

ANALYSIS OF AGRICULTURE, INDUSTRY AND SERVICE INEQUALITY IN INDONESIA PERIOD 2014.1-2019.3

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ABSTRACT---Industrialization is a necessity for a country to be properly called a developed country. The Indonesian economy during the development process has changed its structure from relying on the agricultural sector to the industrial sector. The development of the contribution of the industrial sector to Indonesia's GDP during the New Order continues to increase and vice versa for the agricultural sector. The purpose of this study was to evaluate the development of the contribution of the agricultural, industrial and service sectors to GDP in Indonesia in the period 2014.1-2019.3 due to a phenomenon that deviates from the theory of economic structure change. From the calculation results it is proven that the development of the contribution of the agricultural and industrial sectors to Indonesia's GDP has decreased. In contrast, the contribution of the service sector to Indonesia's GDP showed an increase. The contributing factors are low productivity, regulation and downstreaming in the agricultural sector. While the industrial sector is caused by the scarcity of oil and gas and the non-optimal role of the non-oil sector in competing with foreign countries. While the increase in the transportation services sector is due to the role of Gojek that can replace public transportation. The solution needed in agriculture and industry is the improvement of government regulations and the need for superior human resources. As for the service sector, it needs to be optimized by providing infrastructure and improving management, especially sea and air.

Keywords---industrialization, economic structure, production, agriculture, industry, services.

I. INTRODUCTION

Background of the Problem

Industrialization is a process that must be taken for a country to qualify as a developed country. The development of the industrial sector in Indonesia since the New Order has been programmed by the government to be able to establish harmonization or strengthen the agricultural sector. With the government's hard work in advancing the industrial sector, the sector proved to have a high contribution to Gross Domestic Product (GDP) and outperformed the agricultural sector (Dumairy, 1996).

But after the economic crisis in 1998 the development of the industrial sector occurred fragility as experienced by other Asian countries. The main factor is the decline in the exchange rate of the rupiah against US \$ has impacted the high prices of imported goods, especially raw materials for the manufacturing industry, thereby reducing the value added of industrial

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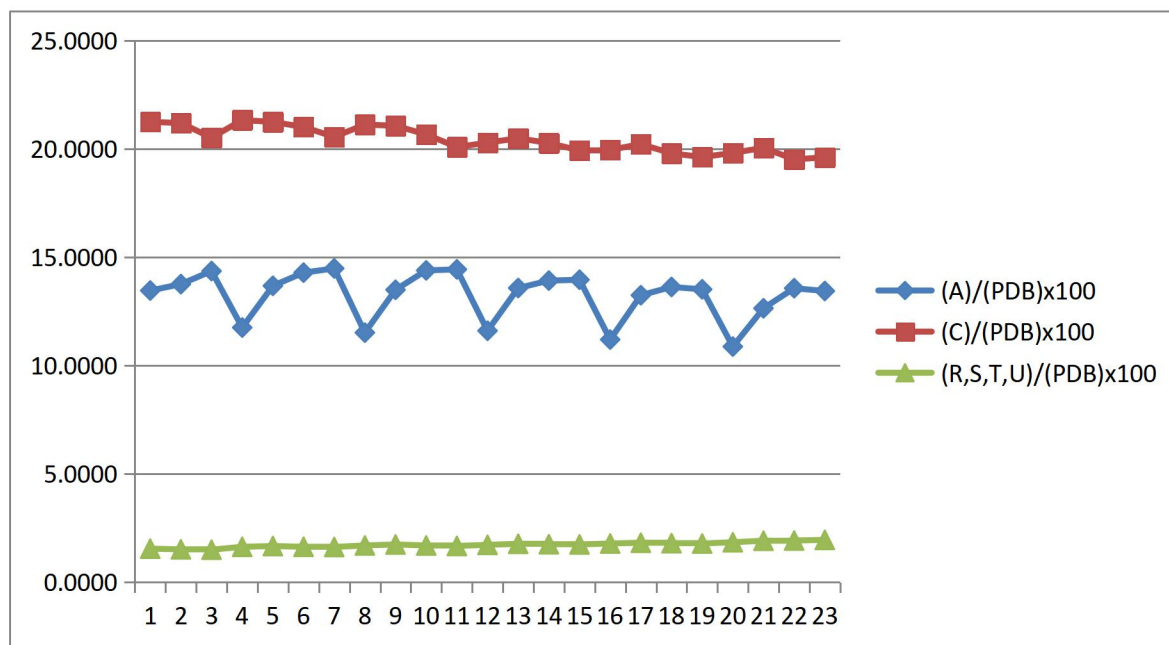
products in Indonesia. This sluggishness has worsened the development of Indonesia's industrial sector which was allegedly limited to assembling.

