



The Urgency of Mohammad Hatta's Economic Thought and Islamic Values in Transforming National Economic Development in Indonesia

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ABSTRACT :

This study aims to answer economic problems in Indonesia which have always been complicated at all times. This is due to the various economic notions that adorn the arena of thought about the economy in Indonesia and in the world. So in the context of Indonesia, a new breakthrough is needed in responding to economic problems through identical thinking and having an Indonesian character. In this condition, populist economic thought needs to be re-uploaded to the surface by being integrated with Islamic value thinking. This study uses a qualitative approach with a literature study design. Data collection techniques by collecting existing data both primary and secondary data such as books, research reports, journal articles and other documentation. Data analysis used descriptive-critical, in addition to using content analysis. The findings in this study indicate that the transformation of national economic development based on the populist economy through the integration of Islamic values can be applied in government policies that are oriented towards the development of science and technology in the economic field, strengthening human resources in the economic field, and strengthening MSMEs.

Key words: *Populist Economy, Islamic Values, National Economy*

INTRODUCTION

In the early post-independence phase, economic challenges in Indonesia were faced between nationalism and communism. The clash between these two ideologies became a challenge in itself in the dynamics of the economy in Indonesia. One of the most important figures in responding to these two ideas was Mohammad Hatta as the first vice president of Indonesia. Hatta's moderate leadership model shows that Hatta's attention to article 33 of the 1945 Constitution which demands that the national economy be organized on a family basis. In actualization, Hatta was guided by an anti-capitalist attitude and sought to create a populist economic system as a symbol of economic equality and a classless society. In his thinking, Hatta considered that the populist economy was the main pillar of economic development in Indonesia.¹

The real implementation of the capitalist economy in Indonesia can be seen in the practice of Freeport as an engine of capitalist exploitation.² Furthermore, some of the practices of capitalism can be seen in the West's rejection of Indonesia's desire to import oil from Russia on the basis that the price is cheaper than the oil produced by OPEC, even though Indonesia is a member. In fact, some of the current Indonesian government's policies that prohibit the export

¹ Benjamin Higgins, "Hatta and Co-Operatives: The Middle Way for Indonesia?," *The Annals Of The American Academy Of Political and Social Science* 1 (1958), <https://journals.sagepub.com/doi/10.1177/000271625831800108>.

² Zakaria, "Freeport, Parlemen Dan Kapitalisme Di Indonesia," *Suaradewan.Com*, 25 Februari, 2017, <https://suaradewan.com/freeport-parlemen-dan-kapitalisme-di-indonesia/>.

of some raw mining goods (nickel, coal, etc.) have been strongly criticized by capitalist countries accompanied by threats to Indonesia.³ This data shows that the current government is trying to restore the dignity of the nation regarding certain types and items for the prosperity of the Indonesian people. Until now, the great struggle of the Indonesian people to get out of the scourge of capitalism can be seen in several economic policy packages in the era of President Jokowi's leadership. For example, services and supervision of export, import and distribution activities are carried out through the Indonesia National Single Window (INSW).⁴

Some data that shows the existence of basic problems is the existence of capitalist Western democracy which at that time controlled several sectors of the world economy, including Indonesia.⁵ Capitalism, which is the basic value of Western democracy, has deviated from the concept of democracy since the French Revolution in the late 18th century. This condition then made the framers of the 1945 Constitution, including Hatta, include economic points that have the basis and principle of kinship and natural resources in order to realize the prosperity of the people, which was later adopted in article 33 of the 1945 Constitution.⁶

Mohammad Hatta, the originator of the populist economy as well as the Father of Cooperatives and a founding father of the country who despite receiving western school education and state administrators, his religious nature and understanding of religious knowledge is very strong and thick in his daily life.⁷ Hatta dreamed of realizing the economic⁸ independence of the Indonesian nation through the concept of populist economy. So that the concept of a cooperative economy emerged as a populist economic institution that was extracted from the original character of the nation and people of Indonesia who had the nature of mutual cooperation, like helping each other, caring for others, not apathetic, not giving up easily and full of moral values.⁹ A value and character that is highly recommended in Islam. So that the slogan "From Members, By Members and For Members", is believed to be able to minimize the economic disparities that occurred in society at that time and until now, as envisioned by the initiator, namely Mohammad Hatta.

Thus, it is important for all parties to strive for the realization of the economic independence of the Indonesian nation through various real economic sectors and programs.¹⁰ One of them is to recognize, understand the history of the emergence and actuation of Mohammad Hatta's economic thought in the transformation of national economic development. So far, there have been works related to Moh. Hatta that have been written by several figures. Among them is

³ Tim Editor, "Kenapa Indonesia Mau Beli Minyak Rusia Saat Negara Lain Melarang?," *KOMPAS.COM*, 04 April, 2022, <https://www.kompas.com/global/read/2022/04/04/170500370/kenapa-indonesia-mau-beli-minyak-rusia-saat-negara-lain-melarang-?page=all>.

⁴ Siaran Pers, "1 Tahun Pemerintahan Jokowi-JK 'Paket Kebijakan Ekonomi, Bangkitkan Kepercayaan Pasar,'" *Kementerian Koordinator Bidang Perekonomian Republik Indonesia*, 21 Oktober, 2015, <https://www.ekon.go.id/publikasi/detail/1365/1-tahun-pemerintahan-jokowi-jk-paket-kebijakan-ekonomi-bangkitkan-kepercayaan-pasar>.

⁵ Stanislaw Gomulkaa, "Economic Factors in the Democratization of Socialism and the Socialization of Capitalism," *Journal of Comparative Economics* 1, no. 4 (1977), [https://doi.org/10.1016/0147-5967\(77\)90029-4](https://doi.org/10.1016/0147-5967(77)90029-4).

⁶ Dakka Bangun Simanjuntak Ibnu Asqori Pohan, Aylia Eka Krisdayanti, "Rekonstruksi Pemikiran Ekonomi Kerakyatan Mohammad Hatta," *Journal Ilmu Politik & Pemerintahan* 4, no. 1 (2018).

⁷ Swasono, *Bung Hatta Bapak Kedaulatan Rakyat* (Jakarta: Yayasan Hatta, 2002), 201.

⁸ Federico Cingano, "Trends in Income Inequality and Its Impact on Economic Growth," *OECD Social, Employment and Migration Working Papers*, no. 163 (2014).

⁹ Muhammad Hatta, *Kumpulan Pidato III* (Jakarta: Inti Idayu Press, 1998).

¹⁰ Antti Ukkonen Juho Hamari, Mimmi Sjöklint, "The Sharing Economy: Why People Participate in Collaborative Consumption," *The Journal of the Association for Information Science and Technology* 67, no. 9 (2016), <https://doi.org/10.1002/asi.23552>.

Bung Hatta's Development Thought.¹¹ A collection of essays, most of which came from the Annual Memorial Lecture at Bung Hatta University from 1989 to 1993. Although this book discusses the main points of Moh. Hatta's economic thought, because it is in the form of a potpourri and written by many people, it is too concise to be able to fully reveal Moh. Hatta's populist economic thought. Another work is Sritua Arief's writing in Indonesian Popular Economy Remembering Bung Hatta, the Father of Indonesian Popular Economy.¹² This book is also a collection of articles written by many people, including Mubyarto, Sri Edi Swasono, and M. Dawam Rahardjo who tried to discuss the populist economy, a topic that Moh. Hatta concentrated on. Unfortunately, each article written by each author is more of a response to Moh. Hatta's populist economy.

