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Analysis Identifying Marxian Political Economy in Indonesia

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ABSTRACT

Marxian political economy has been one of the theories that has influenced economic and political thought in various countries, including Indonesia. This theory puts forward a critical view of capitalism and the relationship between social classes. In the Indonesian context, Marxian political economy analysis can provide deep insights into the existing economic structure, wealth distribution and social inequality. The main objective of Marxian analysis is to expose the structures and mechanisms that underlie injustice and inequality in society. In understanding Indonesia's economic dynamics through the theoretical framework of Marxian political economy, there are problems that become the main focus. One of the most dominant problems is related to the high income gap between community groups and the wide infrastructure gap between regions in Indonesia. This research is expected to provide deeper insights into the interaction between economic and political structures, and its implications for social development in Indonesia.

***Keywords**: Income Gap, Infrastructure Gap, Marxian Political Economy in Indonesia*

INTRODUCTION

Political Economy is generally concerned with the allocation of the world's scarce resources in the face of unlimited human wants and needs. Almost all countries are guided by the idea that natural resources are intended for the welfare of their people. To allocate these resources, each country uses politics. So in general, Political Economy is the study of the relationship between individuals and society, and more specifically, the relationship between citizens and the state. According to Lipsey and Steiner (Purba, Sudarmanto, et al., 2020) that economics is the study of production and trade and its relationship with law, customs and administration as well as the distribution of national income and national wealth. The definition of political economy is widely expressed, so the simple understanding is: (a) Political economy is a theory or study of the role of public policy to influence economic and social welfare in political affairs; (b) Political economy is also considered a science that studies the relationship between production and trade and customs, administration and law (Purba, Rahmadana, et al., 2021).

Marxian political economy has been one of the theories that has influenced economic and political thought in various countries, including Indonesia. This theory puts forward a critical view of capitalism and the relationship between social classes. In the Indonesian context, Marxian political economy analysis can provide deep insights into the existing economic structure, wealth distribution and social inequality. The main objective of Marxian analysis is to expose the structures and mechanisms that underlie injustice and inequality in society. By understanding the roots of these problems, it is hoped that appropriate solutions can be found to realize a more just and democratic society.

In understanding Indonesia's economic dynamics through the theoretical framework of Marxian political economy, there are problems that become the main focus. One of the most dominant problems is related to the high income gap between community groups and the wide infrastructure gap between regions in Indonesia.

High income disparities between groups of people indicate inequality in wealth distribution and access to economic resources. From a Marxian perspective, this phenomenon can be analyzed as the result of a capitalist structure that allows the accumulation of wealth by a handful of capitalist groups. while the majority of the population is in a vulnerable and marginalized economic condition.

In addition, the wide infrastructure gap between regions is also a serious problem in Indonesia's economic context. Unequal infrastructure can be an obstacle to inclusive and sustainable economic growth. From a Marxian perspective, this can also be analyzed as a consequence of economic policies that tend to favor certain groups that have dominant economic and political interests.

The income gap between groups of people is still high as the rich get richer, while the poor get left behind. This causes social and economic inequality that can trigger various problems. The infrastructure gap between regions is still wide because the Java and Sumatra regions have more advanced infrastructure than other regions. This hampers economic growth in the decentralized regions. It can be concluded that these two problems must be addressed immediately so that Indonesia's economic growth can be more equitable and equitable.

Thus, through a Marxian political economy approach, we can try to understand the root causes underlying the high income gap between groups of people and the wide infrastructure gap between regions in Indonesia. We can also identify and analyze various economic and political aspects in Indonesia more critically and deeply. This analysis not only helps us better understand the social and political economic structures in Indonesia that cause such inequality, but also opens up space for discussion on efforts to change and transform towards a more just and sustainable structure for Indonesian society as a whole.

METHOD

The method used in this scientific journal research is a qualitative descriptive method sourced from journals, theses, library studies, electronic media print media from various relevant sources.

RESULTS AND DISCUSSION

The term "*political economy*" used in Marxian theory does not refer to ideas about the relationship between economics and politics, but rather refers to a way of thinking about the economy that is based on the methods and theories of classical economic thinkers, most notably Adam Smith and David Ricardo. This method emphasizes the idea that the market economy works according to principles that reproduce and expand the system of material interdependence between people, or in other words the social division of labor. This process occurs according to patterns of development that in the classical economic view are not influenced by the will or desire of individuals. Indeed, individuals in a market economy can act independently according to their own desires. A matrix consisting of the needs of many individuals will directly influence what happens in the market. However, these personal needs actually stand on an objective reproductive structure which has its own demands that will control individuals in determining what is in their personal interest. Because this objective structure is more dominant in nature, Marxian theory focuses more on these objective reproductive processes and does not focus its analysis on the subjective process of ranking opportunities or making choices by individuals (Purba, Handiman, et al., 2023).

