

## **Human Perspective in Indonesian Economic System**

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**Abstract:** *This paper describe five principles of Pancasila in live with the Indonesian Economic system. Unlike the commanding economy system and liberal economic system, the criteria of "humanist" attaches quite clearly for the Indonesian economic system. Therefore, this system needs to establish a process of internalizing in order to create a proper economic behavior in accordance with Indonesia's economic system. Indonesian economic system is based on Pancasila as the country ideology and foundation for Indonesia. Indonesian economic system characteristic is defined in article 33 of the Constitution of 1945, the economy is full of a sense of togetherness and familiarity. Human perspective according to Indonesia's economic system is: (1) people who prefer the deliberation with humility to solve problems; (2) considers human beings as a family, helping each other, and mutual help with each other; (3) the mankind who have a passion for the nation and country, willing to sacrifice to prioritize the interests and group's happiness above his own interests; (4) the mankind who always pay attention to sustainability and environment of economic activity. Therefore, the Indonesian people are human beings who have a balanced life, both human life as a person, man to man relationship, relationship with nature, human relationships with the community, man's relationship with his people, and mankind's relationship with their God.*

**Keywords:** *Pancasila, Indonesian Economic System, Human of Indonesia*

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### **I. Introduction**

Indonesian government has issued various economic policies to address the economic problems in Indonesia. As in the reign of President Joko Widodo, there is some economic policy which have been set: 1) improving rural economic activities through village funds; 2) facilitate the People's Business Credit; 3) simplicity on investment services and bureaucracy; 4) the affordable house for the people; 5) facilitate the maintenance of Tax Allowance and Tax Holiday; and 6) insurance for farmers. Yet, it should be contemplated that the economic problems experienced by a country that is not enough to simply be solved by economic policy.

Economic problems facing by a country can come from public life stance that deviates from the norms and personality of the country. Indonesian human is a central component of economic development of Indonesia. Indonesian human understanding is not just people who are living in Indonesia, but the people who has a personality who fit to the ideology of the Indonesian nation. Pancasila is the Indonesian country ideology and formed the foundation of the diversity of values and a philosophy of tribal culture in Indonesia. Therefore, Indonesia's economic system is characterized by a sense of community and humanity. To promote the economy of Indonesia, the Indonesian must have the correct economic behavior in accordance with human perspective according to Indonesia's economic system.

The perspective issue of humans in Indonesia's economic system becomes an important point to be studied in depth, given the dissimilarity between the content constitution of the country's economy with the public perception (as man) will bear the economic conditions which are a double-edged, which ultimately economic policies will not be effective, or not according to the needs and desires of the community. It also requires the internalization process of Indonesian economic system which is intended to establish the economic behavior of the people in accordance with the prevailing economic constitution.

The process of socialization and internalization of economic systems is a major issue in the context of Indonesian human form that is consistent with the economic constitution of Indonesia (UUD 1945 and Article 33). There is the need of revitalization of Pancasila on the economic system that is a more systematic and planned so that the system is able to host in its own country. Revitalization can be implemented through various government policies that support economic system to the people without prejudice to the economic democracy (Subroto, 2012). Besides, the subject matter and internalization strategies need to be developed in such a way, so that the purpose of socialization and internalization can be achieved effectively and efficiently.

## **II. Pancasila as Guidelines and The Way of Life For Indonesian**

Pancasila is the country's ideology and foundation for Indonesian nation. Pancasila is excavated from Indonesian culture itself. As the basis of ideology, Pancasila values are not only a foundation in life economically, but also the foundation for all aspects of life, including political and social aspects. Pancasila contains the view, the guidelines country of life and purpose for all Indonesian people. Pancasila comprises five principles which are: 1) Belief in God Almighty; 2) Humanitarian of Indonesia; 3) Unity of Indonesia; 4) Populist Led by Wisdom / Consultative; and 5) Social Justice for All People Indonesia. (Swasono, 2010)

### **2.1 The first principle: Belief in God Almighty**

The principle of Belief in God Almighty gives a distinctive touch in economic activity in Indonesia. Implementation of economic activities must be in accordance with the teachings of religion, for example, the value of honesty and fairness. For individuals who believe in God, happiness is not only the matter of fulfillment of material needs, but also the fulfillment of spiritual needs. Therefore, in carrying out economic activities, Indonesian should run with full of responsibility as part of worship. Economic activity should bring benefits to both our fellow human beings in society and country. (Dahana, 2015).