Deliar Noer wrote the book *Mohammad Hatta: A Political Biography*.¹³ The 778-page book is by far the most complete work on Hatta. The book, written by someone who had direct contact with the figure and supported by primary data, mostly reveals the biography of Moh. Hatta's life from the political side, although it also touches on Moh. Hatta's economic thinking. Likewise, another book that has been written by the same author *Mohammad Hatta, Hati Nurani Bangsa Deliar Noer*¹⁴ is also almost the same as the first book, discussing more of Moh. Hatta's political journey and work. The content of the same book can also be found in *Indonesia Free: A Political Biography of Mohammad Hatta* by Mavis Rose.¹⁵

The research entitled *Mohammad Hatta's Economic Thought Viewed from an Islamic Perspective* written by Anwar Abbas, a student of the UIN Jakarta doctoral program, tried to explore Hatta's economic thought. However, because the focus is only on the perspective of Islamic values, Abbas's exploration only touches on Hatta's thoughts which are more abstract-philosophical in nature,¹⁶ rather than his thoughts which are structural in nature. Another research is *Democracy: Mohammad Hatta's Political Thought* written by Zulfikri Suleman at the Faculty of Social and Political Sciences (FISIP), University of Indonesia.¹⁷

A more complete study of Moh. Hatta's economic thought can be found in Fadli Zon's research.¹⁸ Fadli Zon tries to reveal the history of the emergence of Moh. Hatta's populist economy starting from the initial process (the biography of the figure including: birth, the influence of culture and customs of the land of birth, domestic and foreign education, including the intersection of the figure with the world thought movement that developed at that time), the situation and conditions in the country, the development of the world in the early 20th century to how the process of the emergence of a populist economy and how the position and role of the constitution and state regulations in the present time in "brazing" and placing cooperatives as a manifestation of the populist economy itself. However, although in the findings of this study it is also stated that there is a strong influence between the religious Minangkabau tradition, the Islamic tradition (modernity / renewal) and the European tradition that built Moh. Hatta, it is not so clearly

¹¹ Universitas Bung Hatta, *Pemikiran Pembangunan Bung Hatta* (Jakarta: LP3ES, 1995).

¹² Sritua Arief, *Ekonomi Kerakyatan Indonesia (Mengenang Bung Hatta Bapak Ekonomi Kerakyatan Indonesia)* (Yogyakarta: Pustaka Pelajar bekerjasama dengan IDEA (Institute of Development and Economic Analysis, 1997).

¹³ Deliar Noer, *Mohammad Hatta: Biografi Politik* (Jakarta: LP3ES, 1990).

¹⁴ Deliar Noer, *Mohammad Hatta, Hati Nurani Bangsa* (Jakarta: Djambatan, 2002).

¹⁵ Mavis Rose, *Indonesia Free: A Political Biography of Mohammad Hatta* (Ithaca, NY: Cornell Modern Indonesia Project, 1987).

¹⁶ Anwar Abbas, *Bung Hatta Dan Ekonomi Islam* (Jakarta: Penerbit Buku Kompas, 2010).

¹⁷ Zulfikri Suleman, *Demokrasi Untuk Indonesia: Pemikiran Politik Bung Hatta* (Jakarta: Penerbit Buku Kompas, 2010).

¹⁸ Fadli Zon, *Pemikiran Ekonomi Kerakyatan Mohammad Hatta (1926-1959)* (Depok: Disertasi Universitas Indonesia, 2016).

illustrated how and what Islamic values are internalized in the populist economy itself, especially nowadays after the emergence of cooperatives that use sharia basis (Kopsyah/BMT) in practice. Also, this research only highlights the findings of inhibiting factors in the sector of the role of regulations in the operationalization of cooperatives that make cooperatives unable to ground and develop properly. Whereas there are other elements that are no less important in revealing and improving these conditions in the present, namely the element of awareness of the cooperative managers themselves and stakeholders to realize the initial spirit of cooperatives as a form of manifestation of Moh. Hatta's populist economy, namely the spirit to help each other at the same time which at that time was a form of resistance to colonialism, imperialism as a result of capitalism, which whether we realize it or not, all of which are still felt in existence even though in other forms and forms.

From the various studies that have been disclosed above, it seems that there have been many studies and research on Moh Hatta's populist economic thinking. However, as a novelty from previous research, this research is more constructed to integrate Moh Hatta's populist economic thought with Islamic values and its relevance in economic development in Indonesia today. Although it is inevitable at certain points, the content of this study may have similarities with other works. This is inevitable and also none other than to get a more complete construction so that the focus of the main study can be answered comprehensively.

Through the capitalist economic ideology that Hatta wants to solve and oppose, Hatta's thinking about the populist economy focuses on various things that ensure justice and equity in the economic sector. This is in line with Islamic values on the economy, which have been the forerunners in formulating economic equality and equity. Through this argument, it is interesting to elaborate in depth on the urgency of the integration of populist economics and Islamic values in building a national economy in Indonesia.

Operationally, this study focuses on the urgency of Hatta's thoughts on populist economy in the transformation of national economic development in Indonesia. In addition to the actualization aspect of populist economic thought, this study also looks at Mohammad Hatta's thoughts in the perspective of Islamic values. This is based on the argument that the stretching of Islamic values in the economic sector in the contemporary era is currently experiencing a very high increase and acceleration in economic development. As a result of analyzing Hatta's populist economy and Islamic values, this study aims to elaborate in depth on various steps to develop the national economy in Indonesia based on populist economy and Islamic values.

Methods

This research is included in the category of library research using qualitative methods with a historical approach.¹⁹ The approach model used in this research is the history of ideas approach, the history of economic thought linked to the historical sociology approach. The aspect that is seen is how social structures are influenced by social processes. This discipline does try to combine sociology and history. In this research four characteristics will be used, namely: 1) Questioning social structures or social processes formed by situations in space and time; 2) Shows the process of time series in seeing results; 3) Generally present in a state of mutual influence between meaningful actions and structural contexts, to understand the unrevealed of intentional and

¹⁹ C. R. Kothari, *Research Methodology: Methods and Techniques* (New Delhi: New Age International Ltd. Publisher, 2004).

unintentional results in individual lives and social transformation; 4) Underline the special and varied parts of specific social structures and patterns of change.

Through this approach, it can be seen that the development of thought is dynamic because it is closely related or bound to the development of society. This historical sociology analysis approach is used to see the growth of Hatta's populist economic thought. The use of this method and approach is based on several considerations, apart from being intended as a process of critically testing and analyzing records of past relics and then comparing them with facts that exist in the modern era.²⁰ The rationale for using this approach is that; First, to reveal individual biographies holistically (whole) from the language side. Second, trying to understand the historical setting of the emergence of Mohammad Hatta's populist and cooperative economy. Third, qualitative research provides an opportunity to understand phenomena according to the emic view or the views of actors related to issues of the relationship between populist economics, socialist economics and Islamic values in a genuine and intact manner. In addition, the author also uses a comparative approach, namely by comparing the opinions of one figure with another. Therefore, the necessary data sources come from written materials that have relevance to this field of research. As far as possible, data will be collected from primary sources to ensure data validity. However, if primary sources are not available, secondary data sources will be used in this research.

