

The Role of Politics in Economic Development in Indonesia

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ABSTRACT

The relationship between politics and economics is very close. Political democracy is also considered a condition for the functioning of economic democracy, where this process can be realized if there is parallelism between the political system and the economic system. The research method used by researchers includes descriptive analysis, based on a qualitative approach, so the results of this research explain that , the role of the political system becomes very important when development has a positive impact on economic welfare, where in this case economic growth becomes a barometer of the success of a country's economic development, but on the other hand, the success of economic development is seen from the success of achieving economic growth consciously or unconsciously. impact on the democratization side. The relationship between politics and economic development is very close, where both systems are studies that examine the relationship between political and economic phenomena, between the state and the market, between the domestic and international environment, and between government and society. Political democracy is also considered a condition for the functioning of economic democracy, and the implementation of economic democracy will be realized if there is alignment between the political system and the economic system.

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INTRODUCTION

We need to know that the New Order era was a crucial period both in the political system and the economic system (Ahyani & Nurhasanah, 2020). Darmawan, (2020) believes that an authoritarian political system causes many shackles to occur in all sectors, starting from the political, legal or statutory sectors, the economy, press freedom and others. For this reason, in realizing the vision of an Indonesian economy that is more advanced, independent, and able to concretely expand improvements in social welfare, of course it must be based on economic principles that uphold healthy competition and justice, and play an active role in the global and regional economy by relying on the nation's capabilities and potential (Djadjuli, 2018).

Hudi, (2020) said that, as one of the nation's noble goals, economic development planning must be realized in a gradual, planned, integrated and sustainable manner and based on Law No. 17 of 2007 concerning Long Term Development Plans (RPJPN 2005-2025), where in the RPJPN Vision and Mission it is stated that: "The development of the Indonesian nation is not only an independent and advanced nation, but also a just and prosperous nation. The goal of the country, in essence, is to create a just and prosperous society that is equitable, materially and spiritually based on Pancasila and the 1945 Constitution of the Republic of Indonesia within the framework of the Unitary State of the Republic of Indonesia which is independent, united and has the

sovereignty of the people in an atmosphere of safe national life, peaceful, orderly and dynamic (Iyan, 2012).

Economic development in a broad sense must include growth (as one of the main characteristics of the development process), while the growth rate of production of goods and services must be high enough in the sense of exceeding the population growth rate (Jurdi, (2011). Sihombing, (2023) and Achmad (2024) says that the concept The thinking between economic growth and development must both run side by side, so that economic growth can be used as one of the parameters for the success of a country's economic development.

Sirait's research results, (2019) argue, in order to realize the noble ideals of the Indonesian people in advancing a more stable economic pace, the government has attempted to carry out various activities, including one of which is encouraging the pace of the national economy, through the growth of industry as a mainstay product. government. The three stages in economic development in developing countries until they finally become developed countries include (1) The unification stage being the first stage, namely the way to achieve political integration to create national unity and integrity (2) The industrialization stage as the second stage to focus the struggle for national development and The final stage is a welfare state, which means the state is obliged to protect the people from the negative side of industrialization.

Looking at the direction of Indonesian economic policy, the government should be able to carry out this task as well as possible in accordance with the noble ideals of the nation, of course through formulating laws and conducting in-depth research so that the substance of these laws can be felt by the people. (Soendari, 2012). Policies related to economic development must be able to accommodate various community needs so that citizens are equally prosperous and on the other hand are able to provide concessions for foreign investors who wish to invest their capital in Indonesia (Sukardan, 2020).

The amount of capital investment in Indonesia really depends on the policies made by the government, because apart from local investors, of course there is a huge need for foreign investors who invest in large amounts. Investor interest will be greatly influenced from the investor's perspective towards the government through the policies implemented. Therefore, the political, legal and economic systems must operate in a mutually beneficial manner and be directed as best as possible for the interests of the people. The economic movement of a country is greatly influenced by how the government makes policies regarding the direction and goals of national economic development. This is a comparison that shows that law, politics and economics can become a valuable legal product as a policy that can be obeyed by all citizens (Warassih, 2018).

