The Concept Of People’s Economy Based On Pancasila As Legistimation Of Economic Ideology In Indonesia

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Abstract
The concept of populist economy based on Pancasila is a concept from the thinking in planning and implementing economic development at the national level. Where the frame of mind is based on the elaboration of the values contained in the Pancasila paradigm. The establishment of a Pancasila-based populist economy as the legitimacy of economic ideology in Indonesia is crucial by looking at the phenomenon of global capitalism in overcoming a decline in economic stability. The people's economy itself has deviated far from the existence of a liberalist economy and capitalism which will eventually have the impact of economic inequality for the community. The purpose of this study is to see the existence of the Pancasila-based populist economic concept, whether it is still feasible and whether it has been properly implemented as a legitimacy for economic ideology in Indonesia. The method of this study uses a systematic literature review method in which this method must be consistent with the latest suggestions where the management literature review must be strengthened. In carrying out the selection of literature reviews for data collection and analysis, there must be the latest conceptual development and mapping. This study found that Indonesia has not been able to perfectly apply the concept of populist economy based on Pancasila. Even though Indonesia supports the concept of a Pancasila-based populist economy, its implementation in the field has not been fully fulfilled. Where the nation's capital ownership or foreign investors still dominate the economic aspects in Indonesia.

Keywords – People's Economy, Pancasila, Ideological Legislation
Introduction

The people's economy is an economic system based on the Pancasila values paradigm, in which the placement of people's sovereignty is above all else. The populist economy based on Pancasila is a new form that has been developed so that it has very basic differences from the country's economic system that adheres to liberal-capitalist democracy and socialist democracy. In implementing a democratic system that comes out of the values and paradigm of Pancasila, it can lead to the birth of high-cost politics, so that this will bring up political investors with their economic interests that must be accommodated, which includes a capitalist hegemony by exploiting the influence of globalization, causing market forces to break through national boundaries (Yunus, tt, p. 08, 2018).

The constitution of a country does not only contain the political system that will be used as a center of attention for power, because indeed power should be considered and regulated and limited accordingly, but it must also contain the economic system, direction and economic orientation of a country. Indonesia as a nation has characteristics and a view of life that is different from other nations (Hasan, 2021, p.10). Every nation in the world in living as a society, nation and state always has a view of life, philosophy of life, and guidelines for life so as not to experience confusion in the international community. The state of communism and liberalism lays the foundation of its state philosophy on a particular ideological concept, for example communism bases its ideology on a concept of Karl Marx's thought. Unlike other nations, Indonesia has a basic way of life in society, nation and state based on a culture (culture) that belongs to and is inherent in the Indonesian nation itself.

The concept of democracy is not a concept that was lifted from just one person but the work of the Indonesian people, lifted from the cultural values that belong to the Indonesian people themselves, through a process of philosophical reflection by the founding fathers of the country such as Soekarno, M. Yamin, M. Hatta, Soepomo and other prominent figures. other founding fathers. Philosophically, the Indonesian nation before establishing the state was a nation with God and humanity (Hasan, 2021). This is based on the objective fact that humans are creatures of God Almighty. Pancasila is the basis of the state philosophy and the philosophical view of the Indonesian nation. This is in accordance with the philosophical and objective reality that the Indonesian people in living in society and as a state are based on the values written in the Pancasila precepts which are philosophically the philosophy of the Indonesian people before establishing the state.

On the basis of this philosophical understanding, in the life of the state, the values of Pancasila are the people's values as the philosophy of the state. Consequently, every aspect of state administration must be based on people's values, including the regulatory system.
legislation in Indonesia. Thus, in the realization of statehood, including in the process of reformation today, it is imperative that Pancasila is a source of social values in the implementation of statehood, both from national development, politics, law, socio-culture, defense, security and the economy. Departing from this problem, the author is interested in examining the concept of populist economics based on Pancasila which must really be applied as an ideology in the economic concept in Indonesia.

