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The Role Of Macroeconomics In The Post-Collapse Status Quo Between Leadership Periods In Indonesia Has Significant Implications, Especially From The Perspective Of Institutional Economics.

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Abstract— *The economic crisis is one of the triggers for economic crises in various countries from over time. It's not just the economic crisis, apart from that the more important thing is the collapse of the structure of society, the direction of the economy and politics in the future, in the status quo situation after the collapse between leadership periods in Indonesia, where government product regulations, including external institutions, cause uncontrolled public reactions to the transition situation.*

This article discusses the situation in Indonesia from era to era, from a macro-economic, political and institutional perspective. So economics and politics are a forum for leaders to decide on strategic policies in leading the government during the transition period.

Keywords : Macroeconomics; Politic; Economics.

JEL Codes : H12, P00, P59

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1. Introduction

During the era of Sukarno's governance, the dominance of ideological struggles between the two superpower blocs led to economic and political polarization. Despite the adoption of the Pancasila ideology, the political direction leaned towards socialist-communist forces, influencing economic framing. The political and security conditions in the country were not stable in the early years of independence in 1950, with separatist movements emerging, disrupting economic stability.

Efforts to improve political stability took precedence over establishing economic fundamentals, and there was a disregard for foreign aid from international monetary institutions, particularly led by the IMF. Consequently, economic development did not progress significantly during the period from 1945 to 1965. This is evident in the inflation gap, reaching 328 percent during the years 1965-1966. After the Sukarno era, Indonesia experienced extraordinary volatility, financial difficulties, and an aimless economic policy.

The unstable economic situation prompted alliances among communities and students to overthrow the post-military coup government, leading to a change in the regime that determined the political and economic direction of Indonesia. Under the New Order regime that took power in 1965, there was a shift in economic policy paradigms as a complement to the views of the previous regime. This was aimed at addressing and managing the country's economic challenges.

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Building political centralization as a driving force for economic development is a determinant (key factor) and opening up extensive cooperation with other countries, including pro-Western nations. Providing broad opportunities for foreign aid as a supplement to support the State Budget (RAPBN) in promoting economic development. In the face of high inflation and the need to reinvigorate the economy, the government formulated a comprehensive plan for economic stabilization known as the Economic Stabilization and Rehabilitation Package (October 1966 Package).

