

Economic Resistance of Sub-National Governments in Mitigating Inflation Risk: The Case of Bela Beli Kulon Progo Movement

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Abstract

Political decentralization has brought great changes in the form of challenges and opportunities. In the context of the challenges of decentralization, it requires regions to clean up, organize, and fix regional problems. However, it must be used as an instrument to solve economic problems, one of which is inflation in the regions. Kulon Progo Regency is one of the role models that has an economic instrument in mitigating the risk of inflation. This arrangement is stated in the Bela Beli Kulon Progo policy. This policy uses an approach to strengthen the local economy so that it can stimulate the growth of people's per capita income. This study examines these issues using a qualitative approach with library research methods. It uses the theory proposed by the decentralization and inflation approach proposed by Treisman. The results show that strengthening the local economy had the power to mitigate the risk of inflation in regions. The strengthening of the local economy was seen in the increasing level of people's income and regional income which resulted in stronger economic growth. However, inflation is a serious threat to the regional economy if people's incomes are fixed and there is economic instability. Bela Beli Kulon Progo movement improved the local economy of Kulon Progo. Various programs of Bela Beli became the basis for the strong economic support of the district so that inflation could be controlled. On this basis, the movement becomes an instrument as well as a role model in mitigating the risk of regional inflation. This study, therefore, contributes to the study of local movement and inflation in the regional contexts.

Key Words

Bela Beli Kulon Progo, political decentralization, local economy, regional inflation

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Abstrak

Desentralisasi politik telah membawa perubahan yang besar dalam bentuk tantangan maupun peluang. Pada konteks tantangan desentralisasi menuntut daerah untuk berbenah, menata, dan memperbaiki permasalahan daerah. Namun, desentralisasi harus dijadikan instrument untuk menyelesaikan masalah perekonomian, salah satunya inflasi di daerah. Kabupaten Kulon Progo menjadi salah satu role model yang memiliki instrument ekonomi dalam memitigasi resiko inflasi. Pengaturan ini dituangkan dalam kebijakan Bela Beli Kulon Progo. Kebijakan ini menggunakan pendekatan penguatan ekonomi lokal sehingga dapat merangsang pertumbuhan pendapatan per kapita masyarakat. Artikel ini membahas isu ini dengan menggunakan pendekatan kualitatif dengan metode library research dan pendekatan desentralisasi dan inflasi yang dikemukakan oleh Treisman. Hasil penelitian menunjukkan bahwa penguatan ekonomi lokal pada dasarnya memiliki kekuatan dalam memitigasi resiko inflasi di daerah. Hal ini terlihat pada penguatan ekonomi lokal, pendapatan masyarakat yang meningkat, dan pendapatan asli daerah yang meningkat. Namun sebaliknya inflasi akan menjadi ancaman serius perekonomian daerah apabila pendapatan masyarakat adalah tetap dan adanya instabilitas ekonomi. Pengaturan Bela Beli Kulon Progo telah memperlihatkan bagaimana gerakan perbaikan tatanan perekonomian lokal Kulon Progo yang semakin membaik dibandingkan sebelumnya. Berbagai program Bela Beli menjadi basis penopang ekonomi kuat tanah Binangun ini sehingga inflasi dapat dikendalikan. Atas dasar inilah Bela beli Kulon Progo ini menjadi instrumen sekaligus role model dalam memitigasi resiko inflasi daerah. Artikel ini, dengan demikian, telah berkontribusi pada kajian tentang gerakan lokal dan inflasi dalam konteks pemerintahan daerah.

Kata-kata Kunci

Bela Beli Kulon Progo, desentralisasi politik, ekonomi lokal, inflasi daerah

Introduction

The centralized system has produced a uniform policy of "one for all" so that it is not sensitive to locality preferences (Besley & Coate, 2003:2628). It is on this basis that the impetus to transform from centralization to decentralization is getting stronger. Broader decentralization not only provides a level of autonomy to sub-national governments to determine the provision of public goods but also opens up space and opportunities for regions widely to recognize and develop their local potential for prosperity (Fiorillo

Indonesia in the concept of decentralization has just strengthened since the collapse of the Suharto regime in 1998. To be precise since 2001, the Indonesian government has effectively implemented a broad fiscal decentralization policy as a strategy to accelerate regional development (Rakanita & Sasana, 2012:60).