**Literature Review**

**Definition Of The People's Economy System**

The people's economy is a process of managing business independently and collaboratively by community groups. According to article 33 of the 1945 Constitution, the meaning of the people's economic system is a system to realize people's sovereignty in the economic field. Meanwhile, according to the International Labor Organization (ILO), the definition of populist economy is a traditional economic system carried out by local communities to sustain their lives. The local community here means people with simple economic activities such as small traders and MSMEs (Kholifah, S. 2018).

From this we can conclude that the notion of populist economy is an economic system to increase the economic independence and prosperity of the middle and lower classes. Since before independence, the people's economy in Indonesia has been implemented and has become one of the pillars of our country's economy until now. Principles of People's Economy in Indonesia. After discussing the definition of a populist economic system, we will then discuss some of the principles of its implementation. Broadly speaking, a people-based economy in Indonesia is based on the 1945 Constitution in the following articles: Article 33 paragraphs 1 to 3, contains the principle that the Indonesian economy is structured on the principle of kinship, control of important production branches by the state, and the best use of natural resources for the welfare of the people. Article 27 paragraph 2, regarding the right of every Indonesian citizen to get a decent job and livelihood. Article 34, which states that the government is responsible for caring for the poor and homeless children.

**Definition Of Pancasila**

Pancasila is the content of the soul of the Indonesian nation that has been passed down from generation to generation, which for centuries has been muted by western culture. In this way, Pancasila, according to Ir. Soekarno is not only the philosophy of the state, but more broadly, namely the philosophy of the Indonesian nation. Sourced from Kompas.com, quoted from President Soekarno's Course on Pancasila (2017), on May 26, 1958, Soekarno gave an inleiding or introductory course on Pancasila which he was proud of (Ir. Soekarno).
Pancasila comes from the word *panca* which means five and *sila* which means joints, principles, basis, or regulation of behavior that is important and good. In this way, Pancasila is five foundations which contain guidelines or rules regarding important and good behavior. The scientific understanding of Pancasila is the absolute and objective basis of the state attached to the continuity of the state, cannot be changed by legal means, is a general abstract and general universal understanding (Notonegoro). Prof. Notonagoro said this was due to his desire to find a way out of the difficulties regarding the basis of the Republic of Indonesia in discussions in the constituent assembly. Prof. Notonagoro studied Pancasila scientifically, said Prof. Koento Wibisono was influenced by the methods of western philosophy, because Indonesia did not yet have philosophy as a scientific discipline. This was done by Prof. Notonagoro as a support for the existence of Pancasila which functions to achieve one ideal. Therefore, Prof. Notonagoro has a concern for developing Pancasila from a “philosophical” angle.

Pancasila is defined as a state philosophy created to become a collective ideology or shared ideals for the welfare of the people and nation of Indonesia (Ruslan Abdul Ghani). Pancasila is the foundation of the state which has a meeting point or encounter with the religions that live in Indonesia (Nurcholis Madjid). Pancasila economy is a sector of economic activity for the underprivileged which is also called the informal sector. Where there are farmers, fishermen, breeders, craftsmen, small traders, and so on. In principle, in the Pancasila economic system, cooperatives where the principle of kinship is upheld are the pillars of the nation's economy. The wheels of the economy are driven by economic stimuli and are also considered by social-moral considerations. Equality as a manifestation of solidarity and nationalism. Natural wealth is controlled by the state but the role of the state is not dominant. In the Pancasila economic system, the economy comes from the people, by the people and for the people (Murbyanto, 1980).

**Definition Of Ideological Legitimacy**

Legitimacy is important for organizations, boundaries are emphasized by social norms and values, and reactions to these boundaries encourage the importance of analyzing organizational behavior with respect to the environment (Dowling, et.al, 2007).

The theory of legitimacy (Legitimacy theory) focuses on the interaction between companies and society. Legitimacy theory states that organizations continually try to ensure that they carry out activities in accordance with societal boundaries and norms (Deegan et al., 2002). Community legitimacy is a strategic factor for the company in order to develop the company in the future. This can be used as a vehicle for constructing corporate strategy, especially related to efforts to position oneself in the midst of an increasingly advanced society (Nor Hadi, 2011).

