
Design Building of Indonesian Economic Politics

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Abstract:

From the foundation of the Indonesian economic system as mentioned above (Pancasila, UUD 1945, TAP MPRS No. XXIII / 66 and GBHN-GBHN 1973, 1978, 1983, 1988, 1998, 1999), it is clear that the Indonesian economy is guided by popular ideology.

Developing the optimal policy in empowering the people's economy is not an easy job. Problems such as finding a balance between intervention and participation, resolving conflicts of interest, finding the most effective policy instruments, improving delivery mechanisms are not small challenges.

What can be done is to try to make it possible for the people's economic empowerment policies to realize a developing people economy - borrowing the very famous jargon - from the people, by the people, and the people.

Keywords: Pancasila, Political Economy, Welfare

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1. Introduction

The process of political economy development is in fact largely determined by four basic variables: economic, political, social and cultural structures. However, in the further development phase, these variables appear independently monadically as a result of the development of their respective scientific roots. While the matter concerning Political Economy in its meaning independent, more determined by the preposition or arguments that are eclectic. In the growth of classical history to the modern world in a gradual and contemporary, Political Economy to form its own paradigm in accordance with the development of the era, both contexts and contextuality of domestic and international scale. About both domestic and international scale, it is usually directed more by the boundaries of space and the substance of the concentric interactions of the subject and its object.

In addition, the development of Political Economy also takes place because of the process of social conversion with the environment, which is generally formed by a power interaction of certain factors that affect each other especially the political effects, economic and social structure. The implications that occur between these factors lead to certain feedbacks and then generate important inputs for the substance of the concept as well as the theory and context of the area of study. While the element of strength from the source of socio-cultural variables (the culture) is slow to be able to follow and give a big influence to the development of dominant factors from economic variables, politics, social structure and living environment is also very fruitful and sometimes mutual attempt to dominate each other. Resulted in the study of Political Economy has always been a matter of debate for the expert Social Sciences Politics and traditional Economics, especially in the meaning of science.[†]

It is now beginning to recognize that the study of Political Economy is an important "analytical tool" for exploring a series of interaction of international problems according to the object and subject of its study. He is also at the same time an answer to the inability of Economics (International) and Political Science (International) as well as International Relations itself in reviewing the events, events and specific global phenomena after the decade of the 1960s until the 1990s after the Cold War.

More cases in international relations of economic and political issues are closely linked. Foreign aid given to Indonesia and other developing countries cannot be separated from the political interests of international financial institutions where its shareholders are dominated and controlled by Western countries. As soon as domestic political issues arise, the International Monetary Fund and World Bank warn that reforms continue or aid is stopped. Such threats are not only accepted by Indonesia but also the big countries like China where the treatment of the United

[†] Yanuar Ikbar, *Ekonomi Politik Internasional: Studi Pengenalan Umum*, Naskah Buku Teks Perguruan Tinggi, Bandung: FISIP-HI UNPAD, 2002, hlm. 1

States determines the trade of both countries. Chinese exports to the US are linked to political interests. In the event of human rights violations, the US threatens to revisit its trade policy to China. When Iraq launched an attack on Kuwait and even up to now when Iraq has withdrawn from Kuwait, the United States and other Western countries still impose a trade embargo as a punishment for the political and military actions of President Saddam Hussein's government. Similarly, Iran experienced a trade embargo from the US.

The cases are increasingly showing that after the Cold War, the political economy of international politics is getting stronger in relations between nations and even between continents. When Indonesia was deemed unable to control security in post-ball East Timor, the IMF immediately suspended aid talks. Similarly, the United States stopped cooperation in the military field. It is increasingly clear that no political action is free of economic interests and there is no economic policy apart from political interests. On the other hand, the price system, commodity forms and work variants are caused by social work factors in relationships affect. The social condition of the community formed and the relations of economic relations will then affect the way of thinking and action of the individual, especially in achieving his interests. The interests of these different individuals make the market thrive in a dynamic that is unpredictable for its development. The concept of invisible hands in Adam Smith's thesis is closely related to the dynamics of the economy and the aggregate demand and supply in society.[‡]

International economic activity has been carried out in scale and intensity. The international economy is generally defined as a part of economics that studies and analyzes international economic transactions and issues covering trade and monetary finance and organizations (private or government) and international economic cooperation.[§] In the context of the global political system, through the taking of certain ideological forms, there is a dialectical process in the regulation of the economic system between interested parties. The result is the occurrence of conditions affecting each other's purchasing power and job openness and ending on the state's capability in financing the rotational wheel of government. This is interesting to be studied related to the political economy model applied by Indonesia in the history of the founding of the State of Indonesia.