Interestingly, in terms of its dynamics, especially in the distribution of power between the central government and regional governments, decentralization gives much greater regional authority to regional governments and is the opposite of centralization. Under decentralization, the regional governments have quite a large fiscal capacity, especially the regions that receive special autonomy, which is called asymmetrical decentralization, asymmetrical devolution or asymmetrical federalism, or in general, asymmetrical intergovernmental arrangements (Permatasari, 2014:228).

Departing from this large fiscal capacity, the regions need to continue to make breakthroughs in solving their regional problems autonomously as a form of delegation of fiscal responsibility (Cahyaningsih & Fitriady, 2019: 50). However, the most important orientation of the many problems faced by the region is how to realize the welfare of its people both economically, socially, politically and culturally. This condition is certainly important to pay attention to considering that various problems are increasingly complex and require the regions to immediately take accelerating actions in finding a middle way.

One of the problems that have been faced by regional governments and contributed to national problems is inflation. Especially with the existence of decentralization, each regional government must find the best way to control the inflation rate in the region in line with the space and opportunities provided by the decentralization itself. There is an interesting question of why inflation is one of the serious economic problems that can hinder progress towards prosperity. Some studies try to discuss the correlation between democracy and inflation, and the two have been debated since the 1980s. If decentralization is a derivative element in democracy, then it becomes important to see the relationship between democracy and inflation. Why do democratic countries tend to face a higher threat of inflation compared to non-democratic countries? (Desai et al., 2015:391).

This classic question becomes important to think about, especially because inflation is a threat to the economy if it is not controlled. Inflation can be interpreted as a condition in which the price of services or goods has

increased over a certain time. The level of inflation that occurs is a barometer of economic problems, especially its impact on welfare. Therefore, inflation is a component of a socio-economic benchmark or indicator that cannot be ignored because it will have an impact on the national economy (Hasmawati et al., 2021:7).

In principle, in the economic aspect, decentralization requires every sub-national government to find alternative ways to control inflation in accordance with the potential and unique characteristics of the region it has. The orientation of this control is for regional economic stability so that the acceleration of community welfare can be realized. The next question that arises is how does the sub-national government have resistance to economic problems such as inflation? This question can only be answered by the sub-national governments themselves by knowing that inflation is caused not only by the monetary expansion of the Central Bank alone but also by government expenditure as well. Referring to Keynes's approach that if the government increases government expenditure (fiscal policy) then that activity will encourage an increase in the price of goods or services (Lestari et al., 2022 p. 29).

If this situation is allowed to continue, it will have an impact on broader economic problems such as a decrease in people's purchasing power, a sluggish local economy, and even slowing economic growth. This situation has become a reference for sub-national governments to take action as quickly as possible so that the inflation rate does not persist for a very long time. So how is the performance of the Regional Government taking anticipatory steps in suppressing the inflation rate? Can self-reliance and the strengthening of the local economy become regional resistance in curbing the inflation rate? These two questions will be explored in this article as follows.

The spirit of the regional government in managing the regional economy continues to be carried out, among others, by creating relevant policy arrangements in accordance with the culture, economy, politics and conditions of the people. The Government of Kulon Progo in Yogyakarta Province, nicknamed "Bumi Binangun", continues to make various improvements and arrangements for the local economy. Looking at the socio-economic journey, Kulon Progo Regency is indeed facing very serious problems. Bumi Binangun was the region with the highest percentage of poverty when compared to regencies/cities in Yogyakarta as shown in Table 1.

