STRENGTHEN THE ROLE OF INDONESIA IN THE CONSTELLATION OF ASEAN ECONOMIC COMMUNITY THROUGH THE KNOWLEDGE BASED ECONOMY

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Abstract:
The purpose of this paper is to map the role of Indonesia in facing the competition in the era of ASEAN economic community. This idea motivated by a certainty that as a great nation, Indonesia should have a variety of strategies in playing its role to become a nation that has a significant role. The author seeks to explore the roles that can be played by Indonesia in the enforceability of the ASEAN economic community. However, the implementation of ASEAN economic community has an implication on the education system in Indonesia. It takes a variety of strategies that should be pursued by the Indonesian government to exist in the competition arena of ASEAN economic community. One of the strategies is to implement knowledge based economy in facing ASEAN economic community. The way to apply it is through good quality of education system, at least the strategy refers to 4 recommendations from UNESCO to the fulfillment of 8 national education standards, because education as a strategic means to establish a characterless human resource. The availability of characterless generation would be one of Indonesia’s strengths and leverages to compete in the era of ASEAN Economic Community.

Keywords: Arena, Competition, ASEAN, Knowledge Based Economy
Introduction

Lately, the news of the ASEAN Economic Community (AEC) is very intense, ranging from print media, electronic media and on-line media. ASEAN Economic Community (AEC) is a project that has long been prepared by all members of ASEAN that aims to improve the economic stability in the ASEAN region and form a strong economic area among ASEAN countries and is expected to overcome the problems in the economic field between ASEAN countries.\textsuperscript{1} The establishment of ASEAN community starts with a commitment of ASEAN leaders by signing the ASEAN Vision 2020 in Kuala Lumpur in 1997 which aspires ASEAN to be a community that is forward-looking, living in a peaceful environment, stable and prosperous, and united by a partnership. The determination to establish an ASEAN Community subsequently affirmed by the 9th ASEAN Summit in Bali in 2003 with signing the ASEAN Concord II. ASEAN Concord II affirmed that ASEAN will become a community that is safe, peaceful, stable, and prosperous in 2020.

At the 12th ASEAN Summit in Cebu, Philippines, in January 2007, the commitment to realize the ASEAN Community is accelerated from 2020 to 2015 with the signing of the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015. The objective of the establishment of the ASEAN community is to strengthen ASEAN integration in facing the development of international political constellation. ASEAN is fully aware that ASEAN needs to adjust its perspective to be more open in dealing with the internal-external problems. ASEAN countries proclaimed the establishment of ASEAN Community (ASEAN community) which consists of three pillars: the ASEAN Security Community (ASEAN security community / ASC), ASEAN Economic Community (ASEAN economic community / AEC) and

\textsuperscript{1} http://www.bppk.kemenkeu.go.id/publikasi/artikel/150-artikel-keuangan-umum/20545-masyarakat-ekonomi-asean-mea-dan-perekonomian-indonesia, downloaded on November 15th 2015
the ASEAN socio-cultural community (ASEAN socio-cultural community / ASCC). The three supporting pillars will be a new paradigm that will move ASEAN towards a new community and identity that is more binding.

As one of the key strategic decisions at the level of ASEAN, MEA certainly is not just a shortly formalistic deal, indeed there is a medium and long term vision and a mission to be achieved by the ASEAN community. If all this time the dominance of economic power always played by the West, East Asia, America and its allies, of course ASEAN is inspired to rise and prove to the world that ASEAN has the potential to be a player that can be taken into account at the global level. At least, the bargaining power and the competitiveness of ASEAN increase as well as able to compensate the developed countries that have accelerated pace of its economy. The impact will certainly provide more opportunities for global investment in ASEAN thereby encouraging the opening of jobs massively and directly affects the welfare of the people who live in the ASEAN region.

As a full braid obsession of, by and for fellow of ASEAN member countries, MEA implies multi effects on the entire system in the state and nation. Each ASEAN members would compete to enhance the role positively so as to dye in the arena that is full of competition in various sectors. How about Indonesia? as a nation with the greatest population and potential in ASEAN, Indonesia certainly should not stand idly by. Human resource development in facing MEA should receive an attention of all parties, so that Indonesian human resources able to compete with human resources from neighboring countries in the ASEAN region.

In facing MEA, education is one of a very strategic area and also determine the gait and the country's position in the competition arena in the scope of the MEA. Education, especially college is demanded in order to prepare its competent graduates that can
compete in the ASEAN regional and global scale. Based on the above reasoning, the authors offer an idea through paper entitle Strengthening The Role Of Indonesia In The Constellation Of The Asean Economic Community Through The Knowledge Based Economy. To elaborate the substance of these titles, there are some formulation of the problems that became the author’s anxiety to be explored in this paper, namely:

1. What role that can be played by Indonesia in the enforceability of the ASEAN economic community?
2. How is the impact of the ASEAN economic community application on the education system in Indonesia?
3. What strategies should be pursued by the government of Indonesia to exist in the arena of competition in the ASEAN economic community?
4. As a concept, how does the implication of knowledge based economy in the development of education in Indonesia?

The Position and The Role of Indonesia in the ASEAN Economic Community

As an ASEAN member countries with the potential of largest population, Indonesia is a pillar and helps to determine the existence or prospects of ASEAN with the largest territorial, Indonesia has the economic potential in diverse forms. In line with this potential, Indonesia is the only ASEAN member that has a wealth of complete natural resources and has very high economic value. Seeing its position, the role of Indonesia to the development in the ASEAN region become extremely important and can not be ignored.

