

The Public Goods Policy for People's Welfare

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Abstract:

Public goods are no longer defined theoretically as public goods should be enjoyed by the public free of charge provided by the state. However, in practice the meaning of public goods has shifted from its true meaning, seen in developing countries that rely on budget sources. sustainable availability of public goods. This research wants to provide an overview of the management of public goods not only provided by the government but the private sector can also carry out its function to produce public goods. The phenomenon that occurs, public goods have been privatized, monopoly and cartel games can increase the poverty rate. So to get public goods requires effort in order to fulfill basic needs. The specific objective of this study focuses on the management of public goods in terms of public policy aspects derived from various scientific literature. The method in this study uses a systematic review technique, carried out in a deductive or theoretical & analytical framework (meta-theory). The results of this study reveal that the management of public goods cannot be fully enjoyed by the public for free with government policies that pay attention to patterns of provision, morale and the environment for policy execution. Policies are real answers to problems with the support of good governance.

Keywords:

Public Goods, Private Goods, People, Policies.



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INTRODUCTION

The opening of the 1945 Constitution of the Republic of Indonesia in the 4th paragraph states as follows: "Then from that to form an Indonesian State government that protects the entire Indonesian nation and all Indonesian bloodshed and to promote public welfare, educate the life of the nation and participate in carrying out world order based on independence, eternal peace and social justice, the Indonesian National Independence was drafted in a Constitution of the Republic of Indonesia, which was formed in a structure of the Republic of Indonesia which is people's sovereignty based on Belief in One Almighty God, just Humanity and civilized, Indonesian and democratic unity led by wisdom in deliberations/representation, and by realizing social justice for all Indonesian people" is a state goal that has a deep philosophy.

The sentence "and by realizing social justice for all Indonesian people" illustrates the state's obligation to provide justice for every Indonesian citizen, one of which is obtaining public goods (public good). Public goods are goods that are consumed by the public for free, but in practice a number of these public goods have been privatized by the government so that the public cannot enjoy them for

free. The question is, how is the shift in thinking and practice of administering public goods in Indonesia.

Berg (2011) explains, public goods are closely related to other economic concepts such as externalities, which lead to costs and benefits created in markets that are additional and external to products produced and purchased in the market (public goods are strongly related to another economic concept: that of externalities, which point to costs and benefits that are created in markets that are additional and external to the product that was produced for and bought on the market). Although public goods are an economic concept, public goods and private goods can be identified through their characteristics, non-rival and non-excludable, rival and excludable (variant 1992) states, goods that are not excludable and are non-rivalrous are called public goods.

Various countries try to provide public goods to be enjoyed by their citizens. Public goods reflect key elements of quality of life and environmental balance. A shortage in the provision of public goods will also affect the prospects for economic development, threaten economic stability, peace and prosperity, public goods can also be a strategy to overcome the poverty of a country. The United Nations (UN 2008) gives the view that public goods shape poverty eradication (current views of economic development (macroeconomic stability, market-oriented reforms, good governance) effectively into poverty eradication).

For developing countries, this strategy can be an option. Public goods are placed at the "upstream" angle of a policy, but as a "downstream" economic stability, good governance is indeed a big problem in developing countries. On the other hand, politics becomes a problem when politics gives excessive intervention in government activities. (Slavov, 2014) expressed in contrast, choosing the level of a pure public good through a political process such as the majority rule can produce higher levels of the public good. In countries that adhere to trian politica, such as Indonesia, the role of the legislature sometimes means oversight and puts pressure on the government to be fair to the public in the provision of public goods. (Batina & Ithori, 2005) emphasized that public policy will have very differences in the two models; there are other possible ways of modeling privately provided public goods.

Each country has different treatment for managing public goods with various rules, the main goal of public goods is to guarantee these public goods in terms of availability and benefits as expected. However, problems will arise when public goods have been privatized, the reason being that it is necessary to involve private entities in their management because the government is experiencing a shortage of reliable budgets and human resources to manage public goods. There is no other choice for the community, this item is a must have even at a very high price. For example, today's people living in rural areas find it very difficult to get 3 kg of LPG gas, which must be purchased with certain conditions, such as bringing a photocopy of their Family Card (KK), the gas that can be purchased is also limited, not more than one per person. sold in stalls and even then are also limited in number and have a price that tends to be higher than the usual price, such as the price of Rp. 20,000 per one LPG up to Rp. 35,000 per one LPG.

