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Economic philosophy in Indonesia's new Prabowo government: Pancasila economics, developmentalism, and neoliberal residues

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ABSTRACT

Indonesia's Prabowo Subianto administration has begun with an explicit claim that economic policy should be anchored in Pancasila, sovereignty, and an activist state role. This opinion article examines the economic philosophy implied by the early agenda and evaluates whether it represents neoliberal continuity, developmental statism, or a hybrid alternative. Using an Introduction, Methods, Results, and Discussion (IMRAD) structure, this article applies a critical conceptual review and document analysis to official policy texts, macroeconomic data, and peer-reviewed literature on neoliberalism, Pancasila economics, Indonesian developmentalism, oligarchy, and social investment. The findings indicate that the administration's philosophy is not a purely neoliberal project. Its central elements are state managerial authority, human capital welfare, economic sovereignty through resource downstreaming, and strategic asset mobilization through Danantara. However, neoliberal residues remain visible in investment discipline, global capital, performance metrics, asset optimization, and market-compatible instruments. Therefore, this article characterizes the new policy orientation as Pancasila developmentalism with neoliberal instruments. Its legitimacy depends on transparent fiscal rules, independent evaluation of the free nutritious meal program, strong governance of Danantara, conflict-of-interest safeguards, local participation, and ecological accountability. This article contributes a philosophical framework for assessing Indonesia's new economic direction and proposes criteria for judging its scholarly and policy credibility.

Keywords: Indonesia; Prabowo Subianto; Pancasila economics; neoliberalism; developmentalism; Danantara; free nutritious meal program

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1. INTRODUCTION

Indonesia entered the Prabowo Subianto presidency with a distinctive economic promise: growth would accelerate, poverty would fall, national resources would be managed more assertively, and social programs would be expanded. These promises are not merely technical choices regarding budgets, investments, or industrial policies. They express economic philosophy. The question of what kind of economy Indonesia seeks to become in the first stage of the 2025-2045 long-term development agenda is at stake. The National Medium-Term Development Plan or Rencana Pembangunan Jangka Menengah Nasional (RPJMN) 2025-2029 formalizes a vision of accelerated development, strengthened Pancasila ideology, self-sufficiency in food and energy, downstream industrialization, human capital, village-based development, and poverty reduction toward 4.5-5.0 percent by 2029 ([State Secretariat of the Republic of Indonesia, 2025](#)). The government has also framed the desired trajectory as growth moving toward 8 percent by 2029, a target that is philosophically ambitious because it assumes that the state can reorganize resources, incentives, and institutions at the national scale.

This article treats the agenda as a problem in economic philosophy rather than only as a list of policies. Economic philosophy asks what the economy is for, who should govern it, how markets should be limited or enabled, and what counts as justice. In this sense, the Prabowo administration's early economic posture sits at the intersection of three traditions. The first is neoliberalism, which tends to prioritize market competition, private initiative, entrepreneurial responsibility, and the disciplining power of prices, capital flows, and fiscal credibility ([Brown, 2015](#); [Friedman, 1962](#); [Harvey, 2005](#); [Hayek, 1944](#)). The second is developmentalism, which assumes that the state can actively coordinate industrial upgrading, infrastructure, finance, and strategic sectors to achieve national transformation ([Jessop, 2002](#); [Rodrik, 2006](#); [Warburton, 2016](#); [Warburton, 2018](#)). The third is Pancasila economics, an Indonesian normative tradition that links markets to social justice, family based cooperation, national sovereignty, and the constitutional mandate to use natural resources for public welfare ([Jaelani, 2016](#); [Karimullah et al., 2025](#); [Mubyarto, 1987](#)).