Wilayah	2017	2018	2019	2020	2021
Sleman	8,13	7,65	7,41	8,12	8,64
Bantul	14,07	13,43	12,92	13,50	14,04
Gunungkidul	18,65	17,12	16,61	17,07	17,69
Kota Yogyakarta	7,64	6,98	6,84	7,27	7,64
Kulon Progo	20,03	18,30	17,39	18,01	18,38
DI.Yogyakarta	13,02	12,13	11,70	12,28	12,80

Table 1
Percentage of Poverty in Regencies/Cities in the Special Region
of Yogyakarta in 2017-2021 (%)

Source: Badan Pusat Statistik D.I.Yogyakarta 2017-2021

As seen in Table 1, Kulon Progo Regency is still facing a very high poverty problem. In 2017, the poverty rate reached 20.03%. Interestingly, in terms of population, Kulon Progo Regency has the second smallest population after Yogyakarta City. But interestingly, with a relatively small population, they face a high poverty rate. Departing from the complexity of the problems experienced by Kulon Progo Regency, the Regional Government of Kulon Progo capitalized on local economic independence, and instituted a policy rule called "Bela Beli Kulon Progo". This policy was rolled out during Regent Hasto Wardoyo's term in 2013 as Kulon Progo's commitment to a strong, vibrant and competitive economy. Apart from that, the Bela Beli Kulon Progo policy arrangement is indeed designed for the community so that it can improve the regional economy by increasing local products with global value (Sadayi et al., 2022: 31). This is a policy of Kulon Progo in managing the regional economy to accelerate its economy (setwan.kulonprogotkab, 2022).

Based on research conducted by Nurhamidah (2022) related to inflation comparisons between villages and cities in two cities in the Bangka Belitung Islands Province, inflation in urban areas was twice as high as in rural areas. Although villages and cities experienced fluctuating inflation movements, in rural areas it tended to be stable. For the rural groups, only expenditure from the education side has a small effect on the rural inflation rate. It is in this context that the relationship between inflation and household expenditure is patterned according to the laws of the Keynesian approach (Nurhamidah, 2022:441). Classical economists state that the main factor that determines consumption is income. If the income earned is very low, consumption will exceed income and

consumption that exceeds this income will be borne by past savings costs (Yudanto et al., 2020:290). In addition, the relationship between inflation and household expenditure is of course also related to people's purchasing power. The higher the inflation that runs for a long time, the weaker people's purchasing power.

There have been studies on Kulon. For example, research conducted by Amrurobbi and Pahlevi (2020) related to the welfare of Kulon Progo through the People's Own Shop (Tomira) explains how Tomira has become the identity of Kulon Progo in accommodating local markets amid the current proliferation of networked modern markets. Another research was also conducted regarding the welfare of Kulon Progo through a collaborative governance approach by Sadayi et al (Sadayi et al., 2022). It explains how this approach is used in poverty alleviation in Kulon Progo Regency. In addition, research on the implementation of Bela Beli Kulon Progo related to the production of bottled drinking water conducted by Nugroho shows how Kulon Progo independently produces drinking water from water sources in its territory. This means that in this case, Kulon Progo, in terms of the need for clean water, can meet the needs of its residents (Nugroho, 2019).

However, the existing studies do not examine Bela Beli Kulon Progo as a policy capable of suppressing the rate of inflation so we were interested in examining Bela Beli Kulon Progo as a policy that is not only limited to boost the local economy but more importantly can contribute to the national economy. Bela Beli Kulon Progo is used as an instrument to control regional inflation so that the regional economy grows. Figure 1 is the Bela Beli Kulon Progo logo as the identity of the Binangun people.

Therefore, it is important to study this issue using the approaches and innovations that have been proposed previously. The theory that will be used in this study is the decentralization and inflation approach by Treisman which says that in decentralized areas, the average inflation rate tends to remain high. Meanwhile, in centralized areas, inflation rates tend to remain low. In that context, Treisman also mentions that fiscal devolution or decentralization is controlled overspending or monetary policy to lower levels of government as a step to limit the ability of the central (Treisman, 2000:837). This means that in that situation the regions have the autonomous right to control inflation because not all regional problems that contribute nationally can be resolved by the central government. These opportunities and spaces become loopholes for sub-national governments to issue policies that are relevant to the

socio-economic culture of their people in controlling inflation.