In general, there are two kinds of data needed in this research, first is primary data, namely data taken from research subjects directly that can provide information, information and explanations in detail and detail about the facts of the emergence of the populist economy and cooperatives, both historically, concepts, theories, and matters related to them, including the situation and national and world social conditions that occurred when the emergence of Moh. Hatta's populist economy. second, secondary data, namely data obtained from other parties related to the object of this research. Second, secondary data, namely data obtained from other parties related to the object of this research. This data comes from book reviews, books, newspapers, magazines, journals, articles, bulletins, the internet, both those closely related to Moh. Hatta's populist economy, Islamic values and socialist economics or nash-nash al-Qur'an, al-hadis and ijma' ulama mainly related to Islamic values as a comparison of the subject matter and about scientific integration.

Given that this research is included in library research, the data that has been obtained is processed with qualitative research methods and analyzed descriptively-critically, in addition to using content analysis,²¹ namely scientific analysis of the content (message) of a communication. In this case what is meant is the analysis of the content of written data from existing sources and then using the descriptive method, everything related to the subject matter will be described and systematized in such a way, which then with certain confidence draws general conclusions from the materials about the object of the problem.²² Thus, this research presents written data as study material taken from various sources to obtain broad and in-depth information. After the data that has relevance to the issues raised is collected, it will be analyzed to get the correct conclusion.

Literature Review

²⁰ Louis Gottschalk, *Understanding History, A Primary of Historical Method* (New York: Alfred and Knoph, 1987), 48.

²¹ *Ibid*,

²² Sutrisno Hadi, *Metodologi Penelitian Research I* (Yogyakarta: Fakultas Psikologi UGM, 1987), 3.

A glimpse of the populist economy can be understood that the concept of populist economy is one of the economic concepts based on the principles of kinship and populism. Having a family system will facilitate the creation of economic prosperity. In the view of some economists, there are different definitions of popular economy. One of them is Zulkarnain who says that a populist economy must be held firmly in accordance with a philosophy that involves two aspects, namely an economic system that must uphold justice, economic democracy, and siding with the populist economy.²³

On the other hand, a populist economy is a democratic economy that aims for the welfare of small communities.²⁴ This definition further narrows the scope of the economic system with the aim of making it easier to build an economic system from below. In addition, the goal of a populist economy is an economy in which everyone can enjoy the implementation, supervision and results of these economic activities. Popular economy can also be interpreted as the strength of the populist economy with an economic system built on economic activities in order to provide various opportunities for all to participate so that the economy can be implemented and developed properly.

In a populist economic system, it is not only understood in terms of short-term economic activities, but also the financial aspect of people having a lot of money. However, a populist economy can be understood comprehensively in terms of paying attention to qualitative or quantitative aspects, financial and non-financial aspects and environmental aspects. The politics of populist economics is not based on equity, growth and stability, but on justice, participation and the sustainability of populist economic behavior.

Based on the above understanding, the populist economy is the economy of community groups that are closely related to aspects of justice, economic democracy and include all levels of society in the development process relating to aspects of the populist economy based on fair market mechanisms, involving all elements of society in the development process, and acting fairly to the community as a whole with the aim of improving the economic welfare of the community.

The broader meaning of the popular economy is to reflect several economic systems. Popular economy can be said to be a subsystem of the Pancasila economic system. Literally, the word populist refers to all people or in a particular region or country. In terms, a populist economy is the economy of all Indonesian people. In general, economists say that the principles of populist economics or economic democracy as a whole adhere to the principles set out in the 1945 Constitution, Article 33 in particular are as follows:

1. The principle of kinship. In the explanation of the 1945 Constitution, it is stated that the economy is structured as a joint effort based on the principle of kinship. This principle is a reference for all business entities, both BUMN and BUMS, BUMD.
2. The principle of justice. The implementation of a populist economy must be able to realize justice in society. This system is expected to provide equal opportunities to all children of the nation, whether as consumers, entrepreneurs or as labor. There are no differences in ethnicity, religion and gender and all are equal in the economic field.
3. The principle of income equality. People as consumers and economic actors must feel an equal distribution of income. If the government has been too concerned with high economic growth, it turns out that it is just a pseudo. High growth does not lead to income equality. Growth is

²³ Zulkarnain, *Kewirausahaan: Strategi Pemberdayaan Usaha Kecil Menengah Dan Penduduk Miskin* (Yogyakarta: Adicita Karya Nusa, 2006), 38.

²⁴ Muharyo, *Reformasi Sistem Ekonomi: Dari Kapitalis Menuju Ekonomi Kerakyatan* (Yogyakarta: Aditya Media, 2000).

only felt by a handful of people called big businessmen, while the majority of people are in different positions of poverty and destitution.

4. The principle of balance between individual interests and community interests. Economic activity must be able to realize the synergy between individual interests and the interests of society. Article 27 paragraph 2 of the 1945 Constitution states that every citizen has the right to a job and a livelihood worthy of humanity.
5. The principle of cooperation or building relationships. This principle leads to economic activities based on cooperation or mutual assistance to fulfill economic activities. By cooperating and helping each other, of course, various small business activities or even large businesses will be easily controlled.

In addition, there are several efforts to develop the populist economy. This can be seen from three important points: first, everyone has the potential to be different. Because of this difference in potential, it is considered useful and needs to be developed. Second, strengthening the economic potential of the community. This can be done by raising the level of education, enlightening health improvements and opening up opportunities to take advantage of financial opportunities. Third, providing protection, preventing unbalanced competition, and preventing the exploitation of some strong economic groups against weak economic groups.²⁵

The main objective of a populist economy is to improve the ability of people to control their own economy. This means that in a populist economic system, every member of society must strive to become an economic subject or actor. They should not be treated as mere economic objects. In general, the main objectives of a populist economy include four important things. First, the availability of employment and a decent life for the community. Second, the realization of a social security system for those in dire need, such as the poor and abandoned children. Third, distributing the capital owned equally to the community. Fourth, all activities of production formation and distribution of results must be carried out under the leadership of community members.

In the view of Muslim scholars, the emergence of epistemology originated from the sources and methodological paradigms of the *mutaqaddimin* scholars. In the view of contemporary scholars, the economic pattern in Islam is based on *tabiyyah al-aql li an-naql*. This concept in the view of Muslim scholars is an interpretation of the analysis of naqli texts. Through this approach, it raises the concept of benefit which has implications for aspects of justice in the economy, as is the basic concept of populist economy.²⁶

Meanwhile, the Islamic value of economics is an aspect of the discipline that applies the dictates of sharia or Islamic law in dealing with the allocation of scarce resources for the achievement of individual and collective spiritual, moral and material well-being. In line with the Islamic worldview based on divine revelation and human reason, the Islamic concept of economics places the collective welfare of society above personal gain. It is a vision of an economic system that protects ownership, requires participation and ensures equality in all economic transactions. So it can be interpreted that the Islamic concept of economics is summarized as economic values that are imbued with fundamental Islamic values.²⁷

²⁵ Mubiyarto, "Ekonomi Kerakyatan Dan Pemulihan Ekonomi Nasional," *Jurnal Ekonomi Dan Bisnis Indonesia* 16, no. 1 (2001).

