and power to decide.
- 4 *Sustainability*, development means to encourage ability to construct with freedom.
- 5 *Interdependence*, development means to reduce the dependency of the country to another country by creating a relationship with mutual benefit and mutual respect.

Political-Economic Principles (the Case in Indonesia)

Mohtar Mas’oed (1997) noted that we are able to identify the rise of three principles and developmental practices in Indonesia, where each stressing on different approaches. In simply understanding, each approach are gived specific names whereas Politics as Commander, Economy as Commander, and Morale as Commander. The characteristics of each principles or approaches can be explained as follows: *First*, Politics as Commander (*Politik Sebagai Panglima*). Prioritize politics in the developmental process and stresses the country’s role, which is represented by the bureaucrats, as the main practitioner in development with political authority and driven by static ideology (*negaranisasi*). It is viewed as the only body/figure that could intervene in economic developmental process in order to faced various obstacles (bottlenecks) in the process. Hence, only a stable condition may ensure the development process. It means, the main essence of development process is building a strong and stable nation.

Second, Economy as Commander (*Ekonomi Sebagai Panglima*) emphasizes role of employers and corporation in the development process. The perpetrators are involved in allocating resources besides making other economic decisions by considering the market, which follows the dynamic strength of supply and demand. Due to this condition, they are more considered as liberals, who prefer to work without any intervention from government. It can be seen clearly during the time of economic recession. They were would accuse the bureaucracy’s power as the cause and demand deregulation or flexibility in the country’s intervention within export process.

Third, Morale as Commander (*Moral Sebagai Panglima*), this view confirms that the most effective way to address poverty is to help them to seek their own empowerment and to make development decisions. As a term of people empowerment, development process tends to be monopolized by government where it seemly alienated the people knowing on their own problems. It possibly make development will far form its substantial destiny. Therefore it should be returned to the people. It make, a trusted development mechanism should be the people-centred power.

Actually, the People-centred development is to put development as process to develop human creativity where will be applied in their daily life. The characteristics of the People-centred development are; *First*, endogenous (determined from emerging ideas of society), *Second*, empowerment, called self-expression, mutual obligation, and joint effort (collective undertaking). *Lastly*, modernization theory with economic growth is accompanied by equity (Growth with Equity). All of those characteristics fundamentally placed people as the main aspect of development. It means, their objectives needs of high quality of life and prosperity must be realized thru all of development process.

Political-Economic Model

The Political economic model could be recognized in three forms. It included: *First*; the term of political problems are explained through economic theories or methodologies. This version is known as neo-classic political economy or rational choice. *Second*; political problems are seen as the fundamental building (supra structure) in which the supra structure reflects the infrastructure (lower building): seen through the class's eye, capitalists' exploitation on the weaker classes. This version is dubbed as capital penetration, dependency or regression. *Third*; economic problems are explained through political theories, approaches, or methodology.

Basically, the economic problems in political perspective is usually related to issue of who gets what, where, how, and why. This view is often mentioned of the public policy's analysis. Economic concerns tend viewed as problems of policy options, whether the policy is suitable or not to the political process. Whoever takes part in making the decision will get portion from the public policy. It showed that policy process tends became an arena of various parties to involve their interest where will framed thru the policy resulted by the process.

Political Economic Approach

In the Social theory, the Political-economic approach usually related to explanation aspect and normative nature condition of relationship between political and economical knowledge. It needs a statement of how both should be processed and how it should be associated. Some authors seen that political economy may be the formal label and could be used in relevant research with various aspects of public policy related to the term of political issue on who gains benefit and who does not. In other hands, the New School of Political Economy philosophically is more aggressive in using assumptions, language, and neo-classic economic logic to understand political moves and conceptual gaining of both government and private sector. Comprehending the 'New' spirit is vital in appreciating the other meanings of the phrase 'Political Economy', especially the existence of values and goals

distinction. However, all views seems contains weakness. It lies in their inability to explore the relationship of both politics and economy since the politics and economical activities are most often found in some overlapping condition, joint influences, and its theoretical analysis should also be the basis of relationship instead of just taking it into consideration. It could be seen for instance, how to generate hypothesis and use concept surrounding the relationship.

