

Potential and Challenges in the Development of a People's Economy Towards Golden Indonesia 2045

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Abstract— Indonesia has an ambitious goal to achieve the status of a developed country by 2045, known as "Golden Indonesia 2045." This achievement heavily relies on an inclusive and sustainable economic transformation, including the development of a people's economy. A people's economy is oriented towards empowering grassroots communities and aims to strengthen the well-being of the populace. This research aims to identify the potential and challenges faced by Indonesia in realizing a people's economy as part of the Golden Indonesia 2045 goal. The study uses a literature review method to analyze various relevant references on the concept of a people's economy, Indonesia's resource potential, and existing challenges. The analysis results indicate that although Indonesia has significant potential in the agriculture sector, Micro, Small, and Medium Enterprises (MSMEs), and natural resources, there are structural challenges such as economic inequality, uneven infrastructure, and dependence on the primary sector that need to be addressed to ensure the achievement of inclusive and sustainable economic development by 2045. This research suggests policies that support economic equity, increase access to technology and education, and promote even infrastructure development.

Keywords— Golden Indonesia 2045, Economic Potential, Economic Challenges, People's Economy

INTRODUCTION

Indonesia has a grand vision to achieve Golden Indonesia 2045, which aims to establish the country as one of the world's major economic powers. This vision must be accompanied by efforts to create inclusive and sustainable economic growth, one of which can be achieved through the development of a people's economy.

A people's economy is a system that has been considered for decades and remains relevant for implementation today and in the future. This system is based on the economic strength of the people. People's economy refers to economic activities or enterprises undertaken by the populace, managing economic resources independently, in line with what they can achieve and master. Similar to capitalist and socialist economies, a people's economy also has a solid theoretical and systematic foundation.

The people's economy is seen as one approach that can address social inequality and enhance the welfare of the community. The people's economy system aims to realize the sovereignty of the people in the economic field. The state encourages cooperatives and gathers Micro, Small, and Medium Enterprises (MSMEs), making them one of the national economic strengths. With the people's economy, the benefit is that the people as actors will directly reap the results, thus the effects of equitable development will be felt more quickly. To date, the people's economy system is still the best choice, though it

requires support from large enterprises like State-Owned Enterprises (BUMN) and the private sector to achieve higher growth. (Munzir & Syamsuddin, 2020: 109).

Table of Total MSMEs in Indonesia

Type of business	Quantity	Percentage (%)
Micro Business	63.955.369	99,62%
Small business	193.959	0,30%
Medium Business	44.728	0.07%
Big Business	5.550	0.01%
Total MSMEs	64,199,606	100%

Source: KemenKopUKM (2023) in (Rachman, 2025)

Based on the data above, it shows that Indonesia has a total of 64,199,606 businesses, with the vast majority being Micro Enterprises. There are 63,955,369 Micro Enterprises, which make up 99.62% of the total businesses. Meanwhile, Small Enterprises number 193,959 or 0.30% of the total. Medium Enterprises are slightly smaller in number, totaling 44,728, representing 0.07%. On the other hand, Large Enterprises only total 5,550, which is 0.01% of the total businesses. From this data, it is evident that Indonesia's economy is heavily dominated by Micro Enterprises, with the contributions of Small, Medium, and Large Enterprises being very small in the overall proportion.

This data shows that there is substantial potential for achieving the Vision of Golden Indonesia 2045. The 1945 Constitution's Article 33 defines the people's economy as a national economic system aimed at realizing an economy that is used for the people's prosperity. With this concept of a people's economy, it is hoped that the economy in Indonesia will better reach small groups that are often marginalized by the existing economic system.

However, to achieve Golden Indonesia 2045, Indonesia must confront a number of complex challenges, including economic structural issues, social inequality, and the readiness of human resources and supporting infrastructure. Therefore, the main research problem in this study is to analyze the potential Indonesia has in developing a people's economy as well as the challenges that need to be addressed.

I. RESEARCH METHODS

This study uses literature review method by examining various reference sources related to the people's economy, Indonesia's resource potential, as well as the challenges faced in achieving Golden Indonesia 2045. The literature review is conducted by analyzing scientific journals, policy reports, books, and other publications relevant to the topic. The collected data is used to construct arguments about the potential and challenges in the development of the people's economy in Indonesia.

