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DEFENSE ECONOMICS IN GLOBAL POWER COMPETITION ERA



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Anantha Andhikatama Dalimunthe, Charles Sahat P Pasaribu,
Cosmas Manukallo Danga, Mujiyanto, Nur Khotimah.

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Concluding this remarks, I congratulate and appreciate the work produced by Defense Economics Cohort 13 which was able to turn the inspiration from research into a good book. May Allah Subhana Wa Ta'ala bestow His mercy and guidance to all of us. Aamiin Yaa Rabbal'alamin.

Wassalamu'alaikum Warahmatullahi Wabarakatuh

Bogor, October 2023
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PREFACE

Defense economics discusses how economics is used for national defense efforts. The dynamics of the development of an increasingly complex strategic environment are the reason for the emergence of threats to national defense from any aspect including the economy. Defense and economy are two currencies that are not separated because they affect each other.

The world is experiencing a crisis, one of which is caused by conflicts in several countries. This illustrates that the defense aspect is very influential on the world economy. Food security and energy security are the focus of many countries in the world for the welfare of society. Threats from the economic aspect force all countries in the world to build independence to support the country's economy.

National policies and strategies in responding to global geopolitical dynamics are significant. Trade competition and exploitation of resources in the country and other countries are carried out for the sake of the country's economic interests. Efforts and efforts in global power competition must be carried out with financial strategies, significantly to strengthen national defense.

Bogor, October 2023

Author

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DEFENCE ECONOMICS IN “SEMESTA” TOTAL WAR STRATEGY

Cosmas Manukallo Danga, Ivan Yulivan, Novki Asmoro

A. INTRODUCTION

"It's the people who are at war, not just the armed forces. It was the people who declared war, determining peace, and gave birth to its armed forces. The armed forces are the spearhead of the people, directed by the people as well "so stated General A. H. Nasution in his book on Fundamentals of Guerrilla Warfare. Furthermore, it is stated that the present war is no longer between the army and the army alone, now the people who fight are the people, the people as a whole. The turbulent war is not only in the battle area, the war is semesta (universe)-turbulent, although the final decision is determined by the lose-win of the two opposing armed forces. Therefore, the science of war is no longer just a science of war that is specialized in strategy, tactics, and logistics, but also about politics, military, psychology, and economics, anything else ("A.H. Nasution," 1954)

The term semesta war is unique and uniquely Indonesian that cannot be searched for the equivalent of the word in English. Some are trying to translate it into "Total War". Lexically it seems to be the same, but it turns out to have different meanings (J. S. Prabowo, 2016). Total War is a terminology used to refer to the war in the 3gw (Third-generation warfare) era while the Semesta War Strategy was born in post-modern warfare (4gw), to deal with the next-generation warfare. The Semesta War is also different from the People's War developed during the Chinese war by Mao Zedong, who deployed the people as an armed militia (Putranto, 2016). The same thing will happen if we force it with a translation of Universal or universe War. In this paper, the author continues to use the term "Semesta War" Strategy even though it is in English because of its peculiarities that only exist in Indonesia. So, what is Semesta War look like?

The doctrine of the Semesta War was born from the experience of the struggle of the Indonesian nation itself. Starting from the War for Independence from 1945 to 1949, the 1948 Madiun PKI insurgency

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IMPACT OF THE SOUTH CHINA SEA CONFLICT TO THE ECONOMY IN THE REGION

Charles Pasaribu, Yudi Sutrasna, Lukman Yudho Prakoso

A. INTRODUCTION

The most dominant actor in territorial disputes in the South China Sea is China, which uses historical claims that are not in line with international law to claim vast territories in the South China Sea bounded by lines connecting several dots referred to as the nine-dash line (Waluyo, 2020). China's territorial claims intersect with the territorial territories and Exclusive Economic Zones (EEZs) of some regional countries according to the international law of the sea. Indonesia has no territorial claims in the South China Sea, but China's so-called nine dash line claims intersect with Indonesia's EEZ jurisdiction in the North Natuna Sea. To support these territorial claims, China undertakes coercive actions that tend to violate Indonesia's sovereignty and sovereign rights, such as the entry of Chinese fishing vessels in the North Natuna Sea for illegal fishing. The presence of these fishing boats was escorted by Chinese coast guard vessels.

China's actions in choosing to take coercive measures to support its territorial claims in the South China Sea, including in the North Natuna Sea, are an implementation of the grey zone strategy used to achieve its national interests. The grey area strategy is the use of national force to achieve goals without open use of force that can trigger conventional wars between countries (Kissinger, 1955). In other words, China uses limited force to impose its will on maritime territorial claims, but tries not to take military action that would trigger retaliation and open military conflict.

China's coercive actions in the North Natuna Sea pose a threat to Indonesia's national interests. Economically, Indonesia's EEZ is a potential wealth that is critical to the progress and well-being of society and is Indonesia's sovereign right as a coastal state in accordance with international law of the sea. From a defense and security aspect, China's coercive actions create insecurity for Indonesians living in the area around the North Natuna Sea, especially insecurity due to disruption of their livelihood ecosystem as

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MILITARY BUDGET RESPONSES IN WESTERN EUROPE ON INFLATION DUE TO THE RUSSIAN WAR UKRAINE

Mujiyanto, Djamarel Hermanto, Sri Murtiana

A. INTRODUCTION

The current condition of the world economy is not good, this is as stated by the President of the World Bank Group David Malpass that the World Bank (World Bank) considers that the current global economic slowdown is the sharpest after the post-recession recovery in 1970. After approx. The previous 2 years, namely in 2020 and 2021, the economic activities of countries in various parts of the world were paralyzed because they were forced to stop all activities, especially economic activities carried out in order to reduce the impact of the spread of cases of transmission of *Coronavirus Disease 2019* or commonly known as COVID-19. Not having recovered after being hit by COVID, the world economy was tested again by the war between Russia and Ukraine on 24 February 2022, where this extraordinary event had a significant contribution in worsening economic conditions in the world.

