

Economic Discourse: Anti-Thesis of the Covid-19 Pandemic

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Abstract

Indonesia is fighting against Covid-19 by modifying its regional quarantine (lockdown) policy into large-scale social restrictions (PSBB) which are localized according to the level of severity in the province, district, or city. During this pandemic, the world economy and Indonesia experienced a slowdown. The government and strategic assessment institutions predict Indonesia's growth will be low or even negative in 2020. To that end, the Government seeks to schedule a New Normal policy so that the economic impact of the pandemic does not lead to a prolonged crisis. This Writing Method Using descriptive. Descriptive method is a method that aims to describe or provide an overview of the object under study through data or samples that have been collected as they are without analyzing and making conclusions that apply to the public. The pandemic causes a domino effect from health to social and economic problems, including business actors. The government is preparing support for the business world through coordination with BI with OJK with national banks so that business zones, business zones, and real zones can always survive despite sluggish economic activity. The government has allocated a budget of IDR 659.2 trillion as a stimulus to overcome the impact of the pandemic. trillion allocated to six sectors. The total realization until the first week of August was Rp. 151.25 trillion or 21.8% of the ceiling of the National Economic Recovery program. Recovery of various aspects of life after the Covid-19 pandemic is generally carried out in stages. However, the recovery depends on the economic and governance structure set by the local government, there are several steps that need to be taken to achieve a post-pandemic sustainable economic recovery agenda.

Keywords

Innovation; e-government; local government; good government



I. Introduction

Indonesia has at least recorded more than 150 thousand confirmed cases of Coronavirus Disease-19 (COVID-19) within 6 months since the initial problem on March 2, 2020 (World Health Organization Indonesia, 2020). This figure has surpassed China as the initial country where this virus was encountered in the same period of time since its first outbreak. Cumulatively worldwide, the total number of confirmed cases of COVID-19 positive as of August 2020 has exceeded 20 million people, with 800,000 of them ending in death (World Health Organization, 2020). The Covid-19 pandemic has hit the world, and Indonesia is included in it. The outbreak of this virus has an impact of a nation and Globally (Ningrum et al, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The current severity of the COVID-19 epidemic in Indonesia is thought to be only a small part of what actually happened due to the iceberg phenomenon in terms of specimen testing to determine the presence of this virus (Manusubroto et al., 2020). Indonesia is categorized as one of the countries with very low expertise in terms of the quantity of COVID-19 testing (Suhartono, 2020). Indonesia's capacity to implement COVID-19 testing as of August 28, 2020 is 7,918 people for each one million population (Worldometers, 2020). This case shows that there are still many residents whose status cannot be determined. Not only that, the low mortality rate inequality and the large Case Fatality Rate (CFR) in Indonesia can indicate that there are still many undiscovered problems (Manusubroto et al., 2020). Weak testing capacity will cause transmission to get out of control, especially in infected people without indications who do not implement contact restrictions.

Indonesia is fighting against Covid-19 by modifying its regional quarantine (lockdown) policy into large-scale social restrictions (PSBB) that are local in nature according to the severity of the province, district or city. During this pandemic, the world economy and Indonesia experienced a slowdown. The government and strategic assessment institutions predict Indonesia's growth will be low or even negative in 2020. To that end, the Government seeks to schedule a New Normal policy so that the economic impact of the pandemic does not lead to a prolonged crisis. This policy relates to development planning where the Government has set programs, targets, and major projects in the 2020-2024 National Medium-Term Development Plan (RPJMN). The government needs to re-examine the medium-term plan considering that in 2020 all programs will shift focus to handling Covid-19. The government has 3 alternatives in medium-term planning, whether to stick with the original plan, make a moderate revision, or replace it with a new plan based on assumptions that have been updated with the arrival of the Covid-19 pandemic and the economic impact that accompanies it.

The COVID-19 pandemic that has hit various parts of the world for more than a year has proven to have a negative impact on the economy and activities of various sectors and regions. Many economic sectors experienced a slump due to the implementation of restrictive policies in various regions. The end of the pandemic, which has yet to be seen, has forced various economic sector actors to adapt in the midst of this pandemic. The purpose of this study is to provide an overview of various alternatives for the recovery of the economic sector in Indonesia after a year of the COVID-19 pandemic. Analysis from various data sources is used as another supporting indicator. Hopefully this publication can provide useful information for users and other interested parties.

