



Pancasila Economy: Forgotten Dream or Weapon Against Inequality?

Suud Sarim Karimullah^{1*}, M. Akbar Al Qhuraissy², Feri Irawan³, Bambang Sunatar⁴, Anugrah Bagus S.

^{1,5} Sekolah Tinggi Ilmu Ekonomi IEU, Surabaya, Indonesia

² Universitas Halu Oleo, Kendari, Indonesia

³ Sekolah Tinggi Agama Islam Nahdlatul Wathan Samawa, NTB, Indonesia

⁴ Institut Agama Islam Negeri Sorong, Papua Barat Daya, Indonesia

(*) Corresponding Author: suudsarimkarimullah@gmail.com

Article Info:	Abstract
Keywords: Economic justice Empowerment Micro enterprises Pancasila economy Sustainability	Purpose: This study explores strategies for integrating Pancasila values into Indonesia's economic system to strengthen people-centred development and reduce dependence on large-scale capital. It highlights the Pancasila Economy as a conceptual foundation for achieving justice, sovereignty, and sustainability within the framework of national resilience. Study Design/Methodology/Approach The study applies a library-based analytical method that combines classical and contemporary theories with recent empirical findings through an integrative and connective synthesis. The analysis integrates concepts of people-based development, distributive justice, and sustainable growth within the National Resilience framework, which encompasses the <i>Asta Gatra</i> dimensions (the principles of national resilience). Findings: The results indicate that the Pancasila Economy provides a strategic framework for countering exploitative capitalism and building an equitable, sovereign, and sustainable model of development. It enhances national resilience by linking <i>Trigatra</i> dimensions, including geography, natural resources, and population, with <i>Pancagatra</i> dimensions, comprising ideology, politics, economy, socio-culture, defence, and security. The model fosters social cohesion, strengthens legitimacy, and reinforces inclusive economic sovereignty, positioning Indonesia as a pioneer of human-centred and ethical economic transformation. Originality/Value: The study contributes to the theoretical advancement of sustainable national resilience by positioning the <i>Pancasila</i> Economy as an integrated economic and socio-political paradigm. Its novelty stems from combining solidarity, sovereignty, and ecological sustainability into a replicable model that links <i>Trigatra</i> and <i>Pancagatra</i> dimensions to align economic progress with justice and collective prosperity.
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INTRODUCTION

Pancasila economics is founded on five principles derived from the noble values of the Republic of Indonesia's state ideology, known as *Pancasila*, which serves as the moral and philosophical foundation for national economic development (Subroto, 2015). In contrast to both capitalist and socialist systems, the *Pancasila* economic system balances individual interests with social welfare, ensuring that both complement each other without compromising one another. The *Pancasila* economic system also emphasises the balance between rights and obligations, as well as between freedom and justice, as the foundation for national economic governance. This principle of balance reinforces the function of the *Pancasila* economic system as a counter to the dominance of capitalist forces, which often create social inequality and disrupt the nation's economic stability. Based on the ideological foundation of *Pancasila*, national economic development is orientated towards material progress and serves as an instrument for realising social justice, shared prosperity, and the formation of a national character with integrity. Despite its lofty vision, the application of *Pancasila* values in the national economy often remains limited to discourse without concrete implementation at the policy or practical level of development.

An economic system based on *Pancasila* aims to address social and economic inequalities that have the potential to threaten social justice (Wardhana, Syahyuti, Jamal, & Silalahi, 2024). Inequality in income, access to education, health, and employment opportunities remains a serious problem for Indonesia. Despite positive economic growth trends over the past few decades, income inequality remains high, as reflected in the distribution of national wealth (Nurizka, Islami, Rofi'ieh, & Dzulfikar, 2025). Most national economic assets are concentrated in the hands of a small financial elite, while most of the population still struggles with poverty. This situation emphasises the urgency of implementing the social and economic justice values embodied in *Pancasila* as a corrective measure to address the widening gap. Therefore, questions arise as to the extent to which the nation's ideological values have been integrated into national economic policy and whether an economic system based on *Pancasila* can be revitalised as an effective instrument for creating equitable prosperity.

