

Defence Economic Strategy in Overcoming Socio-Economic Challenges and Increasing National Resilience

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Abstract

This research aims to analyse the relationship between socio-economic inequality, measured by the Gini Ratio, and national security, as well as develop a defence economic strategy to overcome socio-economic challenges and increase national resilience in order to realise the vision of a golden Indonesia in 2045. The method used is qualitative with review techniques from literature, which involves in-depth analysis of various relevant sources of information such as scientific journals, books, government reports, and other official documents. The research results show that increasing socio-economic inequality, reflected in the increase in the Gini Ratio in urban areas since 2019, has the potential to threaten national stability. This inequality can trigger social discontent and violence, which ultimately impacts national security. Therefore, effective economic policies are needed to reduce income inequality, improve economic opportunities, and ensure a fair distribution of resources. These policies include implementing progressive taxes and social welfare programmes, increasing access to education and health services, and encouraging inclusive economic growth that benefits all levels of society. By addressing socio-economic inequality and strengthening national security, Indonesia can achieve its vision of a Golden Indonesia 2045 and ensure sustainable development for future generations.

Keywords: *Socio-economic Inequality, Indonesia Emas 2045, Gini Ratio, Defense Economic Strategy, Demographic Bonus*

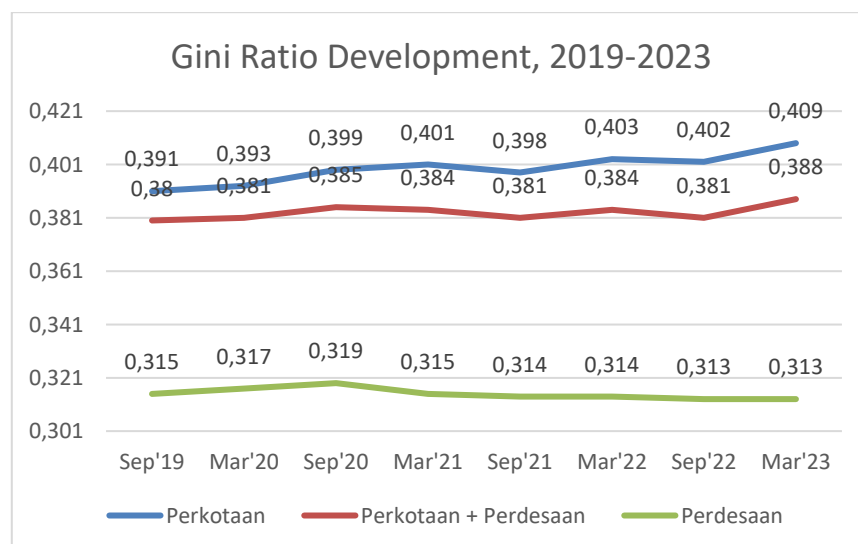
INTRODUCTION

As stated in the National Long Term Development Plan (RPJPN) 2025–2045, which is based on the eternal vision of Indonesia in accordance with the 1945 Constitution, namely to become an independent, united, sovereign, just, and prosperous country, In the 2025–2045 RPJPN, the direction of Indonesia's development is packaged with the Golden Indonesia Vision 2045, which consists of five main targets: per capita income equivalent to developed countries, poverty towards 0% and inequality reduced, leadership and influence in the international world increased, competitiveness of human resources increased, and the intensity of GHG emissions decreased towards net zero emissions. The first target is per capita income equivalent to developed countries, with an estimated target for Indonesia's per capita income to reach US\$ 23,000–\$ 30,300 in 2045 and enter the world's top five economies by encouraging the manufacturing industry sector and maritime GDP based on innovation and in an inclusive and sustainable manner, in hopes of creating decent jobs, thereby increasing the number of middle-income residents by up to 80 percent. This main target will be the driving force for achieving the next target, namely job opportunities and increasing income, which is expected to reduce the poverty level in the range of 0.5–0.8 percent and reduce income inequality with a Gini ratio of around 0.377–0.320, and inter-regional inequality is expected to also increase. decreased with an increase in the GRDP contribution of Eastern Kawasar Indonesia to 28.5 percent. It is hoped that the achievement of each target will provide a multiplier effect for subsequent targets until achieving the target of the Golden Indonesia Vision 2045. (BAPPENAS, 2024).

