

# REVITALIZATION OF PANCASILA ECONOMIC SYSTEM IN THE GLOBALIZATION ERA

Dr. Waspodo Tjipto Subroto, M.Pd  
Faculty of Education  
University State of Surabaya

## Abstract

Implementation of the policy will affect the economic system of economic growth and prosperity of a nation. Follow the globalization of economic liberalization is detrimental to most of the people of Indonesia for the door wide open to free competition so it is very unfortunate that the developed countries are relatively better equipped to compete because it is supported by financial capital and modern technology.

To anticipate the impact of economic liberalization is necessary to apply economic system whose implementation is based on Pancasila and the moral values and norms that correspond to the condition of Indonesia, in the hope of reducing unemployment, poverty and wealth inequality. But Pancasila economic system is still not popular in the community and be accepted by the majority of the people of Indonesia, because the general public ignorance of economic systems. Besides the many economists who argue that the Pancasila economic system does not have a strong theoretical basis so impressed and not making it up are universal.

For socializing Pancasila economic system, there needs revitalization movement Pancasila economic system in a more systematic and planned so that the system is able to host in his own country. Revitalization can be implemented through various government policies that favor economic system to the people by not reducing economic democracy.

Revitalization of Pancasila economic system needs to be pursued constantly and sustained through the implementation of economic policies in favor of the people and to anticipate the growing influence of economic globalization and spread to various penjru world. Revitalization is expected to bring the Indonesian people toward the common good in adapting to the era of globalization.

**Key word:** Pancasila, economic system, globalization.

## I. Preliminary

With the democratization of the globalization phenomenon affects the life of mankind on this earth. The passing of an era of globalization which is supported by the rapid development of information technology and communications, adding to the faster development of the following socio-economic impacts that go with it. Even with the spirit of globalization demokratisasinya wide open competition in a variety of human activities in the world. Competition between nations that seems clear is competition for the pursuit of prosperity and well-being that are often ignored the norms and ethics in business or economic activity.

Freedom is likely to raise competition in the era of globalization impact ample opportunity for investors to take part to play dominance in economic activity. This condition is often known as a form of neo-liberalism which gives wide opportunities to compete in the business world. Even allegations that globalization is a condition created by the capitalists in order to freely colonize other nations in other forms, namely the competitiveness they have to play a role and hegemony in economic activity. Globalization deliberately created by the capitalists to dominate the competition in economic activities, because they feel ready to enter the arena of free competition in all aspects of life. Globalization is a wide open competition, thus giving fresh air for the capitalists who have high competitiveness to win the competition, often blamed as a form of neo-liberalism to a nation that its competitiveness is low. The capitalists are the average of these rich countries, especially the sponsors of globalization because they are ready to compete. In the spirit of globalization which brings freedom, to position of capitalists to play a role in the world economic arena. With their high competitiveness that will control the world's political and even economic activity, so that competition practices is akin to an understanding of neoliberalism. The capitalists in the guise of globalization hide the neoliberal economic agenda that aims to achieve maximum profits in a way that seems democratic, mutual cooperation and open.

Globalization is a systematic process to overhaul the economic structure of poor countries, mainly in the form of stunting increased role of the state and the role of the market, thus facilitating the economic integration of poor countries into the hands of the capitalists from rich countries. Of common sense can be seen that the dangers of globalization for poor countries basically lies in the weakness of governments in poor countries to protect the interests of the country and its people, and the increasing economic dependence of poor countries to meet the interests of investors from rich countries .

With the increasing economic dependence of poor countries to meet the interests of investors rich countries, the functions of government in the economy of poor countries tend to change, that of serving and protecting the interests of the people to serve and protect the interests of investors rich countries. At a more extreme, globalization led to the widening social and economic inequalities, and the increasing dominance of the capitalist rich countries of the ownership of factors of production in every poor country. Thus, when the international globalization causes an increasing dependence of poor countries, domestically he became a trigger helterporandanya contained the foundation of social integration in society. With such danger, it is easy to understand when Calvanagh (2002) prefers to call globalization as imperialism. As they point out, behind the dissemination of globalization actually resides on a particular class interests, the new international capitalist class who are trying to widen their influence and economic domination throughout the world.