Since the early days of independence, an economic system based on *Pancasila* has been a noble ideal of the nation's founders, particularly Soekarno, who emphasised the importance of economic independence as the foundation of national sovereignty. This idea was realised through the nationalisation of foreign companies and the establishment of an inclusive economy, expected to guarantee justice for all Indonesians. However, resource constraints and political dynamics hampered the comprehensive implementation of these ideas. During the New Order era, the concept of a just national economy was marginalised and replaced by market-orientated policies and foreign investment. While these policies encouraged high economic growth, their impact deepened socioeconomic inequality and strengthened the dominance of elites close to power, thus further marginalising the economic values of *Pancasila* under the exploitative currents of global capitalism.

The 1998 Reformation opened new opportunities for the revival of an economic system based on *Pancasila* values. Demands for democratisation, transparency, and the eradication of corruption provided momentum to re-examine the direction of national economic policy towards a more just approach. However, economic globalisation placed Indonesia under pressure to adapt to the global capitalist system. Pressure from international institutions particularly the IMF and the World Bank has led to Indonesia's increasing integration into a free market economy, which in many respects contradicts the spirit of national independence (Karimi, 2024). As a result, the economic values of *Pancasila* have once again been reduced to ideological discourse without a strong practical basis.

The question that emerges is the feasibility of implementing a *Pancasila*-based economic system in the face of capitalism-dominated global competition. Some economists argue that the principles of cooperation, social justice, and economic sovereignty are the foundations for creating an inclusive and equitable economic system. Conversely, others believe these values are too idealistic to be implemented amidst the dynamics of a competitive global economy (Harun, Van-Peursem, & Eggleton, 2015; Mukhlisin & Hudaib, 2025). These differing views emphasise the need for a new conceptual approach that can align the nation's ideological principles with global demands, without sacrificing social justice as the foundation of national economic development.

The government has a strategic role in ensuring that the direction of economic policy continues to reflect the values of social justice and humanity. Fair fiscal policies, asset redistribution, and strengthening the people's economic sector are concrete steps to translate *Pancasila* values into economic life. Furthermore, we need to strengthen regulations that protect the interests of the poor, ensuring that development policies do not solely benefit large corporations. The primary challenge for the government is balancing investment interests with social protection that favours vulnerable communities. Without consistency in public policy, *Pancasila's* economic values will remain merely ideological jargon without transformational power in the economy.

The function of society is a fundamental element in achieving an economy based on *Pancasila* values, where the values of justice, cooperation, and humanism must be embedded in daily economic practices (Rizki Aris Suseno, Sri Umi Mintarti Widjaja, & Sugeng Hadi Utomo, 2022). Social cooperation and economic solidarity that are based on communities, cooperatives, and micro-enterprises can build up community economic resilience and a local value-based competitiveness. What is necessary is that the government afford and promote localised economic models which can prosper in the face of ruthless global capitalism. Thus, the implementation of *Pancasila* economic values is a shared responsibility between the government and society.

Therefore, the study offers both theoretical and practical contributions by reaffirming the relevance of the *Pancasila*-based economic system. The application of *Pancasila's* economic values is not only directed at equitable welfare but also plays a role in strengthening national resilience by strengthening the ideological, economic, and

socio-cultural aspects that serve as the foundation for the stability of national development.

LITERATURE REVIEW

Theories Underlying *Pancasila* Economics

The *Pancasila*-based economic system illustrates the ideological values of the Indonesian nation, balancing the interests of individuals, society, and the state as the basis for managing the national economy. In other words, theoretically, the *Pancasila* economic system integrates the theories of people's economics, participatory development, and social justice, which together shape the direction of economic development toward collective prosperity. The people's economic theory encourages the state to expand the distribution of resources, strengthen the micro, small, and medium enterprise sector, and formulate policies that increase national economic independence. Meanwhile, the theory of participatory development focuses on the active role of society in the development process with the aim of improving the quality of life, not merely pursuing material growth (Kim, 2017). Meanwhile, the theory of social justice demonstrates the importance of equitable wealth distribution and equal access to education, health, and economic opportunities. These three theories form the conceptual foundation of the *Pancasila* economy, which rejects market dominance alone, fosters collective prosperity, and strengthens national social and economic stability as part of National Resilience (Meliala & Woods, 2022; Yahya, Fadlulloh, Nurdin, & Imanullah, 2024).

