

# Local Government: The Impact of International Cooperation on Economic Security in Indonesia

Fadhlan Nur Hakiem<sup>1,\*</sup> Novi Rizka Amalia<sup>2</sup>

<sup>1</sup> Universitas Darussalam Gontor

<sup>2</sup> Universitas Darussalam Gontor

\* Email: [fadhlanhakiem@unida.gontor.ac.id](mailto:fadhlanhakiem@unida.gontor.ac.id)

## ABSTRACT

This research aims at analyzing the impact of international cooperation on economic security carried out by local governments. Economic security is an essential aspect of the human security approach. In the human security approach, security is not limited to military threats but also non-military threats including threats to economic security. The aspects of economic security can be fulfilled by various elements in state institutions. Local government as one of the elements of the State has a strategic role in supporting the fulfilment of economic security aspects. One of the efforts which can be employed by the Local Government is international cooperation. International cooperation undertaken by the Local Government is a popular form of cooperation; it has been executed by various Local Government in Indonesia, both the Regency and Provincial Governments. According to the Treaty Room of the Ministry of Foreign Affairs, there had been more than 70 international cooperation done by the Local Government. Jakarta, West Java, Yogyakarta, Surabaya, Bandung, were areas which actively conducted international cooperation. International cooperation had a strategy to strengthen human security aspects, especially in economic security. Through the strategic role, it was significant to know to what extent the impact of the cooperation on the economic security in Indonesia was. The research method used in this research was the qualitative method done through the process tracing technique. The techniques of data collection implemented in this study were literature studies and in-depth interviews with relevant parties. The result recognized that international cooperation undertaken by Local Government has not significantly affected the economic security.

**Keywords:** *Economic Security, Human Security, International Cooperation, Local Government*

## 1. INTRODUCTION

### 1.1. Background

The end of the cold war and the strengthening of the globalization phenomenon are two things that cause a fundamental change in the dynamics of international relations. These events let low politics (economic, environment, culture, and issues) become as important as high politics (military and political issues). Moreover, these phenomena also cause non-governmental actors and sub-national actors to be intensely involved in the dynamics of international relations.

One of the important things occurred as a result of these changes is the recognition strengthening of the strategic role of sub-national actors, especially the city, regency, and provincial governments in fulfilling international agendas. As an illustration, the Earth Summit in 1992, the local government was mentioned explicitly as one of the main development actors [1].

According to Meadowcroft in Isnaeni, the local government is considered very important as it is the government unit closest to the people [2].

Currently, the local government can be involved directly in global governance. According to Tavares, cities or other sub-national actors is as spaces where global flows - capital, information, people, goods, and services - have intersected and become more solid as new international actors [3]. Sub-national actors especially cities rise significantly because cities accommodate more than half of the world's population. UN-Habitat estimates that by 2050, over 75% of the world population will live in cities. Cities currently produce more than 80% of the global economic output [3]. Another fact is that among the 30 largest economies in the world by gross domestic product, 12 of them are sub-national (states, provinces, or cities) [3]. The significant role of local government cannot be separated from the urbanization phenomenon. However, this phenomenon has side effects which must

be addressed by local governments. One of the side effects becoming a serious problem is the economic security issue in society. The more densely populated region is the more potential problems faced by the region. Protection of economic security in society becomes one of the crucial things and it should always be considered by the provincial, regency, or city.

In line with globalization, international cooperation involving local governments increases. Local government has a strategic role to resolve various problems through international cooperation. Popular international cooperation carried out by local governments is Sister City or Sister Provincial Cooperation. The Cooperation network built by the local government is considered an effective way to strengthen the capacity of the city to solve social and environmental problems and to provide adequate public services for the society [2].

The phenomenon of international cooperation carried out by sub-national actors also occurs in Indonesia. International cooperation carried out by local governments has increased significantly since 1999 or since the Reformation Order. This cooperation model is simply popular and become an alternative policy issued by local governments. According to the Treaty Room of the Ministry of Foreign Affairs, there are more than 70 international cooperation involving local governments [4]. Several regions, especially provinces, regencies and cities in Java, such as Jakarta, West Java, Bandung, Yogyakarta, and Surabaya, are leading regions international cooperation implementation

International cooperation by local governments is generally carried out under the sister city or sister province cooperation model. International cooperation is responsible to strengthen the region capacity solving the problems encountered, particularly the problems posed by urbanization. The main problem of urbanization is economic security. Therefore, international cooperation held by many local governments in Indonesia focuses on cooperation in the economic sector [4].