Likewise, the agricultural sector which is the basis of the industrial sector after the Asian economic crisis is not encouraging for the people of Indonesia. Starting from the low production of rice, fish and other natural resources due to lack of government attention and the amount of foreign intervention. The reality is that Indonesia has become an importer of food crops such as rice, soybeans and other agricultural products because it is out of balance with the needs of the community.

When the two sectors occur fragility, the development of the service sector allegedly actually increased. Even though some economic observers say this is a natural thing, but the surge must actually be anticipated with the progress of the agricultural and industrial sectors (Faisal Basri, 1995). The concern that arises is that Indonesia is only a market for other countries that have high potential to produce agricultural and industrial products. This imbalance is likely to reduce the competitiveness of Indonesia's economy in international markets and ultimately reduce our own welfare in the future.

To find out more about the development of the three sectors from 2014.1-2019.3 can be seen from Figure 1.

Figure 1. Development of the Agriculture, Industry and Services Sector in Indonesia in the period 2014.1-2019.3.



It can be seen that the development of the agricultural sector fluctuated, where in 2014.1 it was 13.4651% and increased in the 2 nd and 3 rd quarter to 13.7626% and 14,3654% then decreased again to 11.7568% in the fourth quarter. the same happened in the following years and was able to reach the largest value in 2015.3 of 14.4876% and the lowest in 2018.4 of 10.8780%. Likewise with the industrial sector, despite having a higher contribution from the agricultural sector, fluctuations occurred and tended to decline from 21.2559% in 2014.1 to 19.6189% in 2019.3. While the service sector actually increased from 1.5457% to 1.9506% in the same period.

The decline of the agricultural and industrial sectors during the Jokowi I era raises big questions given the goal of Indonesia's economic development is to become a resilient industrial country (<https://kemenperin.go.id/artikel/1765/Industrialisasi-Picu-Pataanataa-Ekonomi>).

On the other hand, other Asian countries such as South Korea and Singapore experienced a revival in the industrial sector following the downturn caused by the economic crisis above. Even the country of Vietnam has also been able to overtake Indonesia in both the agricultural and industrial sectors.

Based on the difference between expectations and reality in Indonesia, it is very interesting to examine the imbalances in the agriculture and industry sectors as well as the boom in the service sector in Indonesia in the period 2014.1-2019.4

Problem Formulation

1. How was the development of the agricultural, industrial and service sectors in Indonesia in the period 2014.1-2019.3?
2. What is the solution that must be done by the Indonesian government to strengthen the contribution of the three sectors?

Research Objectives

1. To find out the development of the agricultural, industrial and service sectors in Indonesia in the period 2014.1-2019.3.
2. To find out the solution that must be done by the Indonesian government to strengthen the contribution of the three sectors

II. LITERATURE REVIEW

Linking National Income and Changing Economic Structure for the Agriculture, Industry and Services Sectors

National income is defined as the value of goods and services produced by the state within a certain period of time. In its application the National Income can be termed GNP (Gross National Product) and GDP (Gross Domestic Product). Where the GNP illustrates the value of the National Income produced by citizens while the GDP of the entire population of a country. Generally developing countries prefer to use GDP because developing country people have high complexity and vice versa for developed countries prefer GNP (Sadono Sukirno, 2002).

GDP or GNP reflects the calculation of the National Income from the production approach. In its application considering the type of goods and services produced by a country is very high then to facilitate grouping by sector. In accordance with international standards these sectors include agriculture, industry, trade, services and so on (Asian Development Bank, 2017). The more developed a component of GDP / GNP will be dominated by the industrial sector then followed by trade, agriculture, services and other sectors.

The industrial sector has always been a driver of economic growth in a country (Prabowo, 2013). In the economic perspective of a country's development is considered to be developed if the contribution of the industrial sector is very high on GDP compared to the agricultural sector. This is in accordance with the theory of structural change proposed by Lewis and Chenery, where the economic structure will change from an agricultural state to an industrial country (Tulus Tambunan, 2014). The success of industrialization must also be seen from the absorption of its workforce (Dumairy, 1996). The emphasis on changes in the economic structure of the production side is also reinforced by Hera Susanti et al (1995) that in general changes in the production structure are marked by the low role of the agricultural sector in the national economy. Even though the contribution is down to GDP, the production volume of the agricultural sector must remain high and be able to meet the related trade and industry sectors.

