

The Impact of Covid-19 Pandemic Crisis Toward Indonesian Economy

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Abstract

A recent example where the implementation of this new normal policy has even become counterproductive is the regulation regarding the requirement to obtain an Entry Permit (SIKM) in carrying out activities in the new normal era, which was stipulated by several local governments. In practice, this regulation becomes a burden that burdens the community, because in addition to complicated management, it also involves significant costs. The winding road to getting back to work in this new normal era for inter-regional workers is also added to the rules for having to undergo polymerase chain reaction (PCR) or rapid tests issued by the Task Force for the Acceleration of Handling COVID-19. So it is not surprising that many then cancel their activities, including airlines that also cancel flights. This can have an impact on the economy for the community.

INTRODUCTION

In general, the crisis due to the COVID-19 pandemic has affected all provinces in Indonesia. However, as is the case by sector, there is also heterogeneity of the impacts on the economy of each province.

A simulation conducted by Arief Anshory Yusuf (2020) shows the reality of this gradation. Assuming that there are three transmissions of the impact of the COVID-19 pandemic on the economy, namely through changes in the level of external trade in the province, changes in tourism activities and the implementation of large-scale social

restrictions (social-distancing), Arief shows that there is a decrease in the growth rate of an average of 5, 0% of 2019 nationally. In other words, the economic growth rate in 2020 is predicted to drop to only zero percent from a 5.02% basis of growth in 2019. The same simulation shows gradations in various provinces. The biggest decline is expected to occur in DKI, whose GRDP (Gross Regional Domestic Product) is estimated to decline to negative 7.5%. Or with a growth base in 2019 of 5.9%, DKI's economy is expected to grow negatively 1.6% in 2020. Meanwhile, the weakest impact will occur in Papua province, whose economy will only decline by -1.2%, from -15.72% in 2019 to -16.92% in 2020 (Pusparisa, 2020).

The simulation also shows that there will be an increase in the poverty rate by an average of 1.5% nationally, or an increase of almost 3.9 million poor people. The largest increase will be experienced by the province of West Java, where the poor population will increase by 1.9% or 943 thousand people, while the lowest increase will occur in the province of North Kalimantan, where the poor population will increase by 0.5% or around 3400 people.

The main contributor to the almost uniform decline in the economy in various regions in Indonesia is the simultaneous implementation of large-scale social restrictions, which in fact occurs, especially in terms of population mobility to work¹¹. Meanwhile, the allocation of fiscal stimulus amounted to IDR 405 trillion (+/- 2.5% of GDP) in the form of social assistance (IDR.110 trillion), health budget (Rp.75 trillion), industrial incentives (IDR 70 trillion), and economic recovery. (IDR.150 trillion) only had a minimal impact to contain the slowdown in growth, with its contribution to the increase in growth of only 0.15%.

Three interesting aspects can be drawn from this study: First, the COVID-19 pandemic has had the greatest economic and social impact on a province that has many densely populated urban areas. From the distribution shown in Graph 7, it is clear that in the projected decline in GRDP the largest will occur in the provinces of Java, North Sumatra, West Sumatra, Riau, Bali and South Sulawesi, which are provinces with high population density and have a lot of population. urban area. Second, the main contributor to the decline in GRDP in various provinces in Indonesia is the massive occurrence of social distancing, either formally through the PSBB policy (large-scale social restrictions) or informally, such as those who work and study independently from home, or half a year. forced to be unemployed due to being laid off (termination of employment) or closing his business. Third, the decline in people's socio-economic activities was largely due to social restrictions that could not be immediately recovered by the splash of fiscal stimulus, which of course also had many limitations, both in terms of sources and instruments that could be taken. The injection of stimulus amounting to Rp.405.1 trillion provided by the government had a less significant impact in restraining the slowdown in growth. From the latest developments, the government plans to increase the fiscal stimulus for recovery from Rp.405.1 trillion to Rp.677.2 trillion, by increasing the allocation for each existing post and adding a new post for the bailout fund for MSMEs (micro, small and medium enterprises).

and BUMN (state-owned enterprises). However, if the data collection instruments and bases applied are still the same and tend to be off target as has been proven in several regions, the ineffectiveness of this additional stimulus will almost happen again.

As a result, the simalakama of these three aspects is that by maintaining a policy of limiting questions will continue the damage and prolonged economic suffering, which cannot be helped even with the various incentives and stimuli provided. Meanwhile, not practicing social distancing will pose a risk to public health and increase the number of victims due to the COVID-19 virus. Moreover, as discussed earlier, Indonesia cannot yet be said to have reached the peak of the pandemic and there are limitations in testing, tracing and treating the public

METHODS

The study of this research uses a literature review where the literature is taken in accordance with the subject matter and analyzed in depth so that conclusions and findings can be drawn in the study. Literature taken from books, journal articles both nationally and internationally and other literature. (Phillippi & Lauderdale, 2018; Marshall et al., 2013; Bengtsson, 2016).

RESULTS AND DISCUSSIONS

New Normal Living in Peace with COVID-19

New normal or living in peace with COVID-19 as popularized by President Joko Widodo, is living by continuing to carry out various socio-economic activities, even though implementing several protocols to minimize the risk of transmission. This means a change in routine and habitual patterns in various social activities, from the way of traveling, working, studying to shopping. Various government agencies related to the new normal have also issued various protocols related to this new normal. Such as protocols on education, protocols for industrial activities and new normal protocols for industry, education and transportation.

Of course, implementing the new normal has risks. The experience of several countries, such as South Korea, which implemented it earlier on May 6, 2020, shows that the relaxation of social restrictions through the new normal has the potential to cause the emergence of a second wave of the spread of the COVID-19 virus. One thing that has happened in the country has caused social restrictions and quarantine to be imposed again until June 14, 2020. Even though this country has high discipline in implementing the new normal protocol, with health facilities and infrastructure for testing, tracing and treating which is much better than many other countries (Sebayang, 2020).

However, not all countries that have implemented the new normal fail, or experience a second wave of the spread of the COVID-19 virus. An example of a case in Asia is Hong

Kong, which so far can be said to have successfully implemented the new normal and avoided the second-wave of the pandemic (Yeung, 2020). Likewise, several countries in Europe such as Austria and Germany which have also started implementing the new normal so far can be said to be quite successful and there have been no reports showing a significant spike in additional cases of COVID-19 sufferers.

The common thread of success in these countries is essentially three things: massive testing, tracing and treating of patients and suspected COVID-19 sufferers, discipline in implementing protocols in various activities, and a little luck. The last element reflects the existence of factors beyond control that can be done, such as negligence in implementing the protocol in the midst of the large number of people with the COVID-19 virus without identifiable symptoms.

A further question then does Indonesia have all of these? One more thing that is not easy to answer. During a pandemic, everything is risky, but that doesn't mean we have to stop because of it.

CONCLUSION

A recent example where the implementation of this new normal policy has even become counterproductive is the regulation regarding the requirement to obtain an Entry Permit (SIKM) in carrying out activities in the new normal era, which was stipulated by several local governments. In practice, this regulation becomes a burden that burdens the community, because in addition to complicated management, it also involves significant costs. The winding road to getting back to work in this new normal era for inter-regional workers is also added to the rules for having to undergo polymerase chain reaction (PCR) or rapid tests issued by the Task Force for the Acceleration of Handling COVID-19. So it is not surprising that many then cancel their activities, including airlines that also cancel flights. This can have an impact on the economy for the community.

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