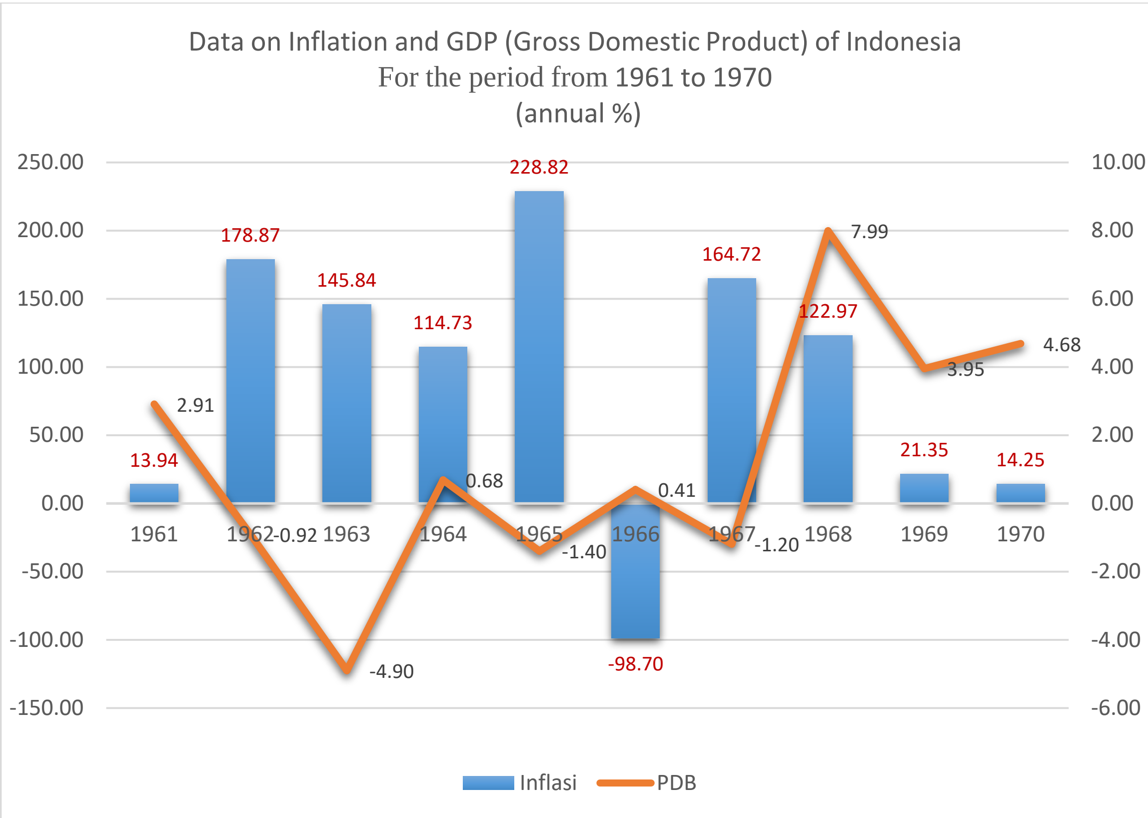

Figure 1: Inflation and GDP of Indonesia For the period from 1961 to 1970
Source : WorldBank, 2023

The New Order established a different economic paradigm from the preceding era, drawing on economic theories such as the Harrod-Domar Growth Model, Adam Smith's Growth Theory, Ricardo's Quantity Theory, and others. These theories formed the basis for determining strategic economic development policies. The country adopted sound economic practices under the New Order regime. The military, remaining a dominant figure in the political structure, supported more scientific and objective policies by providing a separate space for technocrats, expected to operate outside the realm of political and social conflicts.

The success of the New Order in the primary development structure of Indonesia's economy, while the government was entangled in regional and global interests that were not favorable, led to policy choices that were not in favor of the people. This, in turn, prompted elements of society to engage in unstructured

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actions, including massive defection. When the superstructure collapsed, political and social problems automatically emerged.

Furthermore, in the case of Indonesia, the New Order was viewed as "an alliance between foreign capital and the political-bureaucratic power within the country dominated by the military." The fundamental interpretation is that support for the capitalist system resulted in the influx of foreign capital and the outflow of commodity surpluses. The benefits of this surplus were enjoyed by the ruling class dominated by the military, while the gap between class structures continued to widen. In fact, there is a belief that increasing inequality, oppression, and the isolation of the ruling class would lead to a reaction led by the middle class in Indonesia. Given this background, it is crucial to examine the economic policies of the New Order regime.

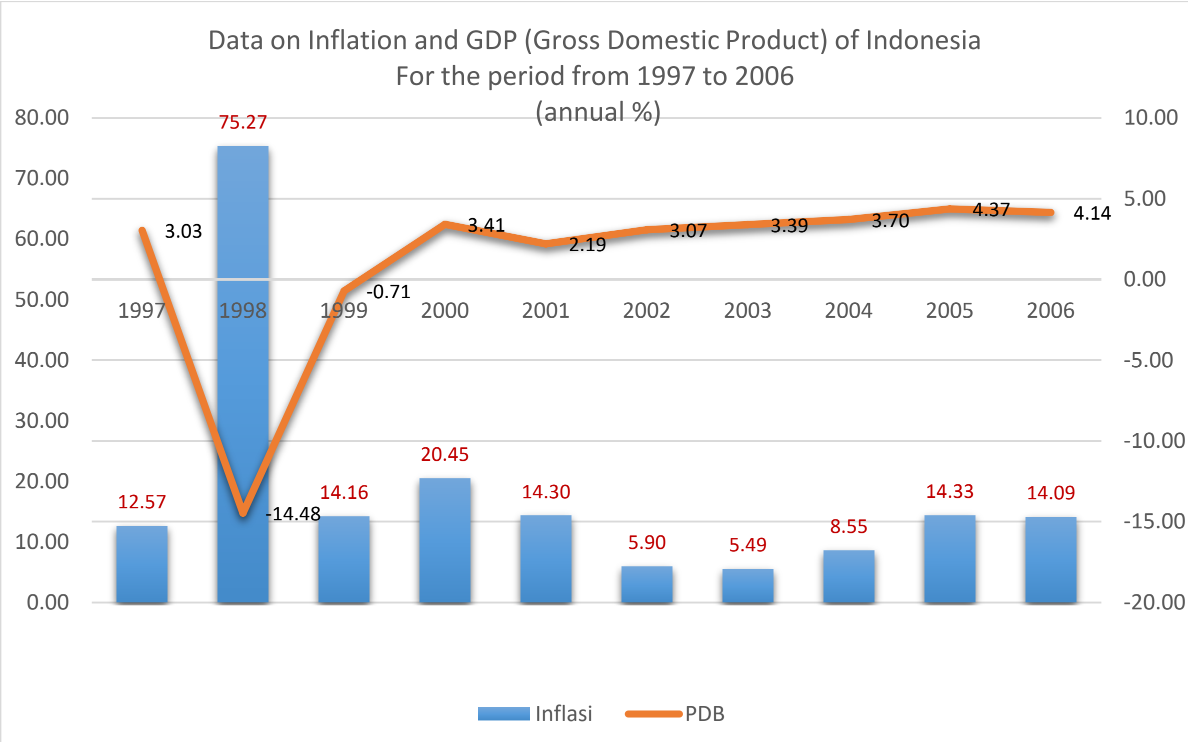

Figure 2: Inflation and GDP (Gross Domestic Product) of Indonesia For the period from 1997 to 2006
Source : WorldBank, 2023