2. Theoretical, Terms and Understanding Political Economy

On the classical level, according to James E Alt and Alberto Alesina (1996), explains that economic behavior means people who maximize exchange rates while political behavior concerns voting and joining interest groups. This parallel

[‡] James A. Caporaso dan David P. Levine, *Teori-Teori Ekonomi Politik*, Yogyakarta: Pustaka Pelajar, 2008, hlm. 72-74.

[§] Hamdy Hady, *Ekonomi Internasional, Teori dan Kebijakan Perdagangan Internasional*, Bogor: Ghalia Indonesia, 2004, hlm. 11.

existence and the common existence of the "state" and "market" in the modern world gave birth to what was termed "political economy." Without these two elements, there would be no political economy. According to Robert Gilpin, the absence of a state, the mechanism and market forces will determine economic activity. This would be a purely economic phenomenon. In contrast to the absence of a market, the state itself will allocate economic resources. This is the world of political scientists.** Although, currently no country appears in its pure form, the relative influence of the state or the market changes its impact over time and in different environments. According to Gilpin, the term political economy has ambiguity. Adam Smith and the classical economist used it to mean what is now called economics. Recently, a number of experts such as Garu Becker, Anthony Downs and Bruno Frey define political economy as the application of a formal, economic methodology called a rational actor model, to all types of human behavior.

Other experts use this term political economy with the notion of the use of special economic theory to explain social behavior, games, collective action and Marxist theory. Others use the term political economy to refer to problems generated by the interaction of economic and political activities. Gilpin termed the political economy to indicate a series of issues studied with a complete mix of analytical methods and theoretical perspectives. While the focus of the interaction is human activity between the state and the market.

Although, the discussion of the state has always been associated with discussions of politics and the discussion of the market has always been associated with the discussion of the economy as something separate in the modern world, nevertheless, the discussion cannot be totally separated. The policies of the State-in this case the Government, influence the outcome of market activity by determining the character and distribution of property rights and rules that govern economic behavior. In general, many believe that countries can and can influence market forces. Therefore, it significantly affects economic activity. The market itself is the source of power that influences political decisions. The economic dependence of establishing power relations is a fundamental feature of the contemporary economic world.†† These problems become complex when linked to international relations both bilaterally and regionally, and multilaterally-between country to country and state to the private sector, which was then known as the study of International Political Economy.

The study of international political economics is a social science based on a framework of problems, issues and events in which elements of economic, political and international are related and overlapping, creating a rich interaction pattern.‡‡ As

** Robert Gilpin, *The Political Economy of International Relations*, New Jersey: Princeton University Press, 1987, hlm. 8

†† Asep Setiawan, *Tinjauan Konseptual atas Ekonomi Politik Internasional*, Sumber: <http://globalisasi.wordpress.com/2006/07/10/>

‡‡ Perwita A.A. dan Yani YM, *Pengantar Ilmu Hubungan Internasional*, Bandung: PT. Remaja Rosadakarya, 2005, hlm. 76.

a complex place, a state is always associated with various elements that affect each other. Beginning with individual level, the political economy elite to national level and even the level of the region gave birth to a simple interaction. Contacts across borders and between different values and even between diverse interests cause various problems.