Several other examples can be observed from the condition of transportation facilities in this country which has caused a lot of losses. Truck drivers, businessmen and the public feel that the process of distributing goods in Indonesia is very draining of time, energy, mind and money. Distribution costs are far greater than production costs or purchase costs which have an impact on the national inflation rate (One, 2012). Expensive school fees are news that is traumatic for poor people, such as SMKs, the State in Tanjung Jabung Timur Regency in accepting new students in 2022 imposes high registration fees, on the grounds that the cost of school uniforms and attributes as well as textbooks and money monthly committee. The description above, provides an illustration of the emergence of poverty in society and is not in accordance with the aims and objectives of article 33 of the 1945 Constitution which regulates the Definition of the Economy, Utilization of Natural Resources, and Principles of the National Economy.

There are requirements that must be met to obtain these items, (Phchierri, 2016) explains, 1) a human need; 2) such properties as rendering the thing capable of being brought into a casual connection with the satisfaction of this need; 3) human knowledge of this causal connection; and 4) command of the thing sufficient to direct it to the satisfaction of the need. Human needs such as basic integrity are rights that cannot be offered by anyone, when it is related to the management carried out by the state it seems that every community must try to fulfill them. The state only provides the rest of the people who are forced to become objects, funds originating from the APBN are allocated 20 percent for education, electricity and general fuel are subsidized by the state. When changing to the government, the policy anomaly concerning goods subsidized by the government began to disappear, even though they were available at high prices and were very difficult to obtain. The role of the media in supporting the government is just to improve the image that what the state is doing is right. However, the reality is that in various remote areas of the country there are still many school buildings that are not suitable for use, children under five are malnourished, water is dry and staple foods are expensive.

METHOD

The method used in this research article is systematic reviews technique. (Gough, Oliver, & Thomas, 2012,) gives a view, research can be understood as systematic investigation to develop theories, establish evidence and solve problems. This research seeks to identify all existing written evidence on research themes to build knowledge and produce various systematic studies that are used to develop theory. Data mining in this study was carried out using deductive or theoretical & analytical frameworks (meta-theory), which originate from various scientific literature, especially regarding public goods policy. Meta-theory can be used to identify theoretical frameworks related to social, historical, cultural and political theories (Paterson, et.al, 2001).

In contrast to traditional literature reviews, this research often forms "expert opinion pieces" and is less useful and contributes less to the information debated research problems, this is due to a number of factors and tends to be biased and is conducted from a point of view that collects and interprets certain literature (Torgerson, 2003). However, traditional literature reviews are still useful at the undergraduate level, for postgraduates who do not provide too much contentious information (Jesson, Matheson, & Lacey, 2011) to seek information.

RESULTS AND DISCUSSION

Classical theories regarding the provision of public goods have been put forward in various scientific literature, both in the form of definitions and discussions from different points of view, for example Pigou's theory (Arthur Cecile Pigou, 1877-1959), Bowen's theory (Howard R., Bowen, 1908-1989), Bowen Lindahl's theory (Erik Lindahl, 1891-1960), Samuelson's theory (Paul Antony Samuelson, 1915-2009), budget theory (Henry Adams, William F. Willoughby, Aaron Wildawsky et.al). Public goods, private goods, were originally the study of neo-classical economics. We can find some classic literature that discusses public goods from an economic perspective, such as the writings of Samuelson (1954), Buchanan (1968-1999), Head & Shoup (1969), Foley (1970), Musgrave (1989), Varian (1992).

The definition of public goods from the point of view of economics is one of microeconomics. Microeconomics tells about the distribution of production, allocation and consumption of goods. Pigou's theory argues that public goods should be provided at a level where the marginal satisfaction with the public good equals the marginal dissatisfaction with the taxes imposed to finance public goods. In Bowen's theory, the supply of public goods is based on the same price theory as the supply of private goods. Lindahl's theory, this theory is almost similar to Bowen's theory but the difference lies in the payment of each consumer not in the form of an absolute price but in the form of a percentage of the provision of public goods.

Samuelson's theory states that the existence of public goods is non-excludable and non-rival, which does not mean that the economy cannot achieve pareto conditions or an optimal level of social welfare. Budget Theory, (Provision of public goods), is a theory of analysis of the supply of public goods that is more in line with the reality that starts from the distribution of income (taxes) to finance government spending. Currently, the issue of public goods has also developed into a policy analysis study. Policy theory, will respond to market failures in the supply of public goods and what policies are appropriate to use in responding to market failures (Waimier & Vininh, 2011).