Through the foreign policy that choose political demarcation line that is free and active, Indonesia so far has been participated actively in encouraging the acceleration of the establishment of the ASEAN Economic Community by 2015. Indonesia's foreign policy was also clearly stated that ASEAN is a cornerstone to Indonesia. So it can be said that Indonesia has been proven to boost the regional
cooperation. In the regional dynamics, Indonesia is very consistent in stringing hospitality with the fellow of ASEAN members. For example, Indonesia is actively involved in humanitarian missions, take the initiative to accommodate victims of Rohingya refugees from Myanmar. Many indicators prove that Indonesia has played an effective role in the ASEAN regional integration in all fields.

Several potential for Indonesia to seize the opportunities in MEA competition in 2015, among others:

1. Indonesia is a potential market which has the largest area and population in the region (40% of the total population of ASEAN). It can make Indonesia as the productive and dynamic economic country that can lead ASEAN market in the future with opportunity of market share and investment.

2. Indonesia is a destination country of ASEAN investors. The investment proportion of ASEAN countries in Indonesia reached 43%, or nearly three times higher than the average proportion of ASEAN countries investment in ASEAN which only account for 15%.

3. Indonesia likely to be the exporting country, in which the value of Indonesian exports to intra-ASEAN is only 18-19% whereas Indonesia’s export to the outside of ASEAN ranged from 80-82% of the total exports. It means that the opportunity to increase the exports to intra-ASEAN still have to be improved, so the rate of increase in export to intra-ASEAN balanced with the rate of increase in import to intra-ASEAN.

4. The ASEAN goods trade liberalization would ensure the smoothness flow of goods for the supply of raw materials and finished materials in the ASEAN region due to there is no more tariff and non-tariff. Market conditions in the region that is already free will encourage the producers and other businessmen to produce and distribute quality goods efficiently so their goods are able to compete with products from other countries. On the other hand, consumers also have a variety of
alternative options that can be selected according to their needs and abilities, start from the cheapest to the most expensive options. Indonesia as one of the major countries that also has a high level of integration in the electronics sector and comparative advantage in natural resources sector-based, has a great opportunity to develop those industries in these sectors in the country.

5. As the country with the largest populations, Indonesia would gain a distinctive advantage which is called the demographic bonus. The comparison of the number of Indonesia productive population with other ASEAN countries is 38: 100, which means that for every 100 residents of ASEAN, 38 of them are Indonesian citizens. This bonus is estimated to be enjoyed at least until 2035, that is expected the number of productive population will be able to sustain economic growth and increasing per capita income of the Indonesian population.²

Apart from the opportunities above, to be a player and winner of the MEA 2015 Indonesia also experienced various challenges. Some factors to improve the competitiveness, which remains a challenge for Indonesia, namely:

1. Infrastructure. Based on the global competitiveness report 2013/2014 made by world economic forum (WEF) Indonesia’s competitiveness is in 38th rank. While the quality of infrastructure in Indonesia is in 82 ranked of 148 countries or is in 5th ranked among the core countries of ASEAN. It shows that Indonesia's infrastructure is still far behind. Some of the infrastructure to have to be prepared by Indonesia ahead of the AEC in 2015, inter alia: land, such as ASEAN road networks and railway lines Kunming-Singapore; sea, such as sea transportation networks; air, in the form of air shipping lanes;

information technology, in the form of a communication network; and energy, such as energy security.

2. Logistics Costs. The impact of low infrastructure effects on the increasingly expensive logistics cost in Indonesia. Trade becomes less efficient considering the logistics cost is expensive compared to other ASEAN countries which is charged at 14.08%, if it is compared with the cost of reasonable logistics rate of 7%. Based on Logistics Performance Index (LPI, 2012), Indonesia’s ranks is in 59th out of 155 countries, under the rank of Thailand, Philippines, and Vietnam.

3. Human Resources. Demographic bonus that is owned by Indonesia, will not provide any benefits in the absence of improvement in the quality of human resources. Data from ASEAN productivity Organization (APO) showed that from 1,000 Indonesian workers there are only about 4.3% of skilled, while the Philippines 8.3%, Malaysia 32.6%, and Singapore 34.7%. Based on the market structure, labor is dominated by workers who graduates from primary school (80%) while the university graduates only 7%, which is currently partially the job requires university graduates. It is highly inversely proportional to Malaysia whose most of its citizens are graduated from S1. The opportunity to obtain an education evenly throughout Indonesia is difficult to do, so the awareness to take to a higher level of education is very low. These conditions resulted in Indonesian workers is only glimpsed as laborers or unskilled workers in the international labor market.

4. MSMEs (Micro, Small and Medium Enterprises). Of the eight key rules (golden rules) competitive world rankings issued by the International Institute for Management Development (IMD), one of the key rules is support for MSMEs. During the financial crisis, MSMEs were able to survive and continue to grow, it can provide an opportunity to increase competitiveness. However, MSMEs is still in the area that less
noticed by the government. The absence of assistance from the government to standardize local products and internationalize MSMEs, make MSMEs difficult to compete and it defeat on local markets. There often an expression for MSMEs "Excellence in Product, Lost in Promotion". The diversity owned by Indonesia’s MSMEs is likely to form the ASEAN market. One of the examples is the crafts, furniture, regional food, and other industries.