Era of globalization regrow Merchantilist the views of the 17th century and the 18th, so it makes economic globalization as an attempt to obtain a trade surplus in order to strengthen the country. Alexander Hamilton, Merchantilist figures from the United States in 1791 relating to the protection of U.S. policy in the industry write that: not only prosperity, but the dependence of poor countries to manufacture industrial goods and technologies need to be maintained. (Gilpin, 2008). Colonial era of globalization efforts are directed to meet the needs of countries that had already been developed by exploiting the country or region that is still underdeveloped. Economic globalization that has been rooted for centuries has continued to evolve. Commitment that led to the globalization of world trade that was driven by the United States was the first time only by 23 countries. The evolution of economic globalization is now growing very rapidly since the late 1980s.

This condition is contrary to Pancasila Economic System (SEP), which guarantees economic democracy without glorifying the broadest possible competition, as developed by the understanding neoliberalisme. Democracy is more concerned with economic cooperation rather than competition and social fraternity. Pancasila economy by Hamid (2004) expect (a) The economy is driven by the stimulation of economic, social and moral, (b) There will of society to achieve socio-economic equality, (c) Nationalism always menjaiwi economic policy, and (d) Cooperative is a pillar of the economy national, and (e) There is a balance between centralism and desentralisme in economic policy.

Pancasila economic system is not liberal-capitalistic, but not the economic system etastik. Yet the market remains coloring system economic life. This is as set forth by the explanation of Article 33 UUD 1945, as follows: In Section 33 set forth the basis of economic democracy, the production is done by all, for all, under the direction or the inspection, members of the community. Prosperity of society that comes first, not the prosperity of the individual. For this reason the economy is structured as a joint effort based on the principle of kinship. Wake up in accordance with the company that is cooperative. Pancasila economic system is very difficult to be developed in the era of globalization that emphasizes free competition. This challenge becomes even more severe, because there is a growing spirit of individualism as a result of the outbreak of the influence of capitalist ideology-liberalism (or neoliberalism). With the emergence of business groups nasional embracing ideology of global capitalism, apparently emerging spirit of 'greed' new economic interests against the interests of the people "(Mubyarto, 2005).

To control this condition, Pancasila economic system should be based on a policy of reconstruction and economic system in favor of the people. The economy is driven by the stimulation of economic, social, moral and civilized. Indonesia needs to foster the spirit of the nation to realize social and economic equality. Sense of nationalism has always animated the economic policy makers in order to grow the economy. Economy needs to grow back to the teachings of the cooperative who are pillars of the national economy. In economic development, there should be a balance between centralism and desentralisme in economic policy so that more priority to equitable distribution of wealth and prosperity for the whole of Indonesia.

## II. Economic development of the Era of Globalization

Economic globalization that has lasted many centuries ago, based on the interests of countries that have developed economies to seek riches for the prosperity of his country, regardless of the partner country or colony. For developed countries it is important is the accumulation of wealth, or gold, and their welfare. Economic globalization during the last five centuries of European colonialism aimed at getting of wealth in the world that were previously unreachable. Cristobal Colon, which became known as Christopher Columbus, with financial support from the King and Queen of Spain sailed across the sea to get to that reported by the Asia abundant with natural resources and gold. The search for new territory to acquire wealth for the relatively rich countries of this kind continues. In historical records related to other globalization, it can be argued that the efforts made famous spokesman for the United Kingdom in the 1890s, Cecil Rhodes, who expressed the need for countries to get new land, because land (colonies) which could benefit the new country. (Elwood , 2001). So the colonial era of globalization efforts are directed to meet the needs of countries that had already been developed by exploiting the country or region that is still underdeveloped.

Economic globalization that has been rooted for centuries has continued to evolve. Significant point occurred in 1947 coming into force and the institutionalization of the General Agreement on Tariffs and Trade or GATT (General Agreement on Tariffs and Trade). Commitment that led to the globalization of world trade that was driven by the United States was the first time only by 23 countries. The evolution of economic globalization is now growing very rapidly since the late 1980s. Through long negotiations conducted during the 8 years of GATT, known as the Uruguay Round in 1995 had decided to form the World Trade Organization (WTO). WTO membership continued to grow reaching 148 countries by 2005, with a wider coverage area, which is related to the liberalization of the traffic of goods and services.

