



Sovereignty in Test: Transformation of Indonesia's Economic Policy 2024-2026 within the Framework of Article 33 of the 1945 Constitution

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Keywords:	Abstract
Article 33 of the 1945 Constitution; Danantara; Downstreaming; Economic Sovereignty; Golden Indonesia 2045.	Indonesia's economic policy transformation during 2024–2026 has renewed debate over whether greater state control promotes economic sovereignty and equitable prosperity. This study aimed to assess the alignment of national economic policies with Article 33 of the 1945 Constitution, interpret emerging economic developments through international comparisons, and identify institutional conditions that support inclusive development. A qualitative descriptive-analytical approach combined doctrinal constitutional analysis, policy document review, and purposively selected comparative cases from Norway, Malaysia, Chile, Mexico, Alaska, India, and Brazil. Secondary data included legislation, Constitutional Court decisions, official statistics, institutional reports, and academic publications. The data were organized into a policy matrix, evaluated against constitutional principles, and examined through source triangulation. The findings indicated that downstream industrialization, state-owned enterprise consolidation through Danantara, village cooperatives, food security initiatives, nutrition programs, social transfers, and regional partnerships had the potential to advance constitutional economic objectives. However, alignment at the policy design level did not necessarily demonstrate effective implementation or equitable outcomes. Comparative evidence highlighted transparency, independent oversight, professional management, and equitable benefit distribution as essential institutional conditions. Regional disparities further underscored the importance of ensuring that economic benefits reached eastern Indonesia. The study concluded that achieving economic sovereignty required accountable policy implementation, continuous evaluation, and inclusive governance to translate expanded state economic authority into equitable public prosperity.

INTRODUCTION

In less than two years, Indonesia has undergone a rapid transformation of its economic policy framework. The Daya Anagata Nusantara Investment Management Agency (Danantara) was launched on February 24, 2025, as a sovereign investment institution tasked with managing and optimizing state-owned assets, including those associated with state-owned enterprises (SOEs), with reported asset values approaching US\$900 billion to US\$1 trillion (Reuters, 2025a). On July 21, 2025, the government launched the Koperasi Desa/Kelurahan Merah Putih (Red and White Village and Urban Village Cooperatives) initiative, targeting approximately 80,000 cooperative

units under Presidential Instruction No. 9 of 2025 (Noorrachman & Effendi, 2025). Policies promoting downstream industrialization and restrictions on raw mineral exports were strengthened, the Free Nutritious Meals Program was implemented nationwide, and social assistance payments were increasingly directed to beneficiaries' bank accounts. During the same period, changes also occurred in the leadership of the Ministry of Finance and Bank Indonesia (A. D. Bank, 2026; Kompas, 2025). Meanwhile, financial markets experienced substantial volatility. The Jakarta Composite Index declined by 6.12% on March 18, 2025, triggering a temporary trading halt, while reported foreign portfolio capital outflows reached approximately Rp182.5 trillion during 2025. The Indonesian rupiah also reportedly depreciated to Rp18,279 per US dollar in July 2026 (Bloomberg, 2026; Reuters, 2025).

These developments raise a fundamental constitutional question: Does the ongoing consolidation of state economic authority fulfill the mandate of Article 33 of the 1945 Constitution, which requires land, water, and the natural resources contained therein to be controlled by the state and utilized for the greatest prosperity of the people, or does it risk departing from that mandate? Existing studies have generally examined these policies separately (Coverage6, 2025; Decision Number 85/PUU-XI/2013 (Economic Democracy), 2013; Kim, 2002; Luttwak, 1990). Research on sovereign wealth funds has addressed Danantara without systematically connecting its governance to downstream industrialization, cooperatives, and social protection. Constitutional scholarship has examined Article 33 without consistently incorporating contemporary policy arrangements, while financial market analyses have primarily emphasized short-term economic fluctuations (Fund, 2026; India, 2023; Indicators, 2026; Ratings, 2026; Studies, 2025). Relatively few studies have integrated constitutional doctrine, Indonesia's 2024–2026 economic policy framework, and international comparative evidence within a unified analytical approach, particularly from the perspective of eastern Indonesia, where regional development disparities remain a significant concern. This gap in the literature provides the foundation for the present research (W. Bank, 2025; P. Indonesia, 2026; T. I. Indonesia, 2026; Justice, 2016; Management, 2026; Reuters, 2023).