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2. Literature review

Society is continually in motion, evolving, and undergoing change. This dynamism is caused by internal factors within the society itself and can also result from external environmental factors. Social change is explained through the perspectives of socio-historical theory, structural-functionalism, conflict theory, and social psychology (Narwoko, 2004, 365). According to another theoretical perspective, authority is not inherent in individuals but rather in positions, making it non-static. Those in power in one environment may not necessarily hold authority in another. Social change occurs through consensus, where opinions or ideas adopted by a group are extended to a larger community based on shared interests (often facilitated) until it reaches a decision-making level. The consensus mentioned here is indirect; society submits to the decision-making process established by the prevailing authority. Society grows and conforms within the social system shaped by the authoritative power. However, the benefits of the authority created by those in power may not necessarily be directed towards the broader institutional structure of society.

The problems arising from economic and socio-cultural changes involve the question of who can meet the needs. The basic needs of society are food, clothing, shelter (basic necessities), and human resource empowerment. Abraham Maslow outlined the hierarchy of human needs, with physiological needs being the most fundamental. To survive, humans fundamentally require daily sustenance, adequate clothing, and suitable shelter. Soetomo writes that all societies share the same aspiration, which is prosperity (Soetomo, 2016, 340). This prosperity refers to well-being in physical, spiritual, and economic terms. A prosperous life means living without fear of the future, feeling comfortable and peaceful, enabling the fulfillment of basic needs and subsequently addressing social changes in other areas.

If economic needs are not met, this also affects human resources, including thinking, behavior, speech, lifestyle, culture, and socialization methods, which can differ significantly from those of economically stable societies. Resources become a problem because the solutions offered by others may not be accepted by a society accustomed to its old way of life. According to Weber, this economic problem and human resource issue can be resolved using a legal authority or legal leadership system. Another perspective suggests that power or leadership is the probability (likelihood that something will happen) of a specific order being obeyed by a group of people (Ritzer, 2008, 140). Max Weber’s thoughts on authority and leadership delve deeper into the context of the ability to influence actions and thoughts. Another aspect is that the source of efficiency improvement is not economic reform itself but credible economic reform (Rodrik, 1989).

From the framework of Macroeconomics, considering the case of Indonesia, according to John White, multilateral institutions, such as international financial institutions and development organizations, act as intermediaries between donors and recipients. These institutions are directly responsible for allocating resources provided by their members and other countries. It is essential to note that most resources managed by multilateral institutions in Indonesia come from wealthy countries that also provide bilateral aid. In the post-collapse status quo between leadership periods in Indonesia, the focus of this writing is how different leaderships determine the direction of economic policies, playing a crucial role in socio-economic aspects from a comprehensive economic perspective. Karl Marx, in his concept of economic structure, argues that the driving force for change leading to social and economic changes lies in the process of social change and economic environment becoming the basis for all societal behaviors. Marx's perspective is summarized by Salim: "Whoever controls the economy will also control all other aspects" (Salim, 2014, 30). This implies that the economy is the foundation of social change. Another perspective is that when the economy is well-developed, it influences social or socio-cultural behaviors of society, including ways of thinking, acting, lifestyle, socializing, and ideologies (Damsar, 2015, 70).

3. Methodology

This research adopts a qualitative descriptive and case study approach to explore the theory of the post-collapse status quo between leadership periods, particularly within the realm of economics. The qualitative approach allows the researcher to collect descriptive data in the form of words and images, consistent with Lexy J. Moleong's view that data in qualitative research is descriptive and not numerical. Qualitative methodology does not rely on statistical foundations but rather on qualitative evidence.

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Bogdan and Tailor, as quoted by Moleong, define qualitative methodology as a research procedure that produces descriptive data, especially in the form of policy actions. The goal of this analytic descriptive research is to provide a systematic, factual, and accurate description of the facts, characteristics, and relationships among the investigated phenomena.

The research strategy takes a careful approach to a program, event, activity, process, or group of individuals. The research problem is delimited by time and activity, and the researcher collects information comprehensively using data collection based on predetermined time frames (Stake, 1995).