The relationship between these traditions is contested. Neoliberalism is often criticized for converting citizens into market subjects, narrowing public reasoning to competition, and weakening democratic claims over economic life ([Brown, 2015](#); [Harvey, 2005](#)). [Polanyi \(1944\)](#) warned that society cannot be subordinated indefinitely to a self-regulating market without producing protective counter-movements. [Sen \(1999\)](#) reframed development as the expansion of substantive freedoms, not only income growth, while [Rawls \(1971\)](#) emphasized that institutions should be judged by whether they improve the life prospects of the least advantaged. These ideas matter for Indonesia because a government that invokes Pancasila and public welfare must be assessed using standards broader than Gross Domestic Product (GDP) growth. The issue is not whether growth matters; it clearly does for employment, fiscal capacity, and poverty reduction. The issue is whether growth is organized through institutions that deepen social justice, democratic accountability and ecological responsibility.

Another reason to treat the Prabowo agenda philosophically is that Indonesia's constitution and political culture do not imagine the economy as an autonomous market sphere. Article 33 of the 1945 Constitution, although interpreted differently across regimes, has long supported the claim that strategic resources and production branches affecting the public must be governed for the collective welfare. Pancasila economics emerged partly as an attempt to translate constitutional imagination into an economic language that was neither communist collectivism nor liberal capitalism ([Jaelani, 2016](#); [Mubyarto, 1987](#)). The present administration's emphasis on food security, energy security, cooperatives, downstreaming, and state asset management therefore revives a familiar Indonesian question: how can a market economy be made subordinate to social justice without destroying the incentives, innovation, and investment required for growth? This question is especially urgent because Indonesia is no longer debating neoliberalism in abstract terms. It is debated amid climate risk, geopolitical fragmentation, digital transformation, fiscal pressure, and a young population that expects jobs, mobility, and public services.

Indonesia's recent political economy makes this question more complex. Under President Joko Widodo, Indonesia has already moved toward a form of new developmentalism centered on infrastructure,

deregulation, investment facilitation, and industrial upgrading (Warburton, 2016; Warburton, 2018). Nickel downstreaming and the electric vehicle strategy exemplified a more activist industrial state, although the literature also warns of environmental externalities, distributional tensions, and dependence on specific global value chains (Lahadalia et al., 2024). Simultaneously, Indonesia's democratic economy has been shaped by oligarchic networks, clientelism, and business-politics linkages (Aspinall & Berenschot, 2019; Damanik et al., 2025; Hadiz & Robison, 2013; Robison & Hadiz, 2004; Winters, 2011). Therefore, a stronger state can support social justice, but it can also intensify elite capture if not accompanied by robust transparency and accountability.

The early Prabowo administration amplified these tensions. Official statements emphasize that the economy should be based on Pancasila, the government should not act only as a referee, and the state must manage national wealth in the public interest (Cabinet Secretariat of the Republic of Indonesia, 2024). Major programs such as the free nutritious meal program, Danantara, resource downstreaming, foreign exchange retention from natural resource exports, and village cooperatives signal a more interventionist orientation (Cabinet Secretariat of the Republic of Indonesia, 2025a; Cabinet Secretariat of the Republic of Indonesia, 2025b; Cabinet Secretariat of the Republic of Indonesia, 2025c; Danantara Indonesia, n.d.). However, these interventions are designed for an economy still dependent on investment, export competitiveness, fiscal credibility, and private-sector participation. The resulting philosophy is neither orthodox neoliberalism nor classic state socialism. It is a hybrid in which Pancasila language, developmental ambition, and market-compatible instruments coexist.

This study asks: What economic philosophy is expressed by Indonesia's new Prabowo government, and how should that philosophy be evaluated against the standards of social justice, development effectiveness, and institutional accountability? This study makes three contributions. First, this article clarifies the philosophical content of the administration's early economic agenda. Second, it places the agenda within the literature on neoliberalism, Pancasila economics, Indonesian developmentalism, and political-economic capture. Third, it proposes normative criteria for evaluating whether the new approach can become a legitimate public economy, rather than a rhetorical blend of welfare promises and elite-controlled state capitalism.