Meanwhile, the market (market) is a place to realize actions and decisions that are individual. Thus, the Market is usually defined as the economic institutions that represent the ideology of modern capitalism. The market, too, is a commodity of human action dominated by individual interests and conditioned by the power to compete. The appeal of these markets has motivated and shaped the human behaviors involved. Every human being is driven by the desire or personal interest to produce and supply scarce goods or services or seek bargaining activity against products or jobs that generate high income. Thus, they are driven by the power of competing in the market to make products-both goods and services better, cheaper or more attractive. The intersection between the state (the political nuances) and the market (based on the economy) has created a fundamental tension and characterizes political economy. Countries and markets, although cannot always be said to be conflict, however, both are always overlapping so that fundamental tensions are apparent.

Thus, Balaam and Veseth, define Political Economy as an intellectual discipline that investigates the high relationship between economy and politics. The international political economy is the continuation of the investigation at the international level. Political economy is clearly not just a way of studying or understanding, political economy is also a study of tension between markets (markets) where individuals engage in activities for self-interest and States where the same individuals take collective action in force for the national interest or wider interests that are defined Community.^{§§} Now the actuality of political economy is getting stronger because economic life cannot be separated from political life. Likewise, on the contrary, many political decisions are based on economic interests. The phenomenon is very strong both in developed and developing countries. Therefore, Political Economy can also be interpreted as an analysis of political processes related to the economic field or the relationship between economic and political processes.^{***}

3. Results and discussion

3.1 Brief History of Political Economy Thought

Here the author tries to show some of the many streams in Political Economy thinking, which are as follows:^{†††}

^{§§} David N. Balaam and Michael Veseth, *Op.cit.*, hlm. 44.

^{***} Didik J. Rachbini, *Ekonomi Politik dan Teori Pilihan Publik*, Bogor: Ghalia Indonesia, 2006, hlm. 20.

^{†††} Asep Setiawan, *Tinjauan Konseptual atas Ekonomi Politik Internasional*, Sumber: <http://globalisasi.wordpress.com/2006/07/10/>, diunduh tanggal 26 April 2017.

New Classical Period (Mid-19th Century to Medio-20th Century)

In the new classical era the development of political economy is still dominated by the thinking of the Classical School. But there are other ideas that are different from Classical schools, especially after Marx and Engels made their theories about the economic system. But in the New Classical Age that can be interpreted as a glorious period of other classical New Class thinkers. The present-day thinkers include: Herman Heinrich (1810-1858), Karl Merger (1841-1921), Eugen von Bohn Bawerk (1851-1914) and Friedrich von Wieser (1851-1926). The difference between the classical school of thought and the NeoClassical School lies in the pattern of approaches and methodologies developed. The center of study began to widen from Germany, England, Austria and the United States. Not all thinkers give political economy a connotation as their study because most theories expressed in the form of conventional economic principles or paradoxical things with the study of political economy due to their reluctance to use the term. Their thinking can be used as a benchmark of the polemic that occurred about the existence of political economy that became popular in the 20th century. The figures that develop a community development study that does not forget economic thinking are Lucian Pye, La Palombara, David Easton, Gabriel Almond, Max Weber, Huntington and Hans J Morgenthau.

New Classical Age II

This school appears to be the perfect of the New Classical School. His thinkers include Piero Sraffa (1898-1983), Joan V Robinson (1903-1983) and Edward H Chamberlain (1899-1967). This school contributes greatly to the field of political economy in the theories of renewal of the sect of the market, the problems of the welfare economy which highlight the normative aspect of the market mechanism. This school highlights the moral aspect of monopoly where there is extortion of labor because it leads to the misery of others. Classical Neo opinions include:

- a. The principle of capital accumulation as an important factor
- b. Economic development because of a gradual, harmonious and cumulative process.
- c. Optimism on economic development.
- d. There is an international aspect of economic development.

The Keynesian Period (the Mid-20th Century)

This school was pioneered by John Maynard Keynes (1883-1946), a philosopher from Cambridge University, England. Keynes's work (1883) will stick to the political theme by describing his ideas about the role of the government in stabilizing the economy. However, we must first mention some of the common characteristics of his work. Keynes's work can be regarded as an attempt to challenge and refine two characteristics of classical economics. The characteristics of this School are:

- a. The overall economic situation is the focus for analysis.

