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- Reaksi Pasar Dan Kontroversi Disektar Kebijakan Stock Split
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COMMUNITY-BASED ECONOMY AS POLICY MODEL IN ERADICATING POVERTY IN INDONESIA

Coki Ahmad Syahwier

Abstract:

This paper discusses impact of the economic crisis on poverty incidence in Indonesia by focusing on community-based economy as policy model on eradicating poverty. Poverty can be observed as a condition of a community members which have not been involved in the process of change due to absence of ability of having production factors. Strategies to eradicate poverty is development in agriculture sectors, human resources development, and economic empowerment for small skill industry. Model of community-based economy is widely considered to be able to eradicate poverty. This model is can be developed on multi scale paradigm i.e natural phenomenon resulting in heterogeneity in a system or condition of democratization within a social system.

1. Introduction

Indonesia is a country with 210 million population. Forty percent live in poverty. This is the very sad condition considering that Indonesia at the moment is burdened with a very serious foreign debt. In 1990 World Bank gave compliment to Indonesia in eradicating poverty. According to World Bank, Indonesia successfully eradicated poverty from 40% in 1976 up to 15.08% in 1990. This is a dramatic fall within 14 years period. However, the current condition is much different. Within less than 10 years time Indonesia has undergone very bad decrease in terms of social and economic aspects.

Before 1996 the GNP reached US $1,075 annually with the economic growth of 6.8% but after that it fell drastically up to US $400 annually with the growth of 3-4%. The total number of poverty at the moment has reached 50 million as a result of the development policy of old regime which did not focus on fair, holistic and equal public welfare development. The policy, however, concentrated on achieving ambitious economic growth by depending it to the big scale economy comprising of only 2.0% of the total population. Besides being unable to make use of domestic ability, this economy could not give benefit to the lower community. It was the disparity in development policy priorities that triggered the big increase of poverty. The Problem of poverty in Indonesia should be eradicated immediately considering that it will affect not only the Indonesian economic development but also the regional one. Among the economists, poverty is viewed from “standard of living”, “income level” and “income distribution”. However, there has not been any standardized term to look further into poverty profoundly. Poverty is a multi-dimensional problem. It means human needs are various, and consequently, poverty has many aspects. From the public policy point of view, poverty has primary aspect which cover poverty in aspects, socio-political organization and knowledge and skills. The secondary aspects cover poverty in social network, financial resources and informa-
tion. The poverty dimensions are manifested in the form of malnutrition, clean water shortage, unhealthy housings, lack of health treatment, and low education level. Therefore it is necessary to find policy model which is expected to eradicate poverty level in Indonesia.

The policy which will be proposed should cover short-term and long-term policy. The short term is the emergency policy which deals with providing infra-structure and facilities in order that they can be facilitated to get out from the unfavorable condition. The long-term policy is to coordinate the poor in order to follow and empowerment scheme which involves various institutions which can perform in a simultaneous manner. These institutions are, first, empowerment institutions (institutional evolution) which consist of education institutions, finance institutions, consultation institutions, market institutions, supply institutions and goods distribution institutions. Secondly, the cultural institutions (values evolution) which cover belief institutions, brotherhood institutions and learning institutions.

2. Causes of Poverty

The development policy makers always make effort in order that resources allocation can be enjoyed by all community. However, since the characteristics and the condition of the community vary, worsened by the weak economic development in the country, the national policy is aimed at solving short-term problems. As a result, the government policy has not been able to solve the problems faced by economic groups in low level. Moreover, the domestic policy is strongly linked with the situations overseas, which indirectly affect the policy especially in terms of funding.

Thus, poverty can be observed as a condition of a community members which have not been involved in the process of change due to the absence of ability of having production factors as well as the quality of suitable production factors so they cannot take benefit from the development process. The absence of participation in development process. Can be due to the inability to use the production factors naturally and this can happen unnaturally. The development planned by the government which does not match the community ability in order to participate, result in the non-achievement of the development product to that community.