2. METHOD

This article uses an opinion-oriented Introduction, Methods, Results, and Discussion (IMRAD) format, but its methods are systematic. This is a critical conceptual review supported by document analysis. This approach is appropriate because the object of analysis is not a single quantitative relationship but the philosophical logic embedded in policy language, institutional design, and early implementation. Document analysis is useful when public texts, official programs, and institutional statements function as evidence of policy meaning and political intent (Bowen, 2009). Therefore, the analysis reads government documents not as neutral descriptions but as texts that reveal assumptions about the state, market, citizen, and public interest.

The documentary corpus consists of four groups of source. The first group is official Indonesian policy material, including the RPJMN 2025-2029, Cabinet Secretariat releases on Pancasila economics, Danantara, the free nutritious meal program, and the administration's first 150 days, as well as the Danantara institutional description (Cabinet Secretariat of the Republic of Indonesia, 2024; Cabinet Secretariat of the Republic of Indonesia, 2025a; Cabinet Secretariat of the Republic of Indonesia, 2025b; Cabinet Secretariat of the Republic of Indonesia, 2025c; Danantara Indonesia, n.d.; State Secretariat of the Republic of Indonesia, 2025). The second group is macroeconomic and policy-context material from BPS-Statistics Indonesia, the International Monetary Fund, Organisation for Economic Co-operation and Development (OECD), and the World Bank (BPS-Statistics Indonesia, 2026a; BPS-Statistics Indonesia, 2026b; International Monetary Fund, 2026; OECD, 2025; World Bank, n.d.). The third group is peer-reviewed literature on the Indonesian political economy, including work on Prabowo's first 100 days, oligarchic business-politics relations, neoliberal knowledge production, developmentalism, and downstream industrial policy (Damanik et al., 2025; Habir & Negara, 2025; Lahadalia et al., 2024;

Rakhmani & Sakhiyya, 2025; Warburton, 2016; Warburton, 2018). The fourth group is foundational theoretical literature on neoliberalism, development, justice, and the state (Brown, 2015; Friedman, 1962; Harvey, 2005; Polanyi, 1944; Rawls, 1971; Rodrik, 2006; Sen, 1999; Stiglitz, 2002).

The analytical procedure followed five steps. First, this study identified recurring policy themes in official texts: Pancasila, state management, welfare, food and energy security, downstreaming, human capital, cooperatives, and investment discipline. Second, these themes were coded according to four philosophical dimensions: the role of the state, the view of the market, the conception of welfare, and the implied theory of justice. Third, the coded themes were compared with the scholarly literature on neoliberalism, developmentalism and Pancasila economics. Fourth, this study evaluated risks using the Indonesian political economy literature on oligarchy, clientelism, and bureaucratic capacity. Fifth, it derived normative criteria for assessing whether the administration's economic philosophy can be considered coherent and legitimate.

Interpretive validity was strengthened through triangulation of policy statements, macroeconomic indicators, and scholarly debates. When official documents emphasized Pancasila, sovereignty, and welfare, those claims were compared with institutional choices such as Danantara, downstreaming, village cooperatives, and free nutritious meal programs. When macroeconomic sources reported growth projections and fiscal pressures, those data were used to evaluate feasibility rather than to make causal assertions. When peer-reviewed literature warned about oligarchy and clientelism, those warnings were used as a governance lens rather than proof that every policy was captured. The purpose of this triangulation is to avoid two common weaknesses in opinion writing: the uncritical endorsement of official rhetoric and the excessive ideological dismissal of policy innovation.

This study had several limitations. This is not an econometric evaluation of causal effects, nor is it based on interviews with policymakers, companies, or citizens. Because the administration is still in its early period, some policies remain under implementation and require future empirical evaluation. Therefore, this article makes a conceptual and normative claim: it diagnoses the philosophical direction of the new government and identifies the conditions under which that direction may become developmentally and democratically credible.

