

Cooperatives as The Pillars of The Pancasila Economic Driving Force

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Abstrak

Artikel ini memaparkan konsep ekonomi Pancasila berdasarkan nilai-nilai strategis berdasarkan lima prinsip yang dikembangkan oleh para pendiri negara. Perekonomian Indonesia masih merupakan sistem ekonomi kapitalis yang mapan dan belum bisa bangkit. Selama masa reformasi, kepala negara selama ini belum mampu sepenuhnya mewakili perekonomian yang manusiawi, sejahtera, dan berkeadilan sosial. Kehidupan ekonomi masyarakat Indonesia masih diwarnai dengan kebijakan deregulasi, privatisasi, dan liberalisasi perdagangan yang merugikan kepentingan rakyat Indonesia. Metode penelitian menggunakan penelitian kepustakaan. Penelitian ini menunjukkan bahwa ekonomi Pancasila memiliki semangat ketuhanan, kemanusiaan, persatuan bangsa, demokrasi, dan keadilan sosial. Kesimpulan dari penelitian ini adalah bahwa ekonomi Pancasila ada dalam bentuk koperasi sebagai pilar utama yang bertujuan untuk mencapai kesejahteraan rakyat Indonesia.

Kata kunci: Koperasi, Ekonomi Pancasila, Kerakyatan

Abstract

This article describes the economic concept of Pancasila based on strategic values based on five principles developed by the founders of the country. The Indonesian economy is still an established capitalist economic system and has not yet been able to rise. During the reform period, the head of state has not been able to fully represent a humane, prosperous, and socially just economy. The economic life of the Indonesian people is still colored by policies of deregulation, privatization, and trade liberalization which are detrimental to the interests of the Indonesian people. The research method uses library research. This study shows that the Pancasila economy has the spirit of divinity, humanity, national unity, democracy, and social justice. The conclusion of this study is that the Pancasila economy exists in the form of cooperatives as the main pillar that aims to achieve the welfare of the Indonesian people.

Keywords: Cooperatives, Pancasila Economy, Democracy

1. Introduction

Indonesia can develop human resources that have the potential to become a naturally beautiful country. The potential of Indonesia's mineral resources, such as oil and natural gas, is currently very valuable for the welfare of the Indonesian people. It does not add to other abundant natural resources such as agriculture, fisheries, plantations and mining. Due to the differences in the content of these natural resources, if they are utilized and managed properly, the

constitutional ideals of a just and prosperous nation can be realized (Jaelani et al., 2020).

It is possible, but we must admit that turning the palm of the hand to maximize Indonesia's natural wealth for the benefit of the people is not easy. In the current world situation, Indonesia faces a capitalist economic system, and the management of Indonesia's natural wealth is controlled by a handful of people (Fatihudin, 2019). With enormous power, the capitalist group takes advantage of Indonesia's natural wealth for themselves and their groups. For this reason, it is

important that Indonesia try to get out of the capitalist economic system that marginalizes people's welfare, creates social inequality and weakens national sovereignty because economic management runs through a free market system (Hangabei et al., 2020). The current Indonesian government's choice to follow the capitalist system was actually born out of a long process. Since Indonesia won its independence on August 17, 1945, economic issues, including the economic system, have always been an important concern of the founding fathers of the nation. They discussed seriously what economic concept the Indonesian nation would use in the future. The main issue revolves around the right economic system to develop the Indonesian economy in the future. They also consider the direction and vision of Indonesia's post-independence economic development (Rapina et al., 2020).

Throughout history, we can see how the state adopted a mixed economic system of liberalism and socialism when Indonesia first became independent from 1945 to 1950. Then, in 1950 and 1959, the previous Orderly Government instructed the Indonesian people to adopt a liberal economic system. People are given the freedom to develop their economy without government intervention. However, since 1959, the Indonesian government has led the economy towards the Indonesian socialist system (Fogg, 2020). This is a form of national-style socialism in which the government intervenes in economic activities through cooperatives and state-owned enterprises (Sari & Lubis, 2018).

With the fall of Sukarno and the rise of Suharto as the leader of the new order, Indonesia's economic system has followed the trend of global capitalism. The paradigm of national development experienced a shift from political command in the old order era to economic command in the economic field. In the early days of his reign, Suharto managed to reach his peak in the Indonesian economy as a food self-sufficient nation. However, the negative spirit of corruption, collusion, and nepotism that was rampant within his group, coupled with the accumulation of foreign debt and the economic crisis that hit Southeast Asia in 1997, brought him to power on May 21, 1998 (Hameiri & Jones, 2020).