Against this background, this study aims to examine the alignment of Indonesia's 2024–2026 economic policy framework with Article 33 of the 1945 Constitution, as interpreted by the Constitutional Court; assess emerging economic developments through relevant international comparisons; and identify the institutional conditions necessary to support inclusive and sustainable development toward the Golden Indonesia 2045 vision. The study contributes by integrating constitutional principles with contemporary economic policy arrangements, incorporating cross-national evidence on state-led economic transformation, and emphasizing the regional development perspective of East Nusa Tenggara, which has received comparatively limited attention in national economic policy discussions.

Previous research on sovereign investment institutions and social protection has demonstrated the importance of governance arrangements and implementation mechanisms. Bernstein et al. (2013), in the *Journal of Economic Perspectives*, examined the relationship between political involvement and sovereign wealth fund investment decisions, highlighting how

political influence could shape investment priorities and potentially conflict with long-term financial objectives. Although their research did not specifically examine Danantara, it provides a relevant institutional perspective for assessing investment mandates, professional management, and political intervention. In another policy context, (Wardani et al., 2023), in the *American Economic Journal: Economic Policy*, examined the long-term effects of Indonesia's conditional cash transfer program and identified improvements in human capital outcomes, including reductions in stunting. These findings indicate that assessments of public investment and social welfare programs should consider institutional incentives, implementation quality, and appropriate evaluation periods. They also suggest that policy announcements and preliminary implementation indicators should not be interpreted as sufficient evidence of sustained improvements in public welfare.

Despite these contributions, the reviewed literature reveals a significant gap in understanding Indonesia's contemporary economic policy transformation. Studies of resource nationalism have explored industrial strategies and business interests, research on sovereign wealth funds has emphasized investment governance, and social protection studies have assessed household welfare outcomes. Although these perspectives provide valuable insights, the selected studies have not comprehensively examined the interactions among Indonesia's 2024–2026 economic policies through the combined perspectives of Article 33, comparative institutional experience, and regional benefit distribution. The research gap therefore concerns not the absence of studies on individual policy instruments but the limited integration of their institutional relationships within a common constitutional framework. Another analytical limitation emerges when policy objectives, implementation capacity, and observed outcomes are treated as equivalent indicators of success. Distinguishing these dimensions is essential for determining whether downstream industrialization, public investment, cooperative development, and welfare interventions generate complementary benefits or create conflicting incentives, fiscal pressures, and unequal access to economic opportunities.

The urgency of addressing this gap is particularly evident in eastern Indonesia. Statistics Indonesia (BPS), through its East Nusa Tenggara provincial office, reported that the province's poverty rate reached 18.60% in March 2025, affecting approximately 1.09 million residents. These figures highlight the importance of examining the geographical distribution of development benefits and assessing whether nationally coordinated economic programs adequately address local structural constraints. In East Nusa Tenggara, evaluating economic transformation requires attention not only to aggregate investment figures but also to employment creation, cooperative sustainability, access to essential public services, and local participation in production and supply chains. Examining these mechanisms during the initial stages of policy transformation could help identify institutional weaknesses before they become structurally embedded. Accordingly, the urgency of this research lies in establishing a clearer relationship between expanding state economic authority, regional economic inclusion, and measurable improvements in public welfare.

In response to these challenges, the novelty of this study lies in integrating constitutional doctrinal analysis, contemporary economic policy assessment, and international comparative

evidence within a framework emphasizing regional distributional equity. Rather than examining individual initiatives in isolation, the study investigates how their constitutional mandates, institutional governance arrangements, and anticipated economic benefits correspond to the principles established under Article 33. The comparative analysis draws on experiences from Norway, Malaysia, Chile, Mexico, (Corporation, 2025) in the United States, India, and Brazil, representing different approaches to sovereign investment, natural resource governance, and social protection. These cases provide institutional reference points rather than direct predictions of Indonesia's economic trajectory. By distinguishing policy intentions from implementation processes and observable outcomes, the research offers a more systematic approach to evaluating economic sovereignty. Its principal contribution is an interdisciplinary framework connecting constitutional obligations with institutional accountability, economic sustainability, and equitable development.