Therefore poverty, the problem appearing in the community linked with production factors ownership, productivity and development level of the community, is also linked with the national development policy which is being implemented. In other words, poverty besides resulting from natural/cultural aspects, it can also be affected by the existing poor strategy and development policy. Most policy makers often see poverty as structural problems. Therefore, the term of structural poverty appears which means the poverty that prevails in a group of community because the community social structure can not participate in using the income resources which are actually available for them.

3. Strategies to Eradicate Poverty

a) Development in Agriculture Sectors

Indonesia is an agriculture country from where most people earn their living. However, agriculture effort is still subsistent, meaning that the harvest is only sufficient for self consumption. The harvest has not been able to be sold in the market. Agriculture activities have not been managed extensively through agro-industry patterns. Consequently, the policy that needs to be made deals with development in agriculture sectors through agro-industry models. This model is the establishment of
production network, and integrated the agriculture product marketing in industrial project. There are three development aspects in agriculture sectors which has contributed a lot in the effort of eradicating poverty i.e the technological revolution in as well as the increase of irrigation development and machineries. The change in agriculture sectors has increased the societies income and profitability of agriculture products especially in crops.

The other contribution came from the government programs to promote plantation sectors. For example, the government has given aids through funding and marketing of the plantation products such as rubbers, coconuts, palms, etc. The aids from the government is also enforced by the extension, technical counseling and agriculture consultation. Besides, the agriculture experts has been involved in developing production techniques, research on superior varieties, the improvement of the farmers technical skills, the establishment of production network, and the integrated the agriculture product marketing. Finally, the development in agriculture sectors both through agriculture activities and the development of infrastructure is expected to be able to eradicate poverty in Indonesia.

c). Human Resource Development

The development of access to social service consumptions (education, health, and nutrition) is an important policy instrument. In a whole, government strategies to eradicate poverty and improve the welfare of Indonesian people. The extension of the scope and the quality of the primary service requires human capital investment which in turn will improve productivity of the poor. Meanwhile, those services directly satisfy their basic needs which has become the target of the policy.

Education (formal and non-formal) can play an important role in eradicating poverty in a long term. Both indirectly through improving productivity and efficiency in general and directly through training the poor with the skills they need in order to improve productivity which will in turn increase their income.

Social service, which is also important is improving the public health. Health is a very important aspect in promoting community empowerment to enable them to overcome the poverty. The health quality will enable them to improve their work productivity, work performance, and the absent of working hours, and increasing their energy output. Besides, good public health will also decrease the mortality rates of infants and children which indirectly decrease the poverty level. In order to achieve good health, the societies should be provided clean water supply, healthy housing, and waste disposal, and clean environment.

c) Economic Empowerment for Small Skill Industry

Generally, the poor is a group of people with the lowest economic income. In order to help them out of this condition, it is necessary to create empowerment program of small skill businesses which can accommodate potential in the poor community. The development of small skill businesses which will be implemented is a small skill economy activities which can stimulate participation of the poor according to the ability and the potential they have. In this respect, the government should first identify the ability and the potential of the community from the skill aspect as well as the existing natural resources and the extensive access of markets. Then, the government and non-governmental organization provide business service which cover managerial consultation service, production techniques, skill improvement of human resources, marketing, and capital. One important thing
in order to develop the small skill businesses is to make regulation as an incentive to facilitate the small businesses to gain accessibility to funding service institution and marketing of the products. It is also important to make a strict regulation which control the establishment of partnership among small skill, medium skill, and big skill businesses based on mutual needs, profitability, and development (win-win situation). This partnership is the basis for community based economy.

4. Model of Community-Based Economy

Model of community-based economy is widely considered to be able to eradicate poverty problems in Indonesia. This model is ideal considering the community's socio-economic characteristics. Indonesia has some advantages such as abundant natural resources, conducive markets, big population, traditional skills inherited from generation to generation. This model is quite relevant with the life philosophy of Indonesian people which has community self-help and develop economic activities in fraternity.

