

Pragmatism in Public Policy

Study on Tanjung Lesung Special Economic Zone (SEZ), Banten Province

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Abstract—An Ideal Public Policy is also described as pragmatism in public policy, based on this concept, this research will observe and analyse whether Tanjung Lesung Special Economic Zone (SEZ) has already classified as ideal policy or possess pragmatism value. Pragmatism in this context is describes as an ethical necessity inside a public policy to fulfil public's needs. By using qualitative methods, the researchers hold several interviews with the Government, Regional Legislative and society. The result shows that public policy in Special Economic Zone is unethical or do not possess pragmatism value. SEZ policy takes too much favour on the global investor's side and neglects national productive assets. The government creates efficient taxes such as: land and building tax, import declaration tax and income tax. But unfortunately, all of these beneficiaries do not affect the surroundings society's welfare.

Keywords—public policy, pragmatism, special economic zone

I. INTRODUCTION

The functions of government in general are including regulatory, development and service. In carrying out the functions of development, governments in developing countries often trapped in physical development. Economic growth through of foreign capital investment is highly believed to reduce poverty rate. Various regulations are made to facilitate domestic and foreign investment. the construction of luxury hotels and modern recreational facilities are built in the middle of the rural communities which are still unfamiliar with capitalism.

Under similar circumstances, Indonesian government issued policy concerning Special Economic Region (Kawasan Ekonomi Khusus/KEK) which was covered eight regions, i.e. Tanjung Lesung (Banten), Sei Mangkei (North Sumatra), Palu (Central Sulawesi), Bitung (North Sulawesi), Mandalika (NTB), Morotai (Maluku Utara), Tanjung Api-Api (South Sumatra) and Maloi Batuta Trans Kalimantan / MBTK (East Kalimantan) [1].

As one of consideration is KEK Tanjung Lesung is located in Banten. It is a coastal region located in the village Tanjungjaya Panimbang District of Pandeglang and has been known as a tourist destination since it has white sand and a stunning panorama, both on land and underwater. It can be seen from the distribution of coral reefs in this region are known to have an area of about 85 hectares. Beginning with Act No. 39 of 2009 on KEK, then responded with Government Regulation (PP) No. 26 of 2012 concerning on Special Economic Region Tanjung Lesung, reinforce the role of this

region as a tourist destination. Product of these policies according to the researchers, have led capitalism in the village of Tanjung Jaya. This government regulation is then responded by Bappeda Pandeglang with Institutional Action Plan, which are consist of: set up Board of KEK, the KEK Board Secretariat, the Administrator of KEK. Action Plan for Delegation of Authority and Establishment of KEK Tanjung Lesung Development Enterprises In addition, the Administrator of KEK is also formed by the Regional Regulation No. 2 of 2014 which facilitate One Stop Integrated Service (Pelayanan Satu Pintu).

By this condition, both Central and Local Government in order to improve the citizen's welfare, applying modernization concept in historical perspective. This perspective states that: based on historical worldview, modernity relates to advanced innovation or morality, ethics technologies or social structures' breakthrough in improving societal welfare [2]. Similar views is also stated Chodak, who said that modernization is a specific and important example from advanced society, a kind of conscious action in achieving higher living standard [2]. The researchers argue that it does not matter achieving higher living standards through modernization as long as the output policies contain policy pragmatism which means they possess ethical aspects with initial goals of serving public's need.

Based on the argumentation below, this research focuses on observing and analyzing pragmatism in public policy on Special Economic Zone (SEZ) Tanjung Lesung, in Tanjungjaya, Panimbang Sub-districts, Pandeglang, Banten. Pragmatism in public policies will be viewed from: fair trade competitions, legal certainty, propotional taxes, empowering enterprises, and education which refers into global challenge [3].

II. RESEARCH METHOD

Research methods in this research are using qualitative approach according to Fick in Ritchie [4] as "a set of interpretative, material practice that make the world visible". This method interprets various empirical things until they clearly become visible. The interpretation is proceeding through a set of activity which include field notes, interviews [5], conversation, photographs and document [6] and reordered transcript. In this context, researchers will hold interview on society, SEZ Head of Administrator, Head of Regional Development Agency (Bapopeda) Pandeglang Regency, Panimbang Head of Sub District (Kecamatan) Panimbang and Tanjung Jaya Village Head.

This qualitative research contains three functions: *contextual*, frequently called as descriptive or explorative research [4]. Meanwhile validity test in this research includes: *credibility* (internal validity), *transferability* (external validity), *dependability* (reliability), and *confirmability* (objectivity) [5]. In addition, qualitative research is more flexible by slowly gaining focus research [7].

III. RESULT AND DISCUSSION

Under Bill No. 39/2009 about Special Economic Region (SEZ), SEZ is defined as a region with certain limits within the jurisdiction of the Republic of Indonesia which is established by conducting economic functions and obtaining certain facilities. SEZ is a gate for capitalism in Indonesia, which is historically related with Weberian thought and Adam Smith [8, 9].

According to Government Regulation No. 26/ 2012, SEZ Tanjung Lesung is proclaimed as Special Economic Zone in Tourism i.e. a specific area designates as tourism business activity and supports leisure and recreation, Meetings, Incentives, Conference and Exhibition (MICE), and related activities. With the issuance of policies from both the Central and Regional government, the following part will describe whether these policies are still in accordance with the characteristics of the ideal policies or even transforms itself into capital-oriented policies.

The establishment of Special Economic Region is predicted alluring a huge amount of investment, thus the government should be well prepared to anticipate several negative impacts by ensuring fair competition among investors. More specific, the government should anticipate the collision among: hotel and homestay owner, or internal competition between homestay owner itself. But, the predicted competition is still not happen yet since accessed infrastructure as promised by the authorities, such as airport, toll road, sand sea port has not been built yet and the development progress is unconfirmed. It resulted on a low hotel occupancy rate, only 35% on weekends.