The achievement of the National Long Term Development Plan (RPJPN) 2025–2045 is supported by the narrative of the demographic bonus era that will occur in Indonesia in 2030–2040. The demographic bonus is a condition where the proportion of the population of productive age (15–64 years) will be greater than that of non-productive age (65 years and older), with a total proportion of more than 60% of Indonesia's total population. There are a number of challenges in facing the demographic bonus, especially creating a quality young generation, one of which is improving the national education and health sectors as well as the equal distribution of supporting services and facilities. The low quality of the Indonesian workforce in responding to developments in global labour market needs is the cause of lagging worker productivity and competitiveness in Indonesia. This is proven by the results of the IMD World Digital Competitiveness survey, which places Indonesia in 37th place in the world out of a total of 64 countries. In an effort to achieve the Golden Indonesia Vision 2045, these problems must be addressed periodically. (Sekretariat Jenderal MPR RI, 2023).

One of the real problems in facing the demographic bonus era and also the Golden Indonesia Vision 2045 is the increase in social inequality, which is usually measured by the Gini Ratio or Gini coefficient indicator, according to (Sen, 1997), which is a summary measure of inequality that is calculated from the Lorenz curve. It indicates the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households deviates from a perfectly equal distribution. Measuring inequality is generally reflected in the calculation of the Gini ratio in various countries (Fauziana et al., 2022). In research (Giorgi & Gigliarano, 2017) , the Gini Index is very important in measuring inequality in the distribution of income and wealth. The Gini Index helps in understanding and interpreting the level of inequality and can be widely used in various scientific fields for its ability to compare the distribution of income or wealth from various groups, identify social problems that require policy intervention, and become the basis for designing redistribution policies to achieve the goals of equality and social justice. Thus, the Gini index plays a crucial role in the analysis and treatment of inequality in the distribution of income and wealth.

Based on data (Berita Resmi Statistik, 2023) regarding the Level of Expenditure Inequality of the Indonesian Population in March 2023, the Gini Ratio level in Indonesia from 2019–2023 tends to increase in urban areas.



Source : (Berita Resmi Statistik, 2023)

A higher increase in the Gini ratio means a higher level of inequality. In research (Muchaqqi et al., n.d.) regarding the impact of socio-economic inequality on the defense and security system, socio-economic inequality is closely related to injustice and can lead to social unrest. This process is explained by relative deprivation theory, which suggests that discrepancies between the value of a person's abilities and his or her expectations can cause anxiety. If this anxiety is not addressed, it can result in frustration, which, if accumulated, can lead to anger and even violence. Another analysis related to income inequality and development has a strong influence on the occurrence of non-state violence. High levels of non-state violence tend to be related to economic deprivation, which is common in the country. One indicator, namely the unemployment rate, also appears to have a consistent correlation with acts of non-state violence. In the context of analyzing the correlation between violence and socio-economic inequality, non-state violence is often measured through indicators such as rates of murder, serious physical attacks, or other acts of violence committed by individuals or groups outside official government structures. Research shows that socio-economic factors such as income inequality, unemployment rates, and the level of economic development can be closely related to the level of non-state violence in a country or region. Research (Wood, n.d.) also shows that the correlation between violence and socio-economic inequality and state violence is often measured through indicators such as the Political Terror Scale, the Torture Scale, and the level of detention carried out by the state against certain individuals or groups. Research shows that socio-economic factors such as the gender development index, economic freedom, and democracy index can be related to the level of state violence in a country or region.

Previous research on the socio-economic disparity in the defence system (Harningrum et al., n.d.). The study shows that socio-economic disparities have a negative impact on the National Defence and Security System (NSS) in two main ways: weakening and threatening. This is due to the weakening of the economic quality of the people, thus reducing their ability to participate actively in the defence system involving all citizens, including the natural and artificial resources as well as the means and supplies of the country. Socio-economic inequalities threaten to pose a threat to social stability and national security. The high level of inequality could potentially provoke dissatisfaction and rebellion against existing political groups, which could ultimately threaten national security.

