



Dynamics of Poverty in Indonesia: Political Economic Analysis

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ABSTRACT

Poverty is a social phenomenon caused by economic factors. Poverty is the economic inability to meet basic food and non-food needs. One of the things that can determine and measure poverty is expenditure. For a long time, poverty has been a major problem in Indonesia. The incidence of poverty increased by more than a third during the crisis compared to the pre-crisis period. Meanwhile, Indonesia has experienced significant social and political changes along with increased democracy, decentralization of government, and increased transparency compared to the past. But poverty levels remain high based on various factors. This article concentrates on the problem of poverty which continues to increase even though many poverty alleviation programs have been created by the government.

INTRODUCTION

Many social problems occur in Indonesia, one of which is poverty. Poverty is a social phenomenon caused by economic factors. The Central Statistics Agency states that poverty is an economic inability to meet basic food and non-food needs. One of the things that can determine and measure poverty is expenditure. A population can be said to be poor if the average per capita expenditure per month is below the poverty line. The poverty line itself is the rupiah value of the minimum expenditure required by a person to fulfill his basic life needs for a month, both for food and non-food needs. Until March 2023, the poverty line was recorded at IDR 550,458/capita/month with the average poverty line per household being IDR 2,592,657/poor household/month. Meanwhile, according to the National Development Planning Agency (Bappenas), poverty is a situation of deprivation due to circumstances that cannot be avoided by a person with the strength he has.

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LITERATURE REVIEW

Poverty in Indonesia is a very important problem because of its increasing tendency and the consequences include economic and social problems as well as political and social instability. With a PDP and PPP of 15,855 USD in 2022, Indonesia will be the 91st poorest country in the world, according to Global Finance. Therefore, poverty alleviation must be a top priority in economic development, both in the short and long term.

Table 1. Number of Poor People in Indonesia from 2019-2023

Year	Number of Poor People
2019	24,79 million people
2020	27,55 million people
2021	26,50 million people
2022	26,50 million people
2023	25,90 million people

According to Badan Pusat Statistik Indonesia, based on the table above, a drastic increase in the number of poor people occurred in the 2019-2020 period, namely 2.76 million people.

So, why is the poverty rate in Indonesia still high even though Indonesia has abundant natural resources? Microeconomics that depend on renewable natural resources are a source of income for 70 percent of Indonesia's population. In the fisheries and marine sector, fishermen are able to develop capture fisheries cultivation and marine biotechnology. In the forestry sector, communities are able to optimize the management of industrial plantation forests and natural forests. And in the agricultural sector, Indonesia has long and widely developed livestock, plantations and food crops.

The main factor causing poverty in Indonesia is development malpractice caused by wrong socio-economic socio-political policies. Over the years, government economic policies have often prioritized the interests of capital owners and the industrial or service sector over small economic actors and agriculture. In fact, sometimes small economic actors are evicted to be replaced by more modern economic activities, such as the construction of shopping centers and factories. In other words, overcoming poverty through structural reforms that empower politically and economically marginalized communities is critical for the agriculture, fisheries, forestry sectors, where Indonesia has the opportunity to develop, but is hampered by a lack of technical support and underutilization of government development funds. Thus, the number of poor people will continue to increase.

METHODOLOGY

A holistic and multidimensional approach is needed to understand the phenomenon of poverty in more depth. This approach recognizes that economic and political policies have a significant influence on poverty levels in Indonesia. By using a qualitative approach and political economy analysis, as well as additional literature studies, it is hoped that this research can provide a deeper understanding of the dynamics of poverty in Indonesia from a political economy perspective.

RESULTS AND DISCUSSION

Poverty has become an economic problem in almost every country, especially developing countries, where the term "poverty" is used to describe a group that does not have the level of economic prosperity necessary to meet a certain standard of living. So, poverty alleviation must be carried out in an integrated manner, covering various aspects of society, and carried out correctly.

