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## Analysis of The Impact of Policy and Political Economics in The Development of The Rattan Craft Industry in Cirebon

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### ABSTRACT

*The rattan handicraft industry is growing rapidly, supported by government policies in the rattan trading system and people who have expertise and skills in managing rattan into household handicraft products. The presence of this industry creates a pattern of relations in it as a symptom of political economy, where the pattern of relations which generally involves business and political relations develops into a pattern of relations between actors in the economy itself. These actors take advantage of the rattan industry for profit (rent-seeking) improperly or through transaction processes outside the economy. The results showed that the dynamics of the rattan industry development were highly dependent on government policies in the raw rattan trading system. The production process involves exporters, pengesub, raw material traders, and local traders. The rattan industry creates a relationship pattern in the form of exploitation and cooperation with three types of socio-economic-political relations between actors in the rattan handicraft industry. Rent-seeking can be categorized into local, national, and global rent-seeking.*

**Keywords:** Rattan handicraft industry, political economy, rent-seeking actors

### ABSTRAK

Industri kerajinan rotan berkembang dengan pesat didukung oleh kebijakan pemerintah dalam tataniaga rotan dan masyarakat yang memiliki keahlian dan keterampilan dalam mengelola rotan menjadi produk-produk kerajinan rumah tangga. Hadirnya industri ini menimbulkan pola relasi di dalamnya sebagai suatu gejala ekonomi politik, dimana pola relasi yang pada umumnya melibatkan relasi bisnis dan politik berkembang menjadi pola relasi antar aktor dalam ekonomi itu sendiri. Aktor-aktor ini memanfaatkan industri rotan untuk mendapatkan keuntungan (rent-seeking) dengan tidak wajar atau melalui proses transaksi di luar ekonomi. Hasil penelitian menunjukkan bahwa dinamika perkembangan industri rotan sangat tergantung dari kebijakan pemerintah dalam tataniaga rotan mentah. Proses produksi melibatkan aktor-aktor eksportir, pengesub, pedagang bahan baku dan pedagang lokal. Industri rotan menimbulkan pola relasi yang berbentuk eksploitasi dan juga kerjasama dengan tiga tipe sosial ekonomi politik relasi aktor dalam industri kerajinan rotan. Rent seeking dapat dikategorikan ke dalam rent seeking lokal, nasional dan global.

**Kata Kunci:** Industri kerajinan rotan, ekonomi politik, aktor rent-seeking

## INTRODUCTION

Since the first, especially the people around the forest, have used non-timber forest products (NTFPs), both for personal use and to be processed into products that can have a selling value. One of the NTFPs is rattan which has a high economic value when processed into household products. The existence of rattan in forest areas certainly attracts people's attention to use rattan to increase people's economic income. Rattan, which is classified as a non-timber forest product, is a significant foreign exchange earner compared to other non-timber forest products. Therefore, rattan is a non-timber forest product that has a strategic role in industrialization programs, international trade development, job creation, as well as development and welfare distribution programs (Qamri et.al., 2003).

The emergence of the Ministry of Trade (Kemendag) policy has increased the export value of Indonesian rattan products from January to August 2020, an increase of 4.35% compared to the same period in 2019. The export value of Indonesian rattan products in that period was recorded at US\$ 357.16 million. The export trend of Indonesian rattan products has increased from 2015 to 2019 with an increase of 2.11%. During this period, the main export destination countries for Indonesian rattan products were still dominated by the United States (US) with an export share of 41.11%, the Netherlands (8.19%), and Germany (7.27%) (BPS Nasional 2020). Meanwhile, rattan products in Cirebon Regency are still superior in increasing regional income and each year still dominates exports. At the end of 2020, the export value in Cirebon Regency reached US\$ 191.5 million and US\$ 56.6 million of which came from rattan furniture products. Meanwhile, the number of superior product exports was 8,703 containers. This amount mostly comes from rattan furniture products reaching 4,011 containers (BPS Cirebon 2021).