In the journal "Economic Inequality Affects Crime Rates? Telaah in the Psychological Perspective of Social Problematics" (Wahyu et al., 2021) suggests that economic inequality has a significant impact on crime rates. In the perspective of functionalism, economic inequality causes elements of society not to be able to perform their functions optimally, so individuals are driven to commit criminal acts in an attempt to survive. To address this problem, it is recommended to re-optimize the functioning of the elements of society that play a role in economic activity. Meanwhile, from a conflict perspective, economic inequalities are seen as the result of conflicts of interest between groups in society, where inequality in the distribution of resources causes the ruling groups to acquire more resources. The proposed solution is to raise the Corporate Social Responsibility (CSR) fund by capital owners to help disadvantaged groups. Thus, both from the perspective of functionalism and conflict, economic inequality has proven to have a significant impact on the rise in crime rates.

Based on the background presented, there is an impact or influence between socio-economic disparities and national security. Such socio-economic inequalities can have a negative impact on national security, so economic inequality becomes one of the things to bear in mind in achieving Indonesia's Golden 2045 target. Managing income inequality becomes crucial, given

its important role in affecting social stability and national security. Furthermore, the demographic bonuses Indonesia faces in 2030–2040 add to the urgency of addressing these disparities so as not to end up in a social struggle that could disrupt national stability. Therefore, the study aims to analyse the impact of socio-economic disparities, as measured by the Gini Ratio, on national security, with a focus on the potential occurrence of threats. Through an in-depth understanding of this relationship, it is expected that an effective defence economic strategy can be formulated to address socio-economic challenges and increase national resilience in line with Indonesia's Golden Vision 2045.

RESEARCH METHODS

The research method used in this research is a qualitative research method with literature study techniques that involve in-depth analysis and synthesis of various sources of related information, such as scientific journals, books, government reports, and other official documents relevant to the topic "Income Inequality and Security Country: Defence Economic Strategy in Overcoming Socio-Economic Challenges and Increasing National Resilience." Through this approach, research will explore and develop a comprehensive understanding of the relationship between socio-economic inequality and state security and formulate appropriate defence economic strategies to overcome these challenges. According to (Onwuegbuzie et al., 2012), literature review techniques in qualitative research involve systematically reviewing and analysing existing literature, documents, and other sources to gain a comprehensive understanding of a particular research topic or question. These techniques help researchers identify relevant studies, synthesise findings, and interpret the implications of existing research. Some common literature review techniques in qualitative research include constant comparative analysis, domain analysis, taxonomic analysis, componential analysis, and theme analysis. These techniques help researchers analyse and interpret qualitative data from various sources, such as conversations, observations, images, photos, videos, and documents, to inform research synthesis.

RESULT AND DISCUSSION

The Relation between Socio-Economic Inequality and State Security

The relationship between socio-economic inequality and state security is not always negative. Research by (Richmond, 2014) has another view regarding the relationship between inequality and state security. Richmond looks at the relationship between inequality and conflict from the perspective of neoliberalism. Inequality has a wider influence besides causing conflict, namely: Inequality as Productive Competition: Neoliberalism holds that inequality creates productive competition and does not always lead to conflict as long as there is a strong state and social contract. The report emphasises that competition, innovation, and entrepreneurship can thrive even in post-conflict and development environments, despite disparities.

Inequality as Important in Incentives: From a neoliberal perspective, inequality is considered an important part of the incentive structure that drives technological progress and economic benefits. The argument is that conflict can lead to innovation, and inequality is seen as necessary within a social-Darwinist international relations framework.

Global Governance to Control Inequality: Neoliberalism advocates that global governance should not only facilitate but also control the negative and positive potential of inequality. They believe that progress, competition, and recognition of achievements are key aspects that can mitigate conflict and maintain stability, even amidst inequality.

Inequality as a Neutral Factor: Neoliberalism recognises that inequality can maintain unjust power relations and exacerbate existing conflicts. This may be perceived as greed or self-interest, and its impact on peace, conflict, stability, social order, and the state may vary based on different contexts.

In essence, neoliberalism (Richmond, 2014) views inequality as a complex factor that can encourage competition and innovation while also potentially exacerbating conflict and power differences. This emphasises the importance of governance mechanisms and global frameworks to manage the impact of inequality on peace and stability.