II. RESULTS AND DISCUSSION

2.1. Potential of the People's Economy in Indonesia

2.1.1. Agricultural Sector

The agricultural sector is one of the dominant sectors with great potential in Indonesia's people's economy. With abundant natural resources, Indonesia has a substantial opportunity to increase agricultural production, which can improve the welfare of farmers and rural communities. Agriculture that is based on the principles of sustainability and appropriate technology has the potential to promote economic inclusivity. This aligns with the government's program that aims to make Indonesia a world food barn by 2045, Sulaiman et al., (2017) It is stated that the world's population has now exceeded 7 billion people and is estimated to increase to 9.8 billion by 2050. According to FAO estimates in 2012, the addition of 2 billion people to the global

population by 2050 will cause the need for food production to increase by about 70% to meet global food demands. Developing countries, including Indonesia in the Asia-Pacific region, must be able to increase food production by up to 100%.

From the explanation above, it is evident that the agricultural sector in Indonesia has significant potential to support the people's economy. With proper management, this sector can not only enhance the welfare of farmers and rural communities but also contribute to food security and national economic development. Therefore, it is crucial to continuously promote productivity improvements, empower farmers, and provide infrastructure that supports inclusive and sustainable growth in the agricultural sector.

2.1.2. Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are the backbone of Indonesia's economy and play a significant role in job absorption. Empowering MSMEs with better access to capital, training, and digital technology will enhance their contribution to the national economy. MSMEs have the potential to become the driving force behind the people's economy. This aligns with what was stated by Ismail et al., (2023) that Micro, Small, and Medium Enterprises (MSMEs) hold a crucial role in advancing regional economies. With the growth of MSMEs, the desired social prosperity can be achieved through the enhancement of community economies. As the welfare of society increases, the national economy will grow and develop more rapidly. Nurlinda & Sinuraya, (2020) It emphasizes that MSMEs have extraordinary potential as economic engines, serving as the primary source of income for communities and addressing unemployment. Additionally, MSMEs play a crucial role in contributing to the Gross Domestic Product (GDP), foreign exchange earnings, and attracting investments. This potential highlights the critical role of MSMEs in driving economic growth and ensuring a more prosperous future.

Based on this, the MSME sector in Indonesia plays a crucial role in the country's economy due to its significant potential in the people's economy. MSMEs not only create job opportunities and strengthen the local economy, but they also drive innovation and reduce dependence on large sectors. Moreover, MSMEs contribute to the empowerment of marginalized communities and enhance social mobility.

2.1.3. Natural Resources (NR)

Indonesia possesses vast natural resources, ranging from renewable energy and minerals to the fisheries sector. Sustainable and inclusive management of these natural resources will support the realization of a strong people's economy. Additionally, Indonesia is recorded as the largest archipelago country in the world and is a country with abundant natural wealth, especially mineral resources, which have made it one of the largest mineral producers globally (Rurit & Dewanto, 2020).

The explanation above highlights that the potential of a people's economy within the natural resources sector in Indonesia is significant and can positively impact the community's economy, particularly in remote areas. Through sustainable management and the empowerment of local communities, the natural resources sector can create jobs, enhance welfare, and add economic value.

Overall, Indonesia has substantial potential for a people's economy in three main sectors: agriculture, MSMEs, and natural resources. These sectors play crucial roles in improving community welfare, creating jobs, driving innovation, and adding value to the local economy, especially in remote areas. With sustainable management and the empowerment of local communities, this potential can be harnessed to advance Indonesia's economy as a whole.

2.2. Challenges in Developing the People's Economy

2.2.1. Economic Inequality

The disparity between urban and rural areas, as well as among different educational groups, remains a major challenge. High economic disparities can hinder the equitable distribution of welfare. Nurrohim et al., (2024) Economic inequality remains a significant challenge in Indonesia, with notable income disparities among communities and various regions. Several factors contribute to this inequality, including limited job opportunities, low levels of education and skills, high unemployment rates, inadequate working conditions, and underdeveloped infrastructure. Globalization has transformed Indonesia's political and

economic landscape, bringing new challenges and opportunities that require a deep understanding to address. Despite Indonesia's wealth of natural resources and cultural heritage, issues such as poverty, income inequality, unemployment, and stagnant economic growth remain major concerns. Therefore, development in various sectors and the optimization of human resource utilization are crucial to improving overall societal welfare.