This study uses a qualitative approach with library research methods which allows us to explore various sources of relevant literature in answering the research problems. The focus of research in this paper is Bela Beli Kulon Progo as an instrument of regional economic resistance in mitigating inflation risk. This study uses Treisman's theory which states that through devolution or decentralization, space will be created for sub-national governments that can autonomously limit the national government. It was this limitation that later gave birth to innovative regional policy arrangements in suppressing the inflation rate even though in devolved regions the inflation rate tended to be high (Treisman, 2000:837-838). This theory is relevant to explain how Bela Beli Kulon Progo becomes a very accommodative policy in mitigating inflation risk based on local economic strength in line with the spirit of decentralization. To find the required data, we use methods by collecting all secondary data such as journals, relevant official agency documents, mass media, and various supporting literature in answering the formulated problems. This study was conducted from 1 August to 28 September 2022 by observing all developments in Bela Beli Kulon Progo in Kulon Progo Regency.

This study is important because researchers see that the Bela Beli Kulon Progo policy, which was a leading policy in the field of the local economy, was not been designed to deal with inflation rates in the local area. In contrast, this policy had by design potential and opportunities to deal with the inflation growth rate. There are two basic reasons why Bela Beli Kulon Progo is important in the decentralization-inflation approach. First, since the Bela Beli Kulon Progo policy was launched in 2013, the problem of poverty in Kulon Progo could not be alleviated. Statistical data confirm that Kulon Progo is the district with the highest poverty percentage in DI Yogyakarta in 2017-2021. The second reason is that the Bela Beli Kulon Progo policy did not yet have a sense of economic conditions in Kulon Progo. Therefore, in designing this policy, the Kulon Progo Regency Government did not see this policy as designed for economic problems, namely inflation. We use Creswell's stages of qualitative research which consist of problem identification, literature search, research aims and objectives, data collection, data analysis and interpretation, and research reporting (Raco, 2018:37).

Strengthening the Economic Independence of Kulon Progo People

Uncontrolled inflation produces socio-economic impacts that will

ultimately make people's lives more difficult than before. If inflation is not controlled, it will impact the rate of economic growth even though at the same time economic growth is a quantitative measure that explains the economic condition of a region (Agustina & Hadi, 2020:179). Inflation is a serious economic problem, especially in the context of achieving people's welfare. The seriousness of the national government in developing the national economy is manifested, among others, through the decentralization policy. The sub-national government must carefully look at the space, opportunities and opportunities in this decentralization policy. One of the opportunities and spaces that decentralization brings and has the potential to inhibit the rate of inflation is the demand for regions to be autonomous, independent, and act quickly to overcome their problems. This is what later gave birth to regional autonomy arrangements.

Since the existence of the Bela Beli Kulon Progo arrangement in 2013, the Kulon Progo Regency has experienced quite significant economic changes. In 2012, before the existence of the Bela Beli Kulon Progo, the regency's economic growth only touched 4.2%, then after the Bela Beli Kulon Progo arrangement, the economic growth increased to double digits (Jogja.antaraneews, 2019). Strengthening the local economy was the beginning of the Buying Policy launched by Hasto Wardoyo, in which the regulation required the local economy to be strong and interactive. For example, the Geblek Renteng Batik program has become the identity batik of Kulon Progo Regency. This Kulon Progo iconic batik elevates the philosophical and cultural meanings of the local district as well as an instrument for elevating local culture in the economic sphere. This means that the interaction between culture and the economy through Batik Geblek Renteng will create a strong community economic foundation based on local wisdom. Therefore, the existence of this iconic batik identity culture also helped fix the economy of Kulon Progo which continues to increase as seen in Table 2 which shows the economic growth in Yogyakarta, especially in Kulon Progo Regency after the implementation of the Bela Beli Kulon Progo policy.