Advanced agriculture is in dire need of industrial goods such as agricultural equipment, fertilizers, pesticides and so on to help increase its productivity. Even industrialization also promoted service sector especially the importance of superior human resources in managing natural resources. Scumpeter (Asfia Murni, 2017) states that a country's economic growth must be supported by entrepreneurs who have the potential to increase innovation and creativity in the goods and services produced. These advantages encourage the linkage between the agricultural sector and the industry is getting stronger and make a country's industrial products have a competitive advantage for the solid classification of natural resources and capital in accordance with its endowment factors. Furthermore, this difference in excellence will create high complementarity between countries so that it will be mutually beneficial in establishing bilateral and multilateral relations (Faisal Basri, 1995).

Industrialization will also strengthen other service sectors such as finance, health, education, transportation and so on. The development of the financial services sector is an important condition for advancing the country's economy. The existence of a conducive financial institution will help expedite investors to produce goods and services. Likewise, good health and education services will help produce quality human resources. Especially with transportation services being an important part of every country's economic activities both domestically and internationally it must be able to strengthen the country's industrial and agricultural sectors.

Industrialization Process and Strategy

Industralisasi is a plural thing and becomes a stage that must be passed by all nations and countries in the world both countries that are gifted or not abundant natural resource wealth such as petroleum, gas, minerals, precious metals and others. With industrialization, the added value, output, competitiveness and economic growth of a country can be triggered faster when compared to without industrialization or only by the development of the agriculture, forestry or fisheries sector (Prabowo, 2013).

The stages and processes of industrialization are almost underway in most countries. Differences only occur at the beginning of industrialization, the choice of strategies and policies for the development of industrialization, performance and sustainability and sustainability. Two basic strategies implemented are the import substitution strategy and the export orientation strategy (Prabowo, 2013). The choice of import substitution strategy is due to: a. Natural resources and labor production factors are sufficiently available domestically b. Adequate domestic demand potential c. To encourage the development of the domestic manufacturing industry d. Reducing dependence on imports thereby reducing the Trade Balance deficit and saving foreign exchange (Tulus Tambunan, 2003).

In its implementation it has been proven that the import substitution strategy has not been successful in Indonesia. Hasibuan in Tulus Tambunan (2003) states that the failure of the strategy was due to: a. Available raw materials and labor does not mean they are ready to use, and therefore can cause uneconomic external effects, b. The market served by domestic producers is domestic so the products produced are not associated with the ability to compete in the international market, c. Not necessarily dependence on imports to be low with the implementation of the Import Substitution (SI) strategy, d. It is expected that employment opportunities will develop broadly, but of course it depends on the T (technology) used in the production process, e. Value Added can generally be increased, on the other hand some industries have negative Value Added, f. a high level of protection tends to form the attitude of arrogance of domestic producers, g. Even though the potential demand in the domestic market is quite large, but there are still other things that determine the potential can be realized.

Based on the less successful experience of the Import Substitution (SI) strategy, the IMF and the World Bank recommend that Developing Countries (LDC's) implement the Export Promotion (PE) strategy. Some important suggestions for successful implementation of the PE strategy are: a. The market must create the correct price signal, which reflects the scarcity of the goods concerned, both in the output and input markets, b. the level of protection from imports must be low, c. Currency exchange rates must be realistic, fully reflecting the associated limitations of foreign currency d. There must be incentives to increase imports (Tulus Tambunan, 2003).

Framework for Thinking

Industrialization is a method for a country to be able to develop into a developed country. A common strategy to succeed in the industrialization program for Developing Countries starts with import substitution and then export orientation. The implementation of these two strategies is inseparable from the potential of Resources (**R**) owned. Countries that are abundant in Human Resources (HR) will tend to produce products that are dense in HR and technology and choose an export orientation. On the other hand, an abundant natural resource (**NR**) country will produce industrial products that are dense in natural resources and more directed to import substitution.

This difference in potential and strategy of industrialization will be seen from the style of products produced both in terms of price, type and quality. This has an impact on the industrial productivity of each country which ultimately also affects its competitiveness in international markets. The success of industrialization is characterized by high value added in the production process and the characteristics of the products produced. Even the resilience of the industrial sector will be seen from the integration it has built both vertically and horizontally. This integration will give birth to good downstreaming and can strengthen other sectors which are the basis, namely the agricultural sector.