5. Agriculture. One of the heart of Indonesian economy is agricultural. To increase the comparative advantage in the integration of priority sectors, agriculture development is needed to be done given that Indonesia's land area is larger and the high level of consumption of the agricultural products.

In addition to the five items above, Indonesia still has many weaknesses in facing MEA, among others there is still a complexity of the bureaucracy in obtaining business permits, lack of professionals, there is no a link and mach of education with business and industry and still lack of college graduates Cleaner who want to plunge into the field of entrepreneur.

Reviewing the opportunities and challenges above, Indonesia will be able to participate in MEA 2015 if Indonesia can improve the competitiveness and catch up with other ASEAN countries. It needs some strategic steps, as reported in the secretariat portal countries, such as:

1. The adjustment, preparation and regulatory improvements both collectively and individually (regulatory reform);
2. Improved the quality of human resources both in the bureaucracy and the business or professional;
3. Strengthening the position of medium-scale enterprises, small-scale enterprises, and businesses in general;

4. Strengthening the partnership between the public and private sectors;
5. Creating a conducive business climate and reduce high economic cost, which is also the main purpose of government in a comprehensive reformation program in areas such as taxation, customs, and bureaucracy;
6. The development of priority sectors that have broad impact and commodity;
7. Increasing the participation of government and private institutions to implement the AEC Blueprint;
8. Institutional and governance reforms. In essence, the AEC Blueprint is also a joint reform program that can be used as a reference for reformation in the Member States of ASEAN, including Indonesia;
9. Provision of institutional and capital that is easily accessible by businessmen of all scales.
10. Improved physical infrastructure through the construction or improvement of infrastructure such as transport, telecommunications, toll roads, ports, revitalization and restructuring the industry, strengthening the economic competitiveness.4

So far, the efforts that had been made by the government in facing MEA, as reported in the magazine Export News, among others:
1. On May 27, 2011, the Government launched the Masterplan for the Acceleration and Expansion of Indonesian Economic Development (MP3IE).
2. Program ACI (Aku Cinta Indonesia), which is one of the "Nation Branding" movement is part of the creative economy development.

3. Strengthening the MSMEs sector.
4. Infrastructure Improvements. In order to support the improving the real sector competitiveness, during 2010 the government has been successfully achieved an increase in the capacity and quality of infrastructure such as roads, railways, road transport, sea transport, air transport, communications and informatics, as well as electricity.
5. Improving the quality of human resources (HR).
6. Institutional and governance reformation. In order to accelerate the prevention and eradication of corruption, a national strategy of prevention and eradication of corruption for long-term 2012-2025 and 2012-2014 medium term has been assigned as a reference for all stakeholders to implement the action every year. The enforcement efforts against Anti Corruption (TPK) is improved through coordination and supervision conducted by the Corruption Eradication Commission to the Attorney and the Police.5

Start from the opportunities, challenges and steps that should be done by the Government, there is still a question in this context, What about the readiness of Indonesia ahead of MEA 2015? The majority opinion stated that Indonesia is not ready yet to face MEA 2015. This group considers that preparations conducted by the Indonesian government in facing the Asean Economic Community (AEC) in 2015 is still not optimal. The government just explain of "What is MEA" and have not socialized of what to do to win the MEA. The socialization about "What is MEA" conducted by the government has not been 100% done because the socialization just conducted on a limited basis in certain circles. It has not touched all societies that are spread all over Indonesia.6

5. Warta ekspor January 2015 edition, page 9
In line with these conditions, the result survey of Indonesian Institute of Sciences (LIPI) team on people's understanding about the Asean Economic Community (AEC) which was conducted in May 2015 in 16 cities across Indonesia showed less encouraging results. The reason is very few people who know about MEA. By the low understanding of society, the readiness of people would tend to be low anyway. From 2,509 respondents including consumers and producers, most of them do not understand that the MEA later, the current movement of labor in addition to goods and services, can take place without obstacles among ASEAN member countries. "More than 80 percent of people do not even know if Indonesia professional workforce could work in other ASEAN countries and vice versa. The same thing also appears on the businessmen understanding and readiness on the determination Priority Integrated Sector (Priority Integrated Sector, PIS) such as rubber industry, textiles, fisheries, automotive, and tourism. By 78.7 % of businessmen do not understand the indicators of cooperation within ASEAN as a production base. in addition, they also do not know that the export and import rates are no longer valid in the MEA.7

Observers of international relations Hikmahanto Juwana included in the group that is still pessimist, and said that Indonesia can apply the request of delay if Indonesia was not ready to implement the ASEAN Economic Community (AEC) by the end of December 2015. The delay of MEA will not make Indonesia get international sanctions despite having agreed together with other 9 countries since the ASEAN 2nd Summit (Summit) in 1997. Indonesia has a good reason if Indonesia wants to postpone MEA because at the time it was decided, Indonesia was extremely confident with the economic conditions in two decades. According to him, there are several indicators and parameters that can be used as a basis to assess

Indonesia readiness in facing MEA, among others, the depth of information related to MEA in the society, the readiness of businessmen to compete with overseas businessmen, penetration of products in the ASEAN market, the implementation of policies at the central level down to the regional area and the guarantee of there is no judicial review in the Constitutional Court. In fact, based on this indicator, Indonesia is not ready and the government should postpone MEA, with a note that for five years the government focus to prepare themselves. It is no longer a matter of solidarity as members of ASEAN, but matters of national importance. If, Indonesia feel aggrieved, then why Indonesia should push itself? The government should consider that when MEA was enacted, the ASEAN markets become a single market, while the half of 660 million people in the region are the population of Indonesia. Other countries such as the USA, India, and China, look that MEA is not the ASEAN market but the Indonesia’s market. So the question is, have the government ready to controls this market? 