Based on these facts, cities, regency, and provinces have a strategic role to support the fulfilment of the international agenda. However, there are crucial challenges, especially regarding the economic security of the society. Therefore, international cooperation conducted by local governments in Indonesia is demanded to support the resolution of these problems. Thus, this research attempts to analyze how the impact of international cooperation held by local governments on the economic security in Indonesia. This is very significant because most of international cooperation is oriented towards economic cooperation. Besides, cooperation is required to be able to solve the social-economic problems of society. This research aims at understanding more deeply the impact of international cooperation on human security. This research is also

useful for developing further studies on international cooperation carried out by local governments, as well as providing input for the sustainability of people-oriented international cooperation.

## **1.2. Literature Review**

### *1.2.1. Paradiplomacy*

International cooperation held by sub-national actors such as cities, regencies, and provinces have led to new concepts in international relations. This concept is called paradiplomacy. The term paradiplomacy is often equated with other terms describing the involvement of sub-national actors in international relations. These terms include “constituent diplomacy, regional diplomacy, sub-state diplomacy, microdiplomacy, multilayered diplomacy, catalytic diplomacy, protodiplomacy, and post-diplomacy” [5].

According to Kutnezov, paradiplomacy is defined "as a form of political communication for reaching economic, cultural, political, or any other types of benefits which consists of self-sustained actions of regional governments with foreign governmental and non-governmental actors" [5]. This definition illustrates that the action of local governments to collaborate with foreign parties in various fields is a paradiplomacy activity.

Furthermore, the practice of paradiplomacy in Indonesia has been clearly regulated through the Law and General Guidelines on Procedures for International Relations. The guideline states that local governments have the right to cooperate in the sectors of economic cooperation, socio-cultural cooperation, and other forms of cooperation [6]. Therefore, the cooperation carried out by the local government is a paradiplomacy practice.

### *1.2.2. Economic Security*

The concept of economic security is part of the concept of human security. Human security was a concept that emerged after the Cold War. This concept cannot be separated from the role of the United Nations because this concept emerges from the United Nations to play a more active role in minimizing humanity threat. This concept is significant as it indicates a change in security priorities. Security for humans is a top priority compared to state security.

The consequence of this shift is that humans become the center of security. The concept of security has become widespread, in which everything that threatens human existence can be categorized as a threat to human security. United Nations Development Program (UNDP) as the originator of this concept defines human security as:

*Human security can be said to have two main aspects. It means, first safety from such chronic threats as hunger, disease, and repression. And second, it*

*means protection from sudden and hurtful disruptions in the patterns of daily life – whether in home, in jobs or in communities. Such threats can exist at all levels of national income and development [7].*

This definition explains that the threatening aspects are categorized as threats to human security. One of the threatening aspects is an economic threat. Economic threats can be divided into two main threats, namely poverty, and unemployment.

In Indonesia, the term human security is not popular. Thus, the term economic security can also be interpreted as economic welfare. Although the poverty and unemployment rates in Indonesia have decreased, the public still sees unemployment and poverty as the main threats to economic security [8]. In addition, there is a common perception that the government from the national and regional levels, is most responsible for dealing with threats to human security, including economic security [8]. The government has the ability to empower and overcome threats to humans.

**2. METHODOLOGY**

This research used qualitative research methods. According to Alan Bryman, “qualitative research is a research strategy that usually emphasizes words rather than quantification in the collection and analysis of data” [9]. The strategy used by qualitative research consists of three things, namely broadly, inductively, and constructionist, but these strategies are not always used side by side [9]. The research design used in this research was the tracing process method. According to Jeffrey Checkel, the tracing process method is the answer to identify the causal relationship between the independent variable and the dependent variable [10]. This method tries to trace the operation of the causal mechanism which works in certain situations [10]. It is used to determine the impact of international cooperation carried out by local governments on the economic security of society in Indonesia. This technique was used to see the causal relationship between international cooperation carried out by local governments and the economic security.

Data collection techniques in this research used literature studies as well as interviews. Various kinds of literature on international cooperation carried out by local governments and human security were used as relevant reference materials. Some of the literature included journals, government documents, and Memorandum of Understanding (MOU) between local governments. Interviews were conducted with related parties, particularly with local governments as stakeholders in international cooperation. Furthermore, the data obtained were analyzed using data reduction analysis techniques. The data reduction process was then displayed in the form of diagrams, tables, or images. This provided an in-depth explanation and concluded at the end of the data analysis process.