Thus the development of a developed country will be reflected in the high contribution of the industrial sector to national income. Furthermore, this condition can strengthen the agricultural sector as a foundation and services that become the glue in both sectors. It is hoped that the development of the three sectors will continue to increase and strengthen one another with each other. Thus the process to become an industrialized country balances with other related sectors.

Previous Research

Research on changes in the structure of the Indonesian economy has been carried out by Sugiarti (2019) who put more emphasis on the ratio of private and government **expenditure** to Indonesia's GDP for the period 1997-2014. Based on the results of the discussion in accordance with the theory of microeconomics and public economics which states that the development of private sector spending is definitely going down while the government sector is increasing.

Because the above research emphasis is only on the expenditure side, namely the Consumption (C) and Government Expenditure (G) variables, in terms of the theory of economic structure change approaches have not emphasized the production / sectoral side. This opportunity is the reason for continuing research by paying attention to changes in the economic structure of three sectors that are considered important, namely agriculture, industry and services. Furthermore, the use of data is also more accurate because it continues the previous period and quarterly data have been found that have never been examined.

III. RESEARCH METHODOLOGY

This study uses a quantitative descriptive approach because it aims to determine the imbalance of the development of the agricultural, industrial and service sectors in Indonesia in the period 2014.1-2019.3.

The type of data used in this study is secondary data sourced from <https://www.bps.go.id/dynamictable/2015/05/06/827/-seri-2010-pdb-triwulanan-atas-dasar-harga-constant-2010-according-field-business-billion-rupiah-2014-2019.html> from 2014.1-2019.3. The use of quarterly data is intended to get more real results because it has shorter time intervals. The election period of 2014.1-2019.3 is an evaluation of Jokowi I's reign which is famous for the Nawacita program.

Based on the data collected, the regression equation model used is as follows:

$$AG / GDP = a + bt$$

$$ID / GDP = a + bt$$

$$SV / GDP = a + bt$$

where:

AG/GDP = contribution of the agricultural sector to the Gross Domestic Product

ID/GDP = contribution of the industrial sector to the Gross Domestic Product

SV/GDP = service sector contribution to Gross Domestic Product

t = time

Because there is only one dependent variable and one independent variable, the method used is the Old Least Squares (OLS) method (Damodar N. Gujarati, 2009).

IV. RESULTS AND DISCUSSION

Based on data obtained from 2014.1-2019.3, the results of the calculation of the regression coefficient are as follows:

$$AG / GDP = 13.70249255 - 0.037151453t$$

$$ID / GDP = 21.3790304 - 0.079010624t$$

$$SV / GDP = 1.520701134 + 0.017096446t$$

From the results of these calculations it can be seen that all three sectors have positive intercept values. Whereas for the agricultural sector is 13.70249255, the industrial sector is 21.3790904 and the service sector is 1.520701134. While the regression coefficient for the agricultural sector amounted to -0.03715143, the industrial sector amounted to -0.079010624 and services amounted to 0.017096446. Thus it can be interpreted that the contribution of the agricultural and industrial sectors to Indonesia's GDP decreased by 0.037151453% and 0.079010624% per quarter. The service sector contribution to Indonesia's GDP increased by 0.017096446%.

Economic Analysis

Development of the Agriculture, Industry and Services Sectors in Indonesia for the Period of 2014.1-2019.3

Equality of Development of the Contribution of the Agriculture Sector to Indonesia's Gross Domestic Product in the Period of 2014.1-2019.3

In the equation of development of the agricultural sector obtained a negative relationship with a coefficient of - 0.037151453. The statement shows that the development of the agricultural sector decreased by 0.037151453% per quarter

during the period under study. The main factor is the low productivity of agricultural land, especially for food crop products. Rice fields in Indonesia are increasingly shrinking as a result of the transformation of functions into settlements. In various regions in West Java, from big cities to remote areas, rice fields have turned into housing due to the high population growth. Secondly, the use of poor quality seeds and limited technology in controlling water resources (R) and plant pests have resulted in lower crop yields.