Furthermore, the link between the principle of the Godhead and the organization of economic activity can be expanded, in terms of ownership to individual persons to production factors, the benefits must be shared with the community the others, considering all factors of production is the creation of God, so that ownership of essential exist in God, while humans only managers and owners of the factors of production. (Ismail et al, 2014)

### **2.2 The second principle: Humanity which are Just and Civilized**

The principle of humanity which is just and civilized lay the foundation for putting fellow human beings to have the same degree. We should not be arbitrarily against others, and growing mutual respect. Indonesian humans have the freedom to actualize all their potential as long as it does not damage the interests of others. Economic activities that harm others or exploitative and cause potentially discriminatory creating injustice and contrary to the principle of equality. (Dahana, 2015).

### **2.3 The third principle: Unity of Indonesia**

Indonesian should have a sense of togetherness which is reflected in the spirit of kinship and having the same burden. The rich should help the poor. The strong protect the weak; the great protect the small, and an advanced push left-behind, giving priority to the common interest rather than personal or group interests. Implementation economy thoroughly and evenly in all parts of Indonesia will encourage a sense of nationalism and national independence. (Murbyarto 1994).

### **2.4 The fourth principle: Democracy Led by Wisdom in Consultative Representatives**

Indonesia must prioritize voting in taking decisions. Everyone can participate in the meeting to give their opinions, thoughts and views. However, that view must be based on common sense and common interests. Deliberations to reach a consensus must be overcome with a sense of kinship. Furthermore, with the full responsibility of the Indonesian people must accept and implement the decisions of deliberation. (Ismail et al, 2014)

### **2.5 The fifth principle: Social Justice for All Indonesian**

The purpose of the Indonesian economic system is the creation of social justice for all Indonesian. For that Indonesian should maintain a balance between rights and obligations. Do not only expect to have the rights, but also obligations. Respect the rights of others by giving to others what they are entitled. Appreciating the work of others, take and give in order to achieve the realization of equitable progress with social justice. (Ismail et al, 2014)

The principle of equity and social justice in the economic system Indonesia has contained clearly in the spirit of the 1945 Constitution, which means that without the policy and special programs of the government, the Indonesian should have to be able to implement the principles of social justice in the economy (Mubyarto & Boediono, 1997), Soul and spirit of social justice contained in the 1945 Constitution should be recognized comes from the soul and spirit that has long been embedded in Indonesian society.

Those five precepts above, as elaborated in the context of the economy, it is apparent that Indonesia not only as a country of law as country, but also country's welfare law. In a country's welfare law, country has an obligation to realize the people's welfare by making regulations in sectors of the economy to achieve economic justice. Article 33 UUD 1945, has demonstrated Indonesia as country's welfare law (Suhardin and Siahaan, 2014). Indonesia's economic system as a whole includes the welfare of both material and non-material (humanist) and regulated by the Law implementation.

### III. Discussion

#### Characteristics of Indonesian Economic System

Indonesia's economic system is operationalized in Article 33 of the Constitution of 1945. Article 33 of the Constitution of 1945 previously consisted of three paragraphs later on 10 August 2002 be amended contains five paragraphs. The fifth paragraph in article 33 of Law 1945 is: (paragraph 1) The economy is structured as a joint business based on the principle of kinship; (paragraph 2) branches of production that are important to the country and which dominate the life of the many people is controlled by the country; (paragraph 3) Earth, water and natural resources contained therein are controlled by the country and used for the welfare of the people; (paragraph 4) The national economy shall be organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental friendliness, independence, and balancing progress and national economic unity; and (paragraph 5) Further provisions on the implementation of this article are regulated by law.

#### ***3.1 Indonesia's Economy is Structured as a Joint Venture on the Principle of Kinship***

The first characteristic of Indonesian economic system stipulated in article 33 paragraph 1 of the Act of 1945 which is: "The economy is structured as a joint business based on the principle of kinship". To better understand the meaning of Article 33 paragraph 1 of the Act of 1945, we can compare Indonesia when the country embraced capitalist-liberal economic system. When the Indonesian country embracing economic system of capitalism-liberal, then article 33 paragraph 1 of the Act of 1945 would read: "The economy is based on the individual business principles of free competition" (Murybarto, 1990). Both things are obviously different. The capitalist economic system has individualist spirit that all highlight the individual nature (Conway, 2011). Individual competition is not the character of the Indonesian nation. As a unitary country, Indonesia is put together.