Pancasila Economy in People-Based Economic Development

The principle of economic democracy within the *Pancasila* system places the people as both the subject and the primary goal of national development. Economic growth is thus not a value-free neutral process; rather, it is political and requires distributive justice and cooperatives. Economic democracy, then, is not just a moral imperative but also a pragmatic policy to combat inequality, restore faith in politics and build social solidarity, vital for the resilience of the country in times of crises both at home and abroad.

In the *Pancagatra* dimension, *Pancasila* values are realised through equitable fiscal policies, transparent market governance, and the strengthening of modern cooperative institutions as manifestations of economic solidarity. An accountable political system controls the dominance of economic oligarchies, while society strengthens the production base through the empowerment of Micro, Small, and Medium Enterprises (MSMEs) and community-based economic activities to increase income equality. Reconstruction of social capital through collective participation maintains solidarity and strengthens social trust, which are the foundation of national stability.

The concept of defence and security within the *Pancasila* economic system encompasses dimensions of economic resilience, encompassing food, energy, and water sovereignty, as well as digital protection. Therefore, this system serves not only as a

normative doctrine but also as a framework for policy transformation that balances the roles of the state, market, and society to strengthen inclusive, just, and sustainable national security (Retnoningsih & Jamin, 2024).

The *Pancasila* Economy is the vehicle for realising National Resilience, or the national Great Strategy Nusantara, which reconstructs social and economic systems to drive national development towards public well-being that is collective, participatory and accountable. The principles of economic democracy are the policy instrument for dismantling and preventing social inequality, restoring public confidence with distributive justice and securing production sovereignty in a way that guarantees a self-reliant national economy. Therefore, implementing the values of *Pancasila* in the national economic order not only creates welfare for society but also strengthens ideological, economic, and socio-cultural resilience, which are three main pillars of Indonesian National Resilience.

METHODS

This section outlines the use of library research as the primary method for comprehensively examining the concept of *Pancasila* economics and the phenomenon of economic inequality in Indonesia. This approach integrates classical and contemporary thought with recent empirical findings to establish conceptual links between theory and practice. The literature analysis includes the work of (1999, 2002, 2003, 2004) on people's economics and the ideas of Amartya Sen's (1988, 2006) on empowerment and distributive justice. The synthesis of these various sources maps similarities, differences, and relevance to national economic dynamics, while also positioning the values of social justice and equitable welfare as the ideological foundation for equitable development.

The analysis is conducted using an integrative and connective approach to produce an empirically relevant scientific synthesis. The integrative analysis connects theory with actual data to identify the links between *Pancasila* economics, structural inequality, and public policy. The connective approach links the study results to the national resilience framework based on *Asta Gatra* (the principles of national resilience), which encompasses *Trigatra* (geography, natural resources, and population) and *Pancagatra* (ideology, politics, economics, socioculture, and defence and security). Using this orientation, the study shows that the ideology dimension of *Pancasila's* economic principle is enriched by social justice, the economic dimension is enriched by equality and national independence, and the socio-cultural dimension is in solidarity and community participation. The implications of this synthesis, both in a conceptual and empirical manner, are a practical contribution to the efforts of reinforcing Indonesia's national resilience systematically and sustainably.

RESULT AND DISCUSSION

Contradictions in the Implementation of the *Pancasila* Economy

The realisation of *Pancasila* Economics, as one of its ideals, has been a long-term strategic effort towards making Indonesia socially just. However, this concept often

remains at the level of idealism without consistent implementation in national economic practice. The disparity between upper- and lower-income groups demonstrates the weak application of *Pancasila* values in economic policy. Normatively, *Pancasila* Economics aims to reduce social disparities and strengthen distributive justice, but the reality shows that economic inequality continues to increase. Even though incomes and asset ownership are highly concentrated in the hands of a small economic elite, most of the population have poor resource access. It is interesting to discuss social justice in Indonesia. This phenomenon needs to be reviewed more comprehensively, and the effectiveness of implementing the *Pancasila* economy in realising social justice in Indonesia needs to be evaluated

The ideals of *Pancasila* Economics are based on the values of social justice, cooperation, and shared prosperity, as reflected in *Pancasila*. Theoretically, this system offers an alternative to capitalism and socialism by placing social interests above individual profit and prioritising the equitable distribution of welfare (Budimanta, 2024). However, the direction of national economic policy in many cases still shows a liberalistic tendency that favours large corporations over the people's economic sector. This phenomenon demonstrates a mismatch between the direction of economic policy and the core values of *Pancasila*. Within the framework of the people's economy theory put forward by Mubyarto (2004), the state should protect the people's economy and ensure equitable distribution of development outcomes. When policies instead strengthen free market mechanisms without a proportional role for the state, the value of economic justice loses its driving force in strengthening national welfare.