Indonesia is the largest rattan producer in the world, but Indonesia's exporters are still ranked third with a market share of 6.11%, far below China at 45.15% and Vietnam at 12.49% (BPS 2020). This indicates that having a lot of natural resources is not necessarily the largest exporter of rattan products. The problem of the rattan industry is not only the absorption of rattan, but the most important thing is that the rattan industry as a business occupied by the community can develop and progress. A common problem so far is that small business cannot develop due to weak management and the capacity of small business actors themselves (Samir 2011). Another assumption is those small businesses do not have access to larger sources of capital and a broad market (Juliprijanto *et al.* 2017, Rahmawati dan Puspasari 2017).

Other problems hinder small rattan businesses from developing, namely the business relations of small rattan handicraft industry players with other business actors and the pattern of relationships with the bureaucracy. There are patterns of relationships that exploit small rattan entrepreneurs. Without recognizing and understanding the structure and trade chain of small businesses and recognizing the strengths of each actor in these



relationships, small business development programs can have a counterproductive impact because they will benefit groups that have a stronger position and not benefit small businesses (Widyaningrum *et al.* 2003).

This research is essential to do to see how the political economy practice of rent-seeking, business actors who lobbied to influence the rules to be more in favor of themselves at the expense of other parties called rent-seekers (Tullock 1967; Krueger 1974; Bhagwati dan Srinivasan 1982; Yustika 2014). The rattan handicraft industry in Cirebon Regency is the center of the largest rattan handicraft industry in Indonesia and as a leading industry by contributing the largest export value in Cirebon Regency. The existence of this industry cannot be separated from the existence of rent-seeking hunters. Economic rent hunting occurs when an entrepreneur or company takes a benefit or compensated value from another by manipulating the business or business environment. Manipulation in the business environment also occurs, because of the need for a monopoly over the rules of the game or regulations (Solihah 2016). Therefore, the purpose of this study is to analyze: 1. Impact of Policy on the development of the rattan craft industry. 2. Business actors and typology of socio-political relations in the rattan craft industry in Cirebon and 3. Rent seeking actors in the rattan craft industry in Cirebon.

## **RESEARCH METHOD**

The research was conducted in Tegalwangi Village and Tegalsari Village, Cirebon Regency, West Java Province from November 2019 to February 2020. This study used a qualitative approach with a case study method. The subject of the case is the perpetrators of rattan crafts in Cirebon. Subs/craftsmen parties who make products or produce rattan handicraft industries who receive orders from exporters or local traders. Raw material traders as actors or parties who provide raw material for rattan which has been in the form of logs and still has the skin and is usually sold by kilo. Informants consist of craftsmen/subjects; local traders; raw material traders; exporters, the Cirebon Regency trade and industry office, officials from the Tegalwangi and Tegalsari villages and the surrounding community related to the rattan craft industry. The presentation and analysis of this research uses an interactive model consisting of reduction, presentation, and data conclusion or verification. This study was analyzed using the political economy theory of rent seeking (Tullock 1967; Krueger 1974; Bhagwati and Srinivasan 1982; Yustika 2014).

## **RESULTS AND DISCUSSION**

### **Impact of Policy on Rattan Craft Industry Development Phase Before the Policy to Ban Raw Rattan Exports**

Phase before the Policy to ban Raw Rattan Exports before the first world war, the rattan processing industry in Indonesia was not well known because it was still limited to

random (round) rattan. Domestic consumption of rattan is only limited to simple processing such as mats, chairs, and others. With the development of culture and the opening of international relations, Indonesia has begun to recognize the rattan processing industry, although its development is very slow. In the statistics of the rattan trade from 1968 to 1973, the comparison of raw (round) and semi-finished rattan exports only reached an average of 97% and 3% (Janumiro, 2000). However, at that time, the Indonesian people began to recognize the rattan industry, so that many handicrafts and household furniture made from rattan and designs began to develop. In Pelita II (period 1 April 1974 – March 31, 1979), the rapid progress in the rattan processing industry was due to the declaration of a development program in the industrial sector.