With the hotel occupancy rate of only 10% and the highest 35% on weekends, it indicates that tourists are still lazy to visit the KEK Tanjung Lesung. Added by Joyce, a considerable distance on making people do not feel there is a chance to go to Tanjung Lesung on weekday. In addition, the supporting facilities which are being promised by the authorities in the form of the Serang-Panimbang toll road will only begin in 2019. This is the inequality policy between the Central Government's policy on SEZ and the conditions in the field. Although P.T. Banten West Java Tourism Development Corporation is the one who proposing SEZ in Tanjung Lesung, this company and other companies are still waiting for toll road facilities from the Government.

The investor still takes a 'wait and see' action, thus as stated by the Head of Administrator Office of Tanjung Lesung SEZ all they can do is doing promotion. If the toll road has already built, 11 MoU's (Memorandum of Understanding) in a considerable amount of investment will be realized. The similar condition is also stated by Yangto, the Regional Representative Council supports the necessary budget for the region [10]. For example, the Office of Administrators

proposes various budgets, and the Council regulate the realized budget. The required road also being regulated by the Councils. The main problem is, until now there is no investor intake on it. Meanwhile, a lot of interest has been rumored informally, but the realization of capital investment still does not exist yet. They await the certainty of infrastructure construction such as tolls, airports and others. Currently the existence of SEZ development is not yet felt by the community.

There are 13 policy products that regulate Tanjung Lesung, SEZ which ranges from Law up to Regent's Regulation. Each policy product emphasizes on the SEZ's policy direction as it has been officially open in 2012 by President. But it turns out that the various investment regulations are not yet fully optimized. First, the obstacle which has been happened in Tanjung Lesung also occurred in all SEZ. Thus, the obstacles can be identified from various sides such as the investment, regulation, practical control both on its *masterpiece* and realization on site projects. Since there are many obstacles both on the regulation and operational, it can be understood that people began to perceive that SEZ development is too slow. While the policy at the Central Government has not been finished such as in the device concept and anything else. Meanwhile, its foreign counterparts the SEZ's are more well-prepared in establishing regulation, incentives and supporting infrastructure.

Through Law no. 39 of 2009, the government provides several incentives for investors in SEZ such as exemption for import duty, excise tax, Value Added Tax; Tax on Luxury Goods and Duty Fee Importation. Every taxpayer whom conducts business in SEZ are being given incentives in the form of exemption or relief of local and regional taxes. Besides, the local governments are also able to give several incentives. These advantages are gained by the capital owners when they are involved in a relationship of economic transformation in village politics [11].

In addition to the above facilities, SEZ is also granted facilities for obtaining land rights, as well as several convenience and relief in business licensing, industrial, trading, port and immigration for foreigners, and security facilities. This convenience is also legal bias since there is no derivative of regulation, such as convenience in land and building tax, imported goods, and income tax. The law also allows global investors to control national productive economic assets, such as hotel construction that take up areas where fishermen are fishing. Apparently here, there are policy irregularities when we use the theory of policy.

While waiting for the accessibility built by the Central Government, Local Government in n Tanjung Lesung first turn on small-scale investment, such as homestay and restaurant, as a strategy to show progress around Tanjung Lesung, although there is a risk of loss of in the business actors. This is where the meeting of government and business interests, which has different interests.

When accessibility policy in SEZ has not been completed, and still have low feasibility, it will still be difficult to attract investment. The airport and toll road have not been built yet, while accessibility is the most sensitive main thing for investors. So, the strategy, while waiting for its accessibility,

Local Government should brighten the area, create a festival, prepare the community, and prepare the accommodation such as homestay. When the SEZ is completely ready and everything is available, there will be no obstacle between business actors and the buffer-zone, because both have their target market respectively. For the region inside, the government is projected to target the upper- middle class market, while the buffer-zone are expected into target in the middle to lower class market. Specifically, for domestic tourists who stay at homestay, while the foreigners stay inside the city. The government hopes to avoid segregation and exclusiveness in this region. This synergy is supported by the Office of the KEK Administrator, not by creating competition but a partnership. This is the adaptation of local governments to globalization [12].

Formal education that refers to the global challenge is not available yet, the Regional Council has decided to ask the government to conduct human resource training, such as training in tourism awareness. This training is intended first for homestay owners. Also, the clash between religious and local culture and the arrival of foreign tourists should be anticipated. While formal education of tourism is in accordance with the needs of SEZ has not available yet, the Regional Government should take initiative to conduct tourism awareness training such as training for home stay owners.

IV. CONCLUSION

1. Until now, a newly established entrepreneurship are hotel and homestay both of them are not seen any competition. Even the local government already signed a program when the SEZ is developed, everyone will have their own target market.
2. In formally juridical, the existence of SEZ Tanjung Lesung is supported by 13 legal products from the start of the Law until the Regulation of the Regent. However, these rules cannot be operationalized yet because the supporting devices are not clear, either in the form of infrastructure or regulation in technical guidance.

3. Proportional taxes are regulated in Law No. 39 of 2009 on SEZ, but the incentives under the law are still unclear because the technical guidance regulations do not yet exist. Thus, incentives in Land and Building Tax, Import Goods, and Income Tax cannot be implemented.
4. Empowerment is done on small-scale investments in advance, so the economic growth actually grows outside the area and the small business developments first.
5. While formal education of tourism in accordance with the needs of SEZ does not yet exist, then the Regional Government took the initiative to conduct tourism awareness training such as training for home stay owners.

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