Similarly with these opinions, the indicator that Indonesia has not been ready to enter the MEA is Indonesia still fall far behind Malaysia and Singapore. According to the former Indonesian ambassador to Malaysia in the era of Susilo Bambang Yudhoyono, Dai Bachtiar, said that there are two countries in the ASEAN whose economy and its human resources (HR) much better Indonesia, namely Malaysia and Singapore. It is because Malaysia's per capita income ($13,000) and Singapore (US $51,000) was still much better than Indonesia. In addition, Singapore and Malaysia are superior in the field of human resources and technology. Although Indonesia lags behind Malaysia and Singapore in the field of human resources and technology, Indonesia is still ahead of many countries in ASEAN due to its economic level is still below Indonesia such as Cambodia, Myanmar, and Vietnam. The leg of Indonesia with Malaysia and

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Singapore can still be pursued, if the Indonesian citizen and government form an independent economy.9

Regardless of the existing controversy, the government should seriously pursue its readiness. Welcoming the validity of MEA, the Indonesian government has issued Presidential Instruction (Instruction) No. 11 year 2011 on the Blueprint Commitments Implementation of MEA in an effort to prepare to face the ASEAN free market. In the MEA Blueprint was signed by President Susilo Bambang Yudhoyono dated June 6, 2011, there are 12 priority sectors that will be integrated by the government. The sector consists of seven sectors namely agro industry, automotive, electronics, fisheries, rubber-based industry, wood-based industries, and textiles. Then the rest come from the five service sectors, namely air transport, health, tourism, logistics, and information technology. These sectors in the era of MEA will be implemented in the form of exemption flow of goods, services, investment, and labor.10

In an effort to strengthen the competitiveness, long before the government also issued Presidential Decree No 6 year 2009 which contains the creative economy program for 27 state ministries and local governments. Presidential Decree whose substance is about the spirit of I love Indonesia is a "Nation Branding" movement which part of the creative economy development to be more competitive. The movement in the form of national campaign continues to run in a variety of domestic products such as clothing, accessories, entertainment, tourism and others.11 To sustain the nationalization successful, the government of Indonesia launched the Masterplan for the Acceleration and Expansion of Indonesian Economic Development (MP3EI), which was launched on May 27, 2011. The MP3EI is the embodiment of national economic transformation with the orientation based on strong, an inclusive, quality and sustainable

11. Kementerian Perdagangan Republik Indonesia, Menuju ASEAN Economic Community 2015, Jakarta: 2009, page 17

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economic growth. Since MP3EI launched, the government is always strengthen the real sector investment projects and infrastructure development.

In line with the development, coordinating ministry for economy currently suggests the Indonesian government has implemented several important preparations in facing the competition of ASEAN Economic Community (AEC). Until August 2014, the completion of the Indonesia AEC Blueprint at the national level has reached 85.5%. While the average scorecard of ASEAN in achieving MEA was 82.1 percent. The real shape of this is Indonesia has ratified 115 of 138 ASEAN economic agreements which cover the trading in goods and services and investment. In addition, the process of ratifying the 23 agreements related to trade in services. Not only that, Indonesia has also been promoting 43 projects of infrastructure and logistics through MP3EI program, as well as the national logistics system. This includes the construction of railroads in the five major islands, as well as mass transportation systems in the six biggest cities in Indonesia. The Indonesian government also encourages maritime connectivity through the development of sea highway from west to the east, and increase the capacity of the port in the whole island. As if race against time, the Indonesian President, Joko Widodo, minister of the economy and the related ministries has been regularly conducted a coordination meetings with governors from across Indonesia to establish the readiness of Indonesia to face MEA.12

It is Natural, with full of optimism President Joko Widodo expressed the readiness of Indonesia has reached 94.1% to enter the era of the ASEAN Economic Community (AEC) in early 2016. President mentioned that there were 92 percent, 93 percent and 94 percent the readiness of other ASEAN members. It means, inevitably have to be prepared. Talking about the factors that are not ready yet, the President said there are a lot of points and it can be hundreds, and

this has been very maximum. The strategy is the factor that is not efficient have to be streamlined, the weak competitive should be corrected, the regulations that impede should be repaired. It is because Indonesia is not only dealing with the MEA itself but there is also the Trans Pacific Partnership (TPP) and others.\(^\text{13}\)

The optimism of Joko Widodo has the support from the Vice Chairman of the House of Representatives, Taufik Kurniawan. Indonesia has some potential, among others, as the country with the largest economy in ASEAN, Indonesia is the only Members of G-20 in ASEAN. A total of 56.6 percent of the population of Indonesia is located on the middle class and ranked in 38th out of 148 countries in the Global Competitiveness Index. Such optimism with a note, one of them with the preparation in the field of Human Resources. HR competitive ability of Indonesian workers must be improved, both formally and informally.\(^\text{14}\)