Until 1980, Indonesian rattan had made a major contribution in meeting the world's rattan needs, namely 73.8% or 81.26 thousand tons of the total 111.2 thousand tons of world rattan trade (Janumiro 2000). The main destination countries for Indonesia's rattan trade are Hong Kong, Singapore, Taiwan, and other developed countries. Besides Indonesia, other countries that are world rattan producers are the Philippines, Thailand, Malaysia, and Mexico. The added value of Indonesian rattan received by Hong Kong and Singapore in the trade in the form of finished goods is very large, even though the raw material comes from Indonesia. This condition is due to the fact that prior to the 1980s, the interest in investing in the finished rattan processing industry was not yet developed.

The number of exports of Indonesian rattan raw materials up to 1981 reached 65.5 thousand tons, with details of random rattan exports of 70.34%, semi-finished 28%, and finished goods only 1.47%. In 1985 Indonesia's rattan exports were still in the form of random rattan, the percentage increased to 76%, semi-finished and finished goods decreased to 23% and 1%, respectively. The total volume of finished goods exported in 1981 reached a total of 964.2 tons or US\$ 5,017,326. In 1985, the value of Indonesia's rattan exports became US\$ 10,451,799 with a volume of only 1,048.8 tons and only increased 8% or in terms of value increased 51.9%.

The number and production capacity of the rattan industry until 1985 showed quite encouraging developments, namely the rattan industry. As many as 109 units have an installed capacity of 337,118 tons, the ability to produce 44,942 tons of raw rattan, 219,065 tons of semi-finished rattan, and 73,111 tons of finished rattan. Judging from the percentage there is a change in the capacity of the product, namely the production capacity for raw materials only reaches 13.33%, rattan semi-finished materials by 64.98%, and finished goods by 21.69%. This condition has increased compared to the era of 1970 when most of the industrial capacity was only able to process rattan raw materials and semi-finished materials. In the era of 1985 and below, Indonesia's rattan exports were still dominated

by random and semi-finished forms of rattan, while exports of rattan converted into finished goods only reached the range of 2%. This can be seen in the table below:

Type	Volume	1981	1985
Rattan W dan S	Kg	46.032.046	68.490.968
	US\$	49.504.488	62.609.136
Semi-finished Rattan	Kg	18.440.503	19.437.570
	US\$	19.223.168	23.893.678
Finished Rattan	Kg	964.248	1.048.802
	US\$	5.017.326	10.451.799

### Phases After the 1979, 1986, and 1988 Export Bans

Starting in 1979, the government imposed a ban on the export of raw rattan through the Decree of the Minister of Trade and Cooperatives No. 492./KP/VI/79 dated July 23, 1979. Rattan that is allowed to be exported is rattan in the form of Washed on Shulpured (W/S). and semi-finished rattan (polished rattan, rattan heart, and rattan skin). In 1986, the government through the minister of trade issued the Decree of the Minister of Trade No. 274/KP/X/1986 dated October 7, 1986. The decree classifies rattan raw materials into three groups, namely the raw rattan group, the semi-finished rattan group, and the finished rattan material group. The process of banning the export of semi-finished rattan was set on January 1, 1989, and accelerated by the issuance of the Decree of the Minister of Trade No. 190/KP/VI/1988 dated June 30, 1988, which prohibited the export of semi-finished rattan products as of July 1, 1988.

With the issuance of the ban on the export of raw materials, the rattan industry experienced an increase, the number of industries increased from 109 units in 1986 to 381 units in December 1988. The production capacity of the primary industry increased by 231,000 tons to 472,900 tons, while the secondary industry increased from 61,200 tons to 439,000 tons in the same period. Investment in the rattan industry jumped from 106.5 billion rupiah in October 1986 to 762.4 billion rupiah in December 1988. The industrial workforce increased from 23,000 workers in October 1986 to 153,000 at the end of 1988.