²⁶ Abdullah 'Alwi Haji Hasan, *Sales and Contracts in Early Islamic Commercial Law* (Islamabad: Islamic Research Institute, International Islamic University, 2000).

²⁷ D. G. Mayes & K. Brown F. Alqahtani, "Economic Turmoil and Islamic Banking: Evidence From the Gulf Cooperation Council," *Pacific-Basin Finance Journal* 39 (2016): 44–56.

The emergence of the Islamic concept of economics as an academic endeavor is generally attributed to the Islamic revival period of the 1970s. During this period, economists, Islamic jurists, practitioners and policy makers gathered to discuss the Islamic concept of economics in various forums. A milestone was the International Conference on Islamic Economics, better known as the Makkah Conference, held on February 21-26, 1976. Since the writing of Ibn Khaldun's *Al-Muqaddimah* (1332-1406 AD/732-808 AH) until the 1970s, two fundamental pillars of the Islamic concept of economics continued to be highlighted, namely the prohibition of usury and the importance of partnership-based business transactions.²⁸

Meanwhile the practical application of the Islamic concept of economics has manifested primarily in Islamic finance. Thus, it is no surprise that Islamic finance has received the bulk of attention since the 1970s. In line with the fundamentals of the Islamic concept of economics, Islamic finance restricts itself completely from interest rates and applies partnership contracts and/or real sector-based contracts to its financial transactions using contracts such as *mudharabah*, *musarakah* and *murabahah* contracts. In addition, in line with Islamic teachings, Islamic finance is free from ambiguity (*gharar*), gambling (*maysir*) and corruption (*rishwah*). The transactions or activities undertaken are restricted to those that are allowed by Islam. Therefore, the sale and production or financing related to the sale and production of alcoholic beverages, gambling, pig breeding, prostitution services and the like are strictly prohibited.²⁹

The Islamic concept of economics reflected in Islamic finance is what economic benefits it brings. More precisely, given the fragility of the conventional financial system does the application of Islamic finance based on the paradigm of the Islamic concept of economics promote financial stability and hence economic stability and growth? As outlined above, in theory, Islamic finance is fundamentally different from conventional finance. At the level of the source of value, the Islamic concept of economics is based on the Qur'an and Sunnah which are God's revelation. Meanwhile, materialist economics was born from philosophy and schools of thought that originated from humans and made reason the only source of knowledge. On the other hand, at the level of practice, both become doctrine and ideology for the economic practices of society throughout history.³⁰

Meanwhile, in some contemporary scholarly studies of socialist economics, socialism is a social movement against the injustices arising from the capitalist system.³¹ The social movement that later became a national ideology eventually developed into an economic movement. Socialism is a form of economy where the government plays a major role in the economy.³² The government acts as a political party trusted by all citizens and controls the factors of production that affect the lives of many people.³³ Workers are still free to work, but the opportunity to earn profits is very small compared to the capitalist system.³⁴

²⁸ S. Al-Harran, *Leading Issues in Islamic Banking and Finance* (Petaling Jaya: Pelanduk Publication, 1995).

²⁹ A. Demircuc-Kunt & O. Merrouche T. Beck, "Islamic VS Conventional Banking: Business Model, Efficiency and Stability," *Journal of Banking and Finance* 37, no. 2 (2013): 433.

³⁰ Muhammad, *Ekonomi Mikro Dalam Perspektif Islam* (Yogyakarta: BPFE Yogyakarta, 2007), 92.

³¹ Janos Kornai, "Individual Freedom and Reform of the Socialist Economy," *European Economic Review* 32 (1988).

³² Stanislaw Gomulkaa, "Economic Factors in the Democratization of Socialism and the Socialization of Capitalism."

³³ Anh Nguyen-Quoc & Bui Thi Kim Dung Lanh Thi Nguyen, "Mapping the Research on the Legacy of Socialism, Individual Attitudes, and Entrepreneurship: A Bibliometric Analysis and Future Research Agenda," *Manag Rev Q*, 2022, <https://doi.org/10.1007/s11301-022-00278-5>.

³⁴ Hilman Latief, *Filantropi Sebagai Kritik Pembangunan* (Yogyakarta: Penguahan Guru Besar UMY, 2021).

Meanwhile, in the idea of religious socialism, Islamic socialism emerged during colonialism by T'cokroaminoto and Sjafrudin which became the forerunner of the emergence of Islamic socialism which aims to oppose capitalism. In addition, Islamic socialism is also based on criticism of capitalism which places Islam in the context of Indonesia and modernity. So that the concept of Islamic socialism is a framework and thought with a system and position and its role as a technocrat in dealing with problems of economic policy and state finances.³⁵

Discussion

Indonesia's economic regulations and policies can be seen from the constitution, both the original 1945 Constitution (UUD) and the 2002 amended version, the laws and regulations under it, as well as expert views on the regulations as an interpretation. Article 33 paragraphs 1, 2 and 3 in the original version of the 1945 Constitution states: "The economy shall be structured as a joint enterprise based on the principle of kinship. Branches of production that are important to the state and control the lives of many people shall be controlled by the state. The land, water, and natural resources contained therein shall be controlled by the state and utilized for the greatest benefit of the people". Article 34 also states: "The poor and abandoned children shall be cared for by the state", and Article 27 paragraph 2 of the original 1945 Constitution also states: "Every citizen has the right to work and a livelihood worthy of humanity".³⁶

As an interpretation of Article 33 paragraph 1, the elucidation of the original 1945 Constitution (before the 2002 amendment) outlines that Article 33 contains the basis of economic democracy, where production is done by all, for all, under the leadership or ownership of members of the community. It is the prosperity of the community that is prioritized, not the prosperity of certain individuals. Therefore, the economy is structured as a joint effort based on the principle of kinship. So according to paragraph 2: "Branches of production that are important to the state and control the livelihood of many people are controlled by the state". Otherwise, the reins of production fall into the hands of the powerful and the masses are oppressed.

However, somewhat different from the original 1945 Constitution, Article 28 H paragraph 4 of the 2002 amendment states: "Every person shall have the right to private property and such property shall not be taken over arbitrarily by any person". In paragraph 1, it also states: "Every person has the right to live in physical and mental prosperity, to have a place to live, and to have a good and healthy living environment, and to receive health services". Article 27 paragraph 2 regarding the right to a decent job and livelihood remains unchanged and this article is strengthened by Article 28D paragraph 2 which reads: "Every person has the right to work and to receive fair and equitable compensation and treatment in labor relations".³⁷

Article 33 paragraphs 1 to 3 as the main articles of economic policy in the 2002 amended version of the 1945 Constitution have not changed. However, paragraph 4 is added which states: "The National Economy is organized based on economic democracy with the principles of togetherness, equitable efficiency, sustainability, environmental perspective, independence, and by maintaining a balance of progress and national economic unity". Article 34 paragraph 1 is also

³⁵ Sjafrudin Prawiranegara, *Agama Dan Bangsa: Pembangunan Dan Masalah-Masalahnya, Kumpulan Karangan Terpilih* (Jakarta: Pustaka Jaya, 2011).

