

Pancasila as a Paradigm in Indonesia's People's Economic Development

Syelia Febriani^{1*}, Firga Nevi², Masduki Asbari³

^{1,2}Sekolah Tinggi Ilmu Ekonomi Insan Pembangunan

³STMIK Insan Pembangunan

*Corresponding author email: syeliafebriani27@gmail.com
firganevi12@gmail.com

Abstract - The purpose of this paper is to find out the people's economy as a paradigm in Indonesia's economic development. From the discussion, it can be concluded that the essence of Pancasila's position as a development paradigm means that it must be based on the values contained in the Pancasila precepts in all aspects of national development. From these contributions it can be concluded that Pancasila as a paradigm has a close relationship with the life of society, nation and state. Because Pancasila plays a very important role in various fields such as law, economy, social culture and development. Pancasila as a paradigm of national development in the economic field requires that every state economic development be based on the morality of the principles of Pancasila, namely the development of a people's economy and rests on the common good. One of them is the introduction of a people's economy as the basis of Indonesia's economic system.

Keywords: economic democracy development, pancasila, people's economy,

I. INTRODUCTION

As an independent country, the Unitary State of the Republic of Indonesia has core values as the foundation and source of inspiration and national values. This basic value is a national view of life and a state philosophy that was present at the opening of the 1945 Constitution of the Republic of Indonesia, which is a value that we know as Pancasila. Pancasila basically guarantees the unity, independence and sovereignty of the nation. Pancasila also recognizes and guarantees the implementation of national development as a sustainable effort to achieve the national goals of the Unitary State of the Republic of Indonesia. This national goal will then be achieved through the administration of a sovereign and democratic state, by siding with the people through the unity and integrity of the state based on Pancasila and the Constitution of the Unitary State of the Republic of Indonesia or more precisely, a value system that is used as the basic structure, road framework and at the same time framework. for direction or purpose for those who wear it. One of them is National Economic Development and Development which is indeed the national goal of the Unitary State of the Republic of Indonesia.

This development was not only driven by design, but also by a serious and sophisticated idea to welcome Pancasila as the basis of the state.

1. Definition of Paradigm Development

The term paradigm comes from the English word paradigm which means a model, pattern, or example. Paradigm was originally used in the realm of science. In the realm of science, paradigm is defined as a model or framework of thinking. However, over time, the term paradigm began to be used in everyday life.

Paradigm is a person's perspective on himself and his environment that will influence him in thinking (cognitive), acting (affective) and behaving (conative). Paradigm can also mean a set of assumptions, concepts, values, and practices that are applied in viewing reality in the same community, especially in intellectual disciplines.

Meanwhile, in simple terms, development is a process of better conditions through planned efforts. In essence, development is a process of change that is planned and covers all aspects of life in order to pursue life goals.

So it can be concluded that the notion of the development paradigm is a perspective on a development issue that is used in the implementation of development, in the sense of development both as a process and as a method to achieve an increase in the quality of human life and the welfare of the people.

2. Pancasila as a National Economic Development Paradigm

In accordance with the Pancasila paradigm in economic development, the system and economic development are based on moral values rather than Pancasila. In particular, the economic system must be based on divine morality (Pancasila I) and humanity (Pancasila II). This is to avoid free competition. Humanistic economy is based on the goal for the welfare of the people at large. The economic system is not only pursuing growth, but for the welfare of the entire nation. The purpose of the economy is to meet human needs so that humans become more prosperous. Therefore, we must avoid free competition and monopolies that result in human suffering and oppression of human beings against one another. Our country has a family-based economy.

Pancasila as an economic development paradigm refers more to the Fourth Precepts of Pancasila. Meanwhile, economic development refers to the development of the Indonesian Economic System. Thus pointing to the development People's Economy or the development of Economic Democracy or the development of the Indonesian Economic System or the Economic System Pancasila.

The People's Economy will be able to develop concrete local government programs in the era of regional autonomy that are more independent and more capable of realizing justice and equitable regional development. Thus, the People's Economy will be able to empower the region/people in the economy, so that it is more just, democratic, transparent, and participatory. In a People's Economy, the democratic Central Government (State) has a role to enforce compliance with regulations that protect citizens or increase legal certainty.

Pancasila departs from humans as the totality and humans as the subject. Therefore, the economic system must be developed into an economic system and development that aims at the welfare of the people as a whole. An economic system based on Pancasila is a people's economic system based on kinship. Indonesia's economic system also cannot be separated from human moral values. Economic development must be able to avoid forms of free competition, monopoly and other forms that will only lead to oppression, injustice, suffering and misery of citizens. Pancasila as an economic development paradigm refers more to the Fourth Precepts of Pancasila, while economic development refers to the development of the Indonesian Economic System.

Thus, this subtitle refers to the development of a People's Economy or the development of Economic Democracy or the development of the Indonesian Economic System or the Economic System Pancasila.