- b. The breakup of classical economics assuming that the self-regulating economic source is used entirely and is considered stable.
- c. In the capitalist economy can develop serious imbalances and unemployment and long-term depression.

Times of the Keynesian Post

Its thinkers aim to broaden the horizons for long-term analysis.

- a. There are important conditions necessary to maintain a steady growth of income at the full employment income level with no deflation or inflation;
- b. Whether the income actually increases at such a level that it can prevent long-term congestion or continuous inflation.

Indonesian Political Economy

Based on the experience of Indonesian history since the independence era until now, the wavelength can be categorized in short-term (seven year) and long-term (35 years) waves. The seven-year short-run waves can be summarized as follows:^{***}

- 1945 - 1952 Economic War
- 1952 - 1959 National Economic Development
- 1959 - 1966 Command Economics
- 1966 - 1973 Economic Democracy
- 1973 - 1980 Oil Economy
- 1980 - 1987 Economic Concerns
- 1987 - 1994 Economic Conglomeration
- 1994 - 2001 Community Economy

Each stage of the cycle has been characterized by special features not present in the period before and after. For example, during the period of the Conglomeration Economy, this period was triggered by the liberalization of the banking sector, followed by the growing empire of conglomerate businesses that sprang up like mushrooms in the rainy season.

In that period characterized by economic development is centralized, authoritarian regime of authority, and corrupt bureaucracy. The "overwhelming" development eventually led this great nation toward a painful crisis period. One of the positive impacts of the economic crisis is the growing awareness of the misconceptions of development strategies undertaken so far. Therefore, this period is immediately connected with a new chapter that opens opportunities for people to develop their own economy, supported by adequate climate and state attention.

^{***} Mubyarto, *Siklus Tujuh Tahunan Ekonomi Indonesia (1931-1966-2001-2036)*, dalam *Jurnal Ekonomi dan Bisnis Indonesia*, Vol. 16 No. 3, Fakultas Ekonomi Universitas Gadjah Mada, Yogyakarta, 2000, hlm. 246.

During the constantly changing global economic dynamics with increasing acceleration as described above, Indonesia is experiencing a severe hurricane of crisis whose intensity has reached a state that is almost headed for economic bankruptcy. The economic crisis - triggered by the monetary crisis - some time ago, has at least given a strong indication of three things. First, the credibility of the government has come to the point of vulnerability. The main cause is that the steps taken by the government in responding to the crisis so far have been more "patchy," ad-hoc, and tend to travel in circles.

Moreover, all the country's resources are devoted entirely to save the modern sector from the point of destruction. Meanwhile, the traditional sector, the informal sector, and the people's economy, which also have an existence in this country seem to be forgotten from the resonant discourse of the economy.

Secondly, the New Order regime that always prioritizes economic growth has resulted in crony capitalism which has made the economic structure extremely vulnerable to external fluctuations. The manufacturing industry that had been proud of it turned out to depend heavily on imported raw materials and has no endurance. Meanwhile, because of "being ruled out", the agricultural sector is also not mature as the support of industrialization. What happened then was the pace of industrialization through a series of policies that tended to hurt the agricultural sector. As a result, the agricultural sector is unable to thrive in response to changing consumption patterns and strengthen the competitive advantage of Indonesia's export products.

One of the most important factors that can explain the above trend is because the process of economic and political adjustment (economic and political adjustment) does not take place smoothly and naturally. Suharto-style state-assisted capitalism has obviously damaged and demolished the economic order. Indeed, on the one hand economic growth has been generated quite high, but resulted in excesses that ultimately counterproductive for sustainable growth.

Third, the highly corrupt regime has made the joints of the economy vulnerable. In general, all forms of corruption will lead to the direction of allocation of economic resources lead to activities that are not productive and do not give optimum results. Under these conditions economic growth is very likely to continue, even at relatively high intensity. However, to some extent it will inevitably lead to a weakening of the growth base.

The collapse of government credibility coupled with the height of uncertainty has led to erosion of trust. What happens today is not just the fading public trust of the government and vice versa, but also between foreign parties with the government, as well as among fellow community groups.