³⁶ Sukron Kamil, *Ekonomi Islam, Kelembagaan, Dan Konteks Keindonesiaan: Dari Politik Makro Ekonomi Hingga Realisasi Mikro* (Jakarta: PT. Raja Grafindo, 2016), 79.

³⁷ Apridar, *Ekonomi Internasional: Sejarah, Teori, Konsep, Permasalahan Dalam Aplikasinya* (Yogyakarta: Graha Ilmu, 2009), 90.

unchanged, which reads: “The poor and abandoned children are cared for by the state”. However, Article 34 adds paragraphs 2 and 3 which read: “The state develops a social security system for all people and empowers the weak and incapable, in accordance with human dignity. The state is responsible for the provision of decent health care facilities and public service facilities”.³⁸

Especially based on the original 1945 Constitution, with the economy structured as a joint effort based on the principle of kinship, it means that the Indonesian economy is a populist economy, a term that Mohammad Hatta has raised since 1931, an economic democracy, an economy of mutualism or brotherhood, an economy of the ummah or community, which in the language of Islam also means an economy of ukhuwwah, namely ukhuwwah wathaniyyah (community of nations). In this economic system, the position of the people is central, not peripheral. This economic system is a grass-root economy that is centered on the interests of the people. It is the opposite of the colonial economy of capital, namely the VOC (Vereenigde Oostindische Compagnie) economy followed by the colonial economy of the Dutch East Indies, *cultuur stelsel* and the 1870 Agrarian Law. It is therefore an economic deconstruction of the economic system that prevailed during the colonial period and a reconstruction of the new Indonesian economy after colonial rule.

The basis of Hatta's thinking above is the need to carry out economic transformation as well as social transformation to break away from the subordinate economic system full of dependence. The populist economic system does not mean rejecting the market system, but rather not letting the economy organize itself by simply releasing it to the will of the free market.³⁹ What is rejected in this Indonesian populist economic system is only the free market economic system, because in reality, there is no completely free market. However, non-economic interests, especially local and global politics, have distorted and obstructed the free market. The free market with its free fight also presents a stressful society as a “war economy” because it is guided by the fallacy of “*homo homini lupus*” to seek maximum individual profit as a capitalist myth.

The economic system based on the principle of kinship can also be referred to as the economic system of Pancasila as the basis of the state. It is an economic system that is oriented towards the precepts of divinity (the application of religious ethics and morality), fair and civilized humanity (does not recognize extortion), unity (kinship), populism (economic democracy/prioritizing the lives of many people), and social justice (economic equity). This Indonesian family economic system also does not recognize the right or left path, it only recognizes the straight path according to Pancasila and *merupsksn* middle economic path as an alternative path and the third economic path.⁴⁰

In a populist economic system, there must be efforts to overcome inequality by restructuring in its various forms, namely:⁴¹ (1) Restructuring the ownership and control of economic assets (where every economic venture is possible to increase ownership not just income). (2) Restructuring the allocation of development funds, such as the allocation of development funds for human resources and technology that should be prioritized. (3) Spatial restructuring between regions for equity. (4) Tax restructuring, where tax as a means of distribution and progressive taxation are enacted to narrow the gap. (5) Strategic restructuring for economic independence, not

³⁸ *Ibid*, 88.

³⁹ *Ibid*, 92.

⁴⁰ Lincolin Arsyad, *Ekonomi Pembangunan* (Yogyakarta: Bagian Penerbitan Sekolah Tinggi Ilmu Ekonomi YKPN, 2007), 46.

⁴¹ Mohammad Hatta, *Beberapa Fasal Ekonomi* (Jakarta: Balai Poestaka, 1945).

just being an extension of global economic powers. (6) Cultural restructuring (mindset) in accordance with the culture of modernization.⁴²

This economic system also highlights employment as a goal to achieve prosperity and general welfare in substance. In contrast to the original 1945 Constitution, the Indonesian economic system in the 2002 amended version no longer makes social welfare the primus. Social welfare has been reduced in meaning and role, simply as a derivate of the national economy, which is questioned by the word efficiency with justice as the basis of the Indonesian economy in Article 33 paragraph 4 of the 2002 amended version of the 1945 Constitution and also the recognition of individual human rights in the economic field. Even if the word justice is added after the word efficiency, it means that efficiency reigns supreme. The amended version of the 1945 Constitution is a Constitution with the spirit of liberalism. The sovereignty of the people in the original 1945 Constitution has been replaced by the sovereignty of the market. The common interests of society have been neglected by the demands of Western human rights. The 1945 Constitution is considered to have deviated from the spirit of the proclamation of independence and many people refer to the amended version of the 1945 Constitution as the 2002 Constitution. So there is a movement to call for Indonesia to return to the original 1945 Constitution format, especially in terms of the economic system.⁴³

In this case, both the 1945 Constitution and the amended version of the 1945 Constitution, both embrace the same economic system, namely the welfare state as a third way that is comparable in outline to the economic system adopted by Islam, although not exactly the same and with some notes. Of course, the note is that in the original version of the 1945 Constitution before it was amended, the economic system adopted in Indonesia was a welfare state economic system which in practice tended to socialism. In the original version, capitalism was not rejected altogether, as explained above. For example, the recognition of the right to work and ownership.⁴⁴ In fact, except for Soekarno in parts of his guided democracy era from 1956 and 1959-1966, Hatta after independence and the physical revolution accepted the economic reality of foreign investment.⁴⁵

Meanwhile, the 2002 amended version of the 1945 Constitution is actually still based on the welfare state economic system, although more and more sides of capitalism are recognized. The amended version of the Indonesian Constitution accepts the positive aspects of capitalism such as individual property rights and efficiency and effectiveness as ratios of capitalism. However, it is also grounded in socialism that can work within a modern democratic system. This is the revisionist version of socialism as revealed above. The reason is that all the original texts of the 1945 Constitution related to socialist economics are still retained, as explained earlier.

Although Indonesia's constitutional system is a welfare state economic system, or more precisely the Pancasila economic system, in historical practice, Indonesia is not a country that consistently implements socialism or capitalism, or even a welfare state as a third way. In the Old Order period, Indonesia had implemented Soekarno-style socialism (guided economy) in 1959-1966 which was almost pure (except for the rejection of atheism, if distinguished from the economic system of communist socialism). At the very least, it was socialism in the sense that the state played a strong role in the pursuit of economic justice, although it was also trapped in authoritarianism in the name of economic justice. During Soekarno's leadership, the role of the

⁴² Sri Edi Swasono, *Sistem Ekonomi Dan Demokrasi Ekonomi* (Jakarta: UI Press, 1987).

⁴³ *Ibid.*, 64.

⁴⁴ *Ibid.*, 85.