**Implications of the Asean Economic Community towards Education System.**

Based on the analysis above, one of the challenges faced by Indonesia in the MEA is the field of human resources. Through the MEA, the ASEAN region including Indonesia in it, is expected to further establish itself as a rising star of investment destination alternate and world trade beside China and India. The result of MEA must be managed sustainably in order to be enjoyed by the people of Indonesia. The recipe, nothing else, except increasing the competitiveness through human resources that can turn challenges into opportunities.\(^\text{15}\)

Data from ASEAN Productivity Organization (APO) showed that from 1,000 Indonesian workers there are only about 4.3% of skilled worker, while the Philippines has 8.3% skilled worker, Malaysia


\(^\text{15}\) Masyarakat Asean, 7, Maret 2015 edition, page 5
has 32.6% skilled workers, and Singapore has 34.7% skilled workers. Based on the market structure, labor is dominated by workers who graduates from primary school (80%) while university graduates only 7%, which is currently partially the jobs require university graduates. It is highly inversely proportional to Malaysia that predominantly by university graduates (S1). These conditions resulted in Indonesian workers are only glimpsed as laborers or unskilled workers in the international labor market.16

Theoretically MEA will open up the opportunities for getting free flow of capital, goods, services, labor until to the rest of the ASEAN region. The awareness is deservedly become the focus of the Indonesian government, in the midst of the limited time remaining before the realization of the implementation of MEA. The concrete implementation, the Indonesian government must improve its playing field, namely as how to improve the quality / competitiveness of its people, improve infrastructure and comprehensive legal framework, and redefine its foreign policy. The government should focus on the education system which is always improving itself through comprehensive system development. It is not excessive considering the prestige and capability (playing-field) neighboring country such as Singapore, Malaysia, and Thailand that are a bit much to be the 'tiger' in the competition arena of human resources in the ASEAN region. While the countervailing power (balancing powers) of Indonesia has not shown its toughness significantly. In other words, first of all the Indonesian government should really focus on the readiness of human resource development, especially for all the people of Indonesia who is the subject and object of MEA.

With the enactment of MEA at the end of 2015, ASEAN countries will experience the flow of educated workforce to and from each country. In this case, the things that needs to be done by Indonesia is how Indonesia as part of the ASEAN community try to

prepare its quality human resources to be able to compete with other ASEAN member countries so that the fear of losing competitiveness in their own country due to the implementation of MEA does not occur. One of the ways to improve the quality of human resources is through education. In addition, in order to provide the excellent education services, the government has built adequate educational facilities, including the rehabilitation of educational infrastructure.\(^{17}\)

In education, the Government can also undertake the development of educational curriculum in accordance with MEA. Education as a printer of qualified human resources (HR) is the answer to the needs of human resources. Therefore, improving the standard of school quality becomes imperative so that the graduates are ready to face the competition.

Socialization activities in the community should also be improved, for example with a Public Service Announcement about MEA trying to increase the readiness of people to deal with it. According to Education Minister Anies Baswedan, to improve the quality standards of education, one of the ways is by strengthening the educational actors such as principals, teachers, and parents. According to him, the leadership of the principal is the key for the growth of good education ecosystem. Teachers also need to be trained in the proper methods, to change the mindset of teachers.\(^{18}\) Even specifically, the Minister of Education and Culture (Education) Anies Baswedan asking the students to improve their competence. One of the competencies that must be prepared is the ability to speak and communicate internationally. At least there are three languages that must be must be understood by the students. The languages are the local language, Bahasa Indonesia, and international language. Education Minister also reminded Indonesian children when they entered into the ASEAN community, they must truly realize that they

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are a part of ASEAN. Otherwise, Indonesian children will fall behind other nations. When the students are required to be competent, then the educators and prospective educators are expected to adapt to prospective educators from abroad. The field of education does cause anxiety, expectations, challenges, and opportunities to improve themselves.

To achieve acceleration in the education sector, the government will not be able to rely on itself, given the budget is limited. Human resource development should involve the society, public-private sector in this regard, ranging from pre-school education to higher education. As the national education sub-system, society has a role in education, in the form of the establishment of private education units. As it is mandated in the articles of Law No. 20 year 2003 on the national education system mentioned:

1. Paragraph (1) People are eligible to provide community-based education in formal and non-formal education in accordance with the particularities of religious, social environment, and culture for the benefit of society.

2. Paragraph (2) Community-based education provider develops and implements educational curriculum and evaluation, as well as management and financing in accordance with national education standards.

3. Paragraph (3) The cost of community-based education can be sourced from the organizers, the community, government, local government and / or other sources that do not conflict with the current regulation.

4. Paragraph (4) Community-based educational institutions can obtain technical assistance, subsidized funds, and other


21. In the Law No 12 year 2012, community is the group of Indonesia citizen, non-government who has attention and role in the field of higher education.
resources fairly and equitably from the Government and / or regional governments.

In Chapter III Article 4 paragraph (1) of Law No. 20 year 2003 on National Education System mentioned that one of the principles in providing the education was held democratically and equitable and not discriminatory by holding up human rights, religious values, cultural values, and the diversity of the nation. Furthermore, it was mentioned in Chapter XV Article 54 stated that:

1. Paragraph (1) The role of the community in education includes the participation of individuals, groups, families, professional organizations, entrepreneur, and community organizations in provide and control of the quality of educational services.
2. Paragraph (2) The public can participate as the source, implementers, and users of educational outcomes.22

To catch up with other countries (Malaysia, Singapore and Thailand) that has the APK to higher education, the Indonesian government should encourage private universities to play a role in accelerating the APK. It is because the existence of public universities is very limited. The existence of private universities as a sub system of education in Indonesia to work23:

1. Develop the ability and form the character and dignified civilization of the nation's in the context to educate life of the nation.
2. Develop the responsive, creative, skilled, competitive, and cooperative academicians through the implementation of Tridharma.
3. Developing science and technology by observing and applying the value of the humanities.