Wilayah	2017	2018	2019	2020	2021
Sleman	5,22	5,34	6,42	6,48	-3,91
Bantul	5,10	5,47	5,53	1,66	-
Gunungkidul	5,01	5,16	5,34	-0,69	5,22
Kulon Progo	4,76	5,97	10,84	13,49	-4,06
Kota Yogyakarta	5,24	5,49	5,96	-0,81	±3,00

Table 2
Percentage of District/City Economic Growth in Yogyakarta 2017-2021
Source: processed from various sources

Based on the economic growth data in Table 2, Kulon Progo Regency experienced a significant increase in 2019 and 2020. This achievement was above that of other districts/cities in Yogyakarta. This stretch of concrete strengthening of economic growth cannot be separated from the existence of Bela Beli Kulon Progo which has become a reference in creating an economy to grow. Especially in the context of Bela Beli Kulon Progo, the basis for strengthening the economy is based on the local economy so that besides being able to increase regional income, it will also increase people's per capita income as well as people's purchasing power will also strengthen. This means that in the context of the threat of regional economic problems of inflation, strengthening the local community's economy is an alternative to resisting the threat of inflation in the region itself.

Strengthening the local economy through Bela Beli Kulon Progo was relevant as it became a regional policy instrument in curbing the inflation rate. This certainly has become a common understanding that uncontrolled inflation can cause the socio-economic conditions of the people to get worse. In general, many experts say that inflation in the context of developing countries will occur if the government experiences a budget deficit. However, when there is a deficit, the government increases the amount of money in circulation, which in turn reduces the value of the currency, which causes the price of goods or services to increase for a relatively long time (Daffa & Soeroso, 2022:23). In principle, inflation will become a serious problem if it is not followed by people's per capita income. This means that if inflation occurs and is followed by the level of people's income, then the balance point will be maintained. As a result,

people's purchasing power remains stable and economic growth is maintained. On the other hand, if inflation occurs and is not followed by people's income levels, it will weaken people's purchasing power and slow economic growth.

Therefore, there must be a balance between the prices of goods and services and the per capita level of people's income. The correlation between the two should be directly proportional so that the economy can continue to be stable. Bela Beli Kulon Progo was born from the spirit to increase the quality of life for the people of Kulon Progo so that can resist their social economy from the threat of uncontrolled inflation rates (Johan et al., 2022:448). Strengthening local economic empowerment through the Bela Beli Kulon Progo policy was expected to boost local economic growth so that Kulon Progo's income through Regional Original Revenue (PAD) could increase and become a catalyst for strong economic development. This is seen in Chart 1 which shows the policy orientation of the Bela Beli Kulon Progo as a basis for strengthening the regional economy to create a balance between inflation and the income of the people of Kulon Progo.