⁴⁵ Mohammad Hatta, *Beberapa Fasal Ekonomi*.

state was very strong. Thus, the nationalization of private foreign companies such as "Krakatau Steel" and the nationalization of some of the land owned by hajjis were carried out, due to the strong political influence of the PKI (Partai Komunis Indonesia).⁴⁶

During the New Order period (1966-1998), it is certain that Indonesia implemented a capitalist economic system, when the amended version of the 1945 Constitution had not yet been born, although not completely. In fact, at this time, capitalism was applied almost purely as in countries such as the United States. This assumption, apart from being visible in economic practice, can also be seen from the laws that apply as derivatives of the 1945 Constitution. From this it can be concluded that the problem is not the 2002 amended version of the 1945 Constitution, but the laws and government regulations under it as a derivative of Pancasila and the 1945 Constitution, both the original version and the 2002 amended version.

Among them is Law No. 1 of 1967 on Foreign Investment in which it is explained that foreign investment is possible, if together with domestic companies. This law also explained that business fields that were previously closed to foreign capital because they were important to the state and controlled the lives of many people were then opened. These were ports, production, transmission and distribution of electricity, telecommunications, education, aviation, drinking water, public railways, atomic power development, and mass media. Law No. 6 of 1968, which was born later, even allows foreign companies to own 49% of capital in companies that are important to the state and control the lives of many people. Government Regulation No. 20/1994 further strengthened Law No. 1/1967 and stated that a company with only 5% Indonesian capital out of its total capital is considered an Indonesian company.⁴⁷

The most recent Law No. 25/2007 on Investment further states that there is no distinction between foreign capital and domestic capital. The government will also not carry out nationalization (takeover of investment ownership rights), except by law. The only fields that are closed to foreign investment under the latter law are arms production and businesses that are literally called closed by law. In fact, there are laws that the Constitutional Court (MK) has deemed contrary to the amended version of the 1945 Constitution. One of them is Law No. 22/2001 on Oil and Gas. Among other things, Article 28 paragraph 2 is considered by the Constitutional Court to be contrary to the 1945 Constitution. The reason is because the paragraph states that the price of fuel oil and natural gas is left to the mechanism of fair and reasonable business competition. However, the Constitutional Court's decision was even harassed by the birth of PP No. 36/2004. Article 72 paragraph 1 of the PP states that the price of fuel oil and natural gas, except for natural gas for households and small customers, is left to the mechanism of fair, healthy and transparent business competition.⁴⁸

Hatta's economic thinking, when linked to the issue of globalization and the economic problems faced today, will appear that Hatta's thoughts have a high relevance to current economic problems, both at the national and global levels. This can be seen and felt in several ways:⁴⁹ First, from the economic philosophy he offers, Hatta appears to have provided a solution to the chaos of the world economy by offering a philosophy of economics that is divine and humane, namely an economic philosophy that humanizes humans in the true sense, namely as *kehalifatullah fil ardbi*. Second, Hatta wants to create an economic relationship that upholds community and togetherness.

⁴⁶ P Michael, P. & Stephen C. Smith Todaro, *Pembangunan Ekonomi Di Dunia* (Jakarta: Erlangga, 2003), 45.

⁴⁷ *Ibid*,

⁴⁸ *Ibid*, 56.

⁴⁹ Mohammad Hatta, *Pengantar Ke Jalan Ekonomi Sosiologi* (Jakarta: Inti Idayu Press, 1990).

But the international community that Hatta wants is the true international community. For this reason, there must be equality and equality of status between the nations of the world. Third, his high commitment to poverty alleviation and the empowerment of human resources. Fourth, the importance of increasing people's purchasing power because without it the national economy will not grow and develop, Fifth, the need for the country and the world to pay attention to environmental issues, Sixth, the need for structuring land ownership (land reform) because given the rapid increase in population while the land supply is fixed and limited. Seventh, the problem of foreign capital. For Hatta, foreign capital is not something that is scary and must be rejected, but can be accepted as long as its nature must be able to help improve the welfare of the people, without it, for Hatta, foreign capital has no meaning and use.

As an initial step to see the urgency of Hatta's populist economic thought through the integration of Islamic values and socialist economics, when Bung Hatta can represent the thought of economic religiosity in Islam, although not by displaying Islamic symbolism. It is recognized that in the history of political and Islamic thought in Indonesia, Hatta did not choose to present himself as the main figure. Therefore, Hatta is not categorized as part of the Islamic group like Ki Bagus Hadikusumo, Abdul Kahar Muzakkir, Mohammad Natsir, Syafruddin Prawiranegara and others. However, he was included in the nationalist group with other figures such as Sukarno, Soepomo, Sjahrir, and others. In many ways, Hatta is often categorized by some as part of the nationalist-religious stream. In other parts, some people say, Hatta can be grouped into secular Muslim nationalists with Sukarno. Hatta's position is proof that he was able to bring together populist economics, Islamic values, and socialist economics.

Apart from all that, Article 33 of the 1945 Constitution which emphasizes that: "...The economy is structured as a mutual endeavor based on the principle of brotherhood..." is a normative conception offered by Hatta to form an economic system based on *ukhuwah*, both *dinniyah* and *wathoniah*, and perhaps also reaching the *bashorah* dimension. Furthermore, Hatta has proposed his conception of economic democracy which must accompany political democracy. According to Hatta, populism in the economic system emphasizes the importance of prioritizing the interests of the people, especially the livelihoods of many people, which are based on popular sovereignty or democracy. Therefore, economic democracy does not favor economic autocracy in the economic system, just as political democracy rejects political autocracy. The essence of democracy is participation and emancipation. Moreover, Hatta also emphasized that Indonesian democracy is based on the notion of togetherness, which is different from Western democracy, which is based on liberalism and individualism. This understanding of togetherness is an attitude of mutual assistance and brotherhood by prioritizing cooperation, not prioritizing competition (free competition). This is the culture and tradition of Indonesia which is certainly also very Islamic, which Hatta articulated in the highest normative constellation, namely the constitution.⁵⁰

In the economic democracy proposed by Hatta above, economic participation and economic emancipation also apply. Actively participating in economic activities is the productive work ethic desired by Islam. Economic emancipation is the equality of degrees in economic relations between fellow *khalifatullah* as a guideline recommended by Islam. Hatta's economic democracy is what gives meaning to his populist understanding, that the people are sovereign, without him feeling the need to mention the religious axiom "*vor populi vox dei*". It is thanks to

⁵⁰ Mohammad Hatta, *Beberapa Fasal Ekonomi: Jalan Ke Ekonomi Dan Pembangunan* (Jakarta: Dinas Penerbitan Balai Pustaka, 1960).

his economic democracy rooted in this populist understanding that Hatta was named the “Father of Popular Sovereignty”.⁵¹

Such is Hatta's populist understanding that upholds the dignity of the people which gives it the meaning of democracy in its full dimension, namely participation and emancipation. This meaning and dimension of democracy emphasizes the spirit of anti-slavery, which at the same time rejects the discriminatory relationship that existed in the colonial era in the form of the subordinate economic relationship “Tuan-Hamba” or “Taoke-Koelie”. In political and socio-cultural terms Hatta certainly strongly rejected the conception of slavery “...eine Nation von Kuli und Kuli unter den Nationen...”.

For Hatta, in national development, what must be prioritized is human development. Development is not just economic growth, even economic growth is just a derivative that must support human development. In his various writings and views, it appears that Hatta is always oriented towards human development towards human civilization, making humans dignified and useful on earth. Hatta explained the meaning of educating the nation's life as a socio-cultural conception, namely an effort to raise the dignity of the people so that they are no longer dignified. Educating the nation's brain is only part of educating the nation's life, in Islam humans or people are the subject matter.