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23. Law No 12 tahun year 2012 on Higher Education, Paragraph 4
The purpose of higher education include:

1. Develop the students' potential to become a faith and fear man of God almighty One and noble, healthy, knowledgeable, skilled, creative, independent, skilled, competent, and cultured for the sake of the nation.

2. Produces the graduates who master the branch of science and technology to meet the national interests and increase the nation's competitiveness.

3. Produces science and technology through research that observe and apply the value of humanities in order to benefit for the nation's progress, and the progress of civilization and welfare of mankind.

4. Realize the dedication to the community-based reasoning and research works that are beneficial in promoting the general welfare and educating the nation.

Knowledge Based Economy as One Alternative Strategies

Since the end of the 20th century, the development trend of the economy is shifting away from post-industrial to a knowledge-based economy. Knowledge economy is a knowledge-based economy in which the driver of growth is no longer the big factories with thousands of workers, but the mastery of science and technology. The main cause of the shift of industrial-based economy to a knowledge based economy is the invention of the Internet and the World Wide Web. These two invention creates a digital revolution that brings us to the Information Age. Because of the knowledge economy, business is dominated by technology companies, because in this era, companies can have a competitive advantage if constantly innovate. The rank from The World's Most Valuable Brands of Forbes magazine can be seen that six of the top ten ranking is occupied by technology companies. After being in the first rank for more than ten
years, Coca-Cola who belong to the consumer goods companies, eventually shifted its position by Apple in 2013.\textsuperscript{24}

Organisation For Economic Co-Operation And Development based in Paris confirms:

Knowledge-based economies which are directly based on the production, distribution and use of knowledge and information. This is reflected in the trend in OECD economies towards growth in high-technology investments, high-technology industries, more highly-skilled labour and associated productivity gains. Although knowledge has long been an important factor in economic growth, economists are now exploring ways to incorporate more directly knowledge and technology in their theories and models. “New growth theory” reflects the attempt to understand the role of knowledge and technology in driving productivity and economic growth. In this view, investments in research and development, education and training and new managerial workstructures are key.\textsuperscript{25}

In line with the above reasoning, H.A.R. Tilaar found that economic growth based on science can be characterized as follows:

1. The prosperity is created by the ability to develop, distribute, and utilize knowledge and information.
2. The increasing number of well-educated professionals, in line with development of qualified higher education institutions, training centers organized jointly between universities, industry and society.
3. Economic pushed by providing incentives and awards for the birth of new business activities. Thus, it is providing new jobs, encourage creativity, and improve productivity. Monopoly is avoided and encourage competitive business world.
4. Science and productivity boost economic growth. As a result of the new economy, means of production that are more efficient

\textsuperscript{24} http://www.ziliun.com/menyambut-masa-depan-dengan-knowledge-based-economy-1/, downloaded on November 17 2015

\textsuperscript{25} Organisation for economic co-operation and development, 1996. \textit{Knowledge Based Economy}, Paris: General Distribution, page 7
and sophisticated will be born, the better ways to communicate and lifestyle. Furthermore, the continuous desire to make a new technology breakthrough, and in line with the birth of the Internet with a network of nearly infinite.

5. In line with economic life, there is also a change in the pattern of education and work patterns. Sequential pattern: educational training work pension, turned into a life-long education.

6. With the integrated pattern between school, work, training, work, pensions and so on.\textsuperscript{26}

Knowledge based economy encouraging the development of knowledge-based economy in which the driver of growth is no longer the big factories with thousands of workers, but the mastery of science and technology. The main cause of the shift of industrial-based economy to a knowledge based economy is the discovery and development of Information technology. The discovery and development is creating a digital revolution that brings us to the information Age. Knowledge-based economy is also "forcing" people to be more progressive and competitive because human resources with the expertised specific required skills are needed. As a result, human resources that can only be labor will be difficult to compete in this era of knowledge-based economy.

Knowledge based economy is important if we want to keep moving forward in the future, as countries everywhere, even the countries that have abundant natural resources, already aware that one day their natural resources will run out. Meanwhile, human intellectual property are endless. This intellectual property, if it is properly managed, can be a driving force of economic growth in each country. Referring to the South Korea, President of KMSI (knowledge Mangement Society of Indonesia), Prof. Jann Hidajat Tjakraatmadja in a Studium Generale "Saving Indonesia Economy Through

knowlede-Based Economy" dated November 3, 12) at ITB Bandung, stated that as a country that successfully implement the concept of the Knowledge-Based Economy, South Korea is not a country with abundant natural resources such as Indonesia. In fact, in the 1960s South Korea had a GDP which is slightly below the GDP of Indonesia. However, South Korea was slowly risen by applying its concept of the Knowledge-Based Economy, until in 2005 the GDP of Korea was six times higher than the GDP of Indonesia. So does with experience Finland. Finland used to be the same as Indonesia by implementing natural resource-based economy. Since the crisis of 1990 occurred, Finland risen up quickly again and changed its sides to develop a knowledge-based economy. To achieve the acceleration like South Korea and Finland, the application of knowledge based economy in Indonesia are required collaboration between central and local governments to support and develop the education system, training, and research center. Meanwhile, the two pillars are the institutionalization of knowledge hub concepts and institutionalization of a regional innovation system-quadro helix. Knowledge hub concepts are basically sanify the relationship between the university as an educational center with a wide range of industries and businesses. While the regional-quadro helix synergize government as policy maker, the industry as a producer of a product, the research center as a source of knowledge, and the community as a center for knowledge sharing.27