Figure 1
The Bela Beli Kulon Progo logo

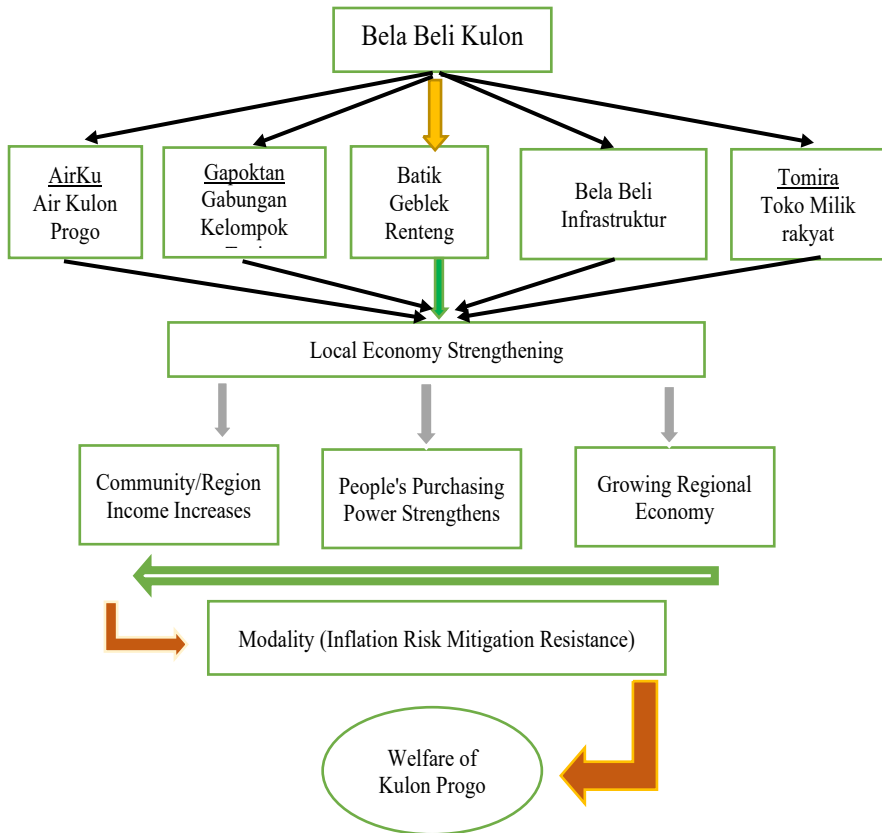


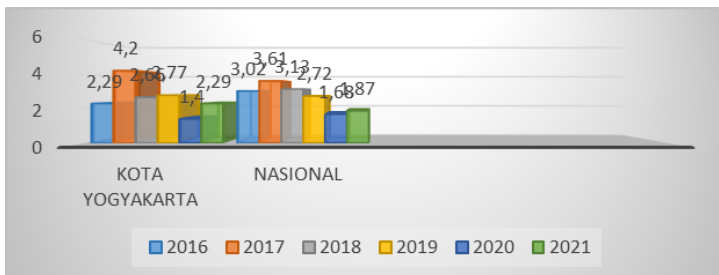
Chart 1
Inflation Risk Mitigation Based on Strengthening
the Local Economy through Bela Beli Kulon Progo

Chart 1 indicates that the Bela Beli Kulon Progo policy, which is a derivative of decentralization, has brought hope in facing the challenges of inflation. Various activities and policy derivatives wrapped in the local economy have been intentionally designed to optimize the potential of local resources to strengthen the local economy. Economic sovereignty built at the regional level, as happened in Kulon Progo, has become a role model for other regions, especially in anticipating inflation that can occur at any time when the country's economy is unstable. Therefore, if inflation occurs, people through strengthening the economy can offset it by increasing people's income. As a result, the increase in goods and services will not become a serious problem considering that people's incomes and regional

incomes have also increased. This is the essence of Bela Beli Kulon Progo in building economic sovereignty in Bumi Binangun which is currently underway.

Role Model for Improving Regional Inflation

Bela Beli Kulon Progo has been tested in creating a new face for the economy of the Binangun land since 2013. Since the Bela Beli policy was echoed in the Binangun Kulon Progo land, various economic improvements have begun to take shape. This can be seen from the increase in people's income figures, stable economic growth, and even the inflation rate which tends to be controlled. So far, the inflation rate in Kulon Progo still refers to the inflation rate in the city of Yogyakarta. This is because Kulon Progo Regency, whose capital is Wates, has not been selected by the Central Bureau of Statistics of the Republic of Indonesia as a reference for inflation rates, as are cities in Indonesia. As a result, the Kulon Progo inflation rate refers to the inflation rate in the city of Yogyakarta until now as seen in Graph 1.



Graph 1
Yogyakarta City and National Inflation Rates 2016-2021

Source: Central Bureau of Statistics, 2022

Graph 1 shows that the inflation rate in the city of Yogyakarta fluctuated. This means that if the data were used as a reference for the inflation rate in Kulon Progo Regency, the inflation rate in Kulon Progo in certain years would be below the national inflation rate. In 2016, the inflation rate was only 2.29% while the national rate reached 3.02%. In addition, in 2018 and 2020, the inflation rate was below the national level. This means that the inflation rate in the city of Yogyakarta could be controlled. Therefore, because the Kulon Progo inflation reference is based on inflation data in Yogyakarta City, the reality of inflation in Yogyakarta reflects the inflation situation in the Kulon Progo Regency.

