



Public Policy VS Private Policy

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Course: Development Policy (Kebijakan Pembangunan)

What Is Public Policy?

Public policy refers to decisions or actions taken by the government to address societal problems and achieve development goals.

Key Characteristics

- Created by government bodies (executive, legislative)
- Applies to the general public
- Funded through the state budget
- Aimed at resolving public issues

Examples

- Indonesia's Ministry of Finance sets fuel subsidy policy (BBM)
- Russia's maternity capital incentive to address declining birth rates
- Tax policy
- Infrastructure development policy



What Is Private Policy?

Private policy refers to decisions or rules made by individuals or private companies for the benefit of a specific organization or group.

Key Characteristics

- Created by non-governmental companies or organizations
- Applies only within the organization
- Aimed at increasing profit or efficiency
- Does not use state budget funds

Examples

- PT Bank Central Asia Tbk sets internal credit interest rate policy
- Grab Indonesia creates driver incentive policy
- Companies implement work-from-home policies



Public Policy vs. Private Policy: Key Differences

While both types of policy guide decision-making, they differ fundamentally in their makers, purpose, funding, and scope of impact.

Aspect	Public Policy	Private Policy
Maker	Government	Company / Individual
Purpose	Public interest	Organizational interest
Funding Source	State budget (APBN/APBD)	Company funds
Impact	Broad (society-wide)	Limited (internal/company)
Nature	Legally binding	Internally binding

Public Policy & Development

In the context of Development Policy, public policy plays a strategic role as the government's primary instrument for directing economic and social development processes.

Poverty Reduction

Through social assistance and subsidies via fiscal and social policy.

Economic Growth

Through infrastructure investment and support for SMEs (UMKM).

Income Equality

Through progressive taxation and social protection programs.

Economic Stability

Through inflation control and exchange rate stabilization.

- ❏ **Case — Russia's Import Substitution Policy:** Russia promoted domestic production to replace imported goods, reducing foreign dependency, encouraging domestic industrialization, and strengthening national economic resilience.



Case-Based Group Discussion

Normatively, public policy should be oriented toward its original purpose solving societal problems and improving public welfare. In practice, however, policies in some countries tend to be politically driven, prioritizing certain group interests over the public good.

As future policymakers, you are asked to design public policies that are genuinely society-oriented and solution-based.

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Group 1

Design a creative policy to address **rising unemployment rates**.

2

Group 2

Design a creative policy to address **limited access to education**.

3

Group 3

Design a creative policy to address **waste disposal problems**.

Discuss for **30 minutes**, then present your findings in a maximum of **10 minutes**.



Thank You

Key Takeaways

- **Public policy** is made by government, applies broadly, and is funded by the state budget to serve the public interest.
- **Private policy** is made by organizations, applies internally, and is funded by company resources to serve organizational goals.
- Public policy is the **primary instrument** of government in directing economic and social development from poverty reduction to economic stability.
- Effective public policy must be **solution-based and society-oriented**, not driven by political or group interests.