Accordingly, this study examines Indonesia's economic policy transformation during 2024–2026 within the constitutional framework of Article 33 of the 1945 Constitution. Specifically, it evaluates the consistency of national economic policy design with constitutional principles, interprets available evidence of early economic and institutional developments through international comparisons, and identifies governance conditions necessary to promote inclusive development toward Golden Indonesia 2045. Particular emphasis is placed on institutional transparency, independent oversight, community participation, fiscal sustainability, and the equitable distribution of economic benefits across eastern Indonesia. Academically, the study contributes to interdisciplinary discussions involving constitutional economic law, political economy, and public policy. Practically, it provides an evidence-informed framework for evaluating institutional mandates, governance mechanisms, and policy implementation. Ultimately, the research seeks to support policymakers, regional institutions, researchers, and communities in assessing whether strengthened state economic sovereignty contributes to sustainable development and equitable public prosperity throughout Indonesia.

METHOD

This study employed a qualitative descriptive-analytical approach integrating three analytical methods. First, constitutional doctrinal analysis was conducted through a systematic interpretation of Article 33 of the 1945 Constitution, referring to relevant Constitutional Court decisions, particularly Decision No. 001-021-022/PUU-I/2003, Decision No. 36/PUU-X/2012, and Decision No. 85/PUU-XI/2013 (Constitutional Court, 2003, 2012, 2013). Second, a literature review and policy document analysis were undertaken, covering legislation and regulations, including Law No. 59 of 2024 concerning the National Long-Term Development Plan (RPJPN) 2025–2045, legislation concerning state-owned enterprises (SOEs), and Presidential Instruction No. 9 of 2025. Additional sources included official reports from Statistics Indonesia (BPS) and Bank Indonesia, publications from international institutions such as the World Bank, International Monetary Fund (IMF), Asian Development Bank (ADB), and Fitch Ratings, and peer-reviewed journal articles published between 2021 and 2026 (Republic of Indonesia, 2024, 2025a; Central

Statistics Agency, 2025, 2026; Bank Indonesia, 2026; World Bank, 2024, 2026a, 2026b; International Monetary Fund [IMF], 2026; Asian Development Bank, 2026; Fitch Ratings, 2026). Third, a comparative policy analysis was conducted across seven countries and jurisdictions: Norway, Malaysia, Chile, Mexico, Alaska (United States), India, and Brazil. These cases were purposively selected based on their relevance to Indonesia's economic policy instruments, particularly sovereign wealth funds, resource-based downstream industrialization, and direct social transfer programs.

The study relied exclusively on secondary data obtained from publicly accessible and verifiable sources. Data analysis was conducted in three stages: data reduction and classification into a policy matrix, comparative assessment of policy designs against constitutional principles and international evidence, and synthesis of findings to evaluate policy consistency with Article 33 of the 1945 Constitution. Data credibility was strengthened through source triangulation, with key findings cross-checked against at least two independent sources, including financial market reports from Reuters and Bloomberg and socioeconomic indicators from Statistics Indonesia (BPS) and the World Bank.

RESULTS AND DISCUSSION

Constitutional Framework: Article 33 of the 1945 Constitution and the Doctrine of the Constitutional Court

The starting point of the analysis is the constitutional text itself, which deserves to be quoted in its entirety to avoid truncated interpretations (Republic of Indonesia, 1945):

Article 33 of the 1945 Constitution

- (1) *The economy is structured as a joint venture based on the principle of kinship.*
- (2) *The branches of production that are important to the state and that control the livelihood of the people are controlled by the state.*
- (3) *The earth and water and the natural resources contained in it are controlled by the state and used for the greatest prosperity of the people.*
- (4) *The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity.*
- (5) *Further provisions regarding the implementation of this article are regulated in the law.*

The Constitutional Court has given an authoritative interpretation of the phrase "controlled by the state". In Decision No. 001-021-022/PUU-I/2003 concerning the testing of the Electricity Law, the Court emphasized that state control includes five meanings as well as the authority to formulate policies (*beleid*), manage (*bestuursdaad*), regulate (*regelendaad*), manage managerial (*beheersdaad*), and supervise (*toezichthoudenddaad*) and that the involvement of the private sector does not in itself contradict the constitution as long as the state remains the main determinant (Constitutional Court, 2003). Decision No. 36/PUU-X/2012 on the Oil and Gas Law strengthens

the doctrine of the state *as a trusteeship* with direct management by the state in the first place (Constitutional Court, 2012), while Decision No. 85/PUU-XI/2013 affirms Article 33 as the foundation of economic democracy rooted in the fourth and fifth precepts of Pancasila (Constitutional Court, 2013).

This doctrinal finding is important in two ways. First, the constitution provides ample space for a wide range of state, cooperative, and private economic actors, national and foreign, as long as it is composed as a joint effort and leads to the prosperity of the people. Second, the constitution also sets out non-negotiable substantive conditions: "equitable efficiency", "independence", and "the greatest possible prosperity of the people". Thus, the constitutional question for any policy is not "who is the perpetrator", but "whether its design and implementation meet the substantive requirements". This framework is used to assess the 2024-2026 policies in the next subchapter.