The economy has become the estuary of various problems that have arisen due to the COVID-19 pandemic. It is estimated that throughout 2020, the world economy will contract up to -5.2 percent (World Bank, 2020). This figure makes the COVID-19 pandemic can cause the worst recession in eight decades, exceeding the recession conditions in 1991 and 2009. A country's economy can be said to be entering a recession period if it has contracted for at least two consecutive quarters (Mankiw, 2007). Based on historical records, outbreaks of several diseases, such as plague, cholera, and yellow fever, have also received international attention because of their threat to international trade and long-term stability of the global economy (White, 2020). The economic downturn was the result of a complex set of factors. The burden of health costs that must be borne, as well as efforts to avoid transmission that lead to reduced activity and decreased productivity, especially trade (Bloom et al., 2018).

The Indonesian economy cannot be separated from the current conditions. After weakening economic growth in the first quarter of 2020, the value of Indonesia's GDP fell

by 5.32 percent in the second quarter on a year-on-year basis (BPS, 2020b). If there is another contraction in the next quarter, Indonesia will be faced with a recession. The signal that has been caught is a deflation of -0.10 percent in July 2020, especially in the food, beverage and tobacco group with the largest deflation reaching -0.73 percent (BPS, 2020a). During a recession there tends to be a slowdown in price increases, but in the process creates more unemployment (Case & Fair, 2007). The COVID-19 pandemic is counted as an intervention that gives a shock to the economy. A vulnerable economy will suffer a severe downturn if it is not given proper attention and policies. WHO states that the best chance for a COVID-19 vaccine to be available is 18 months from when it started (Grenfell & Drew, 2020). This means that it will take longer to survive in a pandemic situation. Mapping of national and regional economic vulnerabilities becomes very important as a reference for the government to take anticipatory and recovery steps. Micro, small and medium enterprises (MSMEs) have an important role in supporting the Indonesian economy.

II. Research Method

This writing method uses descriptive. The descriptive method according to Sugiyono (2016) is a method that aims to describe or provide an overview of the object under study through data or samples that have been collected as they are without analyzing and making conclusions that apply to the public. In other words, analytical descriptive research takes problems or focuses on problems as they are when the research is carried out, the results of the research are then processed and analyzed to draw conclusions.

III. Result and Discussion

3.1 Economy: Covid-19 Pandemic

Currently, the global economy, including Indonesia, is experiencing uncertainty and is leading to an economic recession due to the Covid-19 pandemic. Several countries such as the US, Japan, South Korea, the European Union, Hong Kong, and Singapore experienced negative economic growth in the first and second quarters of 2020. The economic slowdown will certainly have an impact on Indonesia's economic growth performance in 2020. The pandemic has caused a domino effect on health, social and economic issues, including business actors. The Central Statistics Agency has recorded that the economic growth rate in the first quarter (January-March) 2020 only grew 2.97%. This figure slowed from 4.97% in the fourth quarter of 2019. In fact, growth was far below the achievement of the first quarter of 2019 which reached 5.07%. And in the second quarter of 2020, Indonesia's economic growth rate was minus 5.32%. This figure is inversely proportional to the second quarter of 2019 of 5.05% (CNN Indonesia, 2020). If you look at various statements from the President to the ministerial level above at the beginning of the pandemic, it appears that the government was not too firm in prioritizing health policies, instead wanting to combine them with economic policies. Stuttering in handling is also indicated due to unclear referral hospitals, absence of test protocols, unavailable test equipment, lack of health personal protective equipment. Likewise in the aspect of policy coordination, it seems that each institution takes its own steps (Mas'udi & Astrina, 2020).

The Indonesian economy based on GDP (Gross Domestic Product) in Quarter II 2020 at current prices was IDR 3,687.7 trillion. But based on constant prices with the base year 2010 amounting to Rp2,589.6 trillion. When compared to the basis of constant prices

or yoy (year on year), economic growth in the second quarter of 2020 experienced a contraction of -5.32%. When compared to the first quarter of 2020, the contraction is -4.19%. While cumulatively in Semester I 2019, growth contracted -1.26%, the contraction of Indonesia's economic growth in Quarter II on a yoy basis was quite deep. Based on these data, Indonesia's economic growth experienced negative growth in the second quarter of 2020. This paper aims to examine the impact of Covid-19 on economic growth and its solutions. Realization of the National Economic Recovery Program Budget The government has budgeted a total cost of handling Covid-19 and National Economic Recovery (PEN) of Rp. 695.20 trillion, which is allocated to six sectors. The total realization until the first week of August was Rp. 151.25 trillion or 21.8% of the ceiling for the National Economic Recovery program (Kemenkeu, 2020).