The word ideology comes from the Greek "idea" and "logos". idea implies
knowing the mind, seeing with the mind. The word logos means ideas, understanding, words, and knowledge. So, ideology means a collection of ideas or ideas, understandings, opinions, or experiences. The term ideology was coined by Antoine Destutt Tracy (1757b-1836), a French philosopher. According to him, ideology is a branch of philosophy called science de ideas (science of ideas). In 1796, he defined ideology as the science of the human mind, capable of showing the right path to the future. That way, at the beginning of its emergence, ideology meant the science of the occurrence of ideals, ideas, and thoughts.

Ideology is a reflection of the way of thinking of people or society which at the same time shapes that person or society towards its ideals. Ideology is something that is internalized into a belief. Ideology is a choice that clearly brings commitment (attachment) to make it happen. The deeper a person’s ideological awareness, the higher his commitment to implement it.

The following is the definition of ideology according to experts:
1. According to Descartes, ideology is the essence of all human thought.
2. According to Machiavelli, ideology is a system of protecting power owned by the ruler.
3. According to Thomas Hobbes, ideology is all the ways to protect government power in order to survive and regulate its people.
4. According Francis Bacon, ideology is a mix or combination basic thinking of a concept.
5. According to Karl Marx, ideology is a tool to achieve equality. Ideology is something that is internalized into a belief and common well-being in society.
6. Gunawan Setiardjo: Ideology is a collection of ideas or ideas or aqeedah 'aqliyyah (beliefs that arrive through a thought process) that give birth to rules in life.
7. Destutt de Tracy: Ideology is the study of ideas/thoughts certain.
8. Descartes: ideology is the essence of all human thought.
9. Machiavelli: Ideology is a system of power protection owned by the ruler.
10. Thomas H: ideology is a way to protect government power in order to survive and regulate its people.
Research Methods
In this study, the authors used a systematic literature review method in which this method must be consistent with the latest advice where the management literature review must be strengthened, this is in accordance with the methodology described by Denyer et al (2008). In carrying out the selection of literature reviews for data collection and analysis, there must be the latest conceptual development and mapping.

In carrying out data collection, the authors also used library research methods (Library Research) using inductive analysis models. Materials and sources that the authors need in carrying out research results are obtained from books, journals, and other literature concerning the concept of populist economics. The authors consider this method of literature review and literature study to be very valid and relevant without having to carry out direct field research (Sari & Asmendri, 2020). And this method is very important in the implementation of this research, this is because this research will not be separated from scientific literature. The research carried out is also inseperable from the implementation of studies from the writing of scholars and previous students that have relevance to the concept of economics in Indonesia. This research is also inseperable from the observations of researchers regarding the implementation of the Pancasila based populist economy by looking at phenomena in the field and various economic policies of the Indonesian goverment.

Result And Discussion
The concept of a populist economy in Indonesia must be based, based on Pancasila. Because Pancasila is the basic way of life in all aspects of being a state in Indonesia both in terms of social, legal, political, cultural, educational and economic. Chronologically Pancasila can be seen from three views, namely etymological, historical and terminological views (Hasan, 2021).
View Of Pancasila Chronologically

**Pancasila Etymologically**

The initial term Pancasila or the five precepts is found in Buddhist libraries in India which originate from the Tri Pitaka holy book which consists of various large books of the Suttha Pitaka, Abidhama and Vinaya Pitaka. In Buddhism, Pancasila provides five rules of prohibition for adherents of their religion, namely:

1) Prohibition of taking the life of living things or prohibition of killing.
2) It is forbidden to take items that are not given.
3) It means it is forbidden to steal.
4) Sexual intercourse is prohibited.
5) This means that it is forbidden to commit adultery.
6) Do not say fake. It means lying.
7) Do not drink mind-numbing drinks. This means that drinking is prohibited.

The entry of Indian culture into Indonesia through the spread of Hinduism and Buddhism, the teachings of Pancasila Buddhism entered into Javanese libraries, especially during the Majapahit era. But as time went on, the Islamic religion began to spread, beginning with the collapse of the Majapahit empire. Furthermore, Sukarno summarized the five principles into Tri Please summarize as follows: Although Islamic teachings began to spread, in the land of Java, there are still remnants of the influence of Buddhism, known by the Javanese as Pancasila. The five written prohibitions in Pancasila teachings include the prohibition on killing, stealing, adultery, drinking and gambling.