The continued development of theories related to economic integration, trade liberalization became the spearhead of economic globalization. Development of world trade is growing rapidly since the GATT. Much more rapid economic growth in the range of the last two decades. Implementation of the decisions of the Uruguay Round of world trade is accelerating. Globalization, which in international trade to trade liberalization, has eliminated significant trade barriers, both tangible barriers of tariffs and non-tariff barriers such as import bans, quotas, import licenses, and so forth. The inclusion of liberalization of services sector in the world economy, as the implementation of GATS (General Agreement on Trade and Services), the corner position of many developing countries, including Indonesia, which is generally very weak in the service sector.

At the macro-global free trade is the increase reflects an increase in welfare of the people of the world. However, this conclusion is questionable when viewed whom or which countries whose economies are experiencing a rapid increase. Trade expansion, especially in developed countries to make developing countries more and more behind. Concentration of world trade is still centered in the northern countries such as North America and Western Europe, while the country is concentrated in Asia only Japan and China.

Globalization of trade for developing countries has also been degrading to the exchange rate of exports to imports of manufactured goods it needs. In fact, the decline rate is likely to get worse and cause the transfer of real resources caused by the loss of potential revenue on exports as a result of deterioration of the exchange rate. Based on this fact Stiglitz (2002) called for the implementation of globalization, including the various agreements (agreement) on trade review and radically reconsidered.

In a theoretical perspective, the benefits of economic globalization is very tempting promise that the growing prosperity of the world community. With the removal of barriers in international economic relations will encourage increased efficiency and production of goods and services. Economic specialization occurs. Increased trade and investment, developing the production technology, all of which lead to an increase in world output, which means the total world welfare is also increasing, therefore, trade barriers, either in the form of high tariff and non tariff should be minimized, even eliminated. Through the WTO and other international institutions it is always a duty to perform. Economic freedom of the world regarded as the best solution to improve the output of the world theory. In economic terms, the economic freedom of the will to realize the so-called Pareto optimality (Pareto Optimality).

The concept of the theory is incentive launched in the late 1980's and early 1990's. Therefore, not surprising at that time thinking about the current economic globalization coloring almost the whole world. Terminology associated with globalization, as countries without borders, economic liberalization, free trade, or global economic integration into a kind of dogma which is believed to be carrying the world on economic progress, eliminating poverty and reducing disparities between countries. Efforts toward globalization was strongly supported economic superpowers, who are already familiar with the pattern of trade liberalization. Globalization of the economy on a limited scale (or so-called economic regionalization) is often regarded as a success story is the economic integration of Western European countries are now members of the European Union. Therefore, many countries that "practice" to prepare for the globalization of the economy through regional economic intergasi. In the Asia Pacific region in the form of APEC (Asia Pacific Economic Cooperation), which led countries such as Australia, America, and Canada. In a smaller scale also formed North American Free Trade Area (NAFTA), ASEAN Free Trade Area (AFTA), and so forth.

Variety of organization of the world economy is expected to help accelerate the realization of globalization for raising prosperity of the world. Proponents of economic globalization are very confident that the promises of globalization and the increased prosperity of the world of international cooperation. Therefore they are not allowed to declare the existence of barriers that can impede the movement of goods and services and capital (Gilpin, 2002). In fact, the idea is to liberalize world trade has a precondition that the actors who will integrate its economy must have a balanced force. This is the prerequisite conditions are not met, the economic power between nations is still very lame, so the practice of economic globalization can not be done. If want this done is limited to countries that are relatively balanced, which is usually limited to certain areas, that the concept of regional economic theory is called integration. Union activities such as the formation of regional economic ties to the region's economy initiated prior to entering the arena of global economic liberalization.

### **Capitalism in an Era of Economic Globalization.**

Globalization is essentially a new liberal ideology that drives the free market mechanism. Globalization opens up the transparency of trade that ignores the efforts embodiment of justice, equality and welfare mondial. Swasono (2005) view that the empirical and theoretical, economic globalization and free trade that occurs at this time has been systematically planned by the rich countries with global capitalism, which uses its own power or through-economic institutions in the global financial under its influence. Even Mubyarto (2002) more sharply said that economic globalization is greed, imperialism, and very detrimental to the economy of developing countries.