There are four main things that became the backbone of the application of the knowledge-based economy concept according to the World Bank, as cited by Prof. Jann Hidajat Tjakraatmadja. The four main things are: first, policy and economic and industry regulation to trigger the growth of knowledge / new technologies as well as the national entrepreneurship. Second, educational institutions and qualitfyed training. Third, the excellent system of industrial

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innovation / research-based company. Fourth, information and communication technology (ICT) to facilitate the processing and dissemination of information / knowledge / effective communication.

The Implications of Knowledge Based Economy in the Development of Education

Progress of society influence the struggle of humanity in arranging their existences and have linearity in forming the civilization. The civilization can be interpreted as intelligence progress, cultural progress. At least, there are three variables in forming the civilization, namely progress, intelligence, and culture. To synergize these three things a structure that is able to own, control, develop, and implement the science in the life are needed. Thus, the civilization will be characterized by knowledge-based society (knowledge based Society). The character of civilization which is based on the mastery of knowledge (knowledge based society) have an implications for the entire system that surrounded it, including the economic system. In the economic field, modern society also organizes the entire process of a knowledge-based economy (knowledge based economy). It can be interpreted that the production process of goods and services in a modern civilization era is no longer oriented toward the product quantity, but rather is based on the quality and value added (value added). The next implication is the community of nations whose economy relies on knowledge (knowledge based economy) which is only capable managed by qualified Human Resources, which controls and able to implement the knowledge as well. Because of it, a fundamental competition in the field of employment in building a civilization is to increase labor-based knowledge (knowledge based worker).

To create a knowledge-based labor (knowledge based workers) in all areas or economic sectors, proper education system is needed. Given the role of education as an instrument and actor to
change the mind set in contemporary popular term called a mental revolution. Besides, education also plays a role as a center of civilizing values that accumulate on good character. Education is not just stuck in a stiff and rigid routine, but must be conditioned as a process that encourages creativity based on talent interest of learner. Therefore, education should also play a role as a liberation. In a social context, humans require an instrument of education as liberation. Liberation from stupidity become the main concepts. The main concept of mankind stupidity is closely related to poverty. Poverty can lead to back to ignorance, Bourdieu said that it can form a circle as justification theory of class reproduction. Class ignorant and poor suburban kids always be on marginal class, and in the context of the reproduction, the marginal classes will certainly pass on their privileges to the next generation.

To realize the knowledge-based economy in Indonesia, development of education in the era of the MEA must consider the recommendations of UNESCO commission's on Learning: The Treasure Within, in which the education and learning should be based on four pillars, namely (1) learning to think, (2) learning to do, (3) learning to be, and (4) learning to live together. UNESCO mentioned that the four pillars of learning as a pillar of 21st century man in facing the information flow and transformation of life that is constantly changing. In the global information era that paced competitive, educational institutions in Indonesia should be encouraged to be able to make changes and adjustments to the trend.

One of the education figures John Dewey, as quoted by Joy A. Palmer, argued that education is a primary importance and the most effective way for the advancement of society, so as to adjust to the various trend that changes very dynamically. Progress of society influence the struggle of humanity in arranging their existences and

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\textsuperscript{30} Tim Departemen Pendidikan dan Kebudayaan Republik Indonesia, 1988. \textit{Kamus Besar Bahasa Indonesia}, Jakarta: Departemen Pendidikan dan Kebudayaan Republik Indonesia, page .5
as a liberation. In a social context, humans require an instrument of education as liberation. Liberation from stupidity become the main concepts. The main concept of mankind stupidity is closely related to poverty. Poverty can lead to back to ignorance, Bourdieu said that it can form a circle as justification theory of class reproduction. Class ignorant and poor suburban kids always be on marginal class, and in the context of the reproduction, the marginal classes will certainly pass on their privileges to the next generation.31

The implications of MEA enactment, making the managers of educational institutions in Indonesia should consider the following important issues:

a. Educational institutions should strengthen institutional capacity and brand image, through the formulation of graduates competency standards. The formula outlined in the vision, mission, goals and strategic plan of the college. A reference to formulate the graduates competence can be juridical basis ie applicable legislation by taking into account the needs of the community. Juridically, competence of graduates can be derived from the formulation of educational objectives contained in Law No. 20 year 2003 on National Education System, Chapter II, Article 3 which is explained that the National Education aims at developing students' potentials in order to become a faith and fear man of God Almighty, noble, healthy, knowledgeable, skilled, creative, independent, and become a democratic and accountable citizens.32  In addition based on legislation, the competence of graduates can also be formulated based on the principles of educational relevance to the needs of community empowerment.

b. Attract people to participate in education to a higher degree of education. A step that can be done to maintain the quality of its

graduates well. It means that the graduates can be accepted in the community and are always looked for by the graduates users, namely the community. To achieve that, then the quality of graduates must be maintained. Do not just produce graduates who do not have the competency. As a result, only adds to the educated unemployed.

c. Improving the professionalism of teachers and educational personnel. The steps that can be taken to improve the professionalism is to create an academic climate that is conducive for educators to develop their professionalism task.

d. Completing the facilities and infrastructure. The completeness of facilities need to be improved continuously. It is because with a complete infrastructure will encourage the quality of educational institutions. To complete the facilities and infrastructures need an adequate funding. This funding could come from the government, the communities, the private company, or can also be raised from financial resources through the economic mapping of the aghniya'.

e. Improving the quality of the learning process in the classroom. Educators as a spearhead in the implementation is a highly influential party in the teaching and learning process. The expertise and authority of educators determine the continuity of the teaching and learning process both indoors and outdoors.