These theories provide an explanation of public goods by looking from the point of view of supply, satisfaction, market prices, methods of payment, characteristics of goods. Public goods, a term that is often used for types of goods similar to national defense (Stiglitz, 2000; Hyman, 2011). Other terms that are sometimes used besides "public goods" such as "collective goods" (Buchanan, 1968-1999; Weimer & Vining, 2011) and "social goods" (Musgrave & Musgrave, 1989). The term "collective goods" has the advantage of additional connotations, namely the concept of using and inviting together which is used simultaneously.

Theory	Weakness
Pigou's theory	The weakness of Pigou's theory is based on the marginal dissatisfaction of society in paying taxes and a marginal sense of satisfaction with public goods, while satisfaction and dissatisfaction are something that cannot be measured quantitatively.
Bowen's theory	The weakness of Bowen's theory uses government and supply, the problem lies in public goods, there is no exclusion principle so that people cannot express their pleasure for these goods.
Lindahl's theory	The weakness of Lindahl's theory is that this theory only discusses public goods without discussing the provision of private goods produced by the private sector.
Samuelson's theory	The results of the analysis depend on individual satisfaction with public goods, the biggest weakness is in the assumption that consumers openly express their preferences for goods and the public and their preferences become the basis for managers to charge fees for their use.
Budget Theory	The weakness of the Budget theory is using an indifference curve as an analytical tool.
Policy Theory	The weakness of policy theory is that sometimes in the formulation process it does not pay attention to data and facts, the impact caused by the policy requires an in-depth study of the tug of war between interests to legitimize a policy that sometimes harms the community. Every policy that becomes a problem is often at the level of policy implementation. The point is that every policy is good for increasing the interests and welfare of the community.

Public goods can be identified through their characteristics. (Varian, 1992) provides an explanation, goods that are not excludable and are non-rivalrous are called public goods. The characteristics of public goods can be explained first, non-rival and non-excludable, this means that consumption of these goods by an individual will not reduce the amount of goods available for consumption by other individuals, and non-exclusive means that everyone has the right to enjoy the benefits of these goods. For example, such as government public broadcasting institutions, roads, museums, forest parks, educational facilities, health, availability of clean water, and others. The large number of users of public goods will not reduce the benefits of the public goods themselves.

The suggested benefits of consuming a good will not decrease even if it is consumed repeatedly; Second, Rival and excludable, the benefits of consuming an item will decrease if it is consumed by several individuals (rivals), and the process of consuming or utilizing an item can be specialized for individuals. In addition to the characteristics of public goods, another thing that can affect public goods to be expensive lies in the pattern of supply. (Peston, 1972) explains, goods and services are not provided simply by households and firms, but also by government, this explanation can illustrate that services and goods are not only provided or provided by the government but also carried out by private parties.

(Varian, 1992; Stiglitz, 2000; Trogen, 2005; Hyman, 2011; Weimer & Vining, 2011), both

emphasize the main characteristics of public goods, these goods cannot be owned and can only be enjoyed.

These characteristics can be meaningful because first, the consumption of public goods by one person does not reduce the amount available to others and it is not necessary for someone to have them in order to use them; Second, there is no competition (non-rivalry) in consumption, one person can increase his satisfaction from this item without reducing the satisfaction of others. Public goods are not consumed in the sense of being used up, but these goods are enjoyed; Third, not excluded (non-excludable). There is no way to exclude anyone from using pure public goods. The benefits of public goods can also be felt by many people even though there are those who do not participate in paying for the provision of these public goods. Thus, the non-rival and non-excludable characteristics vary for each product. The existence of public goods is evidence of economic failure where people vote to determine how much public goods are provided by the government compared to what is provided by the market (Samuelson, 1986; Buchanann, 1968, 1999).

Public goods financing is usually funded with tax money (Slavov, 2014; Ozdemir, Johnson, & Whittington, 2016). Tax collection is like two different coins, one side of tax collection will cause a decrease in people's social welfare (use of public goods), on the other hand taxes will also cause welfare in society by encouraging the development of public goods infrastructure (multi player effect) by using taxes . It seems that the description of the characteristics of public goods (non-rival, non-excludable) does not match the facts in Indonesia. For example, in the education sector, when someone enters tertiary institution, a test is carried out, competing with thousands of other participants to get a place in a tertiary institution with a limited quota in the hope of getting the education they want. Assuming non-rivals (no competition) in this case will be aborted. Non-excludable (not excluded), anyone can apply to their favorite tertiary institution without exception, but participants who take the test at least have a score limit to be able to pass the administration of the exam, the non-excludable assumption in this case is also invalidated.

So, public goods are not necessarily said to be public goods, because to get them you have to make an effort and spend something. Public goods should be enjoyed by society without competition. It is understandable that these goods are very difficult to provide, on the other hand these goods will also generate profits, but in some conditions the difficulty in providing public goods is caused by market failure mechanisms and greatly contributes to the stability of the economic and social situation in a country. Public goods also contribute to maintaining harmony in the life of the nation and state and strengthen the unity of every citizen (Kallhoff, 2014).