Another finding from previous research (Mahmood et al., 2023) concerns social unrest in the face of demographic bonus conditions or an increase in the young (productive) age population. According to him, the demographic bonus cannot always be seen as something that has a positive impact on economic growth, but on the other hand, in the context of a surge in the number of young people or the demographic bonus, there are several factors that can contribute to social unrest and become challenges or threats that must be faced, namely: Lack of Employment Opportunities: A significant factor contributing to social unrest is the lack of employment opportunities for the growing youth population. When young people are unable to obtain meaningful employment, they may become frustrated and disillusioned, leading to restlessness and potential involvement in conflict.

Economic Recession: An economic downturn can exacerbate the challenges faced by many young people. High levels of unemployment and economic instability can trigger dissatisfaction among the younger generation, thereby increasing the possibility of social unrest. Inadequate youth empowerment programs: The absence of effective programmes aimed at empowering and engaging young people can leave them feeling marginalised and disconnected from society. Without opportunities to participate and grow meaningfully, young people may engage in disruptive behaviour.

Limited Opportunities to Generate Income: When young people face limited opportunities to generate income and improve their livelihoods, they may resort to alternative means of survival, which can lead to social instability. Institutional Instability: Weak government structures, political instability, and ineffective institutions can create an environment conducive to social unrest, especially when coupled with a large youth population that feels marginalised and excluded from decision-making processes. Increased Number of Young People and Low Income-Earning Opportunities: The combination of large numbers of young people and limited income-earning opportunities may create a volatile situation in which young people, facing economic challenges, may be more likely to engage in violent activities. Demographic Changes: Demographic shifts, such as high birth rates and large youth populations, can strain resources and services, causing tension and social unrest if not adequately addressed by policymakers.

These factors highlight the complex interactions between demographic trends, economic conditions, and social dynamics that may contribute to social unrest in the context of increasing youth numbers. Addressing these challenges requires a comprehensive strategy that focuses on creating opportunities for young people, promoting economic stability, and strengthening institutions to ensure the effective integration of youth into society. (Mahmood et al., 2023).

Economic Defense Strategy in Overcoming Socio-Economic Challenge

According to Burhan D. Magenda, a country's defence and security system should be focused on protecting the country from external and internal threats. He stressed the importance of considering aspects of "software" such as national ideology and political systems, economics, as well as social culture. On the "hardware" side, Magenda highlighted the need for functional institutions as national resources, including the state apparatus, political groups such as community organizations (Ormas) and NGOs, and political parties. He also emphasized the role of economic and civil society. Other aspects to be taken into account in strengthening national defence and security are food security and energy issues. The dynamics of security issues have transformed the concept of national security from a national security centre to a community-based security. As a result, security has become comprehensive and security management requires cooperation between actors and security agencies. In this context, national security is understood as the protection of national interests through the use of political, military, and economic power to confront threats from within and abroad. This approach supports the view that national security in a democratic state includes national security, public security, and individual security (Mukhtar, n.d.).

In analyzing economic problems and threats, researchers use the theoretical perspective of Economic Security (Economic Security). In (Chusnul Chotimah et al., n.d.) economic security is one of the important aspects in the context of human security, which focuses more on the security of individuals and communities than just national security. The development of economic security in the human security paradigm has gone beyond focusing on national security and military power, becoming more focused on the security interests of non-state actors, including individuals and communities. Governments have an obligation to optimize the implementation of human security through two main aspects, economic security and personal security.

Defence economic strategies that can address socio-economic disparities and enhance national resilience involve several strategic aspects related to resource distribution, infrastructure, and public policy;

- 1) Equal distribution of resources: one of the strategies in dealing with socio-economic inequalities is by doing Equal Distribution of Resources, in research (Aprianto, 2016) related to the distribution policy in Islamic Economic Development. In conventional economic theory, distribution is described as the total income allocated to a society or to the whole of the factor of production. In this sense, the distribution focuses on an attempt to obtain a reward or price appropriate for various factors of production (land, labour, and capital). Furthermore, in conventional economics distribution assumes that the problem of distribution cannot be fundamentally separated from the allocation of resources and distribution of income of the whole factor. In general, the distribution of income is determined by how much of their participation in production, for example, the wages of the workers must correspond to working hours, ownership of capital and profits must be transparent and on the basis of common welfare, the interests of investors, and the rents of landowners must be based on the foundations of justice, so as to solve the problem of unequal distribution in income among the various classes of society. The distribution could also be facilitated by facilitating access to resources, such as electricity, clean water, and transportation, to be even throughout the region.
- 2) Investment in infrastructure: Continued investment in basic infrastructure, such as highways, bridges, and telecommunications, which facilitates interregional connections and promotes economic integration.