His populist orientation is also evident in his advocacy of Article 27 (paragraph 2) of the 1945 Constitution, that what is built is the people or human beings: “...Every citizen has the right to a livelihood worthy of humanity...”.⁵² What Hatta said about the right of citizens to get a job (Islamic productive work ethic) and live a decent life as a human being free from poverty (Islamic noble morals) has been stated since Hatta was still in exile in the early 1930s, far predating the views of great structuralists such as Gunnar Myrdal, John Kenneth Galbraith, Mahbub al-Haq, Jan Tinbergen, Duddlye Seers, Rajni Kotari, Chakravarty, Amartya Sen, Umer Chapra, David Korten. Even the first of the eight points of the MDGs on the goal of eliminating extreme poverty is far behind Hatta's view contained in Article 27 Paragraph 2 of the 1945 Constitution. That is why Hatta also emphasized that the branches of production that are important to the state and which control the lives of many people are controlled by the state and that the earth and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people (as stated in Paragraphs 2 and 3 of Article 33 of the 1945 Constitution), is to prioritize the benefit of the people fairly.

For Hatta, the existence of the Indonesian people was positioned as substantial (main) and should not be reduced to a residual position (residual or side). That is why from the beginning of national development planning, it was not economic growth that should be the main target, but the promotion of general welfare, including in the sense of opening up jobs and providing a decent life for the Indonesian people. That is also why when the Old Order ended and the New Order began, Hatta also began by reminding the New Order that development priorities should be placed on human capital development, in the sense of prioritizing human investment, especially education.⁵³

Apart from being an Islamist, Hatta was a true Pancasilaist, in his sharp criticism of Sukarno through his writing entitled *Democracy* (1990), “...If you really look at Pancasila, it consists of two

⁵¹ Anwar Abbas, *Bung Hatta Dan Ekonomi Islam Menangkap Makna Maqashid Syari'ah* (Jakarta: Kompas Media Nusantara, 2010).

⁵² Mohammad Hatta, *Beberapa Fasal Ekonomi: Jalan Ke Ekonomi Dan Pembangunan*.

⁵³ Mohammad Hatta, *Kedaulatan Rakyat* (Surabaya: CV Usaha Nasional, 1980).

foundations. First, the moral foundation, namely Belief in One God. Second, the political foundation, namely humanity, Indonesian unity, democracy and social justice. By laying the above moral foundations, it was hoped by those who made this State Code that the state and its government would obtain a solid foundation, which commands truth, justice, goodness, honesty and socialization outward and inward. With a political government based on high morals, it is hoped that social justice for all Indonesians will be achieved. The basis of Belief in One God is the foundation that leads the ideals of Indonesian statehood to organize everything that is good for the people".⁵⁴

With these fundamentals as leaders and holders of the state government in essence must not deviate from the straight path to achieve the happiness of the people and the safety of society with the guidance of these high and pure fundamentals will be carried out a task that cannot be said to be light. This was the hope of the idealists who formulated the philosophy of the state and the Constitution of the Republic of Indonesia in a historic moment, which determined the fate of the nation.⁵⁵

Furthermore, the existence of Articles 33, 34 and 27 (paragraph 2) of the 1945 Constitution, of which Hatta was the main advocate, which places Islamic values and struggles can strategically obtain its imperative-constitutional position. Thus, it seems strange and far-fetched if anyone holds the view that Hatta was simply a devout Muslim, not a Muslim warrior, because Hatta did not fight for Islamic sharia into the constitution. This view is one of symbolic shallowness and exclusive selfishness.

In connection with the thinking of the populist economist developed by Hatta, it is clear that he favors the populist economy. Partisanship of the populist economy can be expressed in favor of those who are oppressed and persecuted (*mustadh'afin*). Those who advocate for those who are oppressed, especially systemically and structurally, are clearly a great reward. No wonder Hatta's thoughts on the populist economy are so fundamental and numerous.⁵⁶

So that on the basis of Bung Hatta's thinking, which comes from Islamic values and modified socialist economics, it is influenced by the context of daily behavior. Because from the beginning, in fact, in many ways Hatta had a depth of intellect, not only considered as an ordinary Muslim. Indeed, from a specific and superficial point of view, Hatta is an example of a Muslim who is devout in carrying out the teachings of his religion. Hatta's daily life supports this observation. Meutia recounted that: "...Father was very devout in carrying out all religious obligations, even when he was sick, he still prayed five times, even though Islam provides relief for its sick people to be able to pray in a sitting position (without prostration). He would not use this concession unless it was absolutely necessary...".⁵⁷

Thus, the relationship between Hatta's thinking and Islamic teachings that influenced Bung Hatta's economic thinking and reminded him that Hatta's economic thinking was full of Islamic teachings, even though it was not expressed in the form of Islamic symbolism. However, Hatta still has a philosophical and theological foundation in building and actualizing his religious social

⁵⁴ *Ibid*,

⁵⁵ Mohammad Hatta, *Indonesia Merdeka* (Jakarta: Bulan Bintang, 1976).

⁵⁶ *Ibid*,

⁵⁷ Mohammad Hatta, *Beberapa Fasal Ekonomi: Jalan Ke Ekonomi Dan Pembangunan*.

and economic ideas. This is in the context of religion, religion has a spirit in the realization of social welfare with the principle of justice.⁵⁸

Based on the idea of a populist economy in Indonesia, it is not only absorbed in the micro dimension, where the populist economy is translated as a basic economic unit. Then it is interpreted as a macro framework, namely the populist economy as an economic system. As in Article 33 of the 1945 Constitution, then it is none other than “an economic system from the people for the people”. This condition makes social welfare politics which still contains competition problems. So that welfare programs become the responsibility of the state and government and are implemented internally within business entities, private cooperatives, or state companies.⁵⁹

If the platform of the welfare state in various countries after the cold war is still dominated by the diametrical pull between the state and the private sector, then in the populist economy, as in Hatta's writings since the 1930s, another platform is provided in the form of joint management between the state, the private sector and the community. The other platform is none other than “improving the populist economy”, that is, the populist economy in its sense is not as a form of business entity, as it was born in Europe, but as a macroeconomic governance mechanism. So the idea of a populist economy in Indonesia is different from the idea of a welfare economy in Europe, because the idea is adopted as a concept of macroeconomic governance.⁶⁰

So, in the midst of world economic politics dominated by the concept of a welfare state based on the pillars of the state and the private sector, the idea of a populist economy pioneered by Hatta tries to offer a different platform, namely a joint management platform in the form of a populist economic system. With this system, the populist economic system synergizes the roles of the state, market and society to be promoted in the interests of the people. The relationship between the state, market and society is closely related in order to realize prosperity for the people of Indonesia.⁶¹ In the context of economic democracy, the populist economy is the center of the company's building. This is because placing the populist economy as the core of the heartbeat of the national economy is a manifestation of the national ideals contained in the 1945 Constitution. Hatta even emphasized that the populist economy in the context of Indonesia's economic democracy has room for ownership of company shares. ownership of shares by the community related to employment, production, distribution, and business premises which then becomes a concrete form of the populist economic democratic rights.⁶²

With the introduction of the populist economy as the pulse of the national economy, it does not mean that this system is anti-market or anti-globalization. But with this cooperative system, globalization can also be an instrument for many countries, and not only an instrument of domination of developed countries over developing countries. In the midst of an unfair dominant

⁵⁸ Hilman Latief, “Agama Dan Pelayanan Sosial: Interpretasi Dan Aksi Filantropi Dalam Tradisi Muslim Dan Kristen Di Indonesia,” *Religi* IX, no. 2 (2013): 178.