Whereas for the fisheries sector there was a decrease in productivity due to the lack of government attention to the preservation of the Marine Resources that we have. This is evident from the cases of fish theft that often occur in Indonesian waters and has only been successfully handled by our government with the illegal sinking of foreign vessels. Likewise, the illegal sale of lobster seeds abroad and bred in importing countries and then sold again to Indonesia at a higher price is a huge loss for Indonesia. The main factor is the lack of government supervision of various species of shrimp that have become superior in Indonesian marine commodities. Even the role of entrepreneurs who want to get short-term benefits in various ways to be able to smuggle marine products to other countries such as Singapore, Vietnam and so on (Minister of Maritime Affairs and Fisheries, 2020).

Besides that, there is also a weakness of government regulations in the prevention of imports, making it easier for foreign fish to enter Indonesia. This condition is certainly detrimental to Indonesia because it does not protect the safety of domestic fish producers and consumers. This is reflected in the Regulation of the Minister of Trade No. 23 of 2019 concerning Imports of Fishery Products. This provision is considered to facilitate the implementation of fish imports because it is not required to include proof of ownership of refrigeration facilities by importers and mastery of refrigerated transportation equipment. Another factor is that there is no requirement for traceability and technical traceability of fish so that it ignores food safety for consumers. This will impact the increasing trend of Indonesian fish imports every year. Based on data from the Ministry of Maritime Affairs and Fisheries (KKP), in the first semester of 2015-2019 the volume and value of fish imports grew by 4.3% and 5.02% per year. The growth rate exceeds the export volume and value which only reaches 1.06% and 3.12% per year (Mohammad Abdi Sahufan, 30 September 2019).

Likewise, the food crop sector such as soybeans is experiencing crisis from the upstream side because there has not yet been a downstream with related industrial sectors in Indonesia. As a tropical country, the agriculture sector should be able to strengthen the industrial sector which is characteristic of Indonesia. In fact, this potential has an impact on the agriculture-based manufacturing industry which actually strengthens Indonesia's competitiveness in the domestic and international markets. But the reality is that soy sauce industry which is made from soybean cannot be fulfilled entirely from domestic production. Indonesia is now a major importer of food crops, vegetables and fruits. Unconsciousness of our condition only becomes a market for foreign producers will certainly worsen the welfare of farmers because of the high cost of production that must be borne with low compensation. Thus the contribution of the agricultural sector to Indonesia's National Income will tend to decline.

Equality of Development of the Contribution of the Industrial Sector to Indonesia's Gross Domestic Product for the 2014 Period-20-20.3

In the equation of development of the industrial sector obtained a negative relationship with a coefficient of -0.079010624. This can be interpreted as the contribution of the Indonesian industrial sector to the Gross Domestic Product (GDP) which decreased by 0.079010624% per quarter. One of the decline in the industrial sector is the oil and gas sector which is already scarce and cannot find new reserves. The reality of Indonesia's oil and gas consumption is very high so it must be covered with imports. The high dependence on the oil and gas sector for the benefit of households, industry and

transportation has impacted that Indonesia must import 700,000-800.00 barrels of crude oil and fuel per day. (Pri Agung Rekhmanto, 2019).

While the government's efforts to halt the non-oil sector have not yet been able to compete fully in the international market. For example, the Indonesian textile industry, which is classified as a medium-sized industry, has begun to suffer because of the strong competitiveness of China, especially in terms of new machines that are semi-robotic, capable of producing high-tech features. Likewise, from the side of the yarn has a different quality from the yarn for the domestic textile production process. This is our negligence which has always imported yarns from China and the United States does not immediately improve. The impact of Chinese textile products is more chosen and deadly textile industry in Indonesia (Ade Sudrajat, 2019).

Likewise, furniture products also collapsed due to lack of concern for the environment. In terms of raw materials, Indonesia has a competitive advantage because we tropical countries easily grow industrial plantations. It's just that the strong economic pressure proved to ignore the sustainability of tropical forests as the lungs of the earth. Then from the importers, most of the ecosensitive countries firmly reject products that are not environmentally friendly. This factor causes the decline in the value of Indonesian industrial products (Gati, 2019).

The Indonesian shoe industry is also a mainstay in increasing Indonesia's National Income. Especially for the home industry classification of Indonesian shoes quality is not inferior to imported shoes that have flooded the domestic market. Starting with abundant leather raw materials and international-scale fashion and lower prices, the products of the foreign shoe industry should be able to strengthen our industrial sector. But the lack of knowledge of consumer tastes so that the purchasing power of Indonesian shoes is generally still low because it only reaches the lower middle class (Agit, 2019).

From the various case examples above, it is very natural that the contribution of the industrial sector to Indonesia's GDP is seen to decrease. Surely this reality must be followed up immediately so that our industrial sector becomes the economic strength of Indonesia.