The series of events mentioned above triggered high inflation in various countries around the world because Russia and Ukraine played important roles in meeting world needs in the oil, gas, wheat, energy, food and fertilizer sectors (Bakrie et al, 2022). After Russia invaded Ukraine, the European Union (EU) imposed an embargo on that country, which of course had an impact on international trade. With the embargo, Russia, which is the third largest producer of crude oil and the second largest producer of natural gas, has reduced the demand for crude oil and natural gas. This is what affects the inflation of countries in the world, including in Western Europe.

Countries in Western Europe experienced quite high inflation because their energy needs in the form of natural gas were supplied directly by Russia. In addition to the inflation problem, countries in western Europe are faced with the possibility that war will spread to their countries so that western European countries need to strengthen their country's defense. One way to strengthen defense is to increase the defense budget.

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RELATIONSHIP OF MILITARY EXPENDITURES WITH ECONOMIC GROWTH

Ananta Andika, Lukman Yudho Prakoso, Agus Adriyanto

A. INTRODUCTION

The defense budget is a public budget that is used for defense purposes. Studies on the relationship between military spending and GDP growth have been carried out as a basis for taking policies around the world with different results, for example (Smith and Smith 1980) argued that military spending for face external threats and encourage foreign investment.

In contrast, Deger and Smith (1983) suggested that the movement of resources from the civilian to the defense sectors would have a detrimental impact on economic growth. Additionally, a number of other studies contend that there is no connection between military spending and economic expansion (Grindle 1986).

A nation's security is a crucial factor. Security will promote the smooth operation of several activities, beginning in the economic, political, social, and other spheres. Conflicts between the internal and exterior populations of a nation are likely to emerge if security is not properly guaranteed. We require a framework that can reduce unwelcome wars by bolstering national defense to stop this.

Estimating empirical growth models provides results that show variation across subgroups, with an overview of significant short-term negative effects and insignificant long-term effects of military burden on per capita GDP growth" (Jhon Paul Dune 2011).

Determining military spending by the government of a country, of course, considers various elements. However, the increase in military spending to maintain stability and security in various countries often draws criticism from economists, in the end it is also influenced by spending in the defense sector. The effect of defense spending taken from several specifications reveals that the effect of defense spending on individual SWB is negative in both developed and developing countries. suggests that increasing defense spending when it reaches its saturation point is likely to displace other

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RUSSIA'S STRATEGY IN MANAGING NATIONAL RESOURCES AGAINST CONFRONTATION CONFLICT RUSSIA-UKRAINE 2014-2022

Nur Khotimah, Sri Murtiana, Guntur Eko Saputro

A. INTRODUCTION

Russia's invasion of Ukraine took place on Thursday, 24 February 2022, and has had extraordinary effects on all aspects, and fields globally. Not a little country that is involved in condemning action hegemony Russia this. Especially for UNI Europe, The United States, Britain, and several other countries also participated in the support to impose sanctions, to test the bastion of the Russian economy. The conflict between Russia and Ukraine is not something new, the Russian-Ukrainian conflict is rooted in the history of existence when both countries were under the Soviet Union in the Cold War period. Though, before the formation of Uni Soviet in the year 1922, the second nation and country that already lived side by side. Since the cold war ended, the European Union has brought influenced both countries, starting from annexation, aggression, and conflict open as something sign connection which Not good arises for leaders who are unable to respond to the existence of the environment in a positive manner strategic, which has changed to ahead. For example in 2014, the conflict in Crimea and the conflict that took place in the Sea of Azov, was the culmination of the worsening of relations between Ukraine and Russia. In the conflict with Crimea, Russia To do annexation to Crimea, whereas in the Sea of Azov conflict, Russia obstructed Ukrainian military vessels with excuses that the Ukrainian ship had encroached on Russian territory and mutual claims between the two parties. (Simela Victor and Nainggolan, 2018)

Invasion is action with no can be justified specifically for party of Ukraine, which are affected by the consequences of its sovereignty has been violated with various kinds of destruction happened, such as the number of victims who fell and property that was damaged, which in manner direct presenting a variety of problem from side security and the survival of the Ukrainian people. Not a few international parties also participated in responding to Russia's

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DEFENSE ECONOMICS IN GLOBAL POWER COMPETITION ERA

The global era provides complexity and requires each other to compete with each other, all transforming increasingly great from time to time. This includes the economic field which is now integrated without boundaries and has become an activity carried out by many people in life. This has a tremendous impact, which not only relates to the positive impact but also the negative impact. From here it relates that in the global era the economy is able to become a way of war, because warfare is not only conventional but economic warfare is able to destroy many people and even generations, economic colonization is no longer directly carried out by planting or forced labor.

But even without weapons, a country can be intervened. Even without invasion, the hegemony is able to dominate without any wounds, but welfare is at stake. War and economic colonization without this limitation is even more deadly, and its impact is massive and comprehensive without a signal, which requires all aspects to remain vigilant. This is where defense economics comes into play, by collaborating a sense of nationalism and defense strategies for everyone, which not only discusses the defense industry or military budget alone, but is more far-reaching, namely related to the benefits that a country can generate from its wealth and independence, by managing the potential of natural resources, human resources, and resources that are able to support national defense and can be properly empowered in facing threats in various conditions, both peaceful and war situations.