Wardhiani (2019), In fact, politics and economics are two things that are interrelated even though the goals are different, where the economic sector has the aim of providing welfare for all people, and political development is an inseparable part of Indonesia's national development. Successes in political development clearly determine the creation of a climate that is conducive to the success of national development as a whole, conversely, successful development in various other fields such as economic, social and cultural will also facilitate political development.

Failure in political development will definitely disrupt national development as a whole. It can be said that successful political development is a requirement for successful national development. This political development forms various vehicles that are absolutely necessary to move the wheels of national development. Development is essentially pursued in order to achieve the welfare of the people in accordance with what is mandated in the Preamble to the 1945 Constitution, where the aim of the founding of the Republic of Indonesia is to realize the prosperity of the nation. The implementation of the Preamble to the 1945 Constitution was then implemented in Article 33 paragraph (3) of the 1945 Constitution, where in this article it is stated

that the earth, water and natural resources contained therein are controlled by the State and used as much as possible for the prosperity of the people. So, based on the description and explanation of the background above, the researcher finally decided to examine and observe in depth the role of politics in economic development in Indonesia.

METHOD

Researchers used descriptive analysis as a research method, using a qualitative approach. According to Sugiyono, S., & Lestari, (2021) descriptive analysis is intended as a way to summarize a situation that was ongoing at the time the research was conducted. Meanwhile, Moleong (2009:3) defines qualitative research as "a research process that produces descriptive data in the form of written or spoken words from people and observable behavior". A qualitative strategy was chosen with the understanding that this research is intended to collect actual data and to explore the research problem in order to obtain the expected results. The use of qualitative research is considered very relevant in public administration studies, especially research that attempts to evaluate and understand society.

RESULTS AND RESEARCH

Economic development is the ideal of all nations, including Indonesia, all countries in the world aspire to success in meeting basic needs, increasing average wealth figures, optimal distribution of welfare, good quality of life and environment, as well as an economy based on social justice. If all these aspects are fulfilled, then a country has succeeded in developing its economy, and this success will lead to an increase in the sense of self-esteem of the nation and its people (Sukardan, 2020).

However, economic development does not exist in a vacuum, therefore this system is closely related to political and institutional aspects. Simultaneously, economic development and government policies guarantee stability, but if all these aspects are not well organized, it will create economic inequality and a political system that is not ideal. The rational relationship between economic and political development in a country is actually able to determine the development of a society.

Thus, to restore the image or policy of the nation and state as a whole and one large unit and having sovereignty in the fields of law, politics and economics, there is a need for improvement and equality for all stakeholders, including society itself. Basically, regulations between politics and the economy must operate in a harmonized manner and be directed as best as possible to the interests of the people. The creation of economic deregulation policies is greatly influenced by the temperature of a country, how the country is at that time, whether it is safe, whether it is influenced by other nations or whether it can stand on the rules outlined by a country. The rhythmic movement of a country's economy is greatly influenced by how state leaders make policies regarding the direction of their country's economy.

This is what becomes the material for comparison that law, politics and economics can become a valuable legal product as a policy that must be obeyed by all citizens of the country. The position of politics literally in a country's economy is like a symbiotic mutualism that is interrelated. If legal politics is carried out, this means that economic policy reform will indirectly occur. Legal development must show that development must be a means of legitimation and security for economic development. This can be seen from the growth of legal institutions, values and procedures, legislation and law enforcement bureaucracy which not only reflects the law as the conditions of the development process but also becomes a strong support for political, economic and social structures.

Understanding that economic development is closely related to political development in a society, apart from economic development, it is crucial to consider political risks and their impact on economic continuity. Political factors are factors that support a country's economic activities, therefore political conditions must remain stable, consistent and have a positive influence on the nation's progress. In reality, economic policies that pass through the political process are certainly inseparable from various interests and are closely related to policy makers. Therefore, economic policy is the result of a process of balancing conflicts of interest between various economic policy-making instruments.