Pancasila Economy

It cannot be denied that the economic element in policy making, whether at the level of establishment, implementation or enforcement of legislation has been very influential in Indonesia. Officially the National Guidelines of State Policy (GBHN) stipulates one of the directions of the National Development Program Policy of Law, which is to develop laws and regulations that support economic activity in the face of the free trade era. Obviously, the direction of the policy is an indicator of the strong influence or economic goals in the development of law in Indonesia.^{§§§}

The practices of trade and investment liberalization in Indonesia since the mid-eighties along with the globalization of industrialized countries against the developing countries can be counteracted by the application of the Pancasila economic system. But so far failed because economic politics is directed to the acceleration of development which is more concerned with high economic growth rather than the equity of the results.

Observed in terms of intensity and scope, the actual wave of globalization that has swept across the world since the 1980s has been much different from the same wave in the previous period. The process of convergence resulting from globalization today has practically touched almost the whole of life, not only in all areas (economic, social, cultural, political, and ideological), but also has touched into systems, processes, actors, and events. However, it does not mean that the process always runs smoothly. There is a tendency that the enormous wave of globalization is also accompanied by fragmentation.^{****}

The Pancasila Economic System is the "rule of the game" of economic life or economic relationships among economic actors based on ethical or moral Pancasila with the ultimate goal of realizing social justice for all Indonesians. The ethics of Pancasila is the moral and humanitarian foundation that is inspired by the spirit of nationalism and nationalism, all of which leads to social justice for all people.

The essence of Pancasila (Eka Sila) according to Bung Karno is mutual cooperation (Gotong Royong) or kinship, while from politics Trisila which is extorted from Pancasila is Belief in Godhead (monotheism), socio-nationalism, and socio-democracy.

In 1980 the Pancasila Economic Seminar in the quarter-century of FE-UGM "appealed" to the Indonesian government to be careful in selecting and implementing economic development strategies. There is a "theoretical" warning that neoclassical economics of the West is indeed suitable for fostering the national economy, but it is unsuitable or inadequate to achieve equity and achieve social

^{§§§} Peri Umar Farouk, *Analisis Ekonomi Atas Perkembangan Hukum Bisnis Indonesia*, Jurnal 'Bank & Manajemen', Jakarta, 2001

^{****} Ian Clark, *Globalization and Fragmentation: International Relations in the Twentieth Century*, Oxford & London: Oxford University Press, 1997, hlm. 1-2

justice. Because the mandate of Pancasila is to realize social justice for all people of Indonesia then UGM economists catapult the concept of Pancasila Economy which should be the fundamental guideline of every policy of economic development. If Emil Salim in 1966 declared that from Pancasila relevant and necessary to be referenced is (last) only social justice, then UGM economists refined it by referring to the fifths as follows:^{††††}

- a). The nation's economic activity wheel is driven by economic, social and moral stimuli;
- b). There is a strong will of citizens to realize the social equality of not allowing the occurrence and development of economic inequality and social inequality;
- c). The spirit of economic nationalism; In the era of globalization mekin clear the urgency of the creation of a strong, resilient, and independent national economy;
- d). Economic Democracy based on popular and kinship; Cooperatives and cooperative efforts animating the economic behavior of individuals and communities;
- e). A harmonious, efficient and equitable balance between national planning and economic decentralization and broad, independent, and responsible autonomy towards the realization of social justice for all Indonesians.

As the New Order government was so strong and stable, it chose a "conglomerate" patterned development strategy that prioritized high economic growth and almost ignored equity. This was a strategy that resulted in a "time bomb" that exploded in 1997 at the start of political, economic, social and moral reforms.

Community Economy

In the development of globalization as we see today it is not easy to present an understanding of the existence of Indonesia's economic system. Indonesian academics are increasingly admiring the globalization that brings the "victory" of Western capitalism system. This kind of academic attitudes proved to have a profound effect on the attitude of the young Indonesian political elite, who easily became ambivalent toward the Indonesian economic system and the underlying populist ideology.