**Pancasila Historically**

Pancasila was first formulated in the BPUPKI session on June 1, 1945. In the meeting discussed the formulation which became the basis of the Indonesian state, then three people appeared as speakers: Mohammad Yamin, Soepomo and Soekarno. In his speech Soekarno verbally proposed five principles as the foundation of the Indonesian state, the formulation of which was as follows:

1) Nationalism or Indonesian nationality,
2) Internationalism or Humanity,
3) Consensus or Democracy,
4) Social Welfare,
5) Divinity with culture.
Furthermore, Sukarno summarized the five principles into Tri Please summarize as follows:

1) National Socio, namely Nationalism and Internationalism,
2) Socio Democracy, namely democracy with people’s welfare
3) Belief in one almighty God.

The Tri Precepts are still being squeezed into eka sila or one precepts, the essence of which is mutual cooperation.

**Pancasila Terminologically**

The Pancasila formulation as stated in the Preamble of the 1945 Constitution, is what is constitutionally valid and true as the basis of the Republic of Indonesia, and was ratified by PPKI which represents all Indonesian people. History has proven that the Indonesian state administration in the efforts of the Indonesian people to defend the Proclamation and the existence of the Indonesian state and nation, there is also the formulation of the Pancasila formula as follows:

First, in the constitution of the RIS (United States of Indonesia) which took effect on December 29, 1949 and the Provisional Basic Law which took effect from August 17, 1950 to July 5, 1959, the Pancasila formulation is listed as follows:

1) Belief in One Almighty God,
2) Humanity,
3) Nationality,
4) Citizenship,
5) Social Justice.

Second, the formulation of Pancasila among the people has various formulations, including the following formulations:

1) Belief in One Almighty God,
2) Humanity,
3) Nationality,
4) People's Sovereignty,
5) Social Justice.

Pancasila is the result of deep soul contemplation, a process of contemplation of regular and thorough copyright investigation on the basis of basic knowledge and experience. From a knowledge perspective, Pancasila has two meanings. First, as a true characterization of the longing-heart-longing ideals of the Indonesian nation. Second, every precept in Pancasila has a very strong bond in a unity that can be maintained. For example, divinity is not just an ordinary belief, but can be
understood by scientific theory. This can be proven by the need of God’s creation towards the Creator.

Community Economic Discourse  
**Pancasila Based Populist Economic Discourse**

Along with the swift currents of globalization, the market system is able to include the economic life of many countries in the world, even countries that were originally opposed to the free market system, namely countries that understand communism, then frankly have implemented the system that was previously condemned, namely the liberal economic system or capitalism. As for the free market system, it is a derivative conception of the Western system of liberalism and capitalism. This means that trade is open between countries without borders or anyone's interference. This is clearly very contrary to Pancasila as the basis of the philosophy of statehood in Indonesia, the economic concepts of liberalism and capitalism are able to blatantly destroy the people's economy. But to continue to survive in the current global market, like it or not, Indonesia has to accept this where the negative impact will be very detrimental to the people, so from this the people's economy does not necessarily have to be abandoned but it needs firmness and solutions that are able to maintain so that the people's economy continues to spin. and the people are not victims. But in Indonesia itself, pragmatic policies such as regulation (actions that do not follow the original rules officially) and de-bureaucratization (deviation of rules in the bureaucracy) seem to have made concessions for this element to continue although the government policy is actually quite reasonable but also can not be justified.

Discussions about the Indonesian economy cannot be separated from dramatic events. Since independence, economic crises have come and gone. 1945-1966 was a period of transition (transition of seasons) of the economy because most of the domestic activities were suppressed by the political crisis, which never tired of being present in the midst of society. In 1966 the economy collapsed, which was marked by almost unlimited inflation. Unstoppable unemployment and widespread poverty. If there is only one big difference between the Pancasila economic system and the imperfect economic system that is currently not applicable in Indonesia, then the Pancasila economic system must be more equitable. Therefore, Pancasila is the only principle that guides and guidance for Indonesian citizens in the social life of society, nation and state.