**3. RESULTS AND FINDINGS**

**3.1. International Cooperation by Local Governments in Indonesia**

International cooperation carried out by local governments had become popular and it had been a policy choice for local governments after the end of the New Order regime. This can be illustrated from the international cooperation carried out by the Province of Yogyakarta as one of the regions that have a lot of international cooperation. By 2019, in a personal interview with Joko Hariyono, Head of the International Cooperation, Capital Investment and Licensing Services (Dinas Perizinan dan Penanaman Modal) Yogyakarta, Yogyakarta had 31 international collaborations with various parties.

Based on this international cooperation, it can be illustrated that the intensity of international cooperation increased after the New Order or when the Reformation Order emerged. The Reform Order was a good moment for the development of international cooperation. In this era, the decentralization of power began to take place as a manifestation of Indonesia's emerging democracy. One form of decentralization was the enactment of a law on local government.

Through this Law, Local Governments were given the authority to organize governance based on the principles of autonomy, decentralization, and de-concentration [11]. The law provided space for local governments to cooperate with institutions or governments abroad and to improve social welfare based on considerations of the efficiency and effectiveness of public services [11]. Cooperation carried out by local governments included (i) development of science and technology; (ii) cultural exchange; (iii) technical capacity building and government management; (iv) promotion of regional potential, and (v) other collaborations which were not against the law [11].

The law provided space for local governments to carry out international cooperation. According to the Treaty Room of the Ministry of Foreign Affairs, it was recorded that more than 70 international collaborations involve cooperation with local governments [4]. Local governments including cities, regencies, and provinces led to international cooperation.

**Table 1.** International Cooperation by Focal Governments

No	Local Governments Implementing International Cooperation
1	Jakarta Province
2	West Java Province
3	Central Java Province
4	East Java Province

No	Local Governments Implementing International Cooperation
5	Banten Province
6	Yogyakarta Province
7	Aceh Province
8	North Sumatera Province
9	West Sumatera Province
10	Riau Island Province
11	Bali Province
12	Maluku Province
13	Papua Province
14	Bandung
15	Bogor
16	Surabaya
17	Medan
18	Padang
19	Surakarta
20	Bantul
21	Ambon
22	Bukit Tinggi
23	Makassar
24	Kendari

Source: Compiled from various sources

Local governments including city, regency, and province carried out various international cooperation, as illustrated in the table above. In practice, this cooperation could be divided into three models of cooperation or international agreements. The three models were as follows (i) cooperation agreements between local governments and overseas local governments (government to government); (ii) cooperation between local government and foreign private sector; (iii) cooperation between local governments and the International Non-Governmental Organization (INGO) [12]. Referring to these three models, the model most widely used was a government to government cooperation. The cooperation is generally realized in sister city or sister province.

International cooperation between local governments and regional governments abroad in the form of sister cities or sister provinces was a model for international cooperation mostly carried out by local governments in Indonesia. Various cooperation was carried out by local governments within the framework of this cooperation. Cooperation was carried out by local governments in various fields such as education, tourism, culture, investment, trade, economy, science, and technology development.

There were various fields of international cooperation. However, international cooperation in economy, trade, and investment were the main sectors in this cooperation. Local governments were trying to cooperate in the economic sector with various parties abroad, either with local governments or the private sector or with INGO. This is a list of some of the international cooperation by local governments in the economic sector:

**Table 2.** International Cooperation in Economics

NO	International Cooperation	Types of Cooperation	Year
1	Yogyakarta – Gyeongsangbuk-do	Sister Province	2003
2	Ambon – Darwin	Sister City	1988
3	East Java – Western, Australia	Sister Province	1995
4	Aceh – Samarqand	Sister City	2011
5	West Java – South Australia	Sister Province	2015
6	Jakarta – Arkansas	Sister Province	1993
7	Jakarta – New South Wales	Sister Province	1994
8	Central Java – Queensland	Sister Province	2013
9	Papua – Vanimo	Sister City	2016
10	Papua Wewak	Sister City	2016
11	North Sumatera – Pinang Island	Sister City	1991
12	Yogyakarta – California	Sister Province	1997
13	Yogyakarta – Shanghai	Sister Province	2016
14	Yogyakarta – Tyrol	Sister Province	1997
15	Yogyakarta – Chungcheongnam-do	Sister Province	2003

Source: Compiled from various sources

The table above was an illustration of how local governments gave the advantage of the international cooperation platform to cooperate in the economic sector. The high level of international cooperation in the economic, trade, and investment sectors showed that the high expectations of local governments needed to meet the welfare or economic security of the society. This was also one of the objectives implied in the Local Government Law. The law stated that international cooperation must be carried out to improve welfare [11].