3. RESULTS AND DISCUSSION

3.1. Results

The analysis identifies four dominant patterns in the early Prabowo government's economic philosophy. These patterns were not isolated. Together, they form a hybrid orientation that combines the Pancasila language, developmentalist state activism, and neoliberal instruments.

First, the administration presents the state as a manager of national prosperity, rather than a passive referee of market exchange. The RPJMN 2025-2029 is explicit that national development should strengthen Pancasila ideology, self-sufficiency, infrastructure, human capital, downstream industrialization, village development, legal reform, and ecological-cultural harmony ([State Secretariat of the Republic of Indonesia, 2025](#)). The philosophical implication is that the state has a positive duty to coordinate the transformation. This differs from the narrow neoliberal view in which the state mainly secures property rights, stabilizes money, and corrects market failures at the margin. In the Prabowo frame, the state is responsible for shaping the structure of production, distribution of welfare, and use of national wealth. This position echoes Pancasila economics, which rejects both laissez-faire individualism and total state ownership and instead emphasizes cooperation, balance, and public welfare ([Jaelani, 2016](#); [Karimullah et al., 2025](#); [Mubyarto, 1987](#)).

The state-manager theme is also evident in the establishment of Danantara. Officially launched in February 2025, Danantara is framed as a sovereign wealth and investment management institution intended to optimize national assets, support sustainable growth, and invest in industrialization and downstreaming ([Cabinet Secretariat of the Republic of Indonesia, 2025a](#)). Its official description emphasizes the mobilization of long-term capital, improvement of state-owned enterprise value, strategic programs, financial discipline, and transparent governance ([Danantara Indonesia, n.d.](#)). Philosophically,

Danantara is important because it converts the idea of national wealth into an institutional vehicle for its distribution. This suggests that the state should not only regulate markets but also organize assets, capital, and strategic sectors. However, this is not anti-market behavior. Danantara also seeks to provide a platform for investors and operate with financial discipline. The result is a market-facing developmental state rather than a command economy.

Second, the administration defines welfare as a social investment, especially through nutrition, education, health, and human capital. The free nutritious meal program is the clearest example of this. The government launched the program early in 2025 and framed it as an investment in children, poor households, and future human quality ([Cabinet Secretariat of the Republic of Indonesia, 2025b](#)). This is philosophically significant because it treats public expenditure not only as consumption but also as capability formation. In [Sen's \(1999\)](#) terms, a nutrition program can expand the substantive freedom of children to learn, grow, and participate in society. In Rawlsian terms, this can be justified if it improves opportunities for the least advantaged ([Rawls, 1971](#)). The same logic connects with Prabowo's rhetoric of social justice and national strength: a strong nation requires healthier citizens, not only higher investment ratios.

Nevertheless, the welfare-as-investment pattern also reveals the implementation risks. Studies on the free nutritious meal program argue that the policy has potential but requires stronger targeting, outcome tracking, food safety controls, and coordination with the first 1,000 days of life to effectively reduce stunting and anemia ([Pambudi, 2024](#); [Suprpto et al., 2025](#)). Media and policy reporting during the early implementation period also pointed to logistical difficulties and food safety incidents, indicating that a universal social program can lose legitimacy if administrative capacity is weak ([Reuters, 2025](#)). The philosophical point is that a welfare promise cannot be evaluated solely by its moral language. It must be judged by whether institutions can deliver benefits safely, equitably, and measurably.

Third, the administration emphasizes economic sovereignty through downstreaming, food security, energy security and natural resource value capture. The RPJMN identifies downstreaming and natural-resource-based industries as national priorities ([State Secretariat of the Republic of Indonesia, 2025](#)). The Cabinet Secretariat's account of the first 150 days also highlights downstream projects, village cooperatives, foreign exchange retention from natural resource exports, and the use of state instruments to stabilize and deepen the economy ([Cabinet Secretariat of the Republic of Indonesia, 2025c](#)). This philosophy is developmentalist because it assumes that the structure of production is important. A country that exports raw materials may capture less value, remain vulnerable to commodity cycles, and miss opportunities for technological upgrades. Therefore, downstreaming is presented as a pathway from resource possession to industrial capability.