Several steps were taken by the government to minimize the impact on the three sectors (health, social economy, and the business world). In the health sector, for example, the government has provided equipment support for medical personnel, made emergency hospitals to seek referral hospitals for Covid-19 patients. Based on data from the Coordinating Ministry for the Economy, the realization of the PEN program for the health sector is only around Rp. 6.3 trillion from the ceiling of Rp. 87.55 trillion. This realization is for central and regional health incentives of Rp. 1.7 trillion, compensation for death of health workers of Rp. 12.9 trillion, distribution of the Covid-19 task force of Rp. 3.2 trillion and incentives for health import duties of Rp. 1.4 trillion (national.kontan, 2020). The development of the health crisis that has an impact on the world economy has practically forced all countries in the world to back down with the strategic plans that had been previously set to be replaced by emergency response policies by mobilizing all resources to overcome the Covid-19 outbreak. Think tanks and strategic thinkers corrected their projections, especially in 2020 which is likely to see a slowdown, recession, and even an economic depression. Development in every country is guaranteed to be disrupted. Each country revises its APBN and provides a large allocation of funds to overcome this corona outbreak. Considering that the disease that comes through the corona virus is quite deadly (an average of around 3-5% of deaths from victims who have been exposed to the virus), then patent drugs have not been found, then only preventive solutions are the best way to be pursued so that each country can protect the lives of its citizens.

Furthermore, the government has also provided a social safety net for social and economic activities for people whose income has been affected during the pandemic. The goal is that people can still maintain consumption during the pandemic. Realization for social protection is Rp. 85.3 trillion from the ceiling of Rp. 203.91 trillion. The realized budget for the Family Hope Program (PKH) is Rp. 26.6 trillion, direct cash assistance (BLT) from village funds of Rp. 8.3 trillion, basic food cards of Rp. 25.5 trillion, pre-employment program of Rp. 2.4 trillion, and Rp. trillion, non-Jabodetabek cash assistance of Rp. 16.5 trillion and electricity discounts of Rp. 3.1 trillion (national.kontan, 2020).

3.2 Anti-Thesis Covid-19 Pandemic

Various recovery programs for the business world will also continue in 2020. One solution is to increase the consumption of central and regional government spending when consuming citizens cannot be expected to help protect economic development during the pandemic, so it is very important to carry out budget optimization on government spending which in fact also dropped to an extreme of -6.9% (Republica, 2020) the government tried to keep them afloat. The government is preparing support for the business world through coordination with BI with OJK with national banks so that business zones, business zones,

and real zones can always survive even if they do not carry out economic activities. The realization that is intended for labor-intensive departments/institutions is Rp. 7, 4 trillion, the regional incentive fund (DID) for economic recovery is Rp. 13.4 billion. Then the realization of the PEN program for MSMEs amounted to IDR 30.21 trillion from a ceiling of IDR 123.4 trillion, realization for business incentives of IDR 16.2 trillion from a ceiling of IDR 120. 61 trillion, while there has been no realization for corporate financing which has a ceiling of IDR 53.57 trillion (nationally. kontan.co.id, 5 August 2020).

This program aims to protect, maintain, and improve the economic capacity of business actors in running their businesses during the Covid-19 pandemic. For MSMEs, the PEN program is expected to 'extend the breath' of MSMEs and improve the performance of MSMEs that contribute to the Indonesian economy. PEN funding sources come from state spending, placement of funds, guarantees, state equity participation and government investment.

Solutions to Accelerate Government Expenditure Realization Economic growth. The analysis in the second quarter of 2020 experienced a very sharp decline, so it is feared that there will be a decline in the third quarter. In the second quarter of 2020, the realization of APBN expenditure for the 2020 Fiscal Year reached Rp. 616.54 trillion or around 22.51% of the ceiling of Rp. 2,739.17 trillion. . This expenditure increased when compared to the second quarter of 2019 of IDR 582.64 trillion. The increase in spending was due to an increase in central government spending and transfers to regions and village funds. In central government spending, for example, there was an increase due to social assistance spending which rose 55.87% and capital expenditure increased by 0.39%. The achievement of Indonesia's economic growth in Quarter II was not too far from what was predicted by the government, namely in the range of -5.3% to -3.5% with a midpoint of -4.3% (Elena, 2020).

The contribution of micro-enterprises in Indonesia plays an important and strategic role in improving the economy. This is because MSMEs can expand job opportunities and employment opportunities. Next, the existence of MSMEs is part of the formation of gross domestic product (GDP) as a safety net, especially for people with low incomes to carry out productive economic activities. The outbreak of the 2019 corona virus disease, which was later called the Covid 19 pandemic, became international attention at the end of 2019 including Indonesia. The COVID-19 pandemic has economic, social and political implications in almost every country, including Indonesia. The Indonesian MSME sector is also feeling the economic impact of the Covid-19 pandemic. According to Bank Indonesia data, up to 87.5% of MSMEs are affected by the COVID-19 pandemic. Of these, about 93.2% were affected by sales. Steps related to economic recovery, in this case the government through the ministry of finance, made extraordinary policies to mitigate the impact of covid-19 and the economic slowdown by creating the National Economic Recovery Program (PEN). The National Economic Recovery Program (PEN) aims to protect, maintain and improve the economic capacity of business actors in running their businesses during the COVID-19 pandemic and to improve the performance of MSMEs that have contributed to the Indonesian economy.