In Indonesia, model of community-based economy can be developed on “multi scale paradigm” i.e. natural phenomenon resulting in heterogeneity in a system or condition of democratization within a social system. Economic system is an entity reflects inter relation of various economic and non economic components in a plan to produce goods and service which is then distributed for all community members equally and evenly. The work of this system has made this multi skill paradigm as a very strong logical framework to stabilize the limited available natural resources with the desirable human demands which continuously increase through multi scale creation: diversification scale of economic efforts. The existence of the diversification is concentrated on a big rotating axis consisting of small scale economic axis, big-scale economic axis and mega-scale economic axis which can describe the community-based economy, national economy and global economy.

The multi-scale economy cycle is facing more and stronger burden from time to time which is concentrated in line with the ever-increasing human demands. Apparently this system will face bankruptcy due to high risk. Therefore, in line with the natural will, the multi-scale economy cycle should be developed collectively within the building of micro economy in the scope of village, country/regions and global, each of which has its own axis with components of planning, management, targets, infra-structures, expectations, and the ownership of institutional independence. This multi-scale paradigm has to be established in such a way so it can develop harmoniously, mutually supportive and mutually developmental within a partnership framework.

The big problem which is faced now is how to make small-scale businesses go hand in hand with big-scale businesses within, prospectively, a global economic scale. This condition is very complicated in Indonesia since small-scale businesses have not been considered seriously so the support in terms of infra-structure and institutional aspects has never been enforced as they should be. In fact, there are many traditional institutions which can trigger the development of small-scale businesses. It was the result of the wrong policy issued by the former regime which tended to concentrate on centralization policy and the national uniformity in terms of will which has resulted in the powerlessness of the community in general and the high increase of social and economical problems which finally resulted in the spread of poverty. The economic condition in rural areas suffered from expansions and exploitatons deriving from big scale-economic axis and at the end killed the rural small scale economic activities managed by small-scale economic
groups. This condition has cut the cycle within a multi-scale axis. In Indonesia, the existence of small-scale economic cycle has become very important since, in multi-scale economy constellation, it is the basis for resilience/survival and became the embryo for the growth of scale of higher level, i.e. national/regional and global scale.

The community based economy model in which the small-scale economy axis exists should be supported by the establishment of empowerment institution (institutional evolution) and its cultivation institute (value evolution). The performance of these empowerment and cultivation institutions is believed to be the key to success and on the other hand, a recognition of the existence of community-based economy. The efforts of empowering the community-based economy require three important institutions, i.e. firstly, finance, market legal and insurance institutions; secondly supply and distribution institutions and thirdly partnership service institutions. The community-based economy requires rational, practical and easy empowerment for the community especially concern with the benefits and the work mechanisms. In order to make this community-based economy grow in the right, fair, even and prosperous manner, support from science and technology, economy, socio-politics, culture and religion are needed. Whereas, the cultivation of community-based economy requires support from cultivation institutions like belief institutions, brotherhood institutions and learning institutions.

Figure-1. The Inter-relation of Community-Based Economy Model for Indonesia

- **INSTUISI PEMBERDAYA**
  - Pasar
  - Pembayaran
  - Panjoran
  - Advokasi
  - Gudang
  - Promosi
  - Regulasi
  - Dan Yang Lainnya

- **INSTUISI NILAI**
  - Majlis Taklim
  - Syukuran
  - Remaja Masja
  - Mustahiroah Desa
  - Dan Yang Lainnya

- **Economic Resources**

- **Medium Business**

- **Large Business**

- **Small Business**

- **AKTIVITAS EKONOMI**

- **KESEJAHTERAAN EKONOMI**
5. Summary

This paper has provided a model of community-based economy and a number of policies which can be implemented both by government institutions and non-government institutions in the effort of radiating poverty in Indonesia. This model is expected to provide big opportunity for the poor in order to develop their economic potentials so they can create business activities which can generate income. By the accumulation of their income, the poor is expected to be able to overcome their problems of poverty because they are already capable of fulfilling their basic needs.

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