To integrate the global economy, through the institutions of economic-financial world, was made uniform rules, norms standards, the standard economic law, and a variety of general provisions relating to international economic relations. Various provisions that are generally adopted from what was already in force and become a habit in industrialized countries are based on the ideology of liberal-capitalist economy. Through economic institutions and international financial, prepared a variety of global agreements that are not always suitable and advantageous developing countries like Indonesia. This then gave birth to the suspicion of the existence of particular interest and the imposition of the will to realize the economic globalization. Direction of economic globalization was not changed much since five of the last century until now, namely the interests of the economic superpowers to gain economic benefits from the merging of the world economy.

Policies are applied in developed countries are often in conflict with the principle of the development of globalization. United States and some Western European countries are very sturdy to protect the farmers and peternaknya with a very large subsidy policy aims to mengkerdikan role of government in the economy. Increased government expenditure to GDP in industrialized countries can be interpreted as a systematic process to overhaul the economic structure of poor countries, in the form of pengkerdilan role of the state and increasing the role of the market so as to facilitate the integration and control of the economy of poor countries is under the control of the state capitalist rich countries (Baswir, 2005).

Globalization Forum International (1999), has compiled some of the urgent agenda for the internationalization of the activities carried out in order, among other things: first, the establishment of new international institutions to: (1) prevent the transmission of disease, conflict, and international environmental destruction, and (2 ) establish international norms regarding the rights and standards which will mostly be applied at the national level. Second, the rearrangement (reform) the international financial system. Third, institutional rearrangement procedures of World Bank and regional banks like the Asian Development Bank (ADB), which has a similar function. And fourth, the rearrangement of the World Trade organization (WTO).

Economic globalization that has lasted many centuries ago, based on the interests of countries that have developed economies to seek riches for the prosperity of his country, without much care for the partner country or colony. For developed countries it is important is the accumulation of wealth, or gold, and their welfare. Economic globalization during the last five centuries of European colonialism aimed at getting of wealth in the world that were previously unreachable. Cristobal Colon, which became known as Christopher Columbus, with financial support from the King and Queen of Spain sailed across the sea to get to that reported by the Asia abundant with natural resources and gold. The search for new territory to acquire wealth for the relatively rich countries of this kind continues. So the colonial era of globalization efforts are directed to meet the needs of countries that had already been developed by exploiting the country or region that is still underdeveloped.

Globalization of trade for developing countries has also been degrading to the exchange rate of exports to imports of manufactured goods it needs. In fact, the decline rate is likely to get worse and cause the transfer of real resources caused by the loss of potential revenue on exports as a result of deterioration of the exchange rate. Based on this fact Stiglitz (2002) called for the implementation of globalization, including the various agreements (agreement) on trade review and radically reconsidered.

Economic globalization in theory could increase the intensity and activity of world economic activity. Increased activity of economic activity will bring benefits to improving the welfare of the people of the world. With the removal of barriers in international economic relations will encourage increased efficiency and production of goods and services. Economic globalization will increase the flow of trade and investment between countries, developing production technology leads to an increase in world output, which in general will improve the welfare of mankind in the world. Therefore, trade barriers, either in the form of high tariff and non tariff should be minimized, even eliminated if necessary. Policies need to be implemented to minimize barriers by various international economic institutions. Freedom of the world economy is considered as an effective effort to improve the output of the world, which led to the welfare of the world. The economic freedom will bring Optimization Products. The spirit of the optimization and distribution of products being developed in the late 1980's and early 1990's. The concept of thinking about economic globalization continues to grow almost all over the world. Impact of economic liberalization conditions as if the country without borders (borderless) clear

physical, sweeping free trade to the various commodity sectors. Global economic integration is believed to be carrying the world on economic progress, eliminating poverty and reducing disparities between countries rich and poor. Policy toward globalization was strongly supported economic superpowers, who are already familiar with the pattern of trade liberalization. Economic globalization in the regional (economic regionalization) is often regarded as a success story is the economic integration of Western European countries are now members of the European Union (Wayne, 2001). The success story has become a reference for other regional countries, so many countries in the region "training" to prepare for the globalization of the economy through regional economic integration. In the Asia Pacific region in the form of APEC (Asia Pacific Economic Cooperation) which led countries such as Australia, America, and Canada. In a smaller scale also formed North American Free Trade Area (NAFTA), ASEAN Free Trade Area (AFTA), and so forth.