Some examples of real relationships between politics and economics that have occurred include:

- a. Monetary Crisis in Indonesia: During the collapse of the New Order in Indonesia, a monetary crisis occurred which showed that politics greatly influenced the economic condition of a country. This shows how political instability can have a direct impact on a country's economic conditions.
- b. Foreign Investment: The political conditions of a country can influence the interest of foreign investors to invest in that country. Good political stability tends to attract investor interest, which in turn can have an impact on economic growth and job creation.
- c. Fiscal and Monetary Policy: Political decisions related to government spending, taxes, and debt management can have a direct impact on a country's economic conditions. Likewise, monetary policy set by the central bank, such as interest rates and the amount of money in circulation, can influence economic activity.
- d. Distribution of Wealth: Political power can also influence the distribution of wealth in society. Income and wealth redistribution policies, such as social assistance programs and progressive taxes, are examples of how political decisions can influence a society's economic conditions.

With the examples above, it can be seen how close the relationship between politics and economics is, and how both influence each other in the context of policy, investment and the economic conditions of a country. Political stability can have a serious effect on economic performance, and in the future can increase uncertainty regarding the economic situation and policies in the future. Political stability is an important element in a country in creating policies in accordance with current developments. Politics aims to create a legal system desired by the government and society, where legislation as a product of legal politics functions to create a legal system desired by the government and makes law a tool for regulating society.

In fact, the national political system must be based on the following basic framework (1) National politics must always aim at the ideals of the nation, namely a just and prosperous society based on Pancasila (2) National politics must be aimed at achieving the state's goals, namely protecting the entire nation and its entire community. Indonesian blood, advancing general welfare, educating the nation's life, implementing world order based on independence, eternal peace and social justice (3) National politics must be guided by the values of Pancasila as the basis of the state, namely based on religious morals, respecting and protecting human rights without discrimination, uniting all elements of the nation with all their primordial ties, placing power in the hands of the people, and establishing social justice.

On the other hand, national politics must be guided by the necessity to protect all elements of the nation for the sake of integration or national integrity which includes ideology and territory, realizing social justice in the economy and society, realizing democracy and nomocracy, creating tolerance for religious life based on civility and humanity. So the national political system should be built based on the Pancasila legal system, namely a system that takes or combines various

interest values, social values and concepts of justice into one prismatic legal bond by taking the good elements (Warassih, 2018).

In fact, every action in a business organization is a political action, except for charity or social organizations, where these factors determine the smooth running of an economic or business activity, therefore, if the political situation supports it, then business in general will run smoothly, and from In terms of the stock market, a safe political situation will result in stock prices rising. So in this context, the performance of political economic systems has interacted with each other, resulting in every political economic event no longer being limited.

In connection with more equitable economic development, this process must be viewed from various angles, including the role of government and state institutions being involved in achieving prosperity among society. One of the efforts that must be further enhanced by the government to support a conducive investment climate in Indonesia is to create legislative policies, therefore this plays an important role in creating situations and conditions that are able to encourage increased economic development.

The nature of Indonesia's economic policy must support the public interest, both now and in the future. Fields that concern the interests of the wider community, especially in this context the economic field, require public law that pays attention to important aspects including:

- a. research on existing laws is mostly aimed at the current situation, or aimed at the future because laws that only look at the current situation will soon become obsolete and become an obstacle to the country's economic development.
- b. Research on indicators that are part of the early warning system. Good laws are laws that provide warning signs of danger before more serious events occur.
- c. Research on the function of laws to protect the public interests and political interests of the Republic of Indonesia, so that we can continue to live as an independent and sovereign country, especially so that there is no economic dependence on other countries.
- d. Legal development that can accelerate the transformation from an agrarian society to an industrial society.

Political configuration will influence economic activities if legal products made by the government affect the economic sector. The direction of legal political policy towards national economic development is a reflection of development goals in Indonesia which are aimed at the prosperity of the people. The essence of Indonesia's development as stated in the constitutional mandate is to build the Indonesian nation as a whole, and the development strategy is to increase economic growth, equal distribution of social welfare, and maintain political stability. Furthermore, it is explicitly stated in the fourth paragraph of the Preamble to the 1945 Constitution that the essence of national development is to make the life of the nation intelligent, create general prosperity, protect all of Indonesia's blood and help implement world order, lasting peace and social justice. One concrete example of the scientific relationship between economics and legal science is the flow of economic globalization which places legislation as a forum for regulating economic mechanisms that must adapt to international developments.