Pancasila is accepted as the only principle of nation, society and state, implying that national development is also a process of transformation towards a Pancasila society. In other words, national development is also an effort so that the values contained in the five precepts of Pancasila are reflected in the practice of everyday social life. This shows that Pancasila
must be reflected in existing institutions, in values, norms and in work mechanisms and rules of the game that are binding on institutions in the social life of the Indonesian nation. Article 33 of the 1945 Constitution, which was formulated by Bung Hatta as an economic leader, very clearly states the ultimate goal of a system of maximum people's prosperity. The economy must be structured based on economic democracy (Hosein, 2016). Where the prosperity of society takes precedence over individual prosperity. If individual prosperity is prioritized, the center of production will fall into the hands of powerful individuals. If this happens, then the people who are in large numbers will be oppressed.

The Pancasila economic system is financially not so profitable, but more humane, because it prioritizes social elements, justice and brotherhood, or it can be called a moral economic order. These are the ideals of the Indonesian people, normative guidelines, but unfortunately they have not yet become reality. The Pancasila economy must be directly related to the economy of small communities and rests on social morality, egalitarianism, economic nationalism, cooperatives and a balance between central and regional planning. Some of the basic principles that exist in the Pancasila economic system, among others, relate to the principles of humanity, economic nationalism, economic democracy which is embodied in a people's economy and justice.

**Populist Economic Discourse Based on Ki Hadjar’s Concept Dewantara**

On the concept of populist economy initiated by Ki Hadjar Dewantara, what is meant by the basic concept of populist economy is the basic concept of Tamansiswa in managing the populist economy in order to realize the goals of an orderly society: peace, greetings and happy. The basic concept is actually the conception of Ki Hadjar Dewantara who has a populist spirit. According to Ki Hadjar Dewantara, the economy is an effort to meet the needs of human physical and spiritual well-being. These needs include: clothing, food, housing, health, education and entertainment, freedom of worship, freedom of assembly and expression, legal guarantees and the like. Because the strength of the nation and state lies in its people, the business must be people-oriented, which is called a populist economy (Suparlan, 2016).

There are several basic economic principles, including:

1. The economy is a joint venture, not an individual business, not a capitalist economy, and not individualism.
2. Based on family life (mutual love, mutual respect and respect for differences, mutual help and cooperation, democratic, and
maintaining unity).

3. Empowerment of resources is carried out with the characteristics of pancadarma (natural nature, culture, independence, nationality, and independence).

4. Distribution of results (distribution) is regulated with the concept of equility and not distributive or cumulative.

5. The purpose of the economy is to make each citizen prosperous and happy, the entire Indonesian nation, and the entire human race in the world (capable of living, the human race).

6. Do it independently, simply, and creatively, (like entrepreneurship by working hard).

The people's economy is carried out throughout: agriculture, animal husbandry, trade industry, and the like).

**Populist Economic Discourse (Socialism) Based On The Concept Of Karl Marx And Karl Polanyi**

Basically the economy is part of human action to achieve common prosperity. Because of that, the economy is included in the part of human behavior that is regulated in ethics or moral philosophy. In other words, the basic concept of the economy is actually a means to achieve common prosperity. This is quite clearly seen in the development of economic history itself. For example, mercantilists came up with the concept that trade would bring mutual prosperity (Dewi, 2021). Likewise, the physiocrat group with the concept of agriculture has started to carry out the concept of how to grow the economy. There is a kind of belief that economic growth will bring prosperity together. Marx and Polanyi belonged to a wave of influential economic socialist thinkers. The movement of economic socialism arose when the market, which is the mainstay of capitalism, began to move wildly and abandoned the concept of economics as an activity to achieve the common good. Society is split and patterned into capitalist and labor groups, then into bourgeoisie and proletariat. The economy is growing, but shared prosperity is not growing.