Recent scholarship on nickel downstreaming supports the view that Indonesia has been reinventing its industrial policy and developmental-state approach, especially in relation to electric vehicle value chains ([Lahadalia et al., 2024](#)). However, the same body of debate warns that developmental nationalism must be judged by its wider social and ecological effects. Downstreaming can generate investment and jobs, but it can also create environmental burdens, uneven regional development, labor conflicts, and new dependencies on foreign technology and capital. Therefore, a Pancasila interpretation of downstreaming cannot stop at domestic value added. It must ask whether value-added is fairly distributed, whether affected communities participate in decision-making, and whether ecological costs are internalized.

Fourth, despite the strong state language, neoliberal residues are visible. The Prabowo agenda does not abolish market discipline either. It still relies on private investment, foreign capital, competitiveness, export performance, asset optimization, and fiscal credibility. The [OECD \(2025\)](#) and the [International Monetary Fund \(2026\)](#) project Indonesian growth at approximately 5 percent in the near term, lower than the administration's 8 percent aspiration, and both emphasize the importance of efficient public spending, governance, and fiscal discipline. BPS data show that Indonesia's economy grew by 5.11 percent in 2025 and 5.61 percent year-on-year in the first quarter of 2026, providing a stable but not yet transformative growth base ([BPS-Statistics Indonesia, 2026a](#); [BPS-Statistics Indonesia, 2026b](#)). These figures underline a philosophical tension: the government seeks a leap in growth through state activism, but macroeconomic credibility still depends on market confidence, productivity, and discipline in institutions.

The fifth empirical pattern concerns fiscal and administrative constraints. The administration's philosophy is expansionary in aspiration, but it operates inside a fiscal system that must fund education, health, defense, infrastructure, food security, social protection, debt service, and transfers to regions. Reports on the 2026 budget indicate a larger role for the free nutritious meal program and defense, while international institutions caution that public spending efficiency and investment governance will be crucial for sustainability (International Monetary Fund, 2026; OECD, 2025; Reuters, 2026). This is philosophically significant because a welfare developmental state is credible only if it can finance its promises without weakening future capacity. Fiscal prudence is not automatically neoliberal austerity; it can be a condition of intergenerational justice. Conversely, fiscal expansion is not automatically social justice; it can become regressive if resources flow to poorly targeted projects or to politically connected suppliers.

The residue of neoliberalism is cultural and administrative in nature. Rakhmani and Sakhiyya (2025) show that knowledge production in neoliberal Indonesia is shaped by competitiveness, self-reliance, and entrepreneurial norms. Such norms do not disappear when the government adopts the Pancasila language. They continue to shape the evaluation of ministries, universities, firms, and citizens. Therefore, the new government's social programs may coexist with a performance-based policy culture that treats welfare as a measurable output, citizens as human capital, and public institutions as investment vehicles. This is not necessarily negative because measurement and accountability are needed. The risk is reductionism: when citizens are valued mainly as future productivity assets, social justice can be subordinated to growth.

The results suggest that the administration's economic philosophy is best described as Pancasila developmentalism, with neoliberal instruments. It is Pancasila-oriented because it invokes social justice, cooperation, national sovereignty and state responsibility. It is developmentalist because it prioritizes industrial transformation, asset mobilization, food and energy security, and the long-term human capital. It contains neoliberal instruments because it depends on markets, investment, fiscal discipline, performance targets and globally legible governance. The question is not whether this hybridity exists; the evidence indicates that it does exist. A more important question is whether the hybrid can be governed in a socially just, democratically accountable, and economically effective manner.