3. Brief Definition of People's Economy

The concept of a people's economy is to form a democratic economic system, of the people, by the people and for the people. The four basic principles of people's economy are as follows: (1) The economy is structured as a joint effort based on the principle of kinship, (2) Production branches which are important to the state and which affect the livelihood of the people are controlled by the state, and (3) Earth, water and all the wealth contained therein are controlled by the state and used for the greatest prosperity of the people (4) The national economy is organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity.

From the Article 33 of the Constitution, it is clear that the economy has been regulated in such a way as to create a just and prosperous society, namely with a populist economic system. Based on these four principles, it can be seen that the government's role is very important in regulating and moving the wheels of the economy, but that

does not mean that power lies entirely with the government, but that it is reused for the benefit of the people so that they can achieve prosperity and justice.

The basic concept of a populist economy is not only limited to regulating but also participating in ensuring the prosperity and welfare of the community and preventing oppression, namely the monopoly of the capitalists. Then the efficiency of the people's economy is based on justice, participation and sustainability. The populist economic system also empowers cooperatives as a vehicle and a forum for economic activities or small and medium enterprises.

The substance of the populist economy is the equal distribution of control over the factors of production, this is a process of democratization and also as an effort to prevent monopolies. The basic character of the populist economy is the pattern of relationships that are partnership relationships, so that they no longer use the terms labor and employer. And the main character of the people's economy is to change the individualist and capitalist nature of the Indonesian economic system.

In addition to Pancasila and Article 33 paragraphs 1, 2, 3, and 4, the people's economy is also complemented by Article 27 paragraph 2 and Article 34, the role of the state in the populist economic system includes the following five things: (1) Developing cooperatives, (2) Developing BUMN, (3) Ensuring the use of the earth, water, and all the wealth contained therein for the greatest prosperity of the people, (4) Fulfilling the right of every citizen to get a job and a decent living, and (5) Caring for the poor and neglected children.

People's economy is also a humanistic economy that is based on the welfare and justice of the people, an economy that fights for the welfare of the entire nation and not only pursues profit and prioritizes growth but also equity.

The concept of People's Economy has advantages and disadvantages. The advantages of the People's Economy are that it protects the people at large from unequal competition with the owners of large capital, is better able to improve the welfare of the people at large, narrows the gap between the rich and the poor, and creates a synergistic relationship between Large Capital Owners with many people as their partners.

Meanwhile, the weakness of the People's Economy is that it is less attractive to owners of large capital because their profits need to be shared more proportionally with the general public.

II. RESULT AND DISCUSSION

As previously explained, Pancasila is a paradigm as a reference for national development in the political, socio-cultural, and economic fields. Then several questions arise about Pancasila as a paradigm of national economic development, one of which is, "What economic principles are right for Indonesia?"

Developing countries such as Indonesia are in the right position to apply the principles of a People's Economy. This principle is in line with the mandate of the fighters and leaders/pioneers of this country, as stated in the 1945 Constitution. Then: "Why do we have to establish this people's economy?". Indonesia is currently dominated by a population, almost half of whom are in poor conditions, according to the World Bank, which puts the number of poor people in Indonesia in 2008 at 115 million. This number is very large and has the potential to cause problems of economic and social jealousy. Most of the poor people clearly need the active role of the government, which will save them from poverty and at the same time contribute to their welfare. If the government implements a liberal economic system, it will cause a balanced competitive opportunity to be closed and will actually increase the number of poor people, in addition to widening the economic and social gap. However, if the government chooses to run a people's economy, it will open up more opportunities for small communities to participate as broadly as possible in economic development, thereby increasing people's opportunities to earn a decent income and become prosperous. The government's active role in the people's economy is to protect society as a whole and provide equal opportunities. This characterizes the government's alignment with small communities. In addition, a government that applies this principle also requires a leader

who is brave, firm, strong and visionary. This kind of leader has the ability to gather large capital owners who are willing to share profits proportionally for the benefit of the people with the principle of synergy between the owners of the capital and the people at large.

There are four reasons why the people's economy should be used as a new paradigm and strategy for Indonesia's economic development.

1. Indonesian Characteristics

Economic development concepts and strategies that have been successfully implemented in one country are not necessarily successful if applied in other countries. Harrod-Domar's growth theory, Rostow's growth theory, David Romero's growth theory, Solow's growth theory are built from the structure of a society of economic actors, which is different from the structure of the economy. in Indonesian society. Each theory is always based on certain assumptions, which not all countries have the conditions for. Therefore, to build a strong, stable, and just Indonesian economy, it is impossible to use existing generic theories. Indonesia must develop its own concept of economic development that is in accordance with the political needs of the people, with the requirements of our constitution and in accordance with objective and subjective conditions.