Educators must be good at bringing students to the goals to be achieved. Therefore, educators must master the teaching material and master some methods of teaching so that the educators are able to use the methods that is appropriate with circumstances of learners, and so forth. Thus, in the renewal of education, the involvement of lecturers from planning the educational innovation until the implementation
and evaluation of educational innovation plays a very large role for the success of an educational innovation.\textsuperscript{33}

The educators are expected to set up a systematic procedure in organizing learning experiences to achieve specific learning objectives, and serves as a guide for the designers of instructional design in planning and implementing the learning activities.\textsuperscript{34} In this way, the educational institution can play a role as an educational institution that enlightening and liberating the learner, because education that is not enlightening and is not liberating synonymous with killing the future of a nation.\textsuperscript{35}

In learning, educators are demanded to place students as an active learning partners, so they do not feel stuck such as bank-style education. In the concept of bank-style education, humans are viewed as a creature that can be equated to an object and easily arranged. Under these conditions, the value and dignity of human is not appreciated as it should be. Thus, the education system that does not stimulate learners to actualize themself is a system that should be included in the history museum.\textsuperscript{36}

\textbf{Conclusion}

Indonesia should play a strategic role in the enforceability of the ASEAN economic community. As a member of ASEAN with the potential of largest population, Indonesia is a pillar and help to determine the existence or prospects of ASEAN. Through the independent and active foreign policy, Indonesia has the oppurtunity to seize in MEA competition 2015. With the wealth of natural resources and human resources, Indonesia can act as a productive and

\textsuperscript{33} Muhaimin.2005. Pengembangan Kurikulum Pendidikan Agama Islam di Madrasah dan Perguruan Tinggi, Jakarta: Raja Grafindo Persada, page. 120
\textsuperscript{34} Toeti Soekanto dan Udin Sarifudin W, Teori Belajar dan Model-Model Pembelajaran, (Jakarta: Pusat Antar Universitas, 1997), page. 78-79
\textsuperscript{35} Syaffi Ma’arif, Pendidikan: Proses Pembentukan Manusia Merdeka, kreatif, dan Santun, Seminar papers and alumni gathering social science faculty State University of Yogyakarta, May272000, page. 7
\textsuperscript{36} Paulo Freire. 1985.\textit{Pendidikan Kaum tertindas},Jakarta: LP3ES.page. 51-52

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a dynamic economic country that could lead the ASEAN market in the future with an opportunities to control the market share and investment. It can be achieved if Indonesia was able to fend off the various internal and external challenges. The challenges that quite handcuff include are: inadequate infrastructure, the expensive logistics costs, human resources who have not competitive yet, micro, small and medium enterprises which have been not developed massively, and agriculture that do not have a comparative advantage. However, behind those all, the Indonesian government has made serious preparations and showed a high level of optimism.

Such optimism combined with the accelerated process of strategic sectors, especially increasing in human resources. The development of human resources is closely related to the field of education. It is time, the government should focus on the education system which is always improve through the comprehensive system development. Given that ASEAN countries will experience the flow of educated workforce to and from each country. In this case, the things that needs to be done by Indonesia is how Indonesia as part of the ASEAN community try to prepare the quality of human resources to be able to compete with other ASEAN member countries so that the fear of losing competitiveness in their own country due to the implementation of AEC 2015 did not happen. The consistency of application of 8 national education standards at all levels and types of education is a necessity. However, it also must be remembered that the government can not work alone. Therefore, it must involve the community - private party in this case - as mandated by Law No. 20 year2003 on the national education system.

In addition to form the dignified character and civilization of the nation, education is also a strategic area in developing science and technology by observing and applying the values of faith and devotion to God almighty One. To produce graduates who have the appropriate competence of science and technology, educational
institutions must improve itself in holding the principles and mind site changes. Currently, the state as the education stakeholders should respond to a paradigm shift in the development of science, among them is the knowledge based economy.

In the era of AEC 2015, knowledge-based economy plays a significant role. Science is expected to be a booster for economic growth. The main cause of the shift of industrial-based economy to a knowledge based economy is the discovery and the development of Information technology. To realize the knowledge-based economy in Indonesia, educational development must stand on four pillars, namely (1) learning to think, (2) learning to do, (3) learning to be, and (4) learning to live together. This condition demands Indonesia so as the educational institutions that are developed to strengthen the institutional capacity and brand image. In addition, educational institutions should be able to attract people to participate in education to a higher degree. It can be realized if an increase in the professionalism of teachers and are always carried out sustainably. In other words, compliance with national standards of education is one of the keys so that Indonesia is able to realize the paradigm of knowledge-based economy in facing the competition in the Asean economic community level.

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