Marx criticized the capitalist system as a system that alienates humans and their work. The work of a person no longer belongs to him but belongs to the owner of the capital that financed him to work on it. With the theory of historical materialism, Marx believed that the capitalist system would be consumed by historical developments, and history would give birth to a revolution that would destroy capitalism and a classless, stateless society would be born. With his theory of capital accumulation, he also predicted that in capitalism, capital will slowly accumulate to certain capital owners due to competition, then there will come a time when production will stop and there will be a revolution, when the capitalist system stagnates and can no longer run.
From the discussion above, the result is that the concept of populist economy based on Pancasila, the concept of populist economy based on the ideas of Ki Hadjar Dewantara, and the concept of populist economy (socialism) based on the ideas of Karl Marx and Karl Polanyi, have similar similarities. Where of the three economic concepts both disagree with the economic system of liberalism and western capitalism that is too free and harms the people, workers and peasants.

Although from these three concepts there is an assumption of difference, according to the author himself it is only found in the literature and the range of these concepts. Where the concept of populist economy based on Pancasila is only distinguished by its more nationalist literature because Pancasila is considered the basis of all the foundations of state life in Indonesia. And the concept of the populist economy version of Ki Hadjar Dewantara is also only distinguished in his literature, where the language and order are simplified so that indigenous people can understand and digest them and break away from colonialist concepts and arrangements. And so is the economic concept of Karl Marx and Karl Polanyi where the literature aimed is more international and global. But basic the three concepts are the same, namely the form of resistance to the economic concepts of liberalism and western capitalism which are considered to be detrimental to the people's economy.

Indonesia itself these three concepts have not been able to be applied. Where the nation's capital ownership or foreign investors still dominate the
economic aspects in Indonesia. So that it can be said that Indonesia adheres to a Pancasila-based populist economic system but in practice it applies a system of western liberalism and capitalism. Where this can be seen in capital ownership in Indonesia where foreign capital still dominates based on the results of the Indonesian information portal, it is noted that there is 54% foreign capital in Indonesia or equivalent to Rp. 163.2 trillion and this figure will continue to increase every year (PP Number 31 of 2022.pdf, tt). While the rest is national capital, from this we can see that the implementation of the populist economy in Indonesia has not been fully realized. If this continues to be allowed to drag on, the negative impact will be felt by the people, especially by business actors or MSMEs in Indonesia. Even though Indonesia supports the concept of a Pancasila-based populist economy, its implementation in the field has not been fully fulfilled.

**Conclusion**

From the results of the discussion above, it can be seen that the three concepts have similarities in which the goal is to realize people's sovereignty. So in Indonesia itself, for the application of the concept of populist economy, Ki Hadjar Dewantara has not been perfectly implemented because of the lack of literature from Ki Hadjar Dewantara in the origination of the populist economy, and for the socialist economy itself it cannot be applied in Indonesia because of Indonesia's political status which is free and active. as a form of non-aligned state. Therefore, it is the economic concept based on Pancasila that can be applied, considering that Pancasila is the basis for carrying out everything in the nation and state in Indonesia. From the results and discussion above, the authors conclude that the legitimacy of Pancasila-based populist economic ideology must be fully implemented immediately, both theoretically and in practice. Even though the state will indeed gain a little profit, at least the people will not be miserable and suffocated in the implementation of the economy. Because after all, the well-being of the people and the sovereignty of the people are above all else.

Then the Pancasila-based populist economic system must be returned immediately to its concrete form. Where the Pancasila-based populist economy is the formation of cooperatives and various economic institutions that are managed and implemented independently by the community in managing their economic resources. The existence of a Pancasila-based populist economy will be realized if it puts forward the values of morality, ethics, humanity, kinship and the role of economic actors as partners in counteracting the currents of liberalism and western capitalism.

**Research Limitations**

This study has limitations, namely, in this study only an explanation in broad terms. As well as the lack of literacy regarding the concept of populist
economy according to Ki Hadjar Dewantara who became the comparison in the main discussion on this research. This research mainly focuses on the Pancasila-based populist economy while the rest is for comparison and comparison.

Future researchers are expected to be able to explain in more detail and detail, both for the main discussion or the discussion used for comparison. It is also expected to find further literacy regarding the concept of populist economy based on the thoughts of Ki Hadjar Dewantara.

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