2. Constitutional Demand

The economic order being built is not a monopoly or a monopoly or oligopolistic economic system. The economic system required by our constitution is an economic system that provides opportunities for all individuals or citizens to own property in the national economy. National economic order is an economic order that clearly determines what goods and services must be produced by the government and what products and services must be produced by the private sector or non-government. Regarding the form of economic institutions, although in the explanation of Article 33 it is interpreted as a form of cooperative, but of course it must adapt to the development of society and the environment.

3. Empirical Facts

From the ongoing monetary crisis to the economic crisis and the fall of the rupiah against the dollar, it has not paralyzed the national economy. That as a result of the economic crisis, prices of basic necessities increased, inflation was almost out of control, exports fell (especially exports of industrial goods), imports of capital goods fell, and production of industrial goods fell, unemployment increased, it is true. However, all of this does not have a serious impact on the economy of the community whose source of income is not from the sale of labor. The number of companies owned or owned by the community whose products do not use imported materials almost does not cause shocks. Another fact, when investment is zero percent and capital is even reduced, it turns out that the Indonesian economy can grow by 3.4 percent in 1999. This all proves that the Indonesian economy will be strong if the economic actors are carried out by many citizens.

4. Development Failure Economy

The economic development that we have carried out for more than 32 years, from one aspect, has indeed shown quite good results. Even though we faced 2 economic crises at that time (namely the Pertamina debt crisis and the crisis due to the fall in oil prices), the average national economic growth was more than 7 percent per year. The volume and value of oil and non-oil exports also increased sharply. But on the other hand, we must also accept that the number of poor people is increasing, the income gap between population groups and between regions is getting wider, the amount and ratio of debt to GDP has also increased sharply, and the transfer of ownership of economic assets from the people to a small group of citizens is also increasing. Although various poverty alleviation programs have been implemented, we have announced 8 compensation channels, but in reality all of them are unable to solve these problems. Therefore, what we need now is not a poverty alleviation program, but a development strategy reform that is suitable for Indonesia. If the economic development strategy we take is right, then all development programs will also become poverty reduction programs.

The goal to be achieved from strengthening the people's economy is to carry out the constitutional mandate, in particular regarding the realization of an economic system that is structured as a joint effort based on kinship that guarantees justice and prosperity for all Indonesian people (article 33 paragraph 1). , the embodiment of the Trisakti concept (self-reliance in the economic field, sovereign in politics, and personality in the field of culture), the embodiment of production branches that are important to the state and which affect the livelihood of the people in large part are controlled by the state (article 33 paragraph 2), and the realization of the mandate that every citizen has the right to work and a decent living (article 27 paragraph 2). The specific objectives to be achieved are to:

- a. Building an Indonesia that is economically independent, politically sovereign, and has a cultured personality.
- b. Encouraging economic growth sustainable
- c. Encouraging equitable distribution of people's income
- d. Increase the efficiency of the national economy.

III. CONCLUSION

From this paper, it can be concluded that Pancasila as a paradigm has a close relationship with the life of society, nation and state. Pancasila as a national development paradigm in the economic field has the intention that every state economic development must be based on the morality of the Pancasila precepts. Pancasila economy or better known as populist economy is a humanistic economy, which is based on the morality of the Pancasila precepts and aims to achieve the welfare of the entire nation. People's economy based on people's sovereignty. Of the people, by the people and for the people. Developing countries such as Indonesia are very suitable to apply the principles of a people's economy. This principle is in line with the mandate of the fighters and predecessors/pioneers of this country as outlined in the 1945 Constitution.

REFERENCES

- Malau, N. A. (2016). Ekonomi Kerakyatan Sebagai Paradigma Dan Strategi Baru Dalam Pembangunan Ekonomi Indonesia. *Jurnal Ilmiah Research Sains*, 2(1), 1-8.
- Rohmah, M. (2016). Ekonomi Kerakyatan Sebagai Landasan Pendidikan Ekonomi Indonesia. In *Prosiding Seminar Nasional National Conference On Economic Education*. Malang: S2 Program Studi Pendidikan Ekonomi Pasca Sarjana Universitas Negeri Malang.
- Lestari, N. W. (2016). Artikel Tentang Pancasila Sebagai Paradigma Pembangunan di Bidang Ekonomi.
- Solihin, D. (2011). *Paradigma Pembangunan*. 5-7.
- Wikipedia. (2014). Ekonomi Pancasila (http://id.wikipedia.org/wiki/Ekonomi_Pancasila) Diakses pada 08 Desember 2014 Pukul 20.40.
- Hutomo, M.Y. (2001). Konsep Ekonomi Kerakyatan. *Majalah PP Edisi* 25.
- Lira, A. Pancasila Sebagai Paradigma Pembangunan Ekonomi.
- Rahman, S. (2014). *Membangun Ekonomi Kerakyatan Berdasarkan Pancasila*.
- Aji, M. N. (2013). Pancasila sebagai paradigma pembangunan ekonomi.
- Undang-Undang Dasar 1945 dan Penjelasannya, Pasal 27 (ayat 2) dan Pasal 33 serta pasal 34.