In constructing the framework, the case study includes:

1. Objects of Observation: Human beings, events, settings, and documents.
2. Depth of Understanding: Objects of observation are understood in-depth as a totality according to their respective backgrounds or contexts, with the aim of understanding various interconnections among variables.

The variables focused on in this study include:

1. Macroeconomic Perspective
2. Leadership Economics Perspective Between Periods
3. Institutional Economics Across Time

Using a qualitative descriptive and case study approach, this research aims to provide a systematic, factual, and accurate description of the post-collapse status quo between leadership periods in Indonesia, particularly in the economic context.

4. Results and Discussions

4.1. Inter-Temporal Leadership Economics from a Macroeconomic Aggregate Perspective

4.1.1. Leadership in the Old Order Era

In the early years of independence, Indonesia's economic situation was highly complex. The nation faced interference from colonial powers, creating obstacles in managing the country's economy. Economic challenges during this period included the determination of the currency, the Dutch blockade on Indonesian exports, and the low income of the population, resulting in high levels of poverty (Poesponegoro, 1993:243). Around 1945-1950, Indonesia's economy was not yet favorable for the Republic of Indonesia. The country was still engaged in guerrilla warfare against colonization, and large companies were still predominantly Dutch-owned (Sjamsuddin, 1993:226).

In the 1950s, Indonesia's economic structure still bore the traces of colonialism. The economy was considered poor due to the influences of Japan and the Netherlands. Additionally, Indonesia faced extraordinary social, political, and security upheavals, with limited attention given to economic growth and development. Economic activities were low, and large companies at the time were remnants of colonial rule, mostly foreign-owned, focusing on export-oriented products. Plantations and installations across the country were in disrepair, while the population continued to grow (Ricklefs, 2005:358). In the 1950s, Indonesia struggled to implement economic development. Government initiatives focused on the rehabilitation of the economic structure. Leaders sought to improve the unstable economic growth through programs emphasizing recovery and improvement. During this time, leaders did not prioritize the population (Leirissa, 1996:93).

President Sukarno and other figures formulated Pancasila as the state ideology that aligned with the life views and aspirations of the Indonesian people. The challenging circumstances faced by Indonesia prompted Sukarno to advocate for independence and the welfare of a people free from imperialism and colonialism (Sjamsuddin, 1993:216). Sukarno's economic ideas led Indonesia to adopt an anti-capitalist economic ideology, emphasizing the strengthening of the state's role and economic sovereignty (Dhakidae, 2013:118).

Sukarno attempted to address Indonesia's economic challenges using a Marxist approach. He argued that political sovereignty and cultural personality could not be achieved without economic self-reliance. Economic self-reliance, according to Sukarno, could not be achieved if a nation lacked political sovereignty and cultural personality. Self-reliance aimed at the welfare and prosperity of the Indonesian people. Sukarno's framework for economic concepts was termed "Economic Self-Reliance."

On December 24, 1963, President Sukarno issued Presidential Decree No. 12 of 1963, which integrated the National Planning Council into the working cabinet, forming the National Development Planning Agency (BAPPENAS). BAPPENAS was tasked with: a) Formulating long-term national development plans, including regional and rural community development plans. b) Formulating annual development plans. c) Coordinating all development activities to achieve national development goals.

BAPPENAS' programs did not completely improve Indonesia's economy, leading to a decline in government revenue and resulting in a deficit. To address this, the government printed new money, causing an increase in circulating currency without a corresponding increase in goods. As a result, from 1960 to 1965, inflation increased, and volatility remained high. To address this, Sukarno issued the Declaration of Economic (DEKON) on March 28, 1963. The goal was not just to introduce economic breakthroughs but to promote comprehensive social development, ultimately achieving "National Democracy," which would lead to Indonesia's socialist stage (Sjamsuddin, 1993:238). The DEKON had programs that included:

1. Creating a national and democratic economic structure free from remnants of imperialism and feudalism.
2. Establishing socialist Indonesian economics, ensuring that no one would exploit others. Every person was guaranteed employment, clothing, food, housing, and a good cultural and spiritual life (Lubis, 1988:77). The DEKON aimed to prevent deviations in the implementation of independent economic development. However, the DEKON's products were later modified by communist groups, including a crucial phrase emphasizing a focus on anti-imperialism. This led to a lack of economic change and development (Djiwandono et al., 2005:16). The Declaration of Economic was followed by the influence of the International Monetary Fund (IMF). The regulations issued at that time reflected an economic approach to the challenges facing Indonesia. In the early implementation of the DEKON, there was a 500% increase in the cost of living, which leveled off two months later, resulting in a slight reduction in inflation.