2. Theoretical Framework

The Indonesian economy is still an established capitalist economic system and has not yet been able to rise. During the reform period, the head of state has not been able to fully represent a humane, prosperous, and socially just economy (Rogers et al., 2020). The economic life of the Indonesian people is still colored by policies of deregulation, privatization, and trade liberalization which are detrimental to the interests of the Indonesian people. Justice and economic justice are not going well, as evidenced by the high levels of poverty and unemployment of most of the Indonesian

population. Because many individuals practice the holding budget, the state budget for socio-economic empowerment is also not well coordinated and the people suffer more and more. In the recession of the country which is still dominated by global capitalism, the perception of the Pancasila economic system which is imbued with the spirit of the five values of Pancasila has returned. This idea deviates from the desire to implement the values of Pancasila in the national economic system. Religion is an economic activity by emphasizing moral ethics, having the spirit of justice and courtesy, strengthening the spirit of Indonesian nationalism, fighting for the interests of the people through the spirit of kinship, and realizing the prosperity of the Indonesian people as a whole (Manurung & Bisono, 2021).

Economic ideas are not really new. Much earlier in 1906, seeing the rise of cooperatives in Europe, Muhammad Hatta began to develop economic concepts based on the spirit of independence and social justice (Hatta, 2019). The existence of the cooperative concept urges the formulation of Article 33 (1) of the 1945 Constitution. "The economy is built as a service to the community based on the principle of kinship." The people's production sector is very important for the nation. "On the other hand, due to the practice of forced cultivation which is very burdensome to the lives of Indonesian people. , he said "Earth, water, and the wealth contained in it, through this formula, we can see how Hatta provides a framework for thinking about an economic system that leads to solidarity and social justice (Fogg, 2020; Pulungan & Sardjono, 2021; Ruslina et al., 2020).

Private economic control allows the development of groups and individuals, but the state must continue to exercise control so as not to harm the interests of its people. in this case. Indonesian economist Mubyarto explains that Article 33 is a form of a democratic family economy that promotes the welfare of the community (Imaniyati et al., 2021). This article shows that the Indonesian economy must be shaped by the values embodied in Pancasila, not a capitalist economic system. This is not in line with many parties and is detrimental to the interests of the Indonesian people. Literature Review Basically, Indonesian people are not only economic people, but also humans who live on the basis of religious and socio-cultural values, real economic life, and are not worthless human beings. Based on this, the choice of Indonesian economic ideology aims to improve the welfare of the Indonesian people. To achieve this goal, the Indonesian economy needs to be linked with the values and traditions that have developed in Indonesia. Therefore, the economic system that seems appropriate is the Pancasila economic system.

According to Agus *et al.*, (2021), Indonesia's economic goals should be happiness, prosperity, peace, and independence. When Indonesians are satisfied with their standard of living such as food,

shelter and clothing, they feel happy. Prosperity arises when internal and external peace is achieved in the practice of daily life to avoid imminent poverty. Peace will come, like everyone's dream, when a sense of brotherhood and a spirit of respect for differences between Indonesians, both children of the nation and Indonesian human society, can live in the international world. On the other hand, there is freedom when everyone is free from oppression, is free to express opinions orally and in writing, is free to follow a religion according to his belief, and is free from the threat of colonialism.

In Hatta's view, the economic system that is built needs to be based on the spirit and values of Indonesia. The Indonesian economy is not a system of capitalism or socialism, but an economic system that is rooted in the spirit of Pancasila as a basic strategic value that affects the lives of Indonesian people. The Pancasila economic system is here to fix the colonial economic system and become a center point for the struggle for capitalist influence and supporters of the socialist economic system. The economic thought of Pancasila is actually closely related to the economic thought initiated by Muhammad Hatta when he saw firsthand the application of cooperatives as a social self-help movement while studying in the Netherlands. This is what became his inspiration in developing the concept of a people's economy as stated in Article 33 of the 1945 Constitution (Rogers et al., 2020). Economy is a concept of economic policy that moves from left to right to reach a point of balance, like a pendulum clock. It is often referred to as a regulated market economy, a market economy system controlled by the government (Prasada, 2018).