From the 381 industrial rattan units in 1989, about 53% were in Java, 19% in Kalimantan, 17% in Sulawesi, and 10% in Sumatra. Primary industrial capacity in Java reached 43% in Kalimantan 17.5%, in Sulawesi 31.5%, and Sumatra 8%. Secondary industrial capacity in Java reached 77%, in Kalimantan 11.7%, in Sulawesi 4.3%, and in Sumatra 7%. The secondary industry in its development is not as fast as the development of the primary industry.



In 1998, the government again issued a decree of the minister of trade, SK Menperindag no. 440/MPP/KP/9/1998. The government again freed the export of all forms of round and semi-finished rattan and the decree only lasted 6 years. In 2004 the Minister of Industry and Trade issued Decree No. 355/MPP/Kep/5/2004 dated 27 May 2004, which contained a ban on the export of round rattan from natural forests, while the export of rattan from plantations was still allowed. The impact of the government's policy on banning the random export of rattan in 1979, 1986, and 1988, the center of the rattan industry in Java was developing even though the round rattan owned was only able to supply 5% of its needs.

### **Export Opening Phase in 2005**

Minister of Trade Mari Elka Pangestu issued a Decree (SK) of the Minister of Trade No. 12/M-DAG/PER/6/2005 concerning Rattan Export Provisions, which allow the export of raw rattan and semi-finished rattan. In the regulation, rattan that can be exported is: 1. Original rattan from the Taman/Sega and Efficient Types, with a diameter of 4 to 16 mm; and 2. Semi-finished rattan of any type (not regulated regarding natural forest rattan and cultivated rattan). Thus, based on the regulation, rattan originating from natural forests is allowed to be exported but must be in the form of semi-finished rattan.

This policy caused the Indonesian rattan industry to deteriorate, in terms of production, exports, and employment in the rattan processing sub-sector. According to the Ministry of Industry (2013), in 2005 Indonesia ranked third (7.68%) in the trade of rattan chairs and rattan furniture in the global market after China (20.72%) and Italy (17.71%). The rattan processing industry in competing countries, especially China and Taiwan, is growing rapidly, so they seize market share and export market potential for rattan products from Indonesia. China's exports of rattan products, which in 2002 were still in balance with Indonesia's amounting to US\$ 340,000, in 2006 had increased 4 times, while Indonesia as a producer of rattan raw materials, export activities of rattan products decreased. The export volume of processed rattan decreased from 193,078 tons in 2003 to 172,782 tons in 2006 or decreased by an average of -3.63% per year. The amount of the decrease can be seen in the table below:

**Table 1. Data on The Number of Business Units and Manpower in Tthe Rattan Industry**

Year	Business Unit		Labour	
	Furniture Industry	Processing	Furniture Industry	Processing
	Rattan	Rattan	Rattan	Rattan
2006	300	68	38.670	7.575
2007	305	40	36.885	2.756
2008	287	38	35.246	3.582
2009	281	27	30.279	2.266
2010	220	27	26.813	2.697

Source: Ministry of Industry 2013 data

### Export Prohibition Phase 2009 and 2011

In 2009 through the Decree of the Minister of Trade No.36/M-DAG/PER/8/2009, the export of rattan was restricted for certain types of diameter. In this regulation, the government again prohibits the export of random rattan from any type of rattan. Article 2 states that the type of rattan that can be exported is W/S rattan of the Taman/Sega (*Calamus caesius*) and Irit (*Calamus trachycoleus*) rattan with a diameter of 4 mm to 16 mm. Then the semi-finished rattan from Taman/Sega and economical rattan types in the form of smooth polish, skin, and heart. Meanwhile, rattan that is prohibited from being exported includes: random rattan, W/S rattan from Taman/Sega, and Irit rattan types with diameters below 4 mm and above 16 mm, and W/S rattan not from Taman/Sega and Irit rattan types.