- 3) Education and health programmes: be one of the supportive factors in the socio-economic well-being of the people, improving the quality of education and health throughout the region, so that all communities have equal access.
- 4) Social mobility: promoting social mobility that allows individuals and groups to switch between socio-economic positions, which can minimise disparities.
- 5) Equitable public policy: implementation of public policy that is equitable and consistent with Pancasila, such as the Intelligent Indonesia Card (KIP) and National Health Insurance programmes (JKN).
- 6) Interregional Coordination: Facilitating interregional coordination in national defence management can help overcome socio-economic disparities and promote economic integration.

Based on previous research and literature studies, the strategy could help reduce socio-economic gaps, thus suppressing potential threats to national security and resilience. The main factors to be taken into account are the distribution of resources in order to reduce inequalities in each region so that all regions can feel the availability of public facilities and also equal wages and costs of living in each district. Governments and communities must participate actively in the process of equal economic empowerment and create a safe and stable environment. In the Long-term Development Vision for Indonesia Gold 2045, appropriate strategies, especially in the area of development degradation, should be taken into account to reduce socio-economic disparities.

Regional Autonomy Policy Evaluation

A number of government programmes related to expropriation have already been implemented, one of which is Regional Autonomy, regional autonomy in Indonesia aimed at giving greater authority to local governments in managing resources and conducting governance according to local needs. Regional autonomy enables local governments to manage natural resources and local incomes more effectively, which can boost regional incomes and reduce regional disparities. However, there are gaps in capacity and resources between regions that can exacerbate the gaps if not offset by an appropriate redistribution policy, because the availability of resources in each region tends to be different, there is a need for an appropriate natural resource policy so that local resources can be utilized to optimize the distribution of resources throughout the region.

In improving infrastructure, regions have the freedom to prioritize the development of infrastructure that matches local needs, such as highways, bridges, and other public facilities, which can enhance inter-regional connectivity and economic integration. However, disparities in infrastructure quality between regions can occur, especially if poor areas do not have enough funds to build adequate infrastructure. Autonomous policies also enable regions to improve public services such as education, health, and social services to meet the needs of local communities, but low-income regions may find it difficult to provide quality public services, which can exacerbate socio-economic disparities.

The link between regional autonomy policy and national security is also important, where community-based security can be adapted to local characteristics and needs so as to be more effective in ensuring stability and security. However, a lack of interregional coordination can create security vulnerabilities, especially in border areas or areas with high conflicts of interest. Local governments can be more responsive and fast in dealing with social conflicts that occur in their territory because they have a better understanding of the local context, but if local governments

do not have adequate capacity in managing conflicts, it can worsen the situation and threaten national security.

CONCLUSION

The socio-economic disparity is a significant challenge for Indonesia in achieving its long-term development vision for Indonesia's Golden 2045. The high level of inequality reflected in the Gini Ratio index could threaten social stability and national security. To address this problem, an inclusive and equitable economic strategy is needed. One of the strategies that can be applied is the redistribution of income through policies that ensure more equitable access to resources and economic opportunities for all segments of society. In addition, investment in the development of basic infrastructure such as transport, education, and health needs to be strengthened to ensure equal access to public services that are essential for reducing inequalities. Increased access to education and skills training is also key to increasing economic opportunities for those in marginalised areas or vulnerable groups. In addition, there is a need for the implementation of public policies aimed at reducing gaps, such as targeted social assistance programmes and regional development policies in favour of backward areas. Thus, an economic strategy oriented towards reducing socio-economic inequalities will play an important role in ensuring social stability and national security, as well as realising the long-term development vision of Indonesia. Comprehensive defence economic strategies and effective regional autonomy policies can address socio-economic challenges and increase national resilience. Equitable distribution of resources, investment in infrastructure, education and health programmes, social mobility, equitable public policies, and interregional coordination are key to reducing socio-economic disparities and creating a safe and stable environment. Regional autonomy policies must be accompanied by proper redistribution and strong coordination to ensure their effectiveness in improving national well-being and security.

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