4.1.2. Leadership in the New Order Era

Starting from March 1966, Indonesia entered the era of the New Order government. Unlike the Old Order government, during the New Order era, the government aimed to improve the welfare of the people through economic and social development in the country. During the New Order government, Indonesia re-established good relations with the West, moving away from communist ideology influences. Indonesia re-joined international organizations such as the United Nations, the World Bank, and the IMF (Tambunan, 2006). The government focused on restoring economic, social, and political stability and domestic economic rehabilitation through the Repelita program. The goals of this policy were primarily to reduce inflation, decrease the government's financial deficit, and revive production activities, including exports, which had stagnated during the Old Order era.

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The long-term objective of economic development in Indonesia during the New Order era was to enhance the welfare of the people through large-scale industrialization, considered the most appropriate and effective way to address economic issues such as unemployment and balance of payments deficits. In the early stages, development efforts were concentrated in specific sectors with high potential for added value in a short period, and primarily on the island of Java due to limited funds. The main focus of Repelita I was to achieve self-sufficiency, particularly in staple foods such as rice.

Several main conditions needed to be fulfilled for successful economic development: a) Strong political will: President Soeharto aimed to build Indonesia's economy. The strong nationalistic spirit from both the government and the public, combined with a focus on military strength and landmark projects, was emphasized, especially to Western countries. b) Political and economic stability: The New Order government successfully reduced significant inflation from around 500% in 1966 to approximately 5-10% in the early 1970s to 1980. This success helped convince the public that economic and social development was the path to prosperity in Indonesia. c) Improved human resources: With better human resources, the government had the capability to formulate development programs and strategies, implement related policies, and manage macroeconomics effectively. d) Open political and economic system: The New Order government was open to all Western countries, attracting Foreign Direct Investment (FDI), foreign capital investment, technology transfers, and knowledge. e) Favorable global economic and political conditions: The oil boom and the post-Vietnam War era contributed to a conducive global economic and political environment during the New Order era.

The economic policies during the New Order era resulted in rapid economic transformation and high economic growth, but with the high cost of economic fundamentals and fragility. Towards the end of this period, Indonesia experienced a bubble economy, reflected in the poor condition of the national banking sector, leading to dependence on foreign capital, imbalanced foreign loans, and imports, creating vulnerability to global conditions. Eventually, Indonesia faced a major economic crisis triggered by the depreciation of the rupiah against the US dollar in mid-1997 (Tambunan, 2006b). This crisis was exacerbated by global factors, as discussed in the previous journal entry.

By the end of the New Order government, confidence in Indonesia's economic performance, both domestically and internationally, was declining. The government was compelled to sign a Letter of Intent (LoI) with the IMF in January 1998, consisting of 50 policy measures covering macroeconomics (fiscal and monetary), financial sector restructuring, and structural policies (Tambunan, 2006b).

4.1.3. Leadership in the Post-Reform Era

Post-Reformasi conditions have not yet stabilized, and leadership is affected by fluctuations in domestic oil prices and needs, unlike the oil boom period at the beginning of the New Order. Indonesia has lost momentum and has become a significant importer of oil, unlike the early New Order era when it was a net oil exporter. During this period, Indonesia became one of the largest oil importers in Asia, surpassing even Japan, a non-oil-producing country. In 2010, Indonesia's oil imports were predicted to reach around 60%, and by 2015, it was estimated to be around 70% of domestic oil needs (Kurtubi, 2005). In this context, Indonesia faced challenges in global trade due to its high oil imports, driven by the rapid growth of domestic oil consumers following population growth, economic development, and increased per capita income. On the other hand, domestic oil refinery capacity was severely limited (Kurtubi, 2005).

In late 2005, the government significantly raised fuel prices, negatively impacting the domestic economic climate, especially in the short term, causing an increase in production costs. In theory, the

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negative impact of fuel price hikes on economic activities includes economic growth, employment opportunities, and poverty.

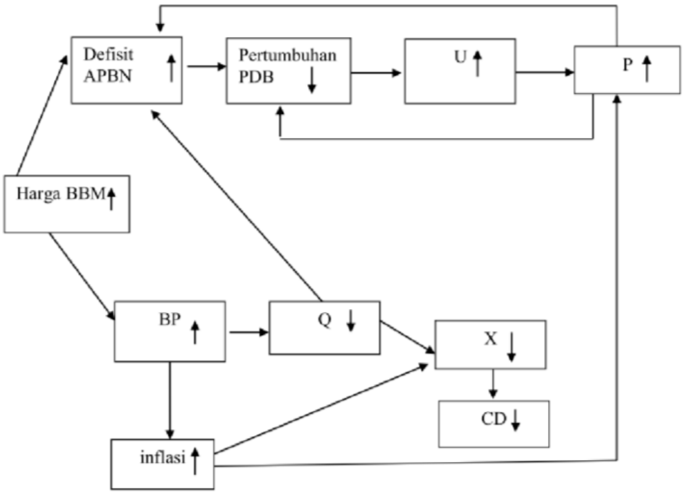

Figure 3: Effects of Fuel Price Increase on the Economy and Poverty in Indonesia, A Theoretical Illustration.