Moreover, the Kulon Progo government's seriousness in ensuring

inflation control through strengthening the local economy could be seen from the role of the Regional Working Unit, namely the Maritime Affairs and Fisheries Service of Kulon Progo Regency, which provides training to housewives in cultivating fish. This was to create community economic resilience so that the increase in fuel price, which is a government policy, does not make the local economy sluggish (Antarajogja, 2022). Therefore, to keep people's purchasing power stable, strengthening the local economy like this was part of efforts to control inflation in Kulon Progo.

In addition, the economic movement of Kulon Progo after the Bela Beli Kulon Progo arrangement, especially in 2015-2019, increased the value of GRDP per capita. The GRDP per capita value is the result of the division between the added value generated by all economic activities and the total population. The GRDP value also reflects the level of welfare of the population in a region. The size of the population in an area will affect the value of GRDP per capita, while the size of the GRDP value is very dependent on the potential of natural resources and production factors in the area concerned. Table 3 shows the achievement of the GRDP values of the Kulon Progo Regency in 2015-2019, especially after the Bela Beli Kulon Progo arrangement.

Years	ADHB	ADHK
	Income per capita (thousand rupiah)	Income per capita (thousand rupiah)
2015	18.759,27	15.361,15
2016	20.144,89	15.948,86
2017	21.769,50	16.754,94
2018	24.584,73	18.416,80
2019	28.401,43	20.733,57

Table 3
GRDP Per Capita of Kulon Progo Regency in 2015-2019
Source: Central Bureau of Statistics for Kulon Progo Regency, 2021

Based on the data in Table 3, in 2015 the GRDP value of Kulon Progo Regency reached Rp. 18,759.27 thousand and in the following year it continued to increase until 2019 which reached Rp. 28,401.43 thousand. Referring to data from the Central Bureau of Statistics for Kulon Progo Regency, the increase in the value of Bumi Binangun's GRDP was caused by a controllable inflation factor. This significant increase in GRDP could be seen from the GRDP per capita figure based on constant prices in 2010. During the 2015-2019 period, GRDP per capita at constant prices also

experienced an increase from Rp. 15,361.15 thousand in 2015. Meanwhile, in 2019 it reached Rp. 20,7333.57 thousand. In this context, the ADHB and ADHK values of Kulon Progo Regency experienced an average annual growth of 10.33% and 7.01%, respectively. This means that the economic movement in Kulon Progo changed in terms of economic stability and it could not be separated from the Bela Beli Kulon Progo. If compared with the GRDP growth in regencies/cities in the Special Region of Yogyakarta, it still had the lowest value. However, in terms of GRDP value in Kulon Progo every year it increased. Table 4 shows the ADHB PDRB of Kulon Progo Regency compared to the regencies/cities in the Special Region of Yogyakarta.

Years	PDRB ADHB				
	Kulon Progo	Bantul	Gunungkidul	Sleman	Kota Yogyakarta
2015	7.671.547	19.325.203	13.798.656	33.826.505	26.791.936
2016	8.312.004	20.913.085	14.980.280	36.932.843	28.895.413
2017	9.060.465	22.611.706	16.199.841	40.047.863	31.309.045
2018	10.318.258	24.443.273	17.540.149	43.793.253	33.818.853
2019	12.016.934	26.345.477	18.889.873	47.580.784	36.599.057

Table 4
PDRB ADHB Per Capita of Kulon Progo Regency 2015-2019
Source: Central Bureau of Statistics for Kulon Progo Regency, 2021

Referring to the data in Table 4, the ADHB GRDP of Kulon Progo Regency from 2015 to 2019 increased. Kulon Progo Regency in 2015 the ADHB GRDP value reached 7,671,547 while in 2019 it reached 12,016,934. This means that in that period there was an increase of approximately 5,000,000. The growth continued to increase after the regulation of the Kulon Progo local economic policy through Bela Beli Kulon Progo. Therefore, the Kulon Progo Purchase Order that was initiated under the leadership of Regent Hasto Wardoyo was tested in shaping the strengthening of the Kulon Progo local economy. However, on the other hand, the value of this increase when compared with the districts/cities in Yogyakarta tends to be a fairly sharp disparity. The reason was that in 2015 the districts/cities in Yogyakarta, the value of ADHB GRDP alone reached at least two digits in Gunungkidul, Bantul, Sleman, and Yogyakarta City Regencies, while Kulon Progo was still in single digits. Therefore, this

increase was a transformation of the local economy which was expected to bring a stronger and more stable economy.