National Economic Policy Architecture 2024–2026

The results of the inventory of policy documents and open sources show that the national economic policy 2024-2026 can be grouped into seven pillars, each of which is directly related to the mandate of Article 33 of the 1945 Constitution, plus an institutional dimension that surrounds it.

First, downstreaming and controlling the export of mining raw materials. The government continues and strengthens the policy of prohibiting the export of raw mineral ores as well as processing and refining obligations in the country, with the management of strategic sectors through state-owned enterprises; this policy has attracted more than US\$30 billion in nickel downstream investment and is now being continued with an agenda of 26 downstream projects worth approximately US\$26 billion under the coordination of Danantara (Reuters, 2025a; Verisk Maplecroft, 2023). This policy is the most direct implementation of Article 33 paragraphs (2) and (3): natural resources are no longer exported raw, but processed domestically so that their added value remains in Indonesia and benefits the people.

Second, the consolidation of SOEs and state capital participation through Danantara. Based on Law No. 1 of 2025 and Government Regulation No. 10 of 2025 (Republic of Indonesia, 2025b), Danantara manages SOEs' assets estimated to be close to US\$900 billion to US\$1 trillion, with a target dividend to the state of around US\$7–10 billion in five years, around 100 SOE transformation agendas, and eleven global memorandums of understanding worth around Rp346 trillion (Reuters, 2025a; Kompas, 2025). The unification, strengthening, and special assignment of SOEs in these strategic sectors is the implementation of state control over important branches of production (paragraph 2), which at the same time according to their design are required to meet the principle of equitable efficiency (paragraph 4).

Third, Merah Putih Village/Village Cooperatives. Based on Presidential Instruction Number 9 of 2025, this program targets 80,000 cooperative units with Himbara bank financing support of up to Rp3 billion per cooperative; until June 2026, around 1,061 units have been recorded to have been operating from the target of 40,000 units by the end of 2026, with a national evaluation scheduled for August 2026 (Republic of Indonesia, 2025a; Kompas, 2025). This policy

revives Article 33 paragraph (1): the economy as a joint venture based on the principle of kinship, with cooperatives as the backbone.

Fourth, the Free Nutritious Meal Program (MBG). This program is not solely a nutritional intervention to reduce *stunting*, but is also designed as a driver of equitable and sustainable economic growth: food procurement is prioritized from farmers, cooperatives, and micro-enterprises around the implementation site, so that money flows to remote villages and grows new economic sectors from the bottom up (Kompas, 2025). The budget needs are estimated at around Rp268 trillion (Center of Economic and Law Studies [CELIOS], 2025). In the framework of the constitution, MBG touches on two verses at once: the principle of family and joint efforts (paragraph 1), and the allocation of resources for the prosperity of the people (paragraph 3).

Fifth, food policy and food security. The government strengthens food land management, national food reserves, and food affordability for all people as part of the independence agenda (Kompas, 2025). Food is the branch of production that most literally "controls the livelihood of many people", so this policy is directly based on Article 33 paragraphs (2) and (3), as well as on the principle of independence in paragraph (4).

Sixth, the distribution of bank account-based social assistance. This program reaches around 18.5 million beneficiary families, around 15 million through Himbara bank and 3 million through Pos Indonesia with the transfer of the Family Hope Program to Himbara bank as of July 1, 2025 (Kompas, 2025). This policy strengthens the guarantee of Article 33 paragraph (3): state wealth benefits are channeled directly to the recipient's public accounts so that they are not eroded on the way.

Seventh, partnerships with regions and equitable distribution to producing regions. The agenda of downstreaming and resource management is accompanied by a commitment to equitable distribution of natural wealth benefits to producing regions, including the Eastern Region of Indonesia and East Nusa Tenggara, through the opening of downstream jobs, village cooperatives, and social transfers (Kompas, 2025; Central Statistics Agency of NTT Province, 2025). This policy responds to the command of Article 33 paragraph (4) to "maintain the balance of progress and national economic unity" prosperity must not stop at the center.