In a next step, the various devices of the world economic organization formed with the hope will help accelerate the realization of economic globalization for raising prosperity of the world. Proponents of economic globalization are very confident that the promises of globalization and the increased prosperity of the world of international cooperation. Obstacles that may impede the movement of goods, services, and capital needs to be eliminated (Gilpin, 2002: 293). In fact, the idea to liberalize world trade is not easy to implement, especially for countries that are not yet ready to compete or have low competitiveness. Liberalization is essentially free competition would require a balanced quality of the participants of the competition. If quality and capital strength are not balanced, we can be sure the competition will be won by the strong competitiveness. In fact the conditions of economic power between nations is still lame, so if going to compete would be out of balance. Liberalization in the economic globalization will only lead to developed countries to victory in the competition. Even if economic integration need to be implemented, should be limited to certain areas of strength are relatively balanced. The theory of regional economic integration, should take priority over development through regional cooperation. (David, 2005)

In the empirical perspective, economic globalization has become a tool for developed countries to exploit and benefit economically from these countries is growing. In fact, from a theoretical perspective of economic globalization is not really applicable, because it is still timpangnya economic forces in the countries of this world. Therefore, it should be free competition in the economic globalization can not be done thoroughly, but should gradually start from a specific region corresponding to the capabilities and readiness of each country. (Rudrik, 2002). This condition should be an important record for developing countries to anticipate shortages and competing for their readiness in the face of economic globalization.

### III. Pancasila Economic System

The basic principle in Pancasila Economic System (SEP), its application is based on the philosophy of Pancasila and the 1945 constitutional. Values and norms embodied in the ideology of Pancasila and 1945 Constitution as the basis for the development of the economic system, which is essentially to bring about social justice for all Indonesian people. These objectives can be achieved if economic policy in favor of the people at large, meaning that the people's economy needs to be stepped up as the basis for economic growth in Indonesia. Economic activities should be carried out based on the principles of Pancasila democracy. Similarly, the principles of economic democracy that has been constitutionally stipulated in the 1945 Constitution, namely:

- A. Article 23: confirms that the rights of Parliament, among others:
  - Accept / reject the draft budget with the Act
  - Establish a tax law
  - Define the range and value of currency by the Act
  - Checking the state of financial responsibility (CPC report) by the Act.
- B. Article 27: Affirming that tiapt every citizen has the right to decent work and livelihoods
- C. Article 33: Among other claims, that the economy is structured as a joint effort based on the principle of family
- D. Article 34: The number of factors are poor and neglected children maintained by state Even in detail in chapter 33 UUD 1945 asserted that: (1) the economy is structured as a joint effort berasaskan family, (2) the branches of production are important and dominate the life of many state-run, (3) earth and water as well as wealth controlled by the state is in it, and used as much as possible for the welfare of the whole people of Indonesia, (4) national private sector development to support national economic growth.

Populist economic activity driven by the stimulation of economic, social and moral nation, so there is the will of the people to achieve social and economic equality. Nationalism has always animates the policies and the implementation of the economic system. Characterized by the cooperative principle of the family is the cornerstone of the national economy. There is a balance between centralism and desentralisme in economic policy. Pancasila economic system so that non-liberal-capitalistic, nor is the economic system of the etatistik. Nevertheless the market mechanism remains coloring system economic life (Mubyarto, 2002).

Indonesia's economy is a typical system should keep in mind the points listed in the Pancasila. The precepts of Pancasila, social justice for all people of Indonesia are the most relevant precepts to develop the economic system. Precepts of social justice for all people of Indonesia contains two meanings:

- A. The principle of fair distribution of income, which is based on a free fight liberalism.
2. Principles of economic democracy, namely the 1945 Constitution provided for in Articles 23, 27, 33, and 34.