Equality in the Development of the Service Sector Contribution to Indonesia's Gross Domestic Product in the Period of 2014.1-2019.3

In the equation of the development of the service sector obtained a positive relationship with a coefficient of 0.017096446. The statement shows that the service sector contributed positively to GDP by 0.017096446% per quarter. The excellence of this service sector is realized especially on line transportation services for both passengers and food. Since the introduction of Gojek as a means of public transportation has made it easier for people to carry out their activities whether as students, employees or outside routine activities. Gojek's business, which has a principle of high efficiency with the motto "who is fast, who can" has a flexible impact in facilitating economic transactions (Okto Hidayat, 2019).

The reality is that Gojek transportation is a necessity for the people of the city who are required to be active in the morning. The density of traffic along the Bandung city highway has a positive impact on Gojek's business because it reaches the destination faster. The need for transportation services Gojek has also increased to meet food needs to be more effective and efficient. By using a digital application we can order the menu we need both at the office, invitation and dining and even at home. The importance of these two transportation services has contributed positively to two things, namely an increasing trend in GDP and employment opportunities. In its development, the Gojek transportation service sector has surpassed other public transportation. For example, Gojek's income in 2012 reached Rp 44 trillion, with details: motorbike (Rp 16.5 trillion), taxi (Rp 6 trillion) and go food (Rp 18 trillion). This success is inseparable from the advance of information technology that is well known to the public (Emil Elestianto Dardak, 2019).

Although it has made a high contribution, it needs to be aligned with other types of transportation that also have great potential to increase its contribution to Indonesia's GDP, namely water and air transportation. Moreover, Indonesia is a country that has a large area and strategic position, of course, needs to be optimized in providing welfare in a broad sense.

The Indonesian Government's Solution to Strengthen the Contribution of Agriculture, Industry and Services to Gross Domestic Product

Increased Contribution of the Agriculture Sector to Gross Domestic Products

The development of the agricultural sector which tends to decline requires government intervention from both regulations and qualified human resources. By remembering that the productivity of food crops which is the strength of Indonesia's economy is still low, the government should be able to issue regulations that can protect the fate of farm laborers or poor farmers from the crush of moneylenders who are often referred to as financiers. The life of poor farmers in Indonesia is generally characterized by limited capital from land, seeds, pesticides and so on so that activities can be assisted by investors with price agreements determined by moneylenders so that most agricultural products are enjoyed by these investors/loan sharks. For example in the village of Pasigaran cassava farmers only receive crops at very low prices from moneylenders, whereas in the market they are able to sell at very high prices. This price difference is a benefit enjoyed by investors because the capital and marketing systems are not working well. In the Central Java region which is famous for shallot products, it turns out that the price at the farm level is only Rp. 10,000 while on the market it is Rp. 25,000. This reality is allegedly due to the absence of standards from the Village Owned Enterprises (BUMDES) (Emil Elestianto Dardak, 2019).

The short-term solution that the government must immediately take is to bring these farmers together in a cooperative manner through a cooperative (M. Azrul Tanjung, 2017). First, we must change their mindset that cooperatives will have a better impact in terms of capital to product marketing. Second, by inviting them to become members of cooperatives either by holding on to other cooperatives that have succeeded or by establishing themselves through guidance from the Cooperative Office appointed by the government. It is expected that by joining members of the cooperative they have a high bargaining value on food crop yields so that they have a higher added value.

The long-term solution is to equip farmers' knowledge to be able to progress, be independent and modern by synergizing and optimizing programs and budgets from other ministries/institutions (K/L) to support agricultural development. This synergy can be realized in the form of: a. Increased production and productivity, b. Efficiency of agricultural business (low cost), c. Agricultural expansion through optimization of land use and water supply, d. Mechanization and support of technological innovation. In its implementation, capital for agriculture must be supported through the Agribusiness Microfinance Institution (LKM-A) which is synergized with Kredit Usaha Rakyat (KUR). KUR is intended to improve the performance of the agricultural sector from upstream to downstream. KUR is expected to help strengthen the economic potential in the region, provide protection for agricultural businesses, especially those on a small scale. Government subsidies and assistance will be directed more to encourage real and equitable production and productivity increases (Kuntoro Boga Andri, 27 November 2019).