The method just described makes us view individual interests with a slightly different meaning than before. In neo-classical theory, individuals have an interest in maximizing their welfare where this welfare is defined based on their ranking of wants. So the causal relationship is that individual interests are the cause, where individual interests are subjective, and economic structure is the effect. For Marx, the causal relationship is reversed, so the concept of individual interest becomes a little more complex, i.e. on the one hand individual interest refers to the individual person, i.e. that no one else can force someone to want something or to take a certain way to achieve their goals. But on the other hand, this control has to come from outside the individual in order for the structure to actually affect the individual's interests as the classical approach had already said. The Marxian approach to political economy thus poses the problem of how to link individual interests to the social order. In this case, it is important because the answer to this question will also be the basis for answering the question of what is the relationship between individual material interests and politics or the state agenda. This approach is based on Marxist theory and emphasizes the analysis of social class, capitalism, and the conflict between the owners of capital and the state.

In the 20th century, political economy developed into two main currents: left political economy and right political economy. The leftist school of political economy, influenced by the thought of Karl Marx, emphasizes the importance of social control over economic resources and wealth redistribution to reduce social inequality. Meanwhile, the rightist school of political economy, influenced by liberal and conservative thought, emphasizes free markets, individual freedom in economic decision-making, and minimal government interference in the economy. In the era of globalization, political economy is increasingly important in formulating international trade and investment policies, as well as promoting sustainable development and human well-being. The role of political economy is increasing in addressing global issues such as climate change, poverty, social injustice, and economic inequality.

Modern political economy is the study of political economy that follows the classical and neoclassical periods of political economy, often associated with Marxism, capitalism, or liberalism. Marxism means that wealth comes from physical labor and exchange, not ingenuity, and that all individuals should benefit from the economy. In a Marxist country, inequality is a bad thing. The economy is seen as a game of more and less. The state is founded on economic nationalism, which means that wealth comes from the use of power, and the use of power facilitates the accumulation of wealth. Every individual must work to benefit the wealth and power of the state. For a state based on economic nationalism, the position of the state is important, but the individual is not so important (Tampubolon, 2022). Economic change is influenced by many factors, including technology and structure. These changes occur every year and eventually give birth to ideas that have an impact on life and economic activity.

In the Indonesian context, Marxian political economy analysis can reveal several important issues, such as uneven economic growth, inequality in wealth distribution, labor and employment conditions, and conflicts between capitalist and labor interests. For example, through Marxian analysis, it can be seen how foreign investment and large industries tend to dominate the Indonesian economy. According to Gellert (2019) Indonesia is currently also experiencing an extractive regime. An extractive regime is a socio-political formation that relies for power and survival on the extraction of natural resource wealth as commodities (crude oil, gas, coal, palm oil, paper and paper products, wood products, metals, and tuna and shrimp).

State power and state surveillance in particular provide a critical infrastructure to sustain and calibrate the continued exploitation of resources (Kienscherf, 2021; Moos, 2021). The state is the organization of class domination, the organ of oppression of one class over another, its purpose being the creation of an order that legalizes and enforces oppression by moderating the clash between classes Senatama (2023).

The five characteristics of the state according to Marxian theory include:

1. Irreconcilable conflicts occur between class economic interests. This conflict arises in society and is based on established social positions.
2. Irreconcilable conflicts threaten the social order.
3. Social order means social organization designed to work to meet the economic interests of one class and not another.
4. Given the irreconcilability of conflict and the oppressive character of social order, the preservation of order is maintained in the interests of one class. Thus, the social order must oppress one of the two classes that compose it.
5. The state or the organ that maintains order is the organ of class oppression.

According to Senatama's research (2023), states that the state has a lot of capital and can rule not only in land tenure. All fields can be owned by having power in terms of material or physical. With great power, the impact that will occur in society is very large. It will lead positively if both parties benefit each other or even more. If the impact is negative if one party gets results that cannot match their expectations, this happens at the lower level. Marxian theory can be used for the right problem.

In analyzing the results of Marxian political economy in Indonesia on the problems of economic growth that show a high income gap between groups of people and a wide infrastructure gap between

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regions, some important discussions can be made:

Income disparity between social groups:

Class exploitation: Marxian analysis shows that high income disparities between societal groups are often due to class exploitation, where capital owners (capitalists) earn huge profits while laborers or the working class receive low wages.