Furthermore, the minister of trade, Gita Wiryawan, evaluated the state of the rattan furniture industry in 2011 and issued a protection policy to protect the downstream industry from growing again. The policy is the policy of the Minister of Trade No. 35/M-DAG/PER/11/2011 concerning provisions on the export of rattan and rattan products issued on November 30, 2011. This regulation explains the prohibition of raw rattan, random rattan, W/S rattan, and semi-finished rattan for export. In addition, it is explained about the provisions on the export of rattan products. Rattan products that want to be exported must first be verified or technically investigated by an independent surveyor. Processed rattan was able to contribute the largest foreign exchange from non-timber forest products amounting to USD 286.72 million in 2012. However, in 2014 and 2015 the export value of processed rattan decreased by USD 214.33 million and USD 149.23 million, this was due to the crisis. global economy (Kemenperin, 2016).

With the rattan policy in 2011 regarding the ban on the export of raw rattan, the export value of Indonesian rattan furniture products continues to increase. The export value of rattan products in 2012 reached US\$ 202.67 million, consisting of furniture rattan worth US\$ 151.64 million and handicraft/woven rattan of US\$ 51.03 million. The export figure of rattan products has increased by 71% compared to the achievement in 2011. It was recorded that in 2011, total exports of rattan products were valued at US\$ 143.22 million, consisting of furniture rattan of US\$ 128.11 million and handicraft/woven rattan of US\$ 15.11 million (Kemenperin, 2016).

### Business Actors and Typology of Socio-economic Political Relations in Rattan Handicraft Industry in Cirebon Regency

The parties involved in the rattan craft industry in Cirebon Regency consist of craftsmen/subjects, raw material traders, local traders, and exporters. Raw material traders as actors or parties who provide raw material for rattan which has been in the form of logs and still has the skin and is usually sold by kilo. Subs/craftsmen parties who make products or produce rattan handicraft industries who receive orders from exporters or local traders. Pengesub (craftsmen) are people who used to work for exporters and were given the trust of exporters to work on or produce products ordered by overseas buyers. Exporters are parties who export rattan products to overseas buyers. Exporters consist of foreign exporters, foreign local exporters, and local exporters. These local, foreign and local exporters have a lot to do with the subs around the rattan craft industry. Local traders as one of the parties who buy and sell products produced by subs/craftsmen to local consumers. The production flow of rattan products can be seen in the image below:

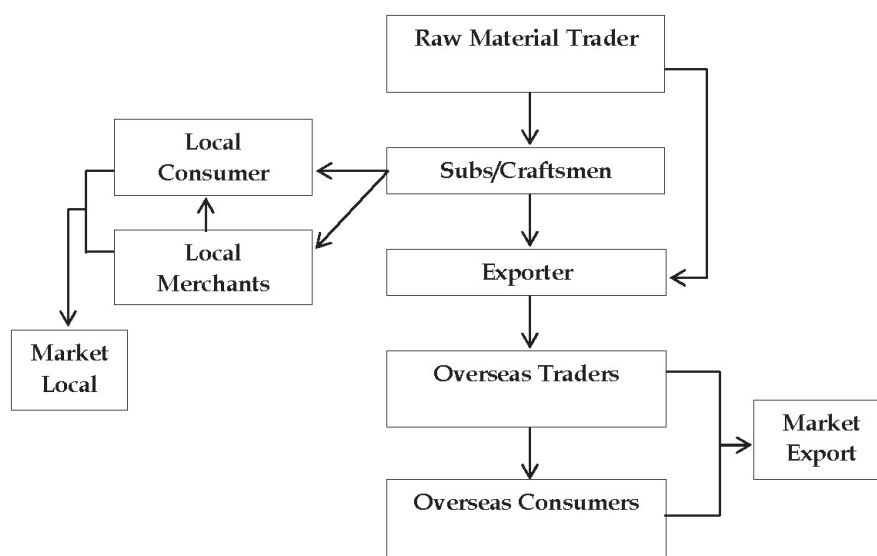


Figure 1. Rattan Craft Production Chain

The rattan production chain eventually forms a network between fellow exporters, pengesub/craftsmen, and raw material traders. The network between users/craftsmen is strong and every user helps each other. As quoted from an interview with one of the pengesub, Mr. NM said that “if I lack raw materials in production, then I can ask other suppliers who have excess raw materials”. Likewise, between exporters and craftsmen, both of them cooperate in producing handicraft products ordered by domestic and foreign buyers. Likewise, between exporters and subs/craftsmen, both of them cooperate in producing handicraft products ordered by domestic and foreign buyers. This form of cooperation can be seen today, namely that exporters do not necessarily have to have labor to produce rattan. everything is submitted to the exporter and only the finishing of the product is carried out by the exporter. The bond between exporters and suppliers is based on trust that allows them to last a long time and maintain good relations with each other.