Under the state constitution, the Pancasila economic system more pro-people economic policies that many countries have towards the realization of social justice by applying the berazas family's economy. Pancasila economic system more priority to the welfare of the entire nation of Indonesia, but it guarantees economic democracy and protect the economic rights or property of someone. Although the interests of the joint, but the economic rights of individual citizens of Indonesia remain secured and protected so as to make economic activities more conducive to improving the business activities to achieve common prosperity.

#### **IV. Pancasila Economic in the Era Globalization**

Economic globalization towards the direction of economic liberalization that is loaded with free competition in various sectors of production of goods and services. In this free competition of global capitalism into the direction of the commander and controller of the world economy. The capitalists, the capital of the relatively advanced technology and monetary support mantab and competitive spirit that is more competitive, so that their position as the global economic control. Practices of economic globalization that gave birth to the hegemony of developed countries to developing countries is very detrimental to the country that are less prepared to compete. (Martin, 2003). These conditions also create a hegemony of big business against small business, because large employers are relatively better equipped to compete in a liberalized global economy. Disclosure of the capitalists who built the spirit of economic liberalization, it would be very detrimental to the economic actors who are less able to compete and open up wide opportunities for large employers to small master. These conditions need to intervene system of economic policy in favor of the weak to protect the hegemony of big business, so that the interaction of economic openness to ensure an equitable and not detrimental to one party.

In the face of galloping economic liberalization, have to be realistic that it is impossible unstoppable globalization or avoid it. Globalization on various aspects of life will continue to run without any power that can stop it. To adapt to the globalization of the economy we need to improve the capability and competitiveness of the economy is continuously synergize the potentials of local and national level to compete in the global arena. Another effort is to forge partnerships and to invite other countries to act together to resist the principle of economic cooperation which is unfair and detrimental to one party, which made economic institutions and global finance. The struggle to create a fair statement of cooperation and not harm the national interest, should always be sought in anticipation of global economic cooperation.

The trend of economic globalization is happening today should be observed and economic cooperation is necessary to arrange mutually beneficial and respectful of each other. Era of economic globalization which impose liberalization, should be categorized as a form of neo-liberalism. Moreover, the economic power into a tool of coercion powerful state against another state in its political ideology. Similarly, in the process of globalization, powerful states often use economic institutions worldwide to support its policies, the impact on profits continue to flow to developed countries. Although the spirit of mutual cooperation, the more benefit there is often still on the parties to the advanced industrial countries that are already familiar with the practices of free competition in the economy, as the derivation of the ideology and the liberal philosophy of life. Economic globalization is full of liberal-capitalist ideological charge, with a face that resembles the derivation of this ideology. Globalization is bringing liberalistik ideology is clearly incompatible with the ideology of Pancasila, so we need to be careful in react. Similarly, in addressing the practices of economic globalization, need to be reviewed from the view of Pancasila ideology which is essentially mendedapankan public interest.

J.M. Keynes in 1936 alone to make a revolution by demonstrating that economic science is learned and developed over 150 years since 1776 is a false science that should be abandoned if the capitalist system to survive. (Mubyarto, 2005). The basic point is most obvious mistake is the belief is always the balance (equilibrium) between the supply (supply) and demand (demand) as understood as natural law. Economics in Indonesia, as in many other developing countries, is also not relevant to public welfare or for the greatest welfare of the people. Taught economics in Indonesia since the mid-fifties is the science which teaches the individual greed of natural objects, which teaches the properties of self-interest in every person and deny the principle of the spirit of togetherness and family.

The concept of Pancasila economy contrary to the orthodox Neoclassical economics is now taught in colleges and high schools, which assumes households or communities as mere consumers who only act as a collection of "compulsive shoppers" and on the other hand the producer business world is very noble work of producing goods and services to the public interest. Prosperity and welfare of the people / society is always

considered a business mission. Then the investor is always considered a "savior gods" whose job "prosperous society" or to create new jobs for workers who need them.