⁵⁹ Jimly Asshiddiqie, *Konstitusi Ekonomi* (Jakarta: Penerbit Buku Kompas, 2010).

⁶⁰ Djono Bangun Hutama Winata, Sunardi, “Development of an Integrated Inquiry Model the Value of Thought Economy of Mohammad Hatta in Social Studies Subject,” *Budapest International Research and Critics in Linguistics and Education (BirLE) Journal* 3, no. 2 (2020).

⁶¹ Benjamin Higgins, “Hatta and Co-Operatives: The Middle Way for Indonesia?”

⁶² Moh. Musfiq Arifqi, “People’s Economy Concept As The Development Of Sharia Cooperation In Indonesia: The Thought Study Of Muhammad Hatta,” *SULTANIST: Jurnal Manajemen Dan Keuangan* 8, no. 2 (2020): 98.

system, cooperatives must indeed be positioned as a kind of “parallel structure”, which must be constantly revived and prepared to replace the unfair dominant system.⁶³

The urgency of Hatta's thoughts on the populist economy in the development of the national economy is how the populist economy can be present in providing solutions to the Indonesian economy. This can be applied in various forms of economic policies ranging from agriculture, fisheries, plantations, industry, and human resource development. So that through the application and urgency of Hatta's populist economy in the present, it is clear that the mandate of the 1945 Constitution can be applied and can answer the challenges and economic problems of the Indonesian people.

Through in-depth mapping and analysis of the concept of integration of Hatta's thoughts on populist economics, Islamic values, and socialist economics that have been carried out by the author above, it is found that in the contemporary era in order to respond to the problems of the Indonesian economy it is urgent to make policy efforts based on the 1945 Constitution. This is because the populist economy initiated by Hatta is the fruit of economic thought that has an Indonesian soul. While Islamic values and socialist economics in general are economic concepts that are also in line with Indonesian society based on the principles of kinship, peace, honesty, mutual cooperation, and so on.

In the aspect of the offer in this study, the populist economy seeks to build and develop the Indonesian economy in the contemporary era. In connection with the urgency of the populist economy in the transformation of national economic development through the integration of Islamic values and socialist economics, at its core the populist economy is applied by Hatta to the principles of balance, harmony and harmony in order to respond to various economic problems. This principle was used by Hatta in order to respond to various problems such as poverty, inequality, business monopoly, and underdevelopment of society. However, at the applicative level, the normative objectives in the aspect of populist economic thinking have not been applied in various sectors of national economic development. In this study it was found that the Islamic value-based populist economy and socialist economy have momentum in human resource development and technological development in the MSME sector. This is because the populist economy has a main point in the development of human capabilities in the economy. In addition to the aspect of human resource development, the Islamic value-based populist economy and socialist economy have concepts and ideals to facilitate access to the populist economic sectors to sources of capital based on justice.

At the applicative level, the populist economy provides a view of the government to be conducive to development in the populist economic sectors. This means that the human resource development sector and technology in the field of MSMEs are the main sectors in achieving the transformation of national economic development. In the aspect of the agricultural sector, for example, the foundation of populist economics sees that the agricultural sector is an a priori thought that is put forward in order to provide the role and benefits of the people's business sector.

Apart from the aspect of agricultural development through technology in various farmer groups, the populist economy also considers the role of the government to increase the growth of agricultural products. Because so far this sector is relatively very small in exchange value because

⁶³ Unti Ludigdo N. A. Putra, Iwan Triyuwono, “Deconstruction of Financial Report Purposes Based on Indonesian Economic System: Mohammad Hatta’s Democratic Economic Perspective,” *Russian Journal of Agricultural and Socio-Economic Sciences* 72, no. 12 (2017).

it is caused by government steps to increase the high import component in fertilizers, medicines, and agricultural equipment. So that on the basis of a populist economy based on Islamic values and socialist economics, the development of MSMEs in the community and sectors that are predominantly pursued by rural communities must be a priority policy in policies based on the principles and principles of justice, prosperity, and togetherness in economic aspects. This is in order to break the economic classes that have been controlled by industrial sectors that are larger than MSMEs and sectors in rural communities.

Various sectors and small community businesses such as agriculture, plantations, livestock and MSME businesses in this case are a policy priority in the form of training in order to improve human resources and technological development in this sector in order to support this sector to be able to survive and compete in the transformation of economic development in the global world. Furthermore, the populist economy based on Islamic values and socialist economics also sees the development of the community's economic sector as a collaboration of science and technology, human resources, and existing natural resources in order to ensure food security and provision in an equitable manner. In the end, improving the level of welfare and equitable development becomes one aspect of the success and policies carried out by the government. This aspect is expected by populist economics, Islamic values, and social economics to see the government as a protector and policy holder that boils down to the basis of justice, welfare, and equity.

Through the integration of populist economics, Islamic values, and socialist economics, the transformation of national economic development in Indonesia can be applied through economic policy patterns based on increasing science and technology in the economic field, increasing economic human resources, and developing MSMEs. This integration pattern shows the existence of economic characteristics that are in accordance with Indonesian characteristics, namely the presence of an economy initiated by independence figures in Indonesia. In addition, the value of Islam is also a characteristic of Indonesia when the majority of Indonesian citizens embrace Islam. In another aspect, the socialist economy that has Indonesian roots becomes an economic concept that from the beginning has an Indonesian breath with a base on improving people's lives. So that through this integration the transformation of national economic development becomes a necessity in order to respond to all the economic problems that exist in Indonesia today.

Conclusion

The populist economy built by Hatta is a form of response to Western capitalist economic ideology that is not in line with the basic values of Indonesia and Islam. The urgency of Hatta's populist economy transformation of national economic development can be seen when Hatta was inspired by the value of Islam in the economic aspect and the socialist economy adapted in Indonesia. On this basis, Hatta gave one thought in order to provide an approach to the government in achieving the main goal of building public welfare evenly. On this basis, the populist economy built by Hatta has urgency in order to link various economic sectors with the government in order to ensure the fulfillment of the basic rights of citizens in the economic aspect. In the applicative aspect, economic welfare and social welfare are the main basis of the populist economy through improving human resources, science and technology, and increasing MSMEs. Through this strategy, the populist economy is present as a form of responsibility to fulfill the rights of the community at a quantitative and qualitative level. The government's position based on the populist

economy is guided by the development paradigm of local independence by increasing human resources in the economic field, technology in various economic sectors, and increasing MSMEs in rural communities. So that in these conditions, the transformation of national economic development becomes something realistic for government policies determined by the government's ability to empower and develop the economic human resources sector, economic technology, and MSMEs.

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