Furthermore, the network between raw material traders and suppliers. Each craftsman has a relationship with a raw material trader. The condition of rattan raw materials is always good and the relationship of dependence is a basic element in establishing a good and long-lasting relationship.

### **Typology of Socio-Economic Relations between Actor in Rattan Handicraft Production**

Every actor involved in the production of rattan handicrafts is integrated with the aim of profit. Each of these actors is interconnected to achieve its goals. The relationships that are built between these actors are in the form of socio-economic-political relations in the form of cooperation and some are exploitative. The typology of socio-economic political relations between actors in the rattan craft industry can be seen in Table 2.

**Table 2. Socio-Economic Typology of Actor Relations in Rattan Handicraft Industry**

Actor	Relation	
	Exploitation	Cooperation
Exporter with <i>Pengesub</i>	Price Monopoly	Labor
	Market control	Technology
Local Merchant with <i>Pengesub</i>	Price Monopoly	Loan/Capital
	Market control	Jobs
Raw Material Trader with <i>Pengesub</i>	Price Monopoly	Marketing
	Rattan Mastery	Raw Material Preparation

**Source: Processed from Primary Data (2020)**

The data in table 5 shows that in Type 1, an exploitative relationship takes place. Exporters monopolize the price of rattan products to suppliers, in which the subsector does not have the power to determine and determine the price of rattan products. Exporters are very aware of the price of raw materials so that they can pressure subs to offer the lowest possible price. Exporters also usually divide orders obtained from buyers to several subs or divide orders into several stages of work, each of which is carried out by a different supplier.

In this case, exporters can not only meet the target completion time but also reduce production costs. By distributing orders to several craftsmen, exporters get price variations from each supplier which will later be used to suppress craftsmen in the next bidding order. As conveyed by an exporter, Mr. HSM, "for me, in doing this rattan business, it is very helpful for me to have a supplier system. The order that I can directly delegate to the craftsman that we have trusted intending to get a good quality product. In addition, the existence of this craftsman helps me in making rattan product production more efficient, especially the production costs are cheaper."

Furthermore, in the second type, the price monopoly is carried out by local traders on the selling price of rattan products by the craftsman/pengesub. The exploitation was carried out by local traders by pushing the price of the product as low as possible to the supplier. This happens because there is no standardization of joint prices and many craftsman/pengesub who rarely receive orders from local traders and exporters. As stated by Mr. JY, a craftsman, as follows: "We here often fight for buyers and sell each other's products at the lowest possible price". This happens due to competition between fellow craftsmen/pengesub to get customers from local traders and exporters.

Exploitation carried out by exporters and local traders on the craftsman/pengesub is caused by competition between fellow exporters and local traders in obtaining orders from buyers. This phenomenon is more visible in export-oriented businesses than in the local market. To obtain orders, exporters often slash prices. As stated by Mr. NM (an exporter) as follows: "here to get buyers who come, we set different prices ", Besides that, Mr. SD, a local trader also stated the following: consumers who buy our products are local consumers with purchase only one product that he wants."