Understanding of the Indonesian economic system even experienced a silting when the communist system of the Soviet Union and Eastern Europe declared collapsed. Then it draws the simple conclusion that the system of capitalism has won totally its competition with the communist system. Thus, from this kind of simplistic perception, Indonesia is also considered to be oriented towards Western capitalism

^{††††} Mubyarto, *Pelaksanaan Sistem Ekonomi Pancasila Di Tengah Praktek Liberalisasi Ekonomi Di Indonesia*, Makalah Kuliah Umum Ekonomi Pancasila di Universitas Negeri Semarang (UNNES), Semarang, 9 Januari 2003.

with its free-market system and abandoned the "socialistic" economic system of Indonesia.^{****}

The successful experiences of South Korea, Taiwan, Singapore, Brazil, imitating the concept of economic development by the countries of Western Europe and America, turns out for other developing countries, which apply different concepts. By relying on foreign loans to finance development, relying on foreign investment, strengthening the export substitution industry, for two to three decades has managed to drive the growth of national output is high enough and provide ample employment for the people. Although Indonesia has been dubbed as one of the eight countries in Asia as Asian Miracle or a miraculous Asian country, due to its steady economic growth rate for three decades, it is extremely vulnerable to supply shock. Bath's currency crisis in Thailand, quickly brought Indonesia into a serious economic crisis and in a very short time, the Indonesian economy collapsed.

This fact shows us that the concepts and strategies of successful economic development in a country are not necessarily successful when applied in other countries. The growth theory of Harrod-Domar, Rostow's growth theory, David Romer's growth theory, Solow's growth theory, is built on the structure of society of economic actors different from the economic structure of Indonesian society. Each theory is always built with certain assumptions, which not all countries have assumed conditions. That is why, to build a strong, stable and equitable Indonesian economy, it cannot use generic theory. We must formulate the concept of economic development itself that fits with the demands of people's politics, our constitutional demands, and fits our objective and subjective situation.^{§§§§}

Since the reformation, especially since SI-MPR 1998, it has become popular as the economic term that should be applied in Indonesia, which is a democratic economic system that involves all the economic power of the people. Why is the populist economy, not the people's economy or Pancasila economy? The reason is because the word people's economy is considered communist connotation as in PRC (People's Republic of China), while Pancasila economy is considered to have been implemented during the New Order which proved to be a failure.

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^{****} Sri-Edi Swasono, *Sistem Ekonomi Indonesia*, Makalah disampaikan dalam Seminar Pendalaman Ekonomi Rakyat, Sistem Ekonomi Indonesia, Jakarta, 19 Februari 2002.

^{§§§§} Mardi Yatmo Hutomo, "Konsep Ekonomi Kerakyatan", Sumber: www.bappenas.go.id/.../&view=401/Mardi%20Yatmo%20Hutomo.doc

In August 2002 to coincide with the 100th anniversary of Bung Hatta, UGM announced the establishment of the Center for Economic Studies of Pancasila (PUSTEP) which will seriously conduct studies on Pancasila Economy and its application in Indonesia both nationally and in the regions. The moral, humane, nationalistic, democratic, and fair, Pancasila Economic System, if applied appropriately to any policies and programs will help to realize harmony and harmony of economic and social life of the community.*****

From the foundation of the Indonesian economic system as mentioned above (Pancasila, UUD 1945, TAP MPRS No. XXIII / 66 and GBHN-GBHN 1973, 1978, 1983, 1988, 1998, 1999), the Indonesian economy is guided by popular ideology. Developing the optimal policy in empowering the people's economy is not an easy job. Problems such as finding a balance between intervention and participation, resolving conflicts of interest, finding the most effective policy instruments, improving delivery mechanisms are not small challenges. What can be done is to try to make it possible for the people's economic empowerment policies to realize a developing people's economy - borrowing the very famous jargon - from the people, by the people, and the people. In the spirit of democratization of the people's sovereignty, it means that the policies undertaken need to ensure that economic activities reflect the principles:††††