In relation to the nation's economic recovery, a solid foundation is only possible if there is true stability in the national political situation. In order for the law to be able to play its role in providing legal certainty to economic actors, the government as a policy maker is responsible for maintaining the authority of the law through response and follow-up to improve the legal system. If the economy is analogous to a building, then it must have a strong foundation, namely law. The foundation will be strong if only the surrounding land (politics) is not unstable.

Political issues, the government must make policies or decisions in accordance with the direction of the national medium-term development plan, regional medium-term development

plans and regional head programs guided by the regional RPJP and paying attention to the National RPJM (Wardhiani, 2019). This direction must be oriented towards Pancasila and the 1945 Constitution. The policies that must be taken by the government must be truly in accordance with the circumstances or interests of the community, not just personal or group interests.

The government must be able to create an Indonesian economic development system in accordance with the characteristics, character and culture of society. Because Indonesian society cannot possibly be equated with foreign economic development systems. Every country definitely has a different culture, customs or customs. So that the nation's ideals are to protect the entire nation and all of Indonesia's blood, promote general welfare, make the nation's life intelligent, and participate in implementing world order based on independence, eternal peace and social justice.

On the other hand, the government must also always be active or updated regarding the interests of the nation and state. If there are laws and regulations that are outdated or no longer appropriate to the conditions of society and the era, then the government immediately amends or makes new regulations that are appropriate to the conditions in society. Legislation must be made in accordance with the needs of society, not the interests of entrepreneurs or even orders from investors or foreign business actors who only take advantage. Before making new laws and regulations, the government must carry out in-depth research or research, so that the laws and regulations that are made can be implemented properly. Making laws really covers all activities in the field. The government can receive input from the people in terms of including or determining the content/substance in making laws.

Without the certainty of an ideal political system, the economy will not foster healthy freedom and fair justice; and without utility, the economy will not bring prosperity and peace. Because in the end the law itself must bring together life to prosperity and peace. So, licensing is still needed by every country regardless of its government system and economic system, in an effort to control trade and the country's economy. In this way, law can be a tool in advancing the economy of a nation in order to improve the welfare of its people, as long as it is implemented fairly and consistently and can provide legal certainty for society. On the other hand, law can also become an obstacle to economic progress if the regulations are made unfairly and inconsistently, so that legal certainty is not created.

The relationship between politics and economics is very close, where both systems are studies that examine the relationship between political and economic phenomena, between the state and the market, between the domestic and international environment, and between government and society. Political democracy is also considered a condition for the functioning of economic democracy, and the implementation of economic democracy will be realized if there is alignment between the political system and the economic system. Political science is closely related to economic issues, such as inflation, poverty, job opportunities, and economic growth, and this connection has been recognized for a long time. Political power can influence how the economic system in a country works, and vice versa, economic power can also influence political power in a country (Zaini, 2012).

The connection between politics and economics is also seen in various aspects, such as public policy, markets, social class, economic growth and the environment. Political policies taken by the government can have a direct impact on the economic conditions of a country, and vice versa. For example, fiscal, monetary, trade and regulatory policies are clear examples of how political decisions can influence a country's economic conditions. Thus, the relationship between politics and economics cannot be seen as a pro or con relationship. Both influence each other and are complex, and a good understanding of this relationship is very important, especially for leaders

and policy makers, so that the policies taken can have a positive impact on society and the country's economy.

CONCLUSION

The political system really influences national economic development. A solid foundation can only be achieved if the stability of the political situation can be maintained. The role of government and state institutions is needed to encourage the development process. One of them is to create a conducive investment climate in Indonesia so that national economic development can be realized optimally. Economic development cannot stand alone, it is feared that economic actors will be careless in running their economy, and politics cannot stand alone, because politics as a policy or decision maker must ensure that the economy can run well in accordance with the noble ideals of the Indonesian nation and state. in accordance with the Indonesian constitution, namely Pancasila and the 1945 Constitution. In relation to economic development, legislators play an important role in creating laws that are able to encourage increased economic development. Legal and economic politics must run in a place that is well interconnected and directed as best as possible for the interests of the people.

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