Another exploitative relationships is carried out by traders of raw rattan materials against subs as type 3. Traders of raw rattan because it is not too much, sometimes they arbitrarily determine the selling price. This is due to the existence of a monopoly in the rattan trade in industrial locations. Because there are not too many raw rattan traders, sometimes they arbitrarily determine the selling price. This is due to the existence of a monopoly in the rattan trade in industrial locations. The craftsmen cannot take any action except to obtain raw rattan to be able to produce orders that have been received. As stated by a craftsman, Mr. YT as follows: "Raw rattan to be processed into rattan products



I buy from rattan traders around the rattan industry". This can only be done by the craftsman because they do not have large funds if they have to order from large suppliers in Jakarta and Surabaya. Furthermore, it was informed by a raw material trader, Mr. AD as follows: "I sell rattan according to the needs of the craftsmen here, any payment can be dp (down payment) first and pay off after the order is completed and get paid, but for the price of raw materials can bid as long as it's not too low.

The power relations that occur between actors in the production of rattan illustrate that the power of actors to control, obtain, and maintain access to natural rattan resources (Ribot dan Peluso 2003). Access puts actors in place to gain, control and maintain access. Access here can be interpreted as an ability to take advantage of something. In the case of the rattan handicraft industry, local exporters and traders have access and power in marketing and monopolize the purchase price of products from suppliers. Meanwhile, raw material traders have access to rattan raw materials so that they can determine the selling price of rattan to suppliers. Power in the context of political economy is defined as the ability of people (power actors) to utilize resources (Ribot dan Peluso 2003). Power relations between various actors in obtaining resources can occur in the form of conflicts, negotiations, and resistance (Ribot dan Peluso 2003).

### **Rent-Seeking Phenomenon in Rattan Craft Industry in Cirebon Regency**

The government's alignment with raw rattan is highly expected by entrepreneurs and rattan craftsmen, especially the rattan industry in Cirebon. This is as stated by an ED exporter that Indonesia as the largest raw rattan producing country in the world, it is also advisable for Indonesia to also be the largest and number one exporter of the handicraft industry in the world. For exporters and subs/craftsmen, the availability of raw materials is the main thing in producing rattan handicrafts. Many exporters and rattan craftsmen have expressed optimism about the sustainability of this business, as long as it is supported by adequate and easily available raw materials.

The phenomenon of rent-seeking also occurs in the rattan craft industry, where each actor indirectly has an interest in obtaining monopoly profits and market control. The rent-seeking actors can be categorized as follows:

**Table 3. Rent Hunter Actors in Rattan Craft Industry in Cirebon Regency**

	<b>Actor</b>	<b>Description</b>
Local	Broker Buyer	They are people who are looking for buyers from abroad who will order rattan furniture products from entrepreneurs. They are outside the company's organizational structure. They benefit from the percentage given by the rattan furniture exporter.
	Local Elite	The village head as a land deed official with the existence of this industry benefits from the conversion of land into a factory or rattan warehouse needed by exporters. As entrepreneurs, business success encourages entrepreneurs to glance at and participate in practical political activities and power bureaucracies. the relationship between entrepreneurs and rulers is the entry of businesspeople into public positions or the power elite.
	Local Exporter	As entrepreneurs, business success encourages entrepreneurs to glance at and participate in practical political activities and power bureaucracies. the relationship between entrepreneurs and rulers is the entry of businesspeople into public positions or the power elite.
Nasional	Capital Owners or National Entrepreneurs	They are people who have capital and seek profit or business from the existence of rattan industrial activities in Cirebon, by utilizing human resources who have expertise in the manufacture of rattan furniture.
Global/International	International Brand Owner	At the global level as the rent hunter is the owner of an international brand or brand. This international brand buys handicraft products in the form of furniture and resells them at the malls or supermarkets they own, one of the brands that enter the rattan craft industry in Cirebon is IKEA.

**Source: Processed from Empirical Data (2020)**

Entrepreneurs create barriers to market entry (barrier to entry) by controlling strategic resources or trying to avoid substitute goods. They will be able to enjoy supernormal profits or higher rents. Entrepreneurs always try to maintain their wealth in various ways (oligarch). They will control various material resources that can be used to maintain or increase their wealth and social position (Winters 2014). To get higher profits (rents), sometimes entrepreneurs collude with the authorities to issue policies that benefit entrepreneurs. In return, employers provide rewards, either in the form of cash or gifts.