Togetherness is the conviction, awareness and determination to implement and to bear the consequences together of an act (Rahardjo in Ismail, 2014). Togetherness is reflected in the nature and willingness that does not to think of self-interest, but the interests and happiness together. The basis of unity is a kinship. To better understand the meaning of family as it has been defined by Article 33 paragraph 1 of the Act of 1945, "The economy is structured as a joint business based on the principle of kinship" we can say it with the term "family". In a family, there is no free and hard competition between its members. Even if there is competition, the competition exist to built and not letting each other down. A brother with his sister equally compete for his future. But in a competitive process to achieve its goals, not each other down, and if the goal has been reached then it is for happiness. Nevertheless, it does not mean all the work should be divided equally, but each member receives his share according to the place and nature of the contribution (Ismail, 2014).

#### ***3.2 Production Branches which are Important for the Country and Dominate the Life of The People are Controlled by the Country***

The next Indonesia economic system characteristic is indicated in article 33, paragraph 2 of the Constitution of 1945 which is: "branches of production that are important to the country and dominate the life of the people are controlled by the country". Production branches which are important for the country and dominate the life of the people is composed is vital goods and services of human life and are available in limited quantities. Country control over the branches of production and certain natural resources to guarantee the protection of people and for the sake of prosperity of the people to the maximum (Murybarto 1994).

The word "controlled" in contrast to the word "owned". Indonesian dictionary defines "power" as an authority on something in order to determine the form of govern, represent, administer, and so on. Meanwhile, the word "property" in Indonesian dictionary means belonging, right. In the light of the ownership, the term "controlled" has lower degree than the term "owned". According to the Constitutional Court (MK), the meaning of controlled by the country under Article 33 paragraph 2 of the Constitution of 1945 includes the power of the country to regulate (*regelendaad*), taking care (*bestuursdaad*), manage (*beheersdaad*), and mastering (*toezichthoudensdaad*) (Ismail, 2014). Thus, the country takes control over natural resources instead of exclusive rights in the form of private ownership. The country simply as a recipient of a mandate. Country makes a room for the private sector to manage branches of production that are not dominate the life of many people. The government also wants to see private entrepreneurs can grow strongly, to spearhead the advancement and creativity of the national economy.

#### ***3.3 The Earth, Water and Natural Resources Contained therein Are Controlled by the Country and Used for the Welfare of the People***

Indonesia's economic system is affirming that possession of the land, water and natural resources contained therein and only for the sake of the prosperity of the people of Indonesia (Ismail, 2014). Prosperity is for all Indonesian people, not the prosperity of the perseorang. Nature and richness contained in it is God's

creation, so that the ultimate ownership belongs to God. Humans are only given the power to process them for the sake of prosperity just as recipient governments da mandate. This is consistent with the objectives of Indonesia as country in the Preamble to the Constitution of 1945 "... to form a government of the country of Indonesia which shall protect all the Indonesian people and the country of Indonesia and to promote prosperity, educating the nation and participate in the establishment of world order based freedom, lasting peace and social justice ..."

Indonesia's economic system make sense of prosperity as "social justice for all Indonesian people". Social justice is different from economic justice. Social justice is broader than economic justice. Economic justice regarding opportunities in production, while social justice is distributive justice or a fair sharing of production (Murbyarto, 1994). Indonesian economic system ensure economic justice as well as ensuring fair distribution division after every production process is completed (Murybarto 1994). Society that clearly override the values of justice (the exclusion of equity) must be experiencing social upheavals. Then sooner or later it will tear down the joints kehidupannyadan threaten its sustainability.

***3.4 The National Economy shall be Organized Based on Economic Democracy with the Principles of Togetherness, Efficiency with Justice, Sustainability, Environmental Friendliness, Independence, and Balancing Progress and National Economic Unity.***

The economic democracy is upholding of the people in the economy. Economic activity derived from the people, by the people and for the people (Subandi, 2014). The economic activity from the people means that the national economy is executed after receiving a mandate from the people. The people are the sovereign economy, so that the people are the most powerful set of economic tatatan through its representatives. By the people, it means the organization of the economy must be carried out by the people through participation and emancipation. For the people, it means the purpose of implementation of the national economy is for the welfare of all the people of Indonesia. The natural wealth should be used for the common interest with regard to sustainable justice and environmental insight, independence, and balancing progress and national economic unity.