Indonesia's economic experts tasked with undertaking the suffering of the people must stand in the front row overhauled Neoclassical economics courses that have been accepted as orthodox religious teachings. Whereas orthodox neoclassical flow is extremely harmful to society because it teaches a lot of greed on the nature of individual objects. Economics is the science of economics Pancasila moral values and the corresponding moralitas Indonesia.

Pancasila ideology bagsa agreed as a way of life so that everyday behavior, including the practices of economic activity is based on the norms contained in the nation's outlook on life. Practices need to reflect the norms of economic activities are contained in the precepts of Pancasila. The practice of economic activity necessary application Divine values, humane, nationalistic, and populist, and social justice. Empiriknya fact, many economic activities in the era of globalization is that deviate from the norms of the ideology of the Indonesian nation. Economic globalization is often run over a lot of public interest, especially the neglected role of groups and interests, such as farmers, laborers and lower-class workers whose interests are often sacrificed. The act of the capitalists who rely on capital intensive and technology often result in workers losing their jobs, their own set of strategic commodities prices, so that the nation's economic sovereignty in the hands of other countries or international institutions. Diskenario global economy mechanism and controlled by international economic institutions which of course brings the mission interests of developed countries in a spirit of global corporations.

How naive, in a country like Indonesia is still developing the competitiveness is still low and poverty is still relatively high, sertamerta support practices of global economic activities which contribute to the inequalities and injustices of the world economy. These conditions should be anticipated in order not to increase the width of the gap between the developed countries to developing countries. System of economic policy should be based on the ideology of Pancasila, the values and norms that grow in the people of Indonesia. Policy of the economic system known as Pancasila economic system that favored the implementation practices to the people or democracy based economy, with policies that seek to tackle poverty, reduce inequality and for the welfare of the people based on the ethics of Pancasila (Mubyarto, 2002). Efforts to realize the economic system of Pancasila, of course not easy, because dealing with a group of investors with a relatively more modern technology. Moreover, the spread of individualistic attitudes and ideology of liberalism or capitalism-often known as neo-liberalism on the national business community, so there is the nature of greed to profit as much as possible in the business and economic activities. Development of an individualistic nature of the flow carried by currents of globalization on Indonesia society is connoted as a modern lifestyle, is a daunting challenge to realize the economy is based on Pancasila democracy.

## **V. Revitalization of Pancasila Economic System in the Globalization Era**

Indonesia needs to address the nation carefully to the phenomenon of globalization that tends to harm the national economy. Due to economic globalization tends to benefit the industrialists who have capital and a handful of large national employers who benefit from the mechanism of free competition. Globalization has been driven by the capital from industrialized countries and in cooperation with the main agent in developing countries in an effort to capital accumulation. In fact, according Baswir (2005) in the state majupun recurring attitudes that oppose the practice of economic liberalization, especially of the lower classes that are sure to feel the impact. Many nongovernmental organizations are joining the world community of the World Social Forum (FSD), indicating their resistance to the global economic policies that are controlled by a trio of global economic institutions, namely: the World Trade Organization (WTO), International Monetary Fund (IMF) and World Bank . Third of global economic institutions continue to seek to control the world economy, with policies based on the spirit of free competition that tends to favor the capitalists who have relatively high competitiveness, both capital and technology.

The phenomenon of economic activities in Indonesia, in response to the conventional economic system that relies on market mechanisms to support free competition, have raised the discourse of Pancasila economic system. In fact, since 1980 has promoted the concept of Economic started Pancasila. Socialization of the concept of Pancasila economy is still not as expected. Implementation of a democratic economy based on Pancasila values and norms are still many obstacles menghadpi, especially by the economic elite and modern lifestyle trends that tend to be individualistic as brought by globalization.

Implementation of Pancasila economic system in an effort to alleviate poverty and reduce inequality of wealth for the welfare of the social justice needs to be revitalized role that the Indonesian national development goals can be realized. A variety of barriers, obstacles and challenges facing the implementation of Pancasila economic system must be addressed immediately. It is appropriate Pancasila economic system could be hosted in

their own country. Then the various government economic policy should be implemented in an effort to revitalize the economic system of Pancasila.