- a). *From the people*; The masses have a certainty of tenure and accessibility to various productive resources, and the masses have control over and have the right to productive and consumptive decision making concerning the resources. The government plays a role to ensure that sovereignty is protected and respected while developing the knowledge and wisdom of the people in decision making.
- b). *By the people*; The process of production, distribution and consumption is decided and carried out by the people. In this case the production system, the use of technology, the application of conservation principles, etc. should be able to involve most of the people. Giving 'special privileges' to a handful of people to develop 'economic cake' and then to be 'divided' to many who do not fit this principle. Creativity and innovation by the people must be fully appreciated.
- c). *For the people*; The people are the main 'beneficiaries' in every economic activity as well as any established policies. It is clear that corruption, dominance, and economic exploitation are unacceptable.

According to Islamic economist Syafei Antonio, the concept of equity based on the trickledown effect in our society is not successfully implemented so that to improve the economic level of the poor people need to create an economic development strategy that can not only create a drop for the small people. But community participation is needed. Because the main element of economic development is the

***** *Jurnal Ekonomi Rakyat, Artikel - Th. 1 - No. 11 - Januari 2003*

††††† *Bayu Krisnamurthi, Pemberdayaan Ekonomi Rakyat. Mencari Format Kebijakan Optimal, Jurnal Ekonomi Rakyat Artikel - Th. 1 - No. 2 - April 2002*

participation of the people in bringing about changes in the structure of the economy. Regarding the still wide economic gap, Islamic Economist Syafei Antonio says that this can be seen from the social dimension and the economic dimension.****

4. Conclusions

From the social dimension, poverty is one of them is rooted in a static way of thinking and environment. So, for the desire to change a better condition is relatively non-existent. Other causes are low education and lack of sufficient economic resources (capital and natural resources). While in the economic dimension of poverty is caused by three factors.

First, the reduced wealth of the poor in the development process, which is the result of reduced agricultural land resulting from the distribution of inheritance, is sold for settlement construction while the price has very low turnover.

Second, too little production can be sold. This happens because the ability to produce very limited and very difficult to do the intensification and extensification. While in the small industry sector, still weak technical production and other resources, causing low product that can be offered.

Third, too low the price of services they receive. Due to the low level of education, the quality of services offered does not match the needs of the labor market so that their service prices are low. Nevertheless, it remains optimistic, in the future, the management of zakat better will be realized.

About the development of the People's Economy, then President Susiolo Bambang Yudhoyono - currently has not served, gave a statement on the occasion of his visit to Batam that in one of his speeches SBY launched the Triple Track Strategies Concept, which are three strategic steps in the economic development of Indonesia.

First, Pro-Growth is growth (growth) driven by investment and exports. This growth is believed to be able to supply high foreign exchange so as to facilitate the implementation of development.

Second, Pro-Job is to move the real sector throughout Indonesia which includes agriculture and services. This real sector, according to SBY, should move at all economic levels. He not only focuses on special economic areas. With the movement of the real sector, employment will be created and unemployment will be reduced.

**** Syafei Antonio, *Zakat akan Dorong Kesuksesan Konsep Trickle Down Effect*, Sumber: http://www.republika.co.id/suplemen/cetak_detail.asp?mid=5&id=134494&kat_id=105&kat_id1=147&kat_id2=300, Jumat, 01 Agustus 2003

Third, Pro-Poor's is the improvement of agricultural and rural development. This step, according to SBY, is important because 68% of poor people in Indonesia live in agriculture and rural sector. Therefore, the government also develops agricultural and rural development, either through existing budgets or in cooperation with private parties.

According to the author, that the concept of SBY's political economy is not new. Even conceptually it becomes a development paradigm which is heralded by admirers of modernization with all its consequences. This concept is interesting because it was leveled by a SBY who was responsible for the economic rate in the middle of the transition at the time.

In addition to creating a healthy business climate and climate competition, governments can spur the formation of reform groups by encouraging the development of strong entrepreneurial groups through special programs to eliminate the constraints faced by small and medium enterprises to access financing, technology, infrastructure services and market. Small and medium entrepreneurs are the embryos of the tough middle class. Therefore, the SME development program is an important element in the effort to develop democracy. §§§§§

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