**IV. Human Perspective in Indonesian Economic System**

Article 33, paragraph 1: The economy is structured as a joint effort based on the principle of kinship. It shows mankind who prefers dialogue with humility to solve problems. Humans are more put together and togetherness in economic welfare. In a regard to human beings as a family, to help each other, mutual help, with each other.

Article 33, paragraph 2 and 3: Branches of production which is essential for the country and dominate the life of many people are controlled by the country. Earth, water and natural resources contained therein controlled by the country and used for the welfare of the people. Reflecting the spirit of man which has a nationalist. Humans who have a love for the nation and country. Willing to sacrifice to prioritize the interests and happiness together above his own interests. More priority to the establishment of a comprehensive welfare, evenly distributed in all sectors and in all regions of Indonesia.

Article 33, paragraph 4: The national economy shall be organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental friendliness, independence, and balancing progress and national economic unity. Man who always pay attention to sustainability, environmental friendliness of economic activity does. Economic activities are not exploitative as part of a legacy for generations to come.

In contrast to the socialist-command economic system, the ownership of the branches / production factors are not important for the country and does not dominate the life of people is allowed (Grossman, 1995). Yet, the question of ownership must prioritize many benefits to society, not the individual; it is the primary differentiator and requires attention on the human perfective that should be in Indonesia.

Economic system Indonesia Indonesia sees man as one big family that likes to work together, the interests and happiness together. A sense of togetherness and family animates economic democracy in Indonesia. The relationship is based on compassion in the spirit of kinship. Considering that the ability of each of the different economic actors and to realize common prosperity, the branches of the economy are important and dominate the life of many controlled by the country. Outside production branches are located, all the economic actors have an equal opportunity to advance the economy. (Wahjoedi, 2015).

Man in perspective of Indonesia economic system is a human who has a balanced life, both human life as a person, man to man relationship, relationship with nature, human relationships with the community, man's relationship with his people, and man's relationship with his Lord. Individual material well-being is not the main purpose of economic activity. Humans are more put together and keserentakkan in economic welfare. Regard human beings as a family, to live by helping each other, and mutual help. Having a sense of kinship and the

same faith, the rich help the poor, the strong protect the weak, the great protect the small, and the advance push left-behind. (Ismail, 2014).

Humans need economic development so that the material needs are met. Likewise, economic development requires humans as actors and determinants of economic development. Economic policy can only boost the economy in a given period of time only, but the Indonesian human behavior that can really improve the Indonesian economy is not restricted by a period. Indonesian human is a human being who animates values Indonesia's economic system. As a matter of self-reflection is the challenge of how to form themselves into Indonesian man who has economic behavior in accordance with the perspective of human according to Indonesia's economic system.

## **V. Conclusion**

Indonesian economic system characteristics is defined in article 33 of the Constitution of 1945, the economy is full of a sense of togetherness and kinship, a relationship based on compassion in the spirit of kinship. Human perspective according to Indonesia's economic system is: (1) people who prefer the deliberation with humility to solve problems. Furthermore, with full responsibility to accept and carry out the decisions of deliberation; (2) considers human beings as a family, to live by helping each other, mutual help, with each other.

Economic activities does not only benefit themselves but should bring benefits to human beings; (3) the man who has the passion for the nation and country, willing to sacrifice to prioritize the interests and group's happiness above his own interests for the realization of a just and prosperous society; (4) the man who always pay attention to sustainability and environment of economic activity. Therefore, the Indonesian people are human beings who have a balanced life, both human life as a person, man to man relationship, relationship with nature, human relationships with the community, man's relationship with his people, and man's relationship with his God.

## **VI. Future Research**

Economic learning must be integrated with values in Indonesian economic system. Each teaching and learning activities which are carried out from an early age should be intended to shape the behavior of Indonesian human that have economic behavior and based on Indonesia economic system. Moreover, it should also be disseminated to the public on a massive scale, both in the form of actions and policies in order to provide an understanding of the prevailing economic system, as well as the underlying rules.

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