3.2. Discussion

These findings have three implications for understanding Indonesia's new economic direction. The first implication is conceptual in nature. It is misleading to label the Prabowo administration as neoliberal. Classical neoliberalism, especially in its market-fundamentalist form, privileges privatization, deregulation, and the retreat of the state from distributional commitments (Brown, 2015; Harvey, 2005). In contrast, the Prabowo agenda foregrounds state management, universal or large-scale social provision, resource sovereignty, and strategic public investment. The launch of Danantara, the expansion of the free nutritious meal program, and insistence on downstreaming are not signs of a minimalist state. These are signs of a government that believes national transformation requires public coordination.

Simultaneously, it is misleading to describe the agenda as a coherent alternative to neoliberalism. The administration's instruments remain entangled with market rationality. Danantara must attract capital and demonstrate professional asset-management capabilities. Downstreaming must satisfy investors, export markets and technology partners. Nutrition programs must compete with fiscal constraints and measurable-performance indicators. The 8 percent growth aspiration must persuade both markets and citizens. The philosophical picture is therefore hybrid: the state claims responsibility for justice and sovereignty, but it operates through mechanisms shaped by competition, credibility, and investment discipline. This hybridity is common in contemporary developmental states, but it must be recognized rather than hidden behind ideological labels (Jessop, 2002; Rodrik, 2006; Warburton, 2018).

The second implication is normative in nature. The legitimacy of Pancasila developmentalism depends on institutional quality. Pancasila economics is not satisfied with symbolic references to cooperation, national wealth, or family based principles. Its core test is whether economic institutions produce social justice, human dignity and balanced power. From a Rawlsian perspective, policies must improve the position of disadvantaged groups rather than merely raising aggregate output (Rawls, 1971). According to Sen's capability approach, programs should expand people's real freedoms, including health,

education, security, and participation (Sen, 1999). From a Polanyian perspective, development should protect society from being subordinated to market pressures and state projects that disembody communities from their livelihoods (Polanyi, 1944). These standards imply that the Prabowo agenda should be judged by outcomes and governance, not rhetoric alone.

The free nutritious meal program illustrates this. Philosophically, it can be defended as a social investment and distributive justice. Practically, it requires food safety, transparent procurement, local supply chain inclusion, nutrition standards, and independent evaluation. Without these safeguards, a program intended to improve children's capabilities can become a source of waste, patronage, or public distrust. The most important evaluative question is not whether feeding children is morally desirable. The question is whether the state can build a system that delivers safe, nutritious, equitable, and locally beneficial meals on a large scale. A strong Pancasila economy publishes outcome data, invites academic evaluation, protects procurement from political capture, and adjusts targeting based on evidence (Pambudi, 2024; Suprpto et al., 2025).

Danantara illustrates a second normative test. A sovereign wealth and investment institution can help Indonesia organize its strategic assets and reduce its dependence on short-term financing. However, it also concentrates financial power. The literature on Indonesian oligarchy shows that state-business relations often involve dense ties among politicians, firms, and public officeholders (Damanik et al., 2025; Hadiz & Robison, 2013; Robison & Hadiz, 2004; Winters, 2011). Therefore, developmental finance can become either a tool of national transformation or a mechanism for elite accumulation. The difference lies in the governance. Danantara must be evaluated through clear mandates, parliamentary oversight, audited reporting, conflict of interest disclosure, investment performance transparency, and rules that distinguish public purpose from political allocation. If these standards are met, it may embody Pancasila developmentalism. If it does not, it risks becoming a state capitalism without democratic accountability.

The third implication is strategic in nature. Achieving growth of nearly 8 percent is not merely a matter of ambition. It requires productivity gains, investment quality, human capital, logistics, regulatory predictability, technological upgrades, and macro-fiscal credibility. The BPS figures for 2025 and early 2026 indicate resilience, while International Monetary Fund (IMF) and OECD projections suggest that near-term growth remains closer to 5 percent than to the government's aspiration (BPS-Statistics Indonesia, 2026a; BPS-Statistics Indonesia, 2026b; International Monetary Fund, 2026; OECD, 2025). This does not make the 8 percent target impossible as an aspiration, but it makes institutional quality decisive. A developmental state cannot simply spend more or announce more projects; it must select projects well, monitor returns, discipline rent-seeking, and coordinate across the levels of government.