Revitalization of Pancasila economic system needs to be pursued in a sustainable manner consistent with the policy. Internal policies in the country, the Government of Indonesia to implement various policies of the national economy is based on economic democracy with the principle of Pancasila democracy. This is to anticipate the impact of the passing of an increasingly global economy spread to various parts of the world, including Indonesia. Pekonomian national policy should always be based on norms and values of Pancasila as the nation's life and philosophy as the basis for the organization of the state. Economic activities that are labor intensive and berasas family, should take precedence.

In the exit policy, the Government of Indonesia that with all kemampuan and influence, need to forge partnerships with countries to strengthen the unity of common fate in tackling inequality between developed and developing countries is widening. This effort is aligned with the International Forum of Globalization (1999), which some urge to do the reform agenda in the context of internationalization, namely: first, the establishment of new international institutions to: (1) prevent the transmission of disease, conflict, and international environmental destruction, and (2) establish international norms regarding the rights and standards that most would be applied on a national level. Second, the rearrangement (reform) the international financial system. Third, institutional rearrangement procedures of World Bank and regional banks like the Asian Development Bank (ADB), which has a similar function. And fourth, the rearrangement of the World Trade organization (WTO).

To implement these agendas, the leaders of developing countries would need to equip themselves with a strong political will. Simultaneously, they are also required to continue to join forces and strengthen the relationship between the members of the developing world se. Bargaining position of developing countries should be increased to deal with the oligarchy developed countries. This effort is expected to prevent the leaders of developed countries to keep going with the neoliberal economic agenda they are. The pace of economic globalization is essentially an imperialist neo-liberal practices of the developed countries must be stopped immediately.

Pancasila economy needs to be revitalized to support the national development of Indonesia. The concept of Pancasila economy needs to be socialized to be more popular in the community on an ongoing basis among economic actors and the entire nation of Indonesia. Pancasila economy concept should be endeavored to host their own country. This policy needs the political will that the Government understood the concept of Pancasila economic society in general. For most experts ekonomipun trapped by the "mistaken belief" that economics is value free (value free) and menjagad (universal). Economics of constitution is not believed to be influenced by the time when and place where he was born. As a result, the concept of Pancasila Economy unacceptable by Indonesia's own economists, because the concept of a special kind of economic science Economic Pancasila is considered absurd. However, this view needs to be minimized so that the application of the concept of Pancasila economy could be the basis for the economic system in Indonesia

## VI. Cover

Of exposure in front of a few conclusions can be stated as follows:

1. Globalization and economic liberalization is detrimental to most of the people of Indonesia for the door wide open to free competition so it is very unfortunate that relatively developed countries are ready to compete because it is supported by financial capital and modern technology.
2. Pancasila economic system is an economic policy in accordance with the condition of Indonesia, because it would be effective in reducing unemployment, poverty and wealth inequality. But Pancasila economic system is still not popular in the community and be accepted by most of Indonesian society, because of ignorance of economic systems. In addition many economists argue that the Pancasila economic system does not have a strong theoretical basis so impressed and not making it up are universal.
3. There needs revitalization movement Pancasila economic system in a more systematic and planned so that the system is able to host in his own country. Revitalization can be implemented through various government policies that favor economic system to the people by not reducing economic democracy.
4. Revitalization of Pancasila economic system needs to be pursued constantly and sustained through the implementation of economic policies in favor of the people and to anticipate the growing influence of economic globalization and spread to various world.

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#### BIODATA PENULIS

Nama : Dr. Waspodo Tjipto Subroto, M.Pd  
NIP : 195810181986031005  
Unit Kerja : PGSD FIP Universitas Negeri Surabaya  
Pengajar : S1 PGSD  
S2 Pendidikan Dasar Pascasarjana Unesa  
S2 Pendidikan ekonomi Pascasarjana Unesa  
Pendidikan : S1 PMP-KN IKIP Yogyakarta. lulus tahun 1985  
S2 Pendidikan IPS SD IKIP Bandung, tahun 1997  
S3 Ilmu Ekonomi Universitas Brawijaya, th. 2008  
Email : [waspodotjipto@yahoo.co.id](mailto:waspodotjipto@yahoo.co.id)  
HP : 08123235608, 081333213333