Based on the explanation, economic inequality is a major challenge in developing a people's economy in Indonesia. The imbalance in access to resources, education, infrastructure, and uneven financing, coupled with the dominance of large companies, can exacerbate inequality and hinder inclusive economic growth.

2.2.2 Uneven Infrastructure

Uneven infrastructure, especially in remote areas, hinders people's access to markets, education, and technology. Integrated infrastructure development across Indonesia is crucial to support the development of the people's economy. This is also a national priority as stated by Haryono (2025), in a national discussion highlighting eight main priorities, one of which is infrastructure development, both from the village level and a national level.

It can be concluded that uneven infrastructure is one of the main challenges in developing a people's economy in Indonesia. Infrastructure imbalance hinders access to markets, financing, technology, as well as the development of crucial sectors such as education, tourism, and energy. To ensure that the people's economy grows equitably and inclusively, special attention must be given to building fairer and more evenly distributed infrastructure across Indonesia, especially in underdeveloped regions.

2.2.3 Dependence on the Primary Sector

High dependence on the primary sector, such as agriculture and natural resource extraction, can pose a challenge in developing a sustainable people's economy. Economic diversification towards higher value-added sectors is needed to reduce this dependence. As explained by Christina & Pratiwi, (2017) that in some regions there is a high dependency on the primary sector, considering that in many areas of Indonesia, the economy is still supported by agriculture, plantations, fisheries, etc.

Based on the explanation, heavy reliance on the primary sector can be a serious obstacle in developing a sustainable and inclusive people's economy. The instability of commodity prices, vulnerability to climate change, as well as the low value-added and lack of diversification, can hinder the improvement of community welfare. To address these issues, steps are needed to promote economic diversification, increase the value-added of products, and develop more sustainable skills and technologies.

2.2.4 Human Resources (HR)

The limited quality of human resources, especially in remote areas, remains one of the main obstacles. More equitable education and training can help improve the skills and capabilities of communities in facing global economic changes. Christina & Pratiwi, (2017) it explains that the development of industrial enterprises in Indonesia still faces serious challenges due to the low quality of human resources, particularly in mastering modern processing technology. Most of the workforce has a low level of education, which hinders their ability to adapt to the latest industrial developments. However, the positive trend in the growth of the processing and trade sector in Central Kalimantan offers significant opportunities. It is crucial to leverage this momentum to overcome existing weaknesses and promote a more competitive industrial transformation.

The explanation above concludes that the challenges faced in developing a people's economy in Indonesia related to human resources are very complex, encompassing deficiencies in education, skills, and access to technology. To address these issues, steps are needed to improve the quality of education and skills, provide managerial training, introduce new technologies, and encourage the participation of youth and skilled labor in the people's economy sector.

Overall, these challenges are interrelated and exacerbate each other. To create sustainable and inclusive growth in the people's economy, efforts are needed to address economic inequality, build more equitable infrastructure, reduce dependence on the primary sector, and enhance the quality of human resources through education, training, and access to technology. The

government and society must work together to formulate policies that can reduce these barriers and improve the overall welfare of the community.

III. CONCLUSION

The people's economy has the potential to become a crucial pillar in achieving Golden Indonesia 2045. This research shows that the people's economy in Indonesia has significant potential, especially through the agriculture sector, Micro, Small, and Medium Enterprises (MSMEs), and natural resources (NR). The agriculture sector can improve the welfare of rural communities by utilizing natural wealth and sustainable technology. MSMEs play an important role as the backbone of the economy, absorbing labor, and driving local economic growth. Meanwhile, sustainable management of natural resources can support the development of an inclusive people's economy.

However, the challenges to realizing a people's economy also include exacerbating factors such as economic inequality, uneven infrastructure, dependence on the primary sector, and limited quality of human resources. To address these challenges, an integrated effort is needed to improve access to education and training, build equitable infrastructure, and diversify the economy towards value-added sectors. With the right strategy and collaboration between the government, society, and the private sector, Indonesia can optimize the potential of the people's economy to achieve the goals of Golden Indonesia 2045.

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