By referring to the values of Pancasila, the economic system that is built must be consistent and faithful to the five existing principles. In this case, it can be explained that the regional government applies the Pancasila economic system if the region consistently implements economic policies that aim to build a just and prosperous society. The Pancasila Economic Principles are also applied when the government and private companies implement policies to improve employee welfare and close the gap with their superiors (Sahasrad, 2018). In his article "Restitution for Sins from the Indonesian Economy", Mubyarto emphasized that the Pancasila economy is a market economy related to Pancasila. In order for this system to work, it must be moral, social nationalist, and social democratic, based on actual data on the Indonesian economy. The Pancasila economy must be able to describe the Indonesian population as homosocius, homoesicas, and homoeconomics in an economic system based on the principle of kinship (Karsa & Nurahman, 2020).

In its refinement, the Pancasila economy stands as a capitalist economy that focuses on individual interests and a socialist economic system that opposes individual property and entrusts all economic

problems to the state. Mubyarto cites several characteristics of the Pancasila economy. First, the economy is driven by economic, moral and social incentives. Second, there is a strong desire from all Indonesian people to realize social justice based on human values. Third, the priority of economic policy is to create a strong Indonesian economy with strong nationalism. Fourth, cooperatives are the most specific forum for collective efforts that are the foundation of the Pancasila economy. Fifth, there is a clear and strong balance between planning at the central government level and implementation in the regions to achieve social and economic justice. Another way to look at it is (Wibisono et al., 2021), who describes the Pancasila economic system as an economic system under the 1945 Constitution (Rogers et al., 2020; Waluyo et al., 2019).

Through a cooperative called Bunhatta stated that cooperatives are cooperatives established on the basis of the national economy, including small and medium enterprises. Through cooperatives, the Pancasila economy plays an operational role in saving the Indonesian people from poverty and socio-economic inequality. To achieve this goal, public participation in economic activities and collective awareness are needed to remind the public that Pancasila also needs to be interpreted in a socio-economic sense. Like the thinkers above, Rosady et al., (2021) explains that the Pancasila economy is rooted in Indonesian soil by believing in one Godhead, with religious values as the first precept. The implementation of the Indonesian economy and development must be based on ethics, morals, and personality. This is further clarified by economist Swasono that the Pancasila economy is closely related to the acceptance of Pancasila by the Indonesian people (Abdullah & Wijaya, 2020). The economic basis of Pancasila is usually explained in Articles 23, 27, 2, 33 and 34 of the 1945 Constitution. In the Pancasila economic system, there are several things that must be avoided. That is, a) a system of free struggle that encourages exploitation of the people and other countries that have created and maintained the structural weakness of Indonesia's position in the national and global economy. b) Nationalist system in the sense that the state and national economic organizations control, claim and kill the creative potential of economic units outside the national sector. c) Unfair competition and concentration of economic power in one group in various forms of monopoly and monopoly that undermines society and the ideals of social justice (Undang-Undang Dasar Negara Kesatuan Republik Indonesia 1945, n.d.).

3. Research Method

The research method used is by using qualitative methods and literature studies or library research. Reviewing theories and studying literature books that are in accordance with the theories discussed,

especially the scope of cooperatives as a pillar of the Pancasila economy. Besides that, it also analyzes articles from reputable scientific journals. All scientific articles are sourced from Google Scholar and Scopus. In qualitative research, literature review must be used consistently with methodological assumptions. This means that it must be used inductively so that it does not direct the questions posed by the researcher. One of the main reasons for conducting qualitative research is that it is exploratory in nature. In the next stage it will be discussed in depth in the section entitled "Related literature" or "literature review", as the basis for formulating hypotheses and in the final stages these two literatures become the basis for making comparisons with the results and findings. -findings revealed in research.

4. Results and Discussion

Based on relevant theoretical studies and previous research, the discussion of this literature review article is as follows:

Cooperatives are a business entity for the people's economic movement as well as a business entity that plays a role in realizing an advanced, just and prosperous society based on Pancasila and the 1945 Constitution. Cooperatives are structured as joint ventures based on the principles of kinship and economic democracy (Wulandari, 2021).

Discussion Pancasila Economic is the hallmark of the Indonesian state, because Pancasila is a distinctive product of the ideas of the founders of the Indonesian state. Pancasila economy has a spirit of mutual cooperation between economic actors which is seen in the form of cooperatives. In Indonesia, a cooperative is a joint business unit with a formal legal nature. As a socio-economic institution, cooperatives are a true embodiment of the economic concept of Pancasila, which aims to support individuals collectively or in groups. In cooperatives, all members have the same rights and obligations and can play a true role in solidarity and social justice. Along with economic growth, cooperatives play an important role in increasing national income. Cooperatives must create human sovereignty and discourage moral, ethical and moral values, but unlike the capitalist economy which aspires to economic interests, human relations have a sense of unity for progress. The formation of cooperatives in Indonesia has been started since independence, and the founding fathers wanted to advance the realization of an Indonesian society where the Indonesian economy thrives in unity and shared prosperity (Anwar, 2020; Efendi & Lien, 2021; Pulungan & Sardjono, 2021).