The stressing point on the power and market aspects is present of fundamental difficulty faced due to the radically contrast view between political and economic knowledge. Different perspectives presence is by questioning the relation to the content (strategy) and context, or between strategy and its purpose. As illustration, why are there some types relevant to the public while some others are not? How the theoretical process influenced by the demands of particular side or situation? The content level refers to certain types of political economic theories, that is: “the criterion for identifying such theory is whether or not claimed to depict a systematic relationship between economic and political processes”. The relationship among those may occur through different ways between two different processes (deterministic theory), as interactive theory, or as continuation of attitude, where “...whether or not the theory in question labeled “political-economy” is secondary: the important issue is its claim to empirical explanation,” (Stanilad, 2003, 5-6).

The political economy theoretical debates (since the ancient Greek era to the age of enlightenment) could be categorized into number of schools of thought as stated below:

- 1 *Orthodox Liberalism*, believes that individuals (actions and significance) are the basis for analysis and normative attitude while society is seen as the aggregate or average products of individual interests. Politics (or nation) is only viewed as the agent or organization that acts as the medium to achieve personal gains.
- 2 *Social Critiques of Liberalism*, assumes that individual can exist because society shapes the individual’s attitudes and actions.
- 3 *Economism*, like liberalism, believes that political process is result of the non-political process while interaction between individuals is seen as interaction between social strength (e.g. ‘class’ in Marxism’s point of view; or ‘group interests’ according to pluralism theory).
- 4 *Politicism*, thinks that political structure could expand one’s gain, has their own economic interests. Thus, ‘political rationality’ may engulf ‘economic rationality’.

The dialectical process based on Staniland’s (2003) reflects the common approach often used in economic and political knowledge. The political economic scheme stems from two interrelated themes: how does politics determine economic aspect and how does economic institution determine political process. In the methodology of political-economic, this is called as *The Political Theory of Economic* and *The Economic Theory of Politics* or *The Link between Economic Knowledge and Political Knowledge*. It fundamentally provides a way to understand interrelated between politics and economic dynamics at one.

Economic Growth and Indonesian Poverty

The model of Indonesia political economy seems has not been able to accelerate the prosperity of people. It indicated thru percentage of poverty in 2017. The percentage is still high where it about 10.12%. It means there are around 26.5 million people in Indonesia are standing in the poverty line. It means, there are number of people could not be reach yet the minimum standard of the non-poor people in the country. The minimum standards of per capita income for the rural people are about Rp. 372,114 while in the urban areas are Rp. 400,935. The condition actually shows a contradictive condition with the tendency of the rises of income per capita in general. Although increase in income per capita community from 2014 more 33 million/year Indonesia rupiah to than 36 million/year Indonesia rupiah in 2016, but the disparity between people is very high that results numbers of poor people. One of important aspect that participated in that situation was the trend of economic growth where it was decline from 5.05% in 2014 to 4.94% in 2016 (BPS, 2018). The data actually confirms that there are imbalance conditions within Indonesia economical condition where the effort to drive development for people is high but it still result side effect where increase of poor people as its outcomes.

Conclusion

Political-economic principles, models, and approaches could be different. The perspectives of economy and politics may have single thing in common, for example the interaction between individuals and society in the political-economic process denies conflict as it prioritize is harmony. But it still have other contrasts views from number of sides, particularly the question of who dominates the market; whether the state or people.

Therefore, thru its similarities and differences, the intellectual debates in regards to the political-economic approach will continue to rise, whether it done due to the democratic demands of political decentralization or the demands of global politics and economy context. The Indonesian political economics model provides positive and negative aspects to the society prosperity. It seemly relevant to the configuration of actor and their interest and how they view this concept based on their common understand or perspective that they have chose as the most appropriate ones.

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