In addition to these seven pillars, there is **an institutional dimension** that encompasses all of them: the refreshment of the leadership of state financial institutions, where the position of Minister of Finance moved from Sri Mulyani Indrawati to Purbaya Yudhi Sadewa on September 8, 2025, then to Suahasil Nazara on September 14, 2026 through Presidential Decree Number 97/P of 2026, while Bank Indonesia Governor Perry Warjiyo resigned at the end of July 2026 and was temporarily replaced by Senior Deputy Governor Destry Damayanti (Republic of Indonesia, 2026; Bank Indonesia, 2026). This dimension is not directly a constitutional economic policy, but determines the quality of implementation of all of the above pillars.

Read with the constitutional framework in Subchapter 3.1, the seven pillars at the design level are in line with Article 33: downstream and consolidation of SOEs strengthen the leg of "state control" in important branches of production (paragraph 2) as well as the leg of "efficiency"

through professional governance (paragraph 4); cooperatives and MBG revive paragraph (1) regarding joint efforts based on family; food security guarantees the most strategic branches of production; account-based social assistance and regional partnerships strengthen the guarantees of paragraphs (3) and (4) so that the benefits of state wealth reach all people in a balanced manner. The suitability of this design is also in the global mainstream: Verisk Maplecroft (2023) noted that at least 47 developing countries since 2020 have strengthened the role of the state over their natural resources, and Indonesia with a downstream nickel investment of more than US\$30 billion is one of the most tangible examples of this wave (Luttwak, 1990; Verisk Maplecroft, 2023).

Nevertheless, these findings need to be accompanied by an honest recording of legitimate voices of concern in democracy. The Center of Economic and Law Studies warns of the fiscal risks of major programs including the need for a free nutritious meal budget of around Rp268 trillion and the potential of the Red and White Cooperative to compete with existing small businesses (CELIOS, 2025). Transparency International Indonesia (2026) questions the governance and transparency aspects of the Red and White Cooperative, while civil society highlights the fact that under the new SOE Law, Danantara is not audited by the Financial Audit Agency and is beyond the reach of the Corruption Eradication Commission like conventional SOEs have a supervisory loophole that prompted the BPK to urge the publication of Danantara's financial statements in July 2026 (Liputan6, 2025; Transparency International Indonesia, 2026). These voices are not accusations, but institutional feedback that is needed so that good design does not slip in implementation.

Market Response and Public Opinion: A First Year Shock

The market response to the transition period was recorded strong and needed to be reported as it was. JCI plunged 6.12 percent on March 18, 2025, triggering the *first trading halt* since the pandemic and fell again by almost 9 percent on April 8, 2025 amid global tariff turmoil (Reuters, 2025b). Throughout 2025, foreign investors recorded outflows of around IDR 182.5 trillion, consisting of IDR 143.8 trillion from SRBI instruments and IDR 32.2 trillion from stocks (Bank Indonesia, 2026). The rupiah moved from Rp16,162 per US dollar at the end of December 2024 to Rp16,957 in April 2025, and touched its lowest point in history at Rp18,279 in July 2026 before improving to around Rp17,678 in mid-September 2026 (Bloomberg, 2026). In March 2026, Fitch Ratings changed Indonesia's rating outlook to negative with a projected 2026 budget deficit of around 2.9 percent of GDP, followed by a similar move by Moody's; in May 2026, eighteen Indonesian stocks were removed from the MSCI index (Fitch Ratings, 2026). Bank Indonesia responded by raising the benchmark interest rate by 100 basis points from May 2026 to 5.75 percent, with inflation in July 2026 maintained at 2.88 percent (Bank Indonesia, 2026).