Live for humanity in order to succeed in realizing a just and prosperous society for all Indonesian people (Moonti, 2019). Cooperatives are the true model of the Pancasila economic design. Several things support this view. First, cooperatives are based on moral,

ethical and moral economics and promote the welfare of each member without being obsessed with personal gain by justifying any means. Second, socio-culturally, cooperatives are in accordance with the spirit of unity that characterizes Indonesian society. Third, because cooperatives do not reflect the reality of the economic life of the Indonesian people, which are hit by poverty and high social inequality, to improve people's lives through this cooperative concept, I need a bridge (Wisnumurti et al., 2018).

These various variables can be used by cooperatives to advance the lives of the rich and wealthy. By referring to Muhammad Hatta's concept of economic goals, each member can maximize his cooperative by meeting their standard of living, including housing, food, clothing and other necessities. Cooperatives also have credit options under less stringent terms than in the commercial business world. Loans can be used by members to start a business for a better economic life. Cooperatives also include a spirit of unity based on the Fourth Precepts of Pancasila. All funding and the wheels of the economy that determine the progress of the cooperative is the joint responsibility of all members. If viewed from the economic characteristics of Pancasila, cooperatives actually meet the requirements. In particular, cooperatives are driven by the spirit of financial capital agreed with members to promote social equality in accordance with human values. Cooperatives also build the spirit of patriotism by buying products from them, providing capital loans to their members to further develop their businesses and promote a strong economy, as well as being a means of promotion. The economic concept of Pancasila that emerged in the form of a cooperative can be read from the following operationalization (Sihombing, 2018). Cooperative founders and members are always honest, trustworthy, professional, disciplined and all actions are God's responsibility to follow a different positive work ethic in running a cooperative. The spirit of moral, ethical and religious economics demands that not all the weaknesses of the capitalist and socialist economic systems exist and develop in cooperatives. Second, in carrying out cooperative activities, it is important to prioritize a sense of justice and foster a spirit of economic and financial development. Fair and civilized values must absorb the efforts of cooperative members, participate actively in the administrative work of the cooperative, and make the remainder of their achievements fair, equitable and transparent to them. recommendation. Third, cooperatives can help create the nationalist side of the country's children. The cooperative utilizes the creative work of its members, sells it in the cooperative, fosters a spirit of mutual cooperation that encourages joint effort among cooperative members, and uses it for business later. interest rate loans with quick and easy steps you can. And more and more new entrepreneurs will emerge who can reduce social inequality in society. Fourth, cooperatives can encourage people to work together to achieve a

common goal, namely the prosperity and welfare of its members. The cooperative's functional mechanism must be able to provide access to the basic needs of its members. In addition, cooperatives need to creatively seek information flows from job opportunities to doing business with their members to reach mutually beneficial agreements. Fifth, we seek social justice in the sense that cooperatives do not differentiate between those that lead to social status or racial and ethnic violence. As long as the members of the cooperative understand their obligations, they have the right to rise no matter what the cooperative does to increase business profits. Social justice can also be interpreted as a real distribution of the results of cooperative production to members (Burke & Stephens, 2017; Figueiredo & Franco, 2018; Klage & Meister, 2018).

5. Conclusion

From the discussion in the previous section, we can get some important points. First, the Pancasila economy. The Pancasila economy was born out of fear of the national economic system which is still dominated by capitalism. Due to the threat of capitalism, the potential of Indonesia's natural and human resources is not optimal because it only benefits a few people and harms the interests of the Indonesian people. Therefore, it is important to increase collective awareness so that the Indonesian people can return to the basic spirit which is actually manifested in the form of cooperatives, the Pancasila economy. Second, the Pancasila economy is rooted in the five principles of Pancasila, grows from the individuality of the Indonesian people and has the spirit of prosperity and common prosperity. As explained by Muhammad Hatta, the Indonesian economy must be able to bring happiness, prosperity, peace, and independence in the daily lives of Indonesian people. The Pancasila economy is also called the middle class economy or alternative economy because it does not support a capitalist or socialist economy. Third, because cooperatives are the backbone of the Indonesian economy, it is important to develop cooperatives in accordance with the values contained in Pancasila. Cooperatives must be able to develop moral ethics, humanity, national unity, democracy, and social justice.

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