In political terms, poverty can impact a country's political stability through various mechanisms. Social tensions can occur due to economic inequality, which is one of the causes of poverty, and this can endanger political stability. If there is no fairness in the distribution of economic opportunities, this can lead to societal dissatisfaction, increase tensions, and threaten the political stability of the country. Another impact is the restriction of access to

education, health and employment opportunities, as well as the cessation of social mobility and inclusive economic growth. Political stability and security are considered the foundation for society in building a better life. Political stability allows governments to create long-term policies that support economic growth, social welfare and sustainable development. Countries with high political stability tend to have lower levels of conflict both internally and externally, which creates a safe and peaceful environment for economic growth.

Currently, poverty is caused by many factors, both internal and external. Here are some of the factors, (1) backwardness in terms of ignorance and oppression are factors causing poverty in Indonesia. Underdevelopment can limit people's access to economic opportunities and basic services such as education and health; (2) the existence of development policies that are not on target; (3) uneven economic growth coupled with inadequate employment opportunities.

Many poverty alleviation policies have been made by the government, but most of them still have weaknesses. The first weakness is that poverty policies are applied as a whole without considering the social, economic, and cultural context of each region. As a result, policies are often irrelevant in one place but successful in another. Two, handling poverty programs takes too long, which results in many failures. Third, there are no benefits for strengthening the socio-economics of poor groups because this policy is often linked to political goals. Apart from that, there is another opinion that states that there are main components that cause the failure of Indonesia's poverty reduction program.

To reduce economic inequality, the government needs to take several concrete steps, such as income redistribution policies. This policy is important to implement because it expands and equalizes community welfare, reduces economic inequality, and can also help increase community economic and political participation; Increasing access to education and training is also important for reducing poverty because these two things play an important role in human resource development. By improving the quality of human resources through education and training, people will gain higher skills, knowledge, and opportunities to obtain better employment opportunities. Therefore, society will also be better prepared to face existing socio-economic challenges; Inclusive infrastructure development, because with adequate infrastructure, access to economic opportunities can be increased.

Apart from that, the government might also be able to use fiscal decentralization policy efforts. Decentralization gives lower levels of government the authority to spend money and allows regions to develop independently. By optimizing natural resources and human resources, which constitute local wealth, decentralization can help overcome poverty. Fiscal decentralization as measured through general allocation funds (DAU) has a very good effect on meeting the basic needs of the community and improving the quality of the government in providing services to the community. Fiscal decentralization can also help regional development. However, the impact of fiscal decentralization on poverty levels depends on the ratio used. In addition,

further research is needed to find the relationship between fiscal decentralization and poverty. Several studies show that fiscal decentralization can increase government efficiency, encourage economic growth, and reduce poverty.

CONCLUSIONS AND RECOMMENDATIONS

In this article, we have examined the dynamics of poverty in Indonesia through political economy analysis. Even though Indonesia has experienced significant social and political changes along with increased democracy, decentralization, governance, and increased transparency, poverty levels are still very high. The Indonesian government has recognized poverty as one of the main social problems and has launched various poverty alleviation programs. However, a drastic increase in the poor population occurred between 2019-2020, indicating that these efforts have not achieved adequate results. Economic and political policies have a significant influence on poverty levels in Indonesia. Therefore, appropriate policies and programs are needed that are supported by inclusive economic growth, development of the agricultural, fisheries and forestry sectors, as well as empowerment of politically and economically marginalized communities.

Apart from that, poverty can also have an impact on social tensions and threaten political stability. In the short and long term, poverty alleviation must be a top priority in Indonesia's economic development. Collaborative efforts are needed between governments, the private sector and civil society to address the root causes of poverty, strengthen inclusive social and economic systems, and create equitable opportunities for all countries. By combining economic development strategies with political empowerment and social welfare initiatives, Indonesia can work to achieve its goals of poverty alleviation and sustainable development.

FURTHER STUDY

The results of this research are still limited to literature reviews which produce conclusions based on these studies. Further research can be carried out to examine the relationship between government policies, especially political policies, in overcoming poverty in the future.

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