The increase in global fuel prices clearly contributes to a larger budget deficit in the State Budget (APBN). Indonesia's dependence on fuel imports continues to rise. The escalating government revenue deficit has reduced the government's ability on the expenditure side to drive economic growth. On the other hand, the impact of rising fuel prices has led to a reduction in domestic production (Q), resulting in increased production costs (BP), which negatively affects exports (X). This implies a reduction in foreign exchange reserves (CD). As a result, economic/production activities decline, leading to reduced business income and a significant deficit in the APBN due to reduced tax revenue absorption. High fuel prices have driven domestic inflation.
All these factors have had a negative impact on employment opportunities, potentially increasing unemployment (U) and poverty (P). The rise in poverty worsens economic growth as the demand within the country decreases (Tambunan, 2006b). Increasing unemployment and poverty eventually add to the APBN deficit because government income from income taxes decreases. On the other hand, government expenditures increase in an effort to alleviate poverty. This is done to create a multiplier effect, maintaining consumer spending and business climate, with the hope of increasing government revenue absorption from the tax sector.

4.2. Institutional Economic Perspective on Inter-Temporal Status Quo

Neoclassical economics theory and new institutionalism are sets of ideas that explain politics, history, economics, and social institutions such as government, law, markets, firms, social conventions, families, and others within the framework of neoclassical economic theory. North (1990) divides institutions into two categories: informal institutions and formal institutions. Informal institutions are forms of institutions whose existence within society is generally not written down. Examples include customs, traditions, taboos, agreements, or conventions that are grouped as informal institutions. On the other hand, formal institutions are written regulations such as legislation, agreements, contracts, regulations in the economic,

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business, political fields, and others. All agreements that apply internationally, nationally, regionally, and locally are considered formal institutions. Formal institutions often evolve from informal institutions, representing a response to societal changes from simple to more complex living patterns or as a demand for changes in the dynamics of life.

Wolfgang Kasper and Manfred Streit categorize institutions based on their emergence processes into two types: internal and external institutions. Internal institutions originate and develop from societal culture, such as local wisdom values that have existed within the community. External institutions, on the other hand, are third-party institutions that create binding regulations and enforce them on a specific community. Government product regulations are considered external institutions. The causes of social upheaval in the status quo between leadership periods can be examined from the perspective of Institutional Economics. The author's assumptions can be simply explained with the diagram below.

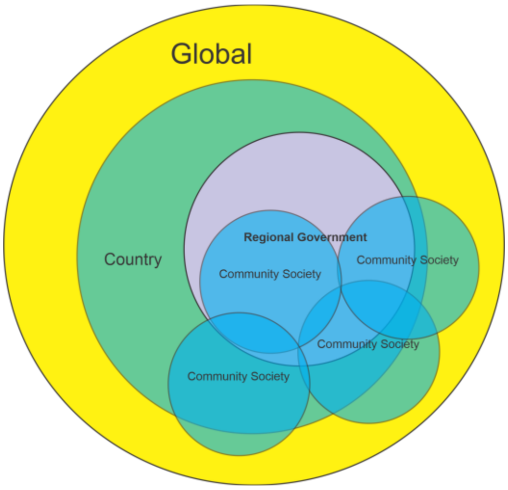

Figure 4: Institutional Diagram of Causes of Status Quo Social Turmoil According to Wolfgang Kasper and Manfred Streit's Theory

4.2.1. The Role of International Institutions in Shaping National Economic Direction

International institutional policies in taking economic and political steps create a status quo situation between leadership periods. The policies of leaders in Indonesia have been significantly influenced by international institutions such as the UN, IMF, WHO, ADB, World Bank, and others, where Indonesia is a developing country that relies on foreign aid.

Foreign aid provides a supplement in the form of savings, where the country receives investment for economic growth. The growing investment is used for more productive economic activities, resulting in increased income. The country can allocate a proportion of its net national income in the form of savings, and domestic savings can rapidly increase from total income to reach a point where it is sufficient to fund the required investment volume. This is beneficial for the average economic growth needed without aid.