The government can make a commitment to improve the welfare of farmers by modernizing agriculture. The solution is that the government as a facilitator continues to improve the quality of agricultural human resources and illustrates that agriculture is an attractive and profitable sector for millennials. Improving the quality of human resources must be integrated in the Agricultural Strategic Command (Kostra Tani) based in the sub-district. Kostra Tani in the future has a strategic role in planning and implementing agricultural development, namely: a. Data and Information Center, b. Center

for Agricultural Development Movement, c. Farmers Learning and Training Center, d. Agribusiness Consultation Center, e. Center for developing Partnership Networks.

As a follow up from Kostra Tani, a war room facility was built to monitor all agricultural data and optimize the role of extension workers as farmers' facilitators. Agricultural activists at the sub-district level will be equipped with agricultural information with digital devices that can monitor when and how long the harvest, planting time, potential pest and disease prevention, as well as information on domestic and foreign market dynamics to the distribution of labor and movement of agricultural machinery. As for millennial generation, the government is preparing a 50,000 hectare Integrated Agricultural, Independent and Modern Agricultural Area program in 10-15 provinces. In this region modern agriculture will be supported by information technology (IT). With the introduction of the show window, it is hoped that millennials can learn as well as become modern farmers.

The development of modern and advanced integrated areas based locally will be developed to overcome current agricultural problems, namely the limitations of agricultural land tenure and the use of superior technological innovations such as superior seeds with high yield potential. Even farmers are also given freedom and are encouraged to develop commodities that can provide the best benefits. With the development of modern agriculture and integrated farming insights will be able to significantly increase the efficiency of production costs and productivity and added value. (Kuntoro Boga Andri, 27 November 2019)

Increased Contribution of the Industrial Sector to Gross Domestic Products

The industrial sector which is the foundation of the Indonesian economy is strongly influenced by external and internal conditions. Although the external conditions are quite supportive such as the Chinese trade war with the United States, the superiority from the internal side is more important. In entering the Industrial Revolution 4.0, the government has a target of five superior products, namely food and beverages, textiles and clothing, automotive, chemical and electronics (Outlook Economic, 2019). For food and beverage products, which are the biggest attraction for Indonesian consumers, are now gaining huge competition from imported products because of our weaknesses in skills and technology. Indonesia is actually awarded a raw material for food and natural drinks with a fairly high type and volume. However, the lack of protection through government regulation of these goods is exploited by other nations that have advantages in the production process and are eventually exported back to Indonesia.

This reality is a learning for us all that a successful nation must have superior human resources. Indonesia which is abundant with abundant natural resources must be supported by high knowledge and technology to be able to produce quality food and beverage industry products. For example, the famous Bapia Pathuk products from Yogyakarta by using a touch of technology and human resources who are experts in food processing have increased the innovation of traditional products into exclusive products. Likewise, other culinary products made from cassava with innovative innovations combined with the cleverness of reading consumer tastes can penetrate foreign markets such as the United States.

Textile and clothing products are Indonesia's flagship export products from the past until now in driving economic growth. However, most of Indonesia's textile industry is only a medium industry that still relies on old machines and is quite satisfied to serve the domestic market demand. This condition accelerated the middle-class garment and textile industry almost out of business with the entry of similar products from China. The advantages of Chinese products are cheap, varied and keep on changing. Instead domestic producers rely more on monotonous models and raw materials. The following factors are regulations and bureaucracy such as the antidumping policy in 2014, starting to feel the impact for middle class entrepreneurs. One of them is the import duty on polyester raw material which has increased to 14%. As a

result, entrepreneurs choose to import cheaper finished materials from China than domestic products that are more expensive because of the tariff (Ade Sudrajat, 2019).

To overcome this, a high contribution from our human resources is needed to be able to innovate by adjusting to the demands of the Industrial Revolution 4.0, namely investing in new technology machines. This action has been carried out by large scale industries such as PT Sri Rejeki Isman (Sritex) located on Jl. Samanhudi, Sukoharjo, Central Java. PT Sritex has a very large spinning building area and digital machines that are ready to spin cotton into yarn. The use of employees is only a dozen in a large enough factory. The touch of a human hand only occurs when controlling the quality of the yarn. The quality control officer holds and checks the threads to make sure the fibers are twisted properly. The dominance of the use of these new machines proves that innovation is a pillar of business success in responding to the Industrial Revolution 4.0 (Iwan Setiawan Lukminto, 2019).