Indonesia's political economy makes this discipline difficult. Clientelism and oligarchic influence have historically shaped elections, appointments, procurement, and regulations (Aspinall & Berenschot, 2019; Damanik et al., 2025; Hadiz & Robison, 2013). A large cabinet and broad political coalition may provide stability, but they may also diffuse accountability and increase bargaining costs (Habir & Negara, 2025). This creates a paradox in Prabowo's economic philosophy. The administration wants a strong state, but a strong state is only developmental if it can discipline both the markets and political insiders. Otherwise, state activism may expand the scale of the rent. In philosophical terms, the issue is not the state versus the market. The issue is whether public authorities can be insulated from private capture while remaining responsive to citizens.

Therefore, credible Pancasila developmentalism requires what might be called a democratic economic discipline. This discipline comprises at least five components. First, public programs should have measurable social objectives rather than merely expenditure targets. Second, large investment institutions should disclose their mandates, portfolio performance, risk exposure, and governance structures in forms accessible to citizens and researchers. Third, procurement should be open enough to reduce collusion and local elite captures. Fourth, industrial policy should select sectors using transparent criteria linked to learning, productivity, technology transfer, and environmental safeguards. Fifth, affected communities should have channels for participation and complaints. These requirements do not weaken the state; instead, they make state activism more legitimate. A state that can discipline itself is more capable of disciplining the market.

The ecological dimension is equally important in this regard. Pancasila economics should not be narrowly defined as human welfare; it also requires harmony with nature, as reflected in the RPJMN priority on ecological and cultural alignment (State Secretariat of the Republic of Indonesia, 2025). Therefore, downstreaming, mining, infrastructure, and energy projects must be assessed through environmental justice. A policy that raises GDP but damages watersheds, displaces communities, or locks Indonesia into high-carbon industrial pathways would contradict Pancasila's normative content. The administration's economic philosophy should incorporate binding environmental safeguards, transparent impact assessments, community consent, and credible energy transition planning. Without ecological discipline, developmentalism becomes extractivism with a national branding.

Another issue is the status of cooperatives and village development. The RPJMN and early government programs emphasize village-based development and cooperatives, including the idea of red-and-white village cooperatives (Cabinet Secretariat of the Republic of Indonesia, 2025c; State Secretariat of the Republic of Indonesia, 2025). This element is crucial because it can prevent Pancasila economics from becoming a top-down statism. Cooperatives embody mutuality, local ownership, and economic democracy. However, they can also become administrative shells if created rapidly without member control, business capabilities, and local accountability. The philosophical question is whether cooperatives give communities real economic agency or merely extend central programs into villages.

The academic contribution of this diagnosis is to shift the debate from ideological naming to institutional testing of the problem. Neoliberalism, developmentalism, and Pancasila economics are often treated as mutually exclusive categories. The Indonesian case suggests that these can be layered within the same policy regime. A government can speak the language of Pancasila, pursue developmental industrialization, and employ neoliberal metrics of competitiveness, investor confidence, and human capital. The analytical task is therefore to identify which logic dominates particular institutions and with what consequences. For example, in the free nutritious meal program, the Pancasila logic is social care, the developmental logic is capability formation, and the neoliberal logic is the measurable human-capital return. In Danantara, the Pancasila logic is public wealth, developmental logic is strategic investment, and neoliberal logic is asset optimization. Seeing these layers prevents simplistic judgement and makes policy critique more precise.

For management and public policy scholarship, the Indonesian case also shows why economic philosophy should be connected to implementation. A philosophy of welfare is expressed through procurement rules, kitchen inspections, nutritional indicators, and school-level delivery. A philosophy of sovereignty is expressed through contract design, technology transfer, environmental licensing, and benefit sharing. A philosophy of democracy is expressed through disclosure, audits, grievance mechanisms, and citizen voices. Therefore, the practical architecture of policy is not secondary to philosophy; it is where philosophy becomes real or fails.