From several theories of public goods seen from the point of view of economics as previously described, it illustrates that the provision of public goods is also provided by the state originating from public money collected through taxes. In developing countries that rely on.

Publik Goods	Common Goods	Privete Goods
Defense and weakness, State Administrative Law	Education, hospitals, transportation, telecommunications, energy, clean water, forest parks and museums	Cars, motorcycles, savings, clothes.

Taxes are the main capital of the state budget for development, public goods tend to be semi-public goods (common goods), as seen in table 2. From table 2 above, it can be understood that there are several conditions that public goods may not be handed over to the private sector because they are related to security state and justice system. In view of the formation of the state, the elements that are absolutely owned are the people, territory and sovereign government. In order to ensure justice for the people through the judiciary, territory and sovereign government processes, matters related to this matter must be taken care of by the state. When some forms of public goods are handed over to the private sector, these goods automatically become semi-public goods. Meanwhile, private property is only owned by individuals and no one can prevent them from getting it. Some of the conditions for changing public goods into semi-public goods can be caused by several factors, namely: externalities, state obligations, and the role of the private sector are described as follows:

- a) Factor externalities are the resulting valuable (positive or negative) impacts and actions (whether related to production or consumption) that affect a person who does not fully consent to them through participation in price changes in the market. Externalities are relevant because buyers and sellers are voluntarily involved. The externality problem for situations in which public goods are produced and consumed both involves property rights that are weakened because the right to ownership of public goods is not determined solely by costs. Exercisable property rights often allow for the elimination of private property. Economic inefficiencies associated with the externalities of possible effects of market mechanisms.
- b) Obligations of the state The government is obliged to provide public goods (Anomaly, 2013; Ozdemir, Johnson, & Whittington. 1016). The obligations of the state as described in the introduction provide an overview of the responsibilities of the government to its citizens. The provision of public goods should be 'pure' and must be managed by the state and used for the welfare of society. Various considerations also underlie why public goods are also managed by the private sector. Several reasons, for example, market failure will affect every government policy.
- c) The role of the private sector in developing a country is not only borne by the state but the private sector also makes a significant contribution to participate in developing a country (Wetworth & Makokera, 2015). (Peston, 1972) argues, goods and services are not provided simply by households and firms, but also by government, this statement is not exaggerated to describe services and goods not only carried out or provided by the government but also carried out by parties but also carried out by private parties . Private involvement is not something that is free, the private sector will seek profits. Excellent service, good governance, transparency, innovation are reflections of private activities. Unlike the government which has not been able to compete with the private sector. Therefore these private principles are injected into government bodies which begin with the new public management thinking to provide good service, as well as a door to compete with the private sector. When the services and capabilities of the government are good, it is hoped that public goods managed by the private sector will no longer need to be taken over by the government.

CONCLUSION

Market failure will have an impact on the supply of public goods, external factors, monopoly will have an effect on management and supply. Market failure will make every government with various policies to guarantee the availability of public goods. On the other hand, the lack of a country's budget and human resources will enable private participation in the provision and management of public goods with mutually beneficial cooperation patterns. Public goods will be useful if they can be provided and enjoyed, although some arguments explain that the availability of public goods can reduce poverty in a country.

Available public goods are a reflection of the people of a prosperous country or not. From a policy standpoint, the pattern of supply of public goods must be in favor of the interests of the people, reduce the privatization of public goods, and support the government through strict regulations against cartel monopoly practices in public goods. Other efforts to restore public trust in the government can be carried out by minimizing the number of corrupt practices, implementing good governance, fair distribution in the distribution of public goods. In addition, the management of public goods by the private sector that has been running must be reduced slowly and its management returned to the state.

Public goods for the people that should be enjoyed free of charge by the public are still in the form of theory. Privatization that occurs will bring a shift in the meaning of public goods which are non-excludable and non-rival characteristics. The market mechanism will force the government to save the economy by cooperating with the private sector. Meeting the needs of public goods is not only carried out by the government but also the private sector. The reality is that sometimes existing policies are not based on justice and are not in favor of the people by sacrificing one thing for the sake of greater profit. Fulfillment of public goods by the government is a reflection of the government's responsibility to its citizens. If the management of public goods is managed more by the private sector than the state, it is certain that getting them is not free. The government cannot ignore the sense of justice for the people as implied in the opening of the 1945 Constitution and other regulations as derivatives of the law.

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