Power Structure: The analysis also highlights the economic power structure that allows the accumulation of wealth by a few groups, while the majority of people experience economic hardship. This creates deep inequalities in the distribution of wealth and income.

Economic Policy: An assessment of economic policies is also important in this context. How tax policies, incentives, subsidies and regulations that may support these inequalities can be critically considered from a Marxian perspective.

According to research by Hayati et al., (2023) states that the growing income gap poses significant social and economic challenges. Significant economic disparities occur among social groups as a result of income distribution inequality, which also poses a risk to social and political stability. One of the key strategies to solve the various social and economic problems facing the world. Sustainable economic growth, improved living standards, and equitable distribution of resources are components of development.

Infrastructure Gaps between Regions:

Capital Accumulation and InvestmentL Marxians also highlight how capital accumulation can affect the distribution of investment in infrastructure. Investment prioritization based on specific economic interests could explain why the infrastructure gap between regions continues to widen in Indonesia.

Political Power and Infrastructure: Infrastructure gaps can also be understood as a result of political decisions that favor certain groups. How political and economic power are intertwined in infrastructure development can be the focus of analysis from a Marxian perspective.

Uneven Development: Infrastructure development is concentrated in Java and a few other regions, while other regions are left behind.

Marginalization of Rural Areas: Lack of access to basic infrastructure such as roads, electricity and education hampers economic growth in rural areas.

According to Nasution's (2020) research, the government's efforts to improve equity are carried out by allocating government spending to the village level in all regions of Indonesia. The results of testing the correlation between the Williamson index and government spending show that government spending is positively related to inequality. Significant relationships occur in personnel expenditure, goods expenditure, capital expenditure, social assistance expenditure, transfers to regions and the total value of central government expenditure. The more government spending increases, the more inequality/Williamson index increases. This is because government spending is still concentrated in Java due to the large population on this island and the many centers of business activity on it.

Income disparity or inequality in a region will cause various problems. These problems can include increased migration from poorer areas to more developed areas, crime, and conflict between communities. In the context of the state, inequality will reduce public trust in the government, which will then threaten the integrity of a country. Therefore, disparities must be addressed by the government by encouraging poorer regions to catch up with their economies to richer regions. This can be referred to as income convergence, which is the pursuit of economic growth by poor regions against rich regions. One of the causes of the disparity that occurs between regions in Indonesia can be caused by the gap in infrastructure

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availability. Infrastructure is an input in the production process that can provide an increase in marginal productivity of output. Proper and appropriate infrastructure can help drive various economic activities through its functions that can facilitate the production process and mobility of people, goods and services. Thus, infrastructure acts as a prerequisite in improving the economy. Differences in its availability between regions can create differences in the ability between regions to create income. Furthermore, it will have an impact on the income gap between regions.

By incorporating the above aspects, a Marxian political economy analysis can provide a deeper understanding of the root causes of inequality and disparities that exist in Indonesia. Discussions regarding potential solutions to reduce income and infrastructure disparities can also be driven by the insights provided by this theoretical framework, taking into account fundamental restructuring in the economic and political system to achieve the goal of greater economic equality.

CONCLUSION

Based on the Marxian political economy analysis of the main problems of economic growth in Indonesia, which highlights the high income gap between groups of people and the wide infrastructure gap between regions, several important conclusions can be drawn:

1. Income Gap: The main conclusion from a Marxian perspective is that the high income gap between groups of people in Indonesia is reflected in class exploitation and an economic power structure that favors capitalists or capital owners. According to Marxian theory, the gains made by capitalists often come from the exploitation of labor, which leads to low wages and significant economic inequality.
2. Infrastructure Gaps: Meanwhile, Marxian analysis also highlights wide infrastructure gaps between regions as a result of unequal investment priorities and political decisions that may favor certain groups. The factors of capital accumulation and unequal distribution of investment also play a role in deepening the infrastructure gap in Indonesia.
3. Policy Recommendations: From a Marxian perspective, addressing these problems may require a fundamental restructuring of the economic system and public policies. Wage increases, labor protection, income redistribution policies, as well as increased investment in infrastructure in lagging regions may be recommended solutions from this perspective.
4. The Need for Social and Structural Transformation: The final conclusion is that to reduce Indonesia's deep income and infrastructure disparities, there needs to be a fundamental social and structural transformation, where economic and political power is distributed more equitably for the benefit of the whole society.

As such, Marxian political economy analysis provides important insights into the root causes of Indonesia's economic and infrastructure disparities and provides a foundation for more inclusive and equitable policy debates to address these challenges.

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