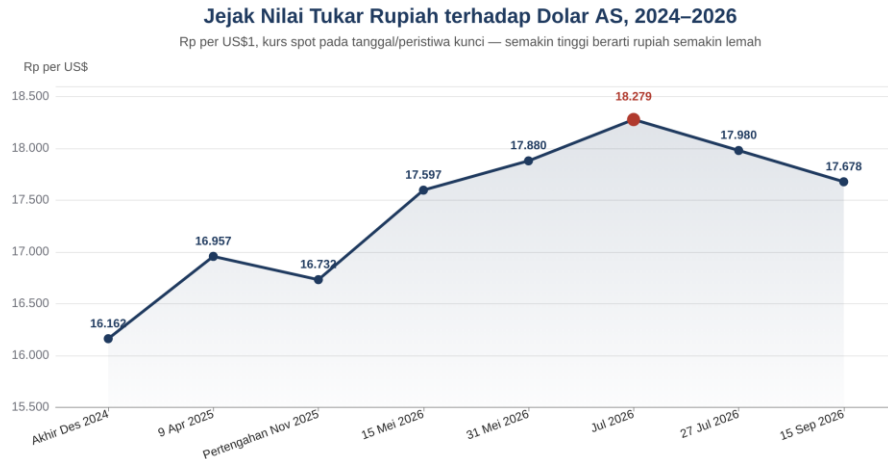


Figure 1. *Traces of the rupiah exchange rate against the US dollar, 2024-2026*

In the dimension of public opinion, satisfaction with the government was initially high at 79.9 percent according to the Indonesian Political Indicator in February 2026 to move down to around 49.5 percent in July 2026 from 81 percent in December 2025; Poltracking Indonesia recorded 55.1 percent in August 2026 from 78 percent in October 2025 (Indonesian Political Indicators, 2026; Poltracking Indonesia, 2026). However, objective welfare indicators show a different trend: poverty fell from 8.47 percent in March 2025 to 8.07 percent in March 2026 (22.93 million people), the lowest in recorded history, although the Gini ratio moved from 0.363 to 0.368 and the rural-urban gap was still wide (10.67 percent compared to 6.34 percent) (Central Statistics Agency, 2025, 2026).

This configuration of "market and sentiment fall, indicators of well-being improve" is consistent with the literature on transformational leadership in the public sector, which finds that institutional transformation is successful when clarity of mission, meritocracy, and public communication is maintained and causes dislocation when leadership change is understood as politicized (Bao et al, 2024; Kim & Fernandez, 2022). The distribution justice literature also reminds that improving poverty without improving inequality creates its own socio-political vulnerabilities (Backhaus & Vogel, 2022). Thus, first-year shocks are more accurately read as signals of the need to strengthen communication and governance, rather than as evidence of a failure in policy direction.

International Comparison: Economic Transformation and Success Factors

Comparative studies of seven experiences produced a consistent pattern: the first one- to two-year shocks are prevalent, while five- to ten-year outcomes are determined by governance. Norway built a government pension fund (GPF) that is now worth about US\$2.39 trillion as of June 30, 2026, maintained by cross-party fiscal rules that only allow the use of proceeds (about 4 percent), not principal funds (Norges Bank Investment Management, 2026). Alaska distributes Permanent Fund dividends directly to every citizen of US\$1,702 in 2024 and US\$1,000 in 2025,

creating political ownership that maintains the fund (Alaska Permanent Fund Corporation, 2025). Instead, Malaysia provides the most expensive warning: 1Malaysia Development Berhad (1MDB), which was also established as a state development fund, ended up as one of the world's biggest financial scandals due to weak oversight and overlapping political interests (U.S. Department of Justice, 2016; Reuters, 2025c).

In the downstream area, Chile launched the National Lithium Strategy 2023 and enacted the Codelco–SQM partnership on December 27, 2025 with the state holding 50 percent plus one share and the state margin increasing from 70 to 85 percent, although Chile's share of lithium supply had fallen from 29 to 18 percent during the transition period (Reuters, 2023, 2025c). Mexico nationalized lithium through LithiumMx (2022) and reformed the electricity sector on March 18, 2025 with state obligations holding a minimum of 54 percent, accompanied by a slashing of the ratings' prospects for Pemex again the prevalent initial shock (Reuters, 2025d). In the area of social transfers, India through Direct Benefit Transfer saved around ₹3.48 lakh crore by reaching 16 times more recipients and reducing subsidy leakage from 16 to 9 percent (Government of India, 2023), while Brazil through Bolsa Família channeled 73 percent of benefits to the poorest quintile and contributed to a 20–25 percent reduction in inequality (World Bank, 2023). A summary of the comparison is presented in Table 1.

Table 1. Comparison of cross-border economic transformation

Country	Key Policies	Early Shock (1–2 years)	Results 5–10 Years / Lessons
Norway	GPFG + fiscal rule 4%	Political debate over the amount of withdrawal	Funds ±US\$2.39 T (June 2026); governance and political consensus key (Norges Bank Investment Management, 2026)
Malaysia	1MDB (development fund)	Early optimism, hidden debt	Global scandals; weak oversight leads to destruction (U.S. Department of Justice, 2016)
Chile	Lithium Strategy 2023; Codelco–SQM JV	Investment uncertainty; supply share 29%→18%	Country 50%+1 share; country margin 70%→85% (Reuters, 2025c)
Mexico	LithiumMx 2022; electricity reform 2025	Pemex's outlook cuts; investor concerns	CFE ≥54%; the country's energy legitimacy, financing challenges (Reuters, 2025d)
Alaska (USA)	Alaska Permanent Fund Dividend	Annual debate on dividend amount	Citizen dividends of US\$1,702 (2024), US\$1,000 (2025); political ownership by the people (Alaska Permanent Fund Corporation, 2025)
India	Direct Benefit Transfer	Digital adaptation disruption in rural areas	Save ₹3.48 lakh crore; subsidy leakage of 16%→9% (Government of India, 2023)
Brazil	Family Scholarship	Market skepticism at first	73% benefit the poor; inequality falls by 20–25% (World Bank, 2023)