### 3.2. Impact of International Cooperation on Economic Security

Impact of International Cooperation on Economic Security illustrated that local governments, including cities, regencies, and provinces were active in conducting international cooperation. Local governments conducted various international cooperation ranging from letters of intent (LOI), Memorandum of Understanding (MOU), or in the form of other international agreements. According to Surwandono and Maksum, "the strongest motivation behind the emergence of regional desired to carry out diplomacy activities is economic factors" [13].

The international cooperation efforts initiated by the local government had not been as effective as expected. One of the obstacles faced in implementing foreign cooperation was the problem of sustainability. According to the Head of the International Cooperation, Capital

Investment and Licensing Services (Dinas Perizinan dan Penanaman Modal) Yogyakarta, the issue of sustainable international cooperation was crucial. The cooperation carried out by the local government had to be carefully calculated whether it could be followed up as an agreement. An illustration of this situation could be seen from the international cooperation of the Yogyakarta provincial government, where out of 31 international cooperation, only 8 cooperation had survived [14]. This description explained an important phenomenon where the problem of sustainability of cooperation was significant

Sustainability was a problem because of several factors. According to Joko Hariyono, several things causing implementation problems were that international cooperation was considered an additional burden for bureaucrats in regional government. The bureaucrats did not work seriously to carry out the agreement. The bureaucrats tent not to care about the sustainability of international cooperation. Second case was budget efficiency. International cooperation was considered a program that consumes a lot of budgets. Therefore, local governments were reluctant to carry out cooperation as they were considered inefficient. Finally, the factor that influenced sustainability issues was leadership. International cooperation was a policy product that was strongly influenced by leaders. If the leader did not realize the strategic role of international cooperation, then the planned international cooperation did not work.

In addition to sustainability, the problems faced in implementing international cooperation were about the direct impact felt by society, especially the economic impact. The local government still felt uneasy about how much direct impact the society got from this cooperation. Several local governments, such as Yogyakarta Province, admitted that local governments found it difficult to measure the impact of this collaboration. According to Joko Hariyono, the local government itself did not yet have a reliable measuring tool relied on to measure the success of an international collaboration.

This situation led to international cooperation trapped in a situation that Tavares called "Ceremonial Paradiplomacy". International cooperation carried out tended to be not applicable. This happened because the resulting agreements tended to be simple, non-binding, and generalist [3]. Most of the cooperation only focused on the ceremonial aspect. The situation led to international cooperation, especially cooperation in the form of sister cities or sister provinces, considered the most productive and unsuccessful cooperation instrument for sub-national governments [3].

This situation was not one thing to be expected because international cooperation had the potential of strategic role in society solving problems. International cooperation carried out by local governments was

generally trapped in the phenomenon of ceremonial paradiplomacy. The cooperation carried out only ended with an international agreement, so that it had minimal impact on society. Therefore, international cooperation in the future must be more binding and stronger, hence, the programs planned well can be carried out.

Although the situation was not ideal, efforts to promote more effective and productive international cooperation had been made by various local governments in Indonesia. One international cooperation that had an impact was the cooperation between the Yogyakarta Provincial Government and the Gyeongsanbyuk-do Province, South Korea. International cooperation brought social empowerment program known as Saemaul Undong. The program supported the strengthening of society's economic security.

Saemaul Undong was a program referring to "any community development movement, which built a village or community to improve villagers' quality of life based on the spirits of diligence, self-help, and cooperation" [15]. This program had a positive influence on society. The program provided programs based on social empowerment so that they had an impact on economic security. One of the objectives of this program was to strengthen the social economy and to develop community social business models [16]. The programs implemented were the establishment of local governance, the establishment of and provision of education for Saemaul Organization, education on running a farming organization, training for farming, education on women's organization management [17]. The programs were implemented to assist how Yogyakarta Province overcame the problem of economic inequality.

The Saemaul Undong program encouraged the implementation of economic empowerment programs. The program had an impact on the economy of society, but it was not significant. The program provided the greatest benefit for the village government and the people involved in the implementation program. However, this program had not reached people who were not involved in implementing the program [18]. Even though the impact had not been too significant, people still thought that there were changes in the economy. This can be illustrated from the graph below:



**Figure 1** The Impact of the Saemaul Undong on the Society

The Saemaul Undong as a manifestation of the international cooperation between Yogyakarta and Gyeongsanbuk-do had an impact on the economy of society. Even though the impact generated was relatively insignificant, society's empowerment-based international cooperation had succeeded to provide economic changes for the affected society.