Bela Beli Kulon Progo and Mitigating Inflation Risks

It cannot be denied that Bela Beli Kulon Progo has contributed to the economic development of Kulon Progo. If one looks at the correlation that has been built between the strengthening of the local economy and inflation, he or she will find a bright spot and a common thread. For example, if inflation is then seen as an economic problem, then to see the effect of Bela Beli Kulon Progo it is simple to understand first why inflation is a threat. This is important because seeing inflation as a threat to economic stability requires strengthening the economy, including through the local economy. Inflation which is very identical with the increase in the price of goods or services within a certain period and the absence of an increase in people's income will certainly cause problems. This means that there is no balance between the increase in the price of goods and services and the increase in people's per capita income.

The meeting point is that the increase in goods and services will not be a significant problem if the per capita income of the people also increases. This is what economic development then presents through the Bela Beli Kulon Progo arrangement. Economic development is a series of efforts or policies to improve people's quality of life, which provide adequate employment opportunities, distribute people's income evenly, and ultimately create a growing economy. (Hailuddin et al., 2022:2). If that is the case, inflation control is part of economic development like the Bela Beli Kulon Progo arrangement. It is for this reason that controlling inflation through Bela Beli Kulon Progo is ideal for the region to mitigate the risk of regional inflation based on strengthening the local economy in building regional community economic sovereignty.

According to Milton Friedman (in Huang & Sheng, 2009:4), inflation is everywhere because it is a monetary phenomenon that is even very political. Therefore, the way to deal with it must be political use of loopholes as well. The Bela Beli Kulon Progo arrangement flows in line with the spirit of decentralization. In essence, decentralization brings opportunities and regional autonomy to continue to work and innovate without limits for strengthening the economy and controlling inflation. Therefore, Friedman calls political decentralization a constitutional construction that has been proven to create various effects on inflation (Huang & Sheng, 2009: 411). So, it can be drawn that political

decentralization is correlated with inflation and can be controlled through regional innovative policies built within the decentralization space. This inflation will then become a phenomenon that can be controlled by the decentralization mechanism if Bela Beli Kulon Progo, which until now has strengthened the local economy, is seen as an economic instrument. The economic significance value of Bela Beli Kulon Progo will contribute significantly if the local government makes it the main regional reference in mitigating inflation risk included in the programs of the regional inflation control team (TPID).

Conclusion

The article has shown that Bela Beli Kulon Progo has had a significant economic impact on the progress of Kulon Progo. This arrangement, which was initially based on strengthening the local economy in Bumi Binangun, has relevance to regional economic problems of inflation. Bela beli Kulon Progo, which was born with the spirit of political decentralization, found a meeting point where strengthening the local economy could control the inflation rate in Kulon Progo. The economic strengthening in the Bela Beli policy not only increased the per capita income of the Kulon Progo people, and increased local revenue, but also triggered significant economic growth in Kulon Progo as seen in the report of the Central Bureau of Statistics in 2019 and 2020. This achievement, compared to other districts/cities in Yogyakarta, was the highest economic growth rate. Therefore, after the Bela Beli was rolled out by the Regent Hasto Wardoyo, the economy of this regency experienced a stronger economy than before.

In addition, the Bela Beli Kulon Progo movement was used as a regional instrument to mitigate inflation risk in the regional economy. Inflation puts a lot of pressure on the regional economy because there is no balance in the economic system. The increased prices of goods and services make people's purchasing power weaker because people's per capita income remains constant and even decreases while spending increases. In the case of Kulon Progo regency, the price of goods and services increased along with the increase of people's per capita income due to the impact of the Bela Beli movement that strengthened the local economy so that people's purchasing power was balanced. This means that inflation must be balanced with the per capita economic income of the people so that economic stability and inflation are built. Therefore, Bela Beli was relevant, especially as an instrument in mitigating the risk of inflation of regional governments.

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