The implications of Table 1 for Indonesia are two-way. The experiences of Norway, Alaska, India, and Brazil show that Indonesia's existing instruments of state wealth funds, direct benefits to the people, and account-based social transfers have proven to be able to produce equitable

prosperity when maintained by transparent governance and independent oversight. Malaysia's experience shows the opposite: the same instruments can turn into a national burden if oversight is relaxed. Thus, the concerns of some Indonesian public and civil society about oversight gaps (Subchapter 3.2) should be read as legitimate historical lessons to be raised and responded to with institutional strengthening, not as an attack on policy direction.

Macroeconomic Trajectory Towards a Golden Indonesia 2045

Amid short-term shocks, Indonesia's macroeconomic foundations remain strong. The economy grew by 5.11 percent in 2025, increased to 5.61 percent in the first quarter of 2026 and remained solid at 5.29 percent in the second quarter of 2026; foreign exchange reserves were in the range of US\$148 billion in March 2026 (Central Statistics Agency, 2026; Bank Indonesia, 2026). International institutions project 2026 growth in the range of 4.7 to 5.4 percent — above the world economic average — as shown in Figure 2 (World Bank, 2026a, 2026b; IMF, 2026; Asian Development Bank, 2026).

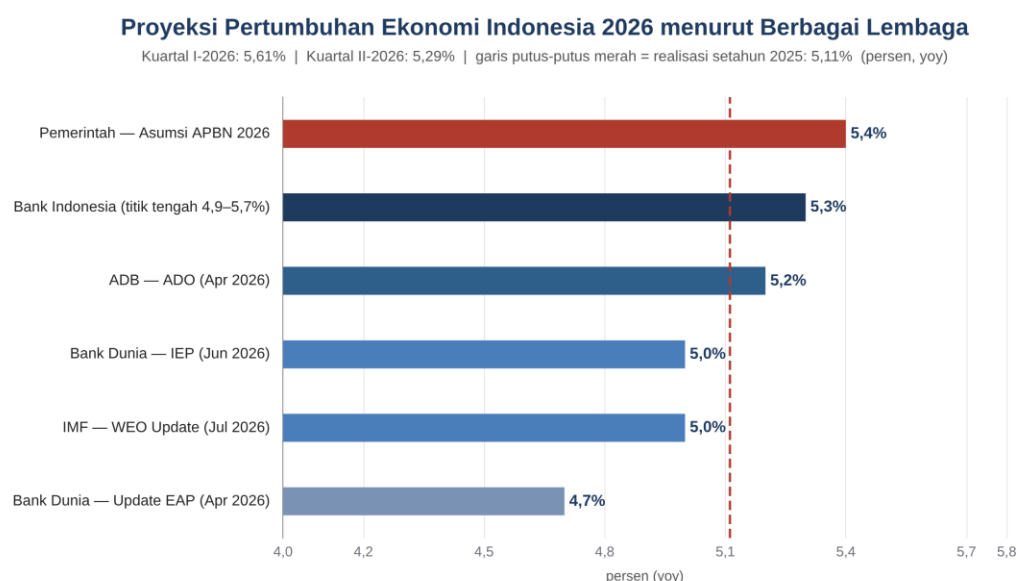


Figure 2. *Indonesia's economic growth projections in 2026 according to various institutions*

The long-term horizon has been set constitutionally-operationally through Law Number 59 of 2024 concerning the RPJPN 2025–2045: Golden Indonesia 2045 with a GDP of around US\$9.8 trillion, a per capita income of around US\$30,300, and poverty close to zero (Republic of Indonesia, 2024). The World Bank (2024) in its *Funding Indonesia's Vision 2045* report emphasizes that these ideals require investment growth and productivity that is much higher than usual with investment needs estimated at IDR 10,000 to IDR 13,500 trillion to achieve 8 percent growth, of which around IDR 7,000 trillion is expected from foreign investment (Kompas, 2025). This figure has a firm institutional consequence: Indonesia's economic transformation definitively requires a strong partnership with the business world, both national and global. The eleven Danantara global

memorandum of understanding worth around Rp346 trillion shows that the policy direction is actually opening the door to the partnership wider, not closing it (Kompas, 2025).