#### 4. CONCLUSION

International cooperation carried out by local governments has a strategic role in supporting the strengthening aspects of economic security. However, various challenges caused the cooperation to be stuck in ceremonial cooperation. This is unproductive and detrimental to society. International cooperation which should be an instrument supporting development, progress, welfare, and human security has not had a significant impact on society. Local Governments have to promote strong and binding international cooperation. Cooperation can be implemented and oriented towards society empowerment; therefore, the fulfillment of economic security aspects can be fulfilled

#### ACKNOWLEDGMENTS

The author would like to thank the lecturers in the Department of International Relations, Universitas Darussalam Gontor who have provided useful suggestions. The author would also like to thank the Directorate of Research, Ministry of Research, Technology and Higher Education for funding this research. This research is part of the author's research project on human security in Indonesia

#### REFERENCES

- [1] United Nations Sustainable Development, *United Nations Conference on Environment & Development; Agenda 21*. Rio de Janeiro.
- [2] N. Isnaeni, 'Peran Strategis Pemerintah Daerah dalam Kerja Sama Internasional untuk Pembangunan Berkelanjutan', *Glob. Strateg.*, vol. 1, no. 7, pp. 123–138, 2013.
- [3] R. Tavares, *Paradiplomacy; Cities and States as Global Players*. New York: Oxford University Press, 2016.
- [4] 'Data Perjanjian Luar Negeri'. [Online]. Available: <https://treaty.kemlu.go.id/search>. [Accessed: 29-Sep-2019].
- [5] A. Kuznetsov, *Theory and Practice of Paradiplomacy*. New York: Routledge, 2015.
- [6] Kementerian Luar Negeri, *Peraturan Menteri Luar Negeri Republik Indonesia Nomor: 09/A/KP/XII/2006/01 Tentang Panduan Umum Tata Cara Hubungan dan Kerjasama Luar Negeri Oleh Pemerintah Daerah*. 2006, pp. 1–58.
- [7] United Nations Development Programme, 'Human Development Report 1994', New York, 1994.
- [8] L. A. Alexandra, 'Perceptions on Human Security: An Indonesian View', in *Human Security Norms in East Asia*, Y. Mine, O. A. Gómez, and A. Muto, Eds. Cham: Palgrave Macmillan, 2019, pp. 67–89.
- [9] A. Bryman, 'Social research methods Bryman', *Oxford Univ. Press. Univ. Press*, 2012.
- [10] J. T. Checkell, 'Process Tracing', in *Qualitative Methods in International Relations: A Pluralist Guide*, A. Klotz and D. Prakash, Eds. New York: Palgrave Macmillan, 2008, pp. 114–127.
- [11] Pemerintah Republik Indonesia, *Undang-Undang Republik Indonesia Nomor 23 tahun 2014 tentang Pemerintahan Daerah*. 2014.
- [12] J. Thontowi, 'Kewenangan Daerah Dalam Melaksanakan Hubungan Luar Negeri (Studi Kasus di Propinsi Jawa Barat dan DIY)', *J. Huk. Ius Quia Iustum*, vol. 16, no. 2, pp. 149–168, 2009.
- [13] A. Maksu and Surwandono, 'The Dynamics of Paradiplomacy Practices in the "Frontier" Areas in Indonesia', *J. ASEAN Stud.*, vol. 6, no. 2, pp. 137–154, 2019.
- [14] 'Kerjasama Luar Negeri Aktif'. [Online]. Available: <http://www.jogjainvest.jogjaprov.go.id/kerjasama-luar-negeri-aktif.html>. [Accessed: 28-Aug-2020].
- [15] 'Korea Saemaul Undong Center'. [Online]. Available: <https://www.saemaul.or.kr/eng/sub/whatSMU/definition.php>. [Accessed: 28-Aug-2020].
- [16] 'Saemaul Globalization Foundation (SGF): Mendukung Program Desa Lestari di Provinsi Daerah Istimewa Yogyakarta – Penabulu Foundation'. [Online]. Available: <https://penabulufoundation.org/saemaul-globalization-foundation-sgf-mendukung-program-desa-lestari-di-provinsi-daerah-istimewa-yogyakarta/#toggle-id-4>. [Accessed: 28-Aug-2020].
- [17] 'Indonesia (New) | Saemaul Globalization Foundation'. [Online]. Available: [http://www.saemaulgf.or.kr/pages/eng\\_our/page.html?mc=0610](http://www.saemaulgf.or.kr/pages/eng_our/page.html?mc=0610). [Accessed: 28-Aug-2020].
- [18] D. C. Puspitasari, R. Satriani, and S. B. Pmungkas, 'Pengembangan Kapasitas Masyarakat Partisipatif: Studi Implementasi Program Saemaul Undong di Kabupaten Gunung Kidul DIY', *J. Sosiol. Pendidik. Humanis*, 2019.