The capitalist-orientated economic policies run counter to the equality and social justice principles that are covered in *Pancasila* Economics (Karimullah, 2023; Taba, 2024). Rising inequality, both in the oligopolisation of national wealth and in an overall demographic, may have weakening effects on the economic structure of the nation, let alone what this has regarding social and ideological reinforcement within *Pancasila* Principles. The latter view is not in line with the spirit of the *Pancasila* Economics, which teaches togetherness and cooperation. Therefore, the application of *Pancasila* Economics needs to be focused on advancing *Pancasila* in an integrated pattern from ideological aspects and political economy to socio-cultural dimensions and defence and security within a comprehensive State Resilience programme.

The capitalist nature of Indonesia's economy also hinders the realisation of social justice. Capitalism, which is orientated toward profit accumulation and free competition, tends to neglect social responsibility and equal economic opportunity. This view contradicts the values of togetherness and cooperation that are at the heart of *Pancasila* Economics. From the *Trigatra* perspective, the dominance of capitalism creates an imbalance in the utilisation of natural resources and population potential. Strategic resources like mining, plantations, and property are dominated by massive conglomerates, while the population in resource-rich areas remains poor. In fact, as mandated by Article 33 of the 1945 Constitution and the principles of a people's economy, resource management should be directed towards the overall prosperity of the people.

Dependence on foreign investment and large-scale capitalism strengthens the grip of global capitalism on the national economic system (Nuriskandar, Muhammad, Alam, & Khiyaroh, 2025; Sahab, Nauvarian, Larasati, & Hennida, 2024). In its pursuit of short-term economic growth, as exemplified by the investment inflow, tax revenue, and job opportunities, the government may open opportunities for foreign investors. But this policy runs the risk of a cross-generational reduction in national economic sovereignty and home-based innovation competition. Under the rubric of National Resilience, especially the dependency limits the state's tableau of strategic sectors and damages its capacity to continue entrenching economic stability in response to global pressures.

Social inequalities are worsened by the uneven distribution of fundamental goods and services, including education, health care and housing. The extent of this inequality in the allocation of public services and economic opportunities relegates opportunities for good quality education, health care and decent housing to one's financial fortune. This circumstance is against the grain of social justice, which should preach equal distribution of development fruits to all citizens. This social disparity in resource share obstructs broad-based economic growth, while it undermines social and ideological resilience, which forms the main core of the *Pancagatra* (Five Principles). When people feel that they are left behind, there is a drop in social trust, and the stability of the nation can then come into question.

Implementing policies orientated toward *Pancasila* Economics requires systematic structural reform. The government needs to strengthen its role in wealth redistribution and expand access to economic resources. Progressive fiscal measures directed subsidies and enabling activities for MSMEs are tactical steps in the direction of narrowing the inequality. Community participation can be promoted and national economic resilience safeguarded through the rejuvenation of co-operatives and local economies. These stages be compatible with to the participatory development approach, which focuses on the participation of the community as the main agency of equitable economic development.

Education and socialization of *Pancasila* values are also important to revive the spirit of *gotong royong* and social justice. Education oriented towards developing a virtuous and socially-minded national character can foster a collective awareness that economic success is determined by individual ability and contribution to society (Karimullah, 2022). Economic development based on humanitarian values and cooperation will strengthen national identity and shape a resilient and distinctive national economic structure.

Realising a *Pancasila* economy is a long process that requires consistent policies and active public participation. Associated with economic inequality, the dominance of global capitalism, and weak state control over strategic resources require political courage and a strong national vision. With a focused national commitment, the *Pancasila* Economy can serve as a strategic instrument for strengthening National Resilience by strengthening the *Trigatra* and *Pancagatra* dimensions in a balanced and sustainable manner. This economic model offers a middle ground between growth and equity, which is the foundation for realising Indonesia's prosperity and national stability.