Thus, supplement theories refer to "Self-sustaining growth" (sustainable growth). Essentially, supplement theories focus on non-development sources. However, they tend to overlook the distribution and consumption impacts, such as those on rural labor and urban industrialists. The main factor of these theories is to accommodate interactions that are not easy and complex problems in each country.

According to White, the focus on a single factor to understand development was abandoned in the mid-1960s. Scholars shifted towards development institutions and forms of social organization that drive development. The existence of transfers is a skill, and the traditions of organizational formation, as they have developed in developed countries. Thus, efforts to refine implicit views of the development process in supplement theories indirectly show that aid is an instrument to influence the development policies of donor recipient countries. Secondly, aid is seen not as a supplementary tool but as something more efficient and sourced from modernization.

There are two general reasons for donor-oriented approaches in international relations. First, donor countries seek goals in aid programs for economic development. Second, it is more political, with donor countries helping and encouraging the prosperity of poor countries in the primary interests of wealthy countries. This includes economic and political interests. Politically, wealthy countries can regulate stabilization based on the assumption that poverty and hunger lead to dissatisfaction, and dissatisfaction leads to political instability. This becomes an opportunity to provide aid as a wealthy (donor) country by investing to stimulate economic growth, a political move to maintain the status quo. This also occurred when Western European countries faced economic difficulties after World War I and II, requiring financial aid for economic recovery from the consequences of warfare. The Marshall Plan and Brady Plan doctrines were applied in Western Europe and other countries. This played an initial role for the United States in assisting allied countries in preventing the influence of international communism through containment policies in the region. According to Paul Samuelson, the role of International Institutions is strong and dominant beyond the influence of national policies in efforts to assist countries facing economic difficulties and crises. The role of the United States is significant because the largest donor funding support comes from Washington. Additionally, the IMF's strength comes from the support of US funds as a capitalist giant. On the other hand, the support of the G-7 group of industrialized countries and its members is also crucial. The role and position of the IMF cannot be separated from the influence of the United States and aid from industrialized countries, including Japan as one of the countries in the Asian region.

According to Joseph Frankel, who discusses International Institutions, they are seen as the ability of the United Nations organization to play a role in the order of international organizations with more than 160 countries competing in security, political, and non-political matters. Then it is said, "The structure of all countries is basically the same, although it shows some variations depending on how relevant their activities are to political power, and the role has been dominated by large countries. All members are represented in some form of assembly, called the UN General Assembly Recommendations - which do not have legally binding power but only require a two-thirds majority even for important matters."

4.2.2. Institutional Economic Perspective in a Status Quo Social Situation

According to Arifin & Rachbini in Deliarnov (2006:9), political economy was born to find synergies, filling the empty spaces not found in a single discipline. Thus, economics and political science can essentially become one, showcasing the relationship between political stability and economic achievement. According to Aisen & Veiga in Yustika (2013:100), their research essentially found that political stability significantly increases economic growth.

Ronald Coase introduced the concept of transaction costs. According to him, transaction costs influence the institutions and economic policy choices implemented by leaders (Coase, 1988). This theory is often known as New Institutional Economics (NIE).

Max Weber, in his theory, considers transactions as necessary actions in determining, maintaining, and changing social relationships (Weber, 1968). This definition aims to maintain an institutional framework

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where economic transaction processes can occur. Another definition considers transaction costs as the costs of running an economic system (Williamson, 1985). Dorfman (1981) interprets transaction costs as the costs of adjusting to environmental changes. Douglas North refers to them as the costs of specifying and enforcing the contracts underlying exchanges, covering political and economic organizational costs. Thus, transaction costs include negotiation costs, measurement and enforcement costs, and implementation costs (Mburu, 2002).

Richter and Furubotn (2000) divide transaction costs into three types, corresponding to the types of transactions:

1. **Market Transaction Costs:** All costs incurred for goods and services to reach the market. This includes contract preparation costs (information search or acquisition costs), contract making costs (bargaining and negotiation costs, decision making), and monitoring and contract supervision costs (supervision and enforcement of agreements). Information costs include advertising, reaching potential customers, attending exhibitions, weekly markets, communication costs (post, telephone, etc.), prices for the same goods requested by multiple suppliers, quality testing costs, and costs of hiring qualified employees. Bargaining and decision costs include the costs incurred to make the collected information useful, consultation costs, and others.
2. **Managerial Transaction Costs:** Costs related to efforts to create order, for example:
   - Costs of creating, maintaining, or changing organizational designs and structures, including personal management costs, IT costs, maintaining the possibility of takeover by others, public relations, and lobbying.
   - Costs of running the organization, including information costs (decision-making costs, monitoring implementation according to decisions, measuring employee performance, agent costs, information management). This also includes the cost of internal company transfers.
3. **Political Transaction Costs:** Costs related to the creation of institutional rules (public goods), allowing market and managerial transactions to function smoothly.
   - Costs of creating, maintaining, changing formal and informal political organizations, such as setting legal frameworks, administrative structures of government, military, education systems, courts, etc.
   - Costs of running the form of government, government regulations, or societies with a constitutional framework, such as legislative costs, defense, legal administration, education, including all costs of searching, collecting, and processing information needed for governance to function. Costs involving the public in the political process are also part of political transactions.