The Prabowo administration's early economic philosophy has genuine anti-neoliberal elements because it rejects the idea that markets alone can generate justice, sovereignty, and human development. However, it remains shaped by neoliberal instruments because it must operate within the confines of global investment, fiscal credibility, managerial performance, and competitive productivity. The promise of this hybrid is that Indonesia may use markets without surrendering the public purpose. The danger is that public purpose may be used rhetorically while power and benefits concentrate among political and business elites. Therefore, the decisive variable is institutionalization. Pancasila developmentalism will be credible only if the administration transforms broad ideals into transparent rules, measurable social outcomes, and accountable institutions.

4. CONCLUSION

This opinion article argues that Indonesia's new Prabowo government expresses a hybrid economic philosophy: Pancasila developmentalism with neoliberal instruments. The early agenda is Pancasila-oriented because it emphasizes social justice, cooperation, sovereignty, and state responsibility for welfare. It is developmentalist because it seeks to reorganize production through downstreaming, strategic

investment, asset mobilization, and food and energy security and human capital. It retains neoliberal residues because it depends on market-compatible governance, investment discipline, asset optimization, performance metrics, fiscal credibility and global capital.

The most important conclusion is that the debate should move beyond the labels. Referring to the agenda as neoliberal understates the scope of state intervention. Referring to it as Pancasila economics without qualification risks ignoring market dependence and elite capture. Calling it developmentalism is closer, but incomplete, unless one asks developmentalism for whom, through which institutions, and at what ecological cost. The proper scholarly task is to evaluate the quality of this hybrid. Does this expand its capabilities? Does it improve the position of disadvantaged citizens? Does it discipline the oligarchic power? Does this create sustainable industrial value? Does it protect the communities and ecosystems? Does it make public finance more transparent rather than discretionary?

The practical implications of this study are clear. The free nutritious meal program should be governed by nutritional standards, food safety audits, local procurement transparency, and public outcome dashboards. Danantara should be subject to professional governance, independent audits, conflict of interest disclosure, and parliamentary scrutiny. Downstreaming should be paired with environmental justice, technology transfer, labor standards and regional benefit-sharing. Village cooperatives should be built around member control and business capability, not just administrative targets. Fiscal policy should remain ambitious but credible, especially because the gap between the current growth performance and the 8 percent aspiration is substantial.

The argument in this paper is deliberately provisional because the administration's policies are still unfolding. However, provisional analysis is useful when it clarifies the standards by which future evidence should be judged. If Indonesia achieves higher growth but inequality, ecological damage, and elite capture deepen, the philosophy will have failed its Pancasila test. If social spending increases but capabilities do not improve, it will fail its developmental test. If investment institutions expand but governance remains opaque, it will fail its democratic test. Conversely, if the government can combine disciplined finance, measurable welfare gains, sustainable industrial upgrading, and genuine public accountability, it may demonstrate that a middle-income democracy can use market instruments without submitting social life to market fundamentalism.

For researchers, the new government creates a valuable agenda for empirical studies. Future work should examine whether social programs reduce stunting and learning inequality, whether Danantara improves investment quality, whether downstreaming raises domestic technological capability, and whether village cooperatives increase local economic agencies. Comparative research should also ask whether Indonesia's version of Pancasila developmentalism can avoid the two failures that often weaken hybrid regimes: the neoliberal reduction of citizens to human capital and the statist concentration of power without accountability. The answer will determine whether Indonesia's new economic philosophy becomes a credible path toward Indonesia Emas 2045 or remains a compelling but fragile political narrative that is not implemented.

Ethical Approval

Not Applicable

Informed Consent Statement

Not Applicable

Authors' Contributions

Not Applicable

Disclosure Statement

No potential conflict of interest was reported by the author(s).

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The data presented in this study are available on request from the corresponding author due to privacy reasons.

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