The Relevance of *Pancasila* Economy in the Digital Age

The *Pancasila* economy, which is founded on the concepts of social solidarity, justice, and prosperity in the spirit of struggle, remains the foundation for establishing a fair national economic system (Kian, Purwanti, & Sabri, 2021). Economic digitalisation and the dominance of transnational digital platforms are challenging the actualisation of social values like solidarity, justice, and prosperity (Munir, Haryono, Soesilo, & Masruro, 2024). These challenges are leading to pervasive transformations in the economy's structure, with data and digital innovation as the key factors of production across nearly all economic operations i.e. from retail to financial services. Indeed, these changes in paradigms and frameworks indicate that an adjusted economic paradigm must be developed to align with *Pancasila*, emphasising equality and social justice.

Furthermore, the rise of global companies particularly Amazon, Google, and Meta illustrates a shift in economic values from physical ownership to control of data and digital networks (Rizalihadi, 2019; Utomo & Setiyono, 2024). Corporate monopolisation of the global digital space is a reminder that when it comes to technology, progress doesn't necessarily lead to social justice. In a specific aspect, the corporate help improve efficiency and expand economic penetration; on the other hand, they sharpen data-based monopolistic power and deepen the social chasm among dominant participants in our economy and general population. This condition indicates the necessity to apply *Pancasila* economics as a moral foundation and economy policy that can balance growth with equity. And thus, the principles of social justice and national solidarity constitute the anchor of Indonesia's digital policy orientation to not be captured by the predatory logic of digital capitalism.

The digital economy presents essential challenges in the implementation of the *Pancasila* economy. On the one hand, the digital economy opens unprecedented opportunities for efficiency, scale, and speed of transactions; on the other hand, it poses risks of inequality, global platform monopolies, and job displacement for vulnerable groups. Within the framework of national resilience, this issue is not merely a matter of digital industrialisation, but a strategic issue that touches on *Astagatra* as a whole. The material prerequisites are equal inter-island connectivity, downstream-oriented natural resource management, and strengthening the capabilities of the population through digital literacy, computational skills, and reskilling pathways are fundamental for digital transformation to truly strengthen social democracy, social justice, and economic sovereignty, rather than merely replicating the highly exploitative logic of the free market.

The rapid development of the digital economy has brought out new potentialities for economic expansion but also the possible risks to social stability. While efficiency, speed of transactions, and global reach are competitive advantages, unequal access to digital infrastructure and technology capabilities may undermine broader public participation in this emerging economy. The changing economic structure resulting from digitalisation and the concentration of technological capital demands policies that ensure an equitable distribution of benefits. This challenge is directly related to national

resilience, which is based on *Asta Gatra*, where the dimensions of geography, natural resources, and population must be managed to support inclusive economic transformation. Strengthening digital literacy, expanding interregional connectivity, and improving the quality of human resources are strategic steps to strengthen equitable national prosperity.

At the policy level, the values of *Pancasila* have become a minimum ideal behind digital economic governance, serving as functional principles of public moralities. These values of *Pancasila* promote the establishment of fair antitrust systems, the development of balanced and non-discriminatory cross-border tax laws, and data governance that protects national sovereignty and cybersecurity. The government needs to ensure an accountable political and economic system so that local actors have equal opportunities with global actors. Empowering MSMEs and digital cooperatives as the producers of economic value will also increase community involvement in the digital value chain; because of this, national economic resilience is enhanced through equal chances of participation and production independence.

Although the digital era brings disruption and new inequalities, the values of *Pancasila* Economics remain relevant as guidelines for directing inclusive and equitable economic development. The government needs to ensure that digital transformation does not widen social gaps but rather serves as a means of redistributing opportunities and strengthening public welfare. Public policies that promote technology access for all levels of society, protect personal data, and support a collaborative economy based on national solidarity reflect the spirit of implementing *Pancasila* values in the modern era (Haerunnisa, Sugitanata, & Karimullah, 2023; Rahmani, Rozi, Fitriyanti, Iqbal, & Karimullah, 2023). This approach demonstrates that *Pancasila* is not only a moral ideology but also a strategic framework for strengthening national resilience through the synergy of ideological, economic, and socio-cultural dimensions in facing global digital transformation.

The Contribution of *Pancasila* Economics to National Resilience

Economic sovereignty is a fundamental element in maintaining a country's existence and independence amid increasingly complex global dynamics. Indonesia, as a country with abundant natural resources and a large population, often faces a dilemma in maintaining a balance between economic openness and the protection of national interests (Moldicz, 2025; Salendu, 2021). In this regard, *Pancasila* economics constitutes an essential component as an economic paradigm that emphasises the importance of state control over strategic resources without neglecting the role of the private sector and society at large.