Recovery of various aspects of life after the Covid-19 pandemic is generally carried out in stages. However, the rate of recovery depends on the economic and governance structure set by the local government, there are several steps that need to be taken to achieve a post-pandemic sustainable economic recovery agenda. This includes identifying priority sectors, stimulating the labor market, doubling the benefits of cash transfers, maximizing the impact of fiscal stimuli, and facilitating green financing innovations. The government has allocated a budget of IDR 659.2 trillion as a stimulus to overcome the

impact of the pandemic. However, the realization of the absorption of this stimulus is still not optimal in several fields, one of the government's efforts to restore the post-pandemic economy is by strengthening the labor market, namely by reducing company costs to keep running and intensifying taxes on MSMEs and other industries as well as by pay more attention to the welfare of workers so as not to fall into poverty. The next effort is fiscal management with sustainable principles. Budget control needs to pay attention to the principle of sustainability both in government revenues and expenditures. Post-pandemic recovery requires the government to allocate spending more precisely and effectively with a scenario of reducing fuel and LPG subsidies by 20% so that budget savings can reach 8.2 trillion rupiah, then savings can be even greater by cutting ministry and agency spending (K/L). such as changing official travel expenses into virtual meetings (source: LPEM. FEB. UI).

Indonesia is hitting hard enough with the coronavirus spreading. not only human health, but also disrupting economic health around the world. Financial Sector Stability Commission (KSSK), Indonesia's Economic Growth Estimate The worst-case scenario could be minus 0.4 percent. Our Economic Growth is based on the forecasts we see. Further worse in the scenario, it can reach minus 0.4% (Asmini et al., 2020). In the view of Wibowo and Handika (2017), Indonesia has taken several steps to reduce the effects of the Covid-19 pandemic, including reducing the BI 7-Day Reverse Repo Rate by 25 bps to 4.75%, deposit interest rates Facility of 25 bps to 4.00% and Lending Facility interest rate of 25 bps to 5.50%. This measure was implemented to stimulate domestic economic growth amidst the delayed prospects of global economic recovery due to the Covid-19 pandemic. In addition, to keep inflation and external stability under control and to strengthen the momentum of economic growth, Bank Indonesia must be able to observe global and domestic economic developments (Nasution et al., 2020).

IV. Conclusion

The economic slowdown will definitely have an impact on Indonesia's growth performance in 2020. This figure was the economy from 4.97% in the fourth quarter of 2019. When compared to a constant price basis or yoy (year on year), economic growth in the second quarter of 2020 experienced a contraction. -5.32%. Several steps have been taken by the government to minimize the impact on the three sectors (health, social economy, and the business world). Based on data from the Coordinating Ministry for the Economy, the realization of the PEN program for the health sector is only around Rp. 6.3 trillion from the ceiling of Rp. 87.55 trillion. Furthermore, the government has also provided social security for social and economic activities for people whose income occurred during the pandemic.

Various recovery programs for the business world will also continue in 2020. Then the PEN program for MSMEs is Rp. 30.21 trillion from a ceiling of Rp. 123.4 trillion, realization for business incentives is Rp. 16.2 trillion from a ceiling of Rp. 120.61 trillion. has a ceiling of IDR 53.57 trillion (national.kontan.co.id, 5 August 2020). This program aims to protect, maintain, and improve the economic capacity of business actors in running a business during the Covid-19 pandemic. Analysis in the second quarter of 2020 experienced a very sharp decline, so it is feared that there will be a decline in the third quarter. In the second quarter of 2020, the realization of APBN expenditure for Fiscal Year 2020 reached Rp. 616.5 trillion or around 22.51% of the ceiling of Rp. 2,739.17 trillion. . In central government spending, for example, the increase was due to social assistance spending which rose 55.87% and capital expenditure increased by 0.39%. Furthermore, the

existence of MSMEs is part of the formation of gross domestic product (GDP) as a safety net, especially for low-income people to carry out productive economic activities. The National Economic Recovery Program (PEN) aims to protect, maintain, and improve the economic capacity of business actors in running their businesses during the COVID-19 pandemic and to improve the performance of MSMEs that have contributed to the Indonesian economy. Recovery of various aspects of life after the Covid-19 pandemic is generally carried out in stages. However, the recovery depends on the economic and governance structure set by the local government, there are several steps that need to be taken to achieve a post-pandemic sustainable economic recovery agenda. not only human health, but also disrupting economic health around the world. our economic growth is based on the forecasts we see.

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