Implications for the Eastern Region of Indonesia and the Role of Higher Education

From a regional perspective, the success of national policy direction is ultimately measured at the farthest points of the republic. East Nusa Tenggara Province recorded a poverty of 17.50 percent in September 2025 of around 1.03 million people with rural poverty of 21.48 percent compared to urban 6.96 percent, making it the sixth poorest province in Indonesia (Central Statistics Agency of NTT Province, 2025). For regions such as NTT, downstream policies, village cooperatives, Free Nutritious Meals, account-based social assistance, and regional partnerships are not abstract concepts, but determinants of daily life. The success of these programs reaching the dry lands of Timor, the small islands of Flores and Sumba, and the valleys of Alor will be the most obvious proof that "the greatest prosperity of the people" does not stop in Java.

In that context, universities play an irreplaceable role: the guardian of non-partisan reason. Karyadarma Kupang University, with its philosophy of *Knowledge From Love*, positions itself as a critical partner who is loyal to accompany policy implementation with research, oversee transparency with studies, and bridge the government, the business world, and society with knowledge. This position is also an open invitation to all stakeholders, including large business groups that have been the backbone of national investment and employment, to collaborate within the framework of Article 33 as interpreted by the Constitutional Court: private capital is not rejected, but invited to work in a joint effort with fair rules and noble goals (Constitutional Court, 2003).

CONCLUSION

This study presents three main conclusions. First, at the policy design level, Indonesia's national economic policy framework for 2024–2026, encompassing downstream industrialization and restrictions on raw material exports, consolidation of state-owned enterprises (SOEs) through Danantara, the Red and White Village Cooperatives initiative, the Free Nutritious Meals Program, food security initiatives, bank account-based social assistance, and regional partnerships, broadly aligns with the mandate of Article 33 of the 1945 Constitution, as interpreted by the Constitutional Court, and reflects global geoeconomic trends toward resource sovereignty. Second, the initial economic and political challenges, including rupiah depreciation, capital outflows, deteriorating credit rating outlooks, and declining public satisfaction, reflect potential adjustment pressures associated with major economic transformations. Comparative evidence from seven countries and jurisdictions suggests that successful policy outcomes depend not merely on the presence or absence of short-term disruptions but also on effective governance, transparency, independent oversight, and policy consistency. Third, the long-term effectiveness of Indonesia's economic transformation remains uncertain and will depend on consistent implementation, institutional accountability, and the equitable distribution of economic benefits. Accordingly, alignment with constitutional principles at the policy design stage does not necessarily guarantee successful implementation or sustainable improvements in public welfare.

Based on these findings, this study recommends strengthening Danantara's institutional transparency, public accountability, and independent oversight mechanisms, drawing on relevant governance practices in Norway and Malaysia. Regular and evidence-based evaluations of the Red and White Village Cooperatives initiative and the Free Nutritious Meals Program are also necessary to ensure that these initiatives complement rather than displace existing local enterprises and community-based economic activities. Furthermore, improving the accuracy of beneficiary targeting in bank account-based social assistance programs and strengthening local food procurement mechanisms could enhance social protection effectiveness, as illustrated by relevant policy experiences in India and Brazil. Equitable partnerships among government institutions, cooperatives, large enterprises, and domestic and international investors should also be promoted to support inclusive economic development, particularly in eastern Indonesia, in pursuit of the Golden Indonesia 2045 vision. Nevertheless, this study was limited by its reliance on secondary data and the relatively short observation period. Future research should incorporate primary data and longitudinal analyses spanning five to ten years to assess policy implementation, institutional performance, and long-term socioeconomic outcomes.

FUNDING

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

CONFLICT OF INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

AUTHOR CONTRIBUTIONS

Daniel Herison Wadu: Conceptualization, data curation, formal analysis, visualization, and writing original draft. Suyono Thamrin: Conceptualization, methodology, supervision, validation, and writing review and editing.

GENERATIVE AI STATEMENT

Generative AI tools were used as editorial assistance for language refinement and preparation of manuscript-supporting text. All source selection, analytical framework, interpretation, arguments, and conclusions were reviewed and verified by the authors. The authors take full responsibility for the accuracy, originality, and integrity of the final manuscript.

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