In the era of globalisation and international market integration, challenges to economic sovereignty are growing. The presence of global economic powers through investment, trade, and the dominance of global digital platforms often creates vulnerabilities in the form of excessive economic dependence. *Pancasila* Economy places special emphasis on empowering the local economy, primarily through strengthening

MSMEs as the backbone of the domestic economy. MSMEs, within the framework of *Pancasila* Economy, are no longer viewed merely as a complement to the national economic system, but as the centre of strategic economic policy (Febriani, Nevi, & Asbari, 2022; Retnoningsih & Jamin, 2024).

The *Pancasila* Economy explicitly promotes an inclusive development approach. Economic growth alone is insufficient if it is only enjoyed by a small elite group. The concept of inclusivity in the *Pancasila* Economy requires that every economic policy be designed to involve all segments of society, especially those who are marginalised, in the development process. This inclusiveness is a strong foundation for creating social stability, which will ultimately strengthen social cohesion. *Pancasila*-based economic development policies ensure the active involvement of various levels of society in every implementation of economic development policies, strengthening social bonds and encouraging a collective sense of ownership and responsibility for the progress of the nation and state.

Strong national resilience cannot be easily separated from sustainable social cohesion. Indonesia's greatest challenge, as an archipelagic country with ethnic, cultural, religious, and local identity diversity, is to maintain unity in inherent pluralism. This is where *Pancasila* economics comes in with an approach oriented towards social solidarity as a glue between citizens. This solidarity is not merely in the form of social reality but is also manifested in the form of economic policies that ensure that no group is left behind in the flow of equitable development. The principle of social solidarity, which is essential to *Pancasila* Economics, ensures that economic progress and development are not only felt in certain regions, but are spread evenly throughout the country.

Comprehensive and sustainable economic growth is a fundamental paradigm in *Pancasila* Economics, which directly contributes to national resilience. The concept of equitable and sustainable development prioritises the principle of balance between current economic needs and the rights of future generations. *Pancasila* Economics encourages investment and development policies that favour environmental sustainability, natural resource conservation, and mitigation of the negative impacts of industrialisation. This sustainability-based economic growth is an important strategy in ensuring that national welfare is not only short-term oriented but also able to survive in the long term amid global challenges including climate change, energy crises, and global economic instability.

The *Pancasila* economy does not stop at conventional ideas of economic formation but is also capable of becoming a strong foundation for governance of digital economic development, which is increasingly dominant in the 21st century. The digital revolution has brought major disruption to the sustainability of conventional economic systems, presenting both opportunities and challenges for national sovereignty. Amidst the dominance of global digital corporations, developing countries including Indonesia often face new threats in the form of losing control over their citizens' personal data and information. The *Pancasila* economy offers a perspective that is oriented towards

protecting citizens' rights to data sovereignty. Data is not only understood as an economic commodity, but as part of national sovereignty that must be protected.

The integration of various principles of the *Pancasila* economy into digital economic governance also provides greater scope for the empowerment and advancement of MSMEs in the digital ecosystem. Economic digitalisation can be a double-edged sword; on the one hand, it opens up global market access for the advancement of MSMEs, but on the other hand, it can create dependence on foreign platforms that continue to dominate (Bukido, Muslihin, & Karimullah, 2025; Fitriyanti, Wulandari, Fahria, & Karimullah, 2025). *Pancasila* economics critically emphasises the importance of the state's role as a facilitator and protector in the digitalisation of MSMEs. The government, through policies based on *Pancasila* values, needs to actively support the creation of national digital platforms that provide fair access to all local economic actors. The consistent and critical application of *Pancasila* economic principles in various dimensions of the national economy is key to strengthening national resilience.

In an era of high global uncertainty, including the threat of recession, global trade conflicts, environmental crises, and rapid digital transformation, *Pancasila* Economy provides a strong foundation for Indonesia to survive and grow with sovereignty. Making *Pancasila* Economy the central paradigm of national economic development is not merely an ideological choice, but a strategic necessity in maintaining the existence of the Indonesian nation in a future full of challenges (Agussalim, Hartoyo, & Wahyuni, 2023; Baiza, 2023).