Increased Contribution of the Service Sector to Gross Domestic Products

The development of the transportation service sector in Indonesia is quite high with the presence of online-based transportation needs to be increased again in increasing GDP. The main factor of this transportation has not been able to penetrate the Regency or villages in Indonesia. The main obstacle is that there is still a lot of inadequate infrastructure while the motor/fleet is designed so that it is only suitable for permanent roads. Besides that, it also causes quite high congestion in big cities such as Bandung because of limited infrastructure up to now (<https://news.detik.com/berita-jawa-barat/d-4733737/kemacetan-kota-bandung-kukul-jakarta-and-surabaya>). For this reason, the role of the government to maintain the balance of land transportation users must be regulated so that congestion that often occurs can be avoided.

Likewise for air transportation, it is necessary to facilitate economic transactions at both the national and international levels. It's just a weakness that arises is the flow of our flights to the domestic level is more expensive compared to abroad. For example, flights from Surabaya to Makassar are more expensive compared to flights from Surabaya to Malaysia. This condition must be considered by the government that in anticipation of the industrial revolution 4.0 Indonesia's transportation efficiency still needs to be improved and able to strengthen the domestic industrial and agricultural sectors so that they have a more competitive advantage (Emil Elestianto Dardak, 2019).

The high level of price competition has pushed Indonesia's air transportation to continue to improve by adhering to the economic principle of providing the best prices and services. The reality of economic activities ranging from trade to other international relations is largely determined by the quality of Indonesian aviation transportation. In addition to the high skills required from Human Resources (HR) in the flight system also regulations that support the operational start to prosperity that must be received. Consistency between rights and obligations for human resources in the scope of the flight will certainly increase Indonesia's competitiveness in transportation services.

Likewise, customer satisfaction must be optimized in service from the initial management process to the destination country. So far, high-potential airlines are still limited to economy class and vice versa for premium and executive classes. This is where the need for comprehensive action for the government to fix flight management from planning to control so that air transportation becomes a mainstay in improving the welfare of the Indonesian economy.

Besides developing air transportation, water transportation through rivers or sea also needs to be improved. In reality boat transportation is still a necessity of most of the people of Indonesia because it is considered more efficient. Furthermore, the government's attention to sea transportation must be increased given that Indonesia's potential as an Maritime State has proven to be quite large. For example, East Java has an area of 48,000 km² with a population of approximately 39 million people. It is 2.5 times denser than the Netherlands; 5 times denser than Switzerland and 6 times denser than New York. The development of the maritime area in East Java in addition to smoothing the flow of

transportation also improves the welfare of the middle to lower society with the presence of a maritime industrial location and management of the coastal area. Even to support the sub-district office was moved in the coastal area (Emil Elestianto Dardak, 2019).

V. CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the entire description of the background of the problem, the formulation of the problem and discussion it can be concluded:

1. Development of the contribution of the agricultural sector to the Gross Domestic Product of Indonesia in the period of 2014.1-2019.3 there was a decrease due to low productivity of food crops, fisheries, low government regulations in the import of marine products and the not yet realized good downstreaming of the agricultural sector with related industrial sectors.

2. The development of the industrial sector's contribution to Indonesia's Gross Domestic Product in the period 2014.1-2019.3 decreased due to the scarcity of the oil and gas sector which cannot yet be canceled by the non-oil and gas sector such as textiles and furniture due to lack of innovation and attention to environmental sustainability.

3. The development of the service sector contribution to Indonesia's Gross Domestic Product in the period 2014.1-2019.3 increased due to the advance of online transportation such as Gojek and Grab both for passenger and food services.

4. The solution to overcome the decline in the contribution of the agricultural sector is by issuing regulations that release farmers' dependence on moneylenders, in the short term cultivating farmers through cooperatives while in the long term equipping farmers with advanced, modern and independent knowledge. Where is the application by improving the quality of human resources of farmers through the Agricultural Strategic Command (Agricultural Strategic Command).

5. The solution to overcome the decline in the contribution of the industrial sector is to increase the competitiveness of food products by utilizing superior human resources in managing abundant natural resources, while for textile products by improving the quality of machinery and HR innovation.

6. Solutions to further improve the service sector, especially transportation, are infrastructure improvements and management improvements for land, sea and air transportation.

Suggestion

Suggestions needed in future studies are:

1. Adding other supporting social science variables such as law and sociology related to agriculture, industry and services in Indonesia.

2. Completing solutions to reduce the agricultural and industrial sectors and services in an integrated manner with environmental policies in order to obtain more optimal results.

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