The role of institutions in reducing transaction costs bureaucracy, organizations, etc., is considered a form of governance where transactions or interactions between individuals and parts occur. Transactions with external parties in governance are influenced by the higher-level external institutional environment. Changes in the external institutional environment affect transactions between individuals and parts within governance. Transactions within governance are also influenced by the characteristics of individuals who tend to be opportunistic, self-interested, and greedy.

The more complex the transaction costs, the more expensive and adjusted to the characteristics of the transaction costs. Williamson (1996) argues that there are three important characteristics of transactions: uncertainty, frequency, and specificity. Based on Beckman (2000), three determinants of transaction costs are actor attributes (limited rationality and opportunism), transaction attributes (asset specificity,

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uncertainty, frequency), and aspects related to governance structure (market, hierarchy, hybrid, regulation, etc.).

As a country founded on Pancasila Democracy, Indonesia holds Direct Elections (PEMILU) every five years. Caporaso & Levine argue that public choice is the application of economic methods to politics. James Buchanan explains that public choice is a perspective on social-political fields that arises from the development and application of economic science tools and methods (Rachbini, 2001).

Based on these two main aspects in the study of this science, as a supplier, there are politicians, political parties, bureaucracy, and the government. As a demander, there are voters. Types of public transactions, as well as vote transaction tools, and types of political exchanges as transactions.

Public choice serves several functions:

1. Demonstrating behavior interpreted according to cultural and ideological media.
2. Describing the conditions for the success of collective actions and explaining why some interests can be more aggregated than others.
3. Acting as a guide for decision-makers to determine the most effective policy choices.

4. CONCLUSION AND RECOMMENDATIONS

4.1. CONCLUSION

1. The occurrence of social emergencies begins with macro-economic turmoil where external (global) institutions influence the government's choices in determining complex policies due to the misalignment of interests between the people and the government as external institutions within the same institutional framework in the form of the state.
2. Leadership transitions lead to economic upheaval due to a power vacuum or policies between leaders that do not influence each other, or the replacement of individuals with differing thoughts according to individual leadership interests.
3. Public choice, in reality, is closely related to the voting public, political parties, politicians, bureaucrats, interest groups, and the rules of general elections.
4. The government, private institutions, and the people must share a common vision to reduce friction by design from global interests during the status quo of Indonesian leadership.

4.2. RECOMMENDATIONS

1. **Stability in Macroeconomic:**
   Economic Resilience: Macroeconomics can contribute to building economic resilience to face post-collapse turmoil. Appropriate monetary and fiscal policies can alleviate instability and strengthen the economic foundation.
2. **Reconstruction and Development:**
   Fiscal Policies: Well-planned fiscal measures can stimulate investment and initiate the economic reconstruction process. This may include tax incentives, stimulus programs, and smart budget allocations.
3. **Financial and Banking Recovery:**
   Financial System Management: Recovery of the financial and banking sector becomes crucial. Careful intervention and strict supervision can help restore public confidence in the financial system.
4. **Currency Resilience and Inflation:**

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Currency Resilience: Maintaining the stability of the national currency is crucial to building confidence in the economy. Smart interventions by the central bank can help manage exchange rates.

5. **Structural Changes and Institutional Reforms:**
   Structural Policies: A crisis can be an opportunity for structural reforms that may be challenging in normal situations. This may include institutional reforms, business regulations, and legal protection.
6. **Enhancing Social Resilience:**
   Social Programs and Welfare: Macroeconomics can also play a role in building social resilience. Appropriate social and welfare programs can help alleviate the social impact of the aftermath.
7. **Empowering the Private Sector:**
   Investment Initiatives: Encouraging private sector participation by providing incentives and creating a conducive business environment can be an integral part of the economic recovery plan.

In summary, the role of macroeconomics in the post-leadership collapse context is crucial for paving the way towards economic recovery and sustainable development. Well-coordinated and effective policies across various government sectors can help rebuild the economic foundation and restore public confidence.

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