The problem of entrepreneurs and rulers is included in the study of political economy by using the theory of economic rent-seeking. Rent-seeking is interpreted as a phenomenon of entrepreneur behavior to obtain special licenses, monopolies, and other facilities from the authorities, who have power over these fields. (Krueger 1974). The initial assumption built from political economy theory is that each self-interest group seeks to obtain the maximum economic benefit with the least amount of effort. All available political economy resources, such as lobbying, will be used to achieve this goal (Yustika 2014).

Rent-seeking activity is distinguished from profit-seeking behavior in a healthy business or business. Healthy business, companies create value, then make mutually beneficial transactions. In the practice of rent-seeking, business actors invite power or influence the power to take from a value that is not compensated. In this study, rent-seeking on local actors, the benefits they get in return given by exporters. Meanwhile, the relationship between exporters and local elites/village heads is a form of rent-seeking, where with the presence of exporters it is certain that they need land to build factories, then the village head and his apparatus help provide land by persuading the land. the owner and the village head as the authorized apparatus in making the deed will get a fee and every month will give a fee to the village head. On holidays, you will get Hari Raya Allowance (THR) and assistance for social activities carried out in the village.

In the aspect of entrepreneurs, they enter the political arena by nominating as candidates for mayor and identifying as a form of rent-seeking entrepreneurs to secure or perpetuate their business through bureaucratic and political channels. This happened in 2008, an SN exporter ran for mayor of Cirebon through Pilkada and the result was ranked 3rd out of five mayoral candidates. Empirical studies in developing countries show that political entrepreneurs have a negative impact and the possibility of corrupt behavior. Political entrepreneurs are cronies of capitalists, not true entrepreneurs. The business 'kingdom' that was built was not the result of fair business competition and business innovation, but the privileges and concessions granted by political patrons. Called "pseudo-capitalist" (ersatz capitalism), namely entrepreneurs who grow because they have links or relationships with the bureaucracy to obtain licenses or policies (Kunio 1990).

The presence of the rattan handicraft industry in Cirebon encourages capital owners or entrepreneurs in other regions or national entrepreneurs to invest by establishing a business. These entrepreneurs benefit from the human resources available in Cirebon. Cirebon people's creativity in rattan handicrafts has been going on for a long time. In the 1980s to 1990s several national entrepreneurs including Bob Hasan and Tomi Suharto established a rattan business. As informed by the village official and former rattan employee, Mr. KS, as follows: "I used to work for a rattan company owned by a national entrepreneur Bob Hasan". Meanwhile, with the globalization of rattan products, some international companies or brands will take rattan products from industrial production in Cirebon. One of the international brands or international companies is Ikea. The advantage is that the company can sell in its name or monopsony. PT Pendora Rattan as one of the suppliers of rattan products to Ikea.

## CONCLUSION

The rattan handicraft industry in Cirebon, which started in the 15th century and has grown until now, has become a source of life and livelihood for its people, as well as a symbol of local economic identity. The policy of the rattan industry has given its own influence in the development of the rattan industry in Cirebon. Especially the rattan policy during the ban on rattan exports actually increased the number of domestic rattan handicraft industry businesses. The dynamics of the development of the rattan craft industry cannot be separated from government intervention in the regulation of the rattan trade system, where the government through the ministry of trade plays an important role in providing rattan raw materials. The availability of raw materials is a good ecosystem for the sustainability of the rattan craft industry in Cirebon. Rattan craft business actors form a network, both horizontally and vertically. Horizontally, the network is formed by a type of business actor, for example between craftsman/*pengesub*. Vertically, the network is formed through dissimilar business actors, such as raw material traders, suppliers, and exporters. The existence of this rattan craft industry forms a Socio-Economic Political Typology of Actor Relations in the Rattan Handicraft Industry, namely, among others: exporters with subs/craftsmen, local traders with suppliers/craftsmen, and traders of rattan raw materials with subs/craftsmen. In addition, the symptoms of rent-seeking that occur in the rattan craft industry can be categorized into local rent-seeking, national rent-seeking, and global/international rent-seeking.

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