The improvement of aspects contained in the *Pancasila* economy, including economic sovereignty, social cohesion, and inclusive and sustainable growth, further strengthens the relevance of this paradigm to national resilience, while opening new opportunities for contributions to academic discourse and public policy. This relevance does not merely emerge as a pragmatic response to global or regional economic crises, but also as an important part of the ideological repositioning of the Indonesian nation in facing increasingly complex contemporary challenges. In conditions of global uncertainty, whether due to economic turmoil or increasingly fierce competition between countries, *Pancasila* economics provides a strategic alternative that gives the nation and state a strong foundation for maintaining its economic and political existence and resilience.

At the level of economic sovereignty, significant improvements can be achieved by strengthening domestic production capacity and the resilience of the national supply chain. In recent decades, Indonesia has shown a heavy dependence on global supply chains that are vulnerable to various disruptions, whether due to pandemics, geopolitical crises, or global trade tensions. With a *Pancasila* economy-based approach that encourages independence and active state participation, Indonesia can build a strong domestic production base, thereby strengthening overall economic resilience. This can be achieved by promoting investment oriented towards the development of national strategic industries, including food, energy, pharmaceuticals, digital technology, and vital infrastructure. This strategy not only strengthens the foundation of national economic

independence but also enables Indonesia to demonstrate proactive participation in rebuilding a more equitable, balanced, and country-friendly global supply chain configuration.

Improving social cohesion through the comprehensive implementation of the *Pancasila* economy is an essential pillar in maintaining national integrity from the threat of social conflict, which is often triggered by economic inequality. Increased social cohesion will strengthen national resilience, not only internally but also in facing the penetration of foreign interests intended to exploit social injustice as a tool for political fragmentation (Insani, Ibrahim, Karimullah, Gönan, & Sulastris, 2024; Karimullah, 2024). Efforts to create effective social cohesion through *Pancasila* economy can be realised by designing more progressive and innovative redistributive policies, including intensifying affirmative approaches towards marginalised communities that have been excluded from development. From this standpoint, affirmative policies need to be supported by more transparent, responsive, and accountable governance to ensure that the redistribution of wealth and access to economic opportunities truly reach the groups most in need.

Comprehensive and sustainable development, as an important component of the *Pancasila* economy, must be further developed through policy mechanisms capable of integrating various economic, social and environmental aspects in a balanced manner. This increase in economic growth and development, which is not only high but also of high quality, will expand the contribution of the *Pancasila* economy paradigm to national resilience. This resilience is not only short-term oriented but also provides a foundation for long-term stability that enables the Indonesian nation to survive in challenging and uncertain situations. Operationally, the implementation of these policies can be realised through various instruments including green fiscal reform, industrial policies that favour environmentally friendly innovation, and the strengthening of circular economy schemes that reduce excessive exploitation of natural resources.

CONCLUSION

This study demonstrates that *Pancasila* Economics has strategic relevance as a framework for equitable, sovereign, and shared prosperity-orientated national economic development. This paradigm addresses the gap between normative values and empirical reality by promoting economic governance that places humans at the centre of development, strengthens sovereignty over resources, and upholds the principle of social justice. *Pancasila* Economics becomes an important aspect of national defence and resilience because it operates ably in the connection between *Trigatra*, which covers the geography, natural resources, and population, and *Pancagatra*, which includes ideology, politics, economy, socio-culture, defence, and security. This mode does not only promote national independence and competitiveness but also being an alternative to the global capitalist economic system by means of strengthening social solidarity, mutual aid relations and ecological sustainability as the substance of national development.

Nevertheless, the application of *Pancasila* Economics still finds structural challenges that need a continuity programme, institutional change and ongoing cultural transformation in political economy. A dependence on foreign capital, the disconnect

between the formal and informal economy and limited economic literacy indicate that a strong tendency of exercising nation-state capacity in embedding *Pancasila* values in economic policy is required. Further studies should consider the impact of asset reshuffling policy, the digital economy's data sovereignty issue and *Pancasila* values on fiscal policy and green industry development. An interdisciplinary approach from political economy, public policy and defence studies is hoped to be able to reinforce understanding of *Pancasila* Economics' contribution in strengthening sustainable and inclusive National Resilience, which places Indonesia as a frontrunner of the humanistic global economic paradigm.

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