

FINDING THE STRATEGY AFTER CORONA CRISIS: THE NEW NORMAL AND RESILIENT ECONOMY GROWTH IN INDONESIA

Dicky Ramadhan Hidayatullah¹⁾, Arif Darmawan²⁾, and Shamsad Kallidumban³⁾

¹ Department of Accounting, University of Lampung - INDONESIA

² Department of Economics Development, University of Lampung - INDONESIA

³ Institute of Social Science, Uludag University – TURKEY

Ramadhandicky6@gmail.com

ABSTRACT

The research method used to analyze the situation and conditions in making this paper is a qualitative method. As an analysis procedure, qualitative methods can produce descriptive data in the form of written or spoken words from people or observable behavior. This pandemic comes with all its negative effects. Inequality, poverty, and education are the most affected lines in this pandemic because they reduce the income of vulnerable and poor groups. Many parties assess the world economy is far worse than before the corona. Weakening global economic growth caused many impacts on the pace of economy in Indonesia, both in terms of trade, investment and tourism. Thus, changing the projected economic growth becomes even slower due to the spread of Covid-19 throughout the country. Although we know that the Indonesian government has issued a policy of hundreds of trillions of rupiah to save our economy, social impact, poverty, and Equality. The Indonesian government has currently budgeted funds of Rp405.1 Trillion for handling Covid-19. The budget allocation will be divided for several sectors, such as the health sector in the amount of Rp75 Trillion, Social Safety Net of Rp110 trillion, tax incentives and stimulus for People's Business Credit (KUR) of Rp70.1 trillion, and funding for the national economic recovery program of Rp150 Trillion, including credit restructuring and guarantees as well as MSME and business financing to maintain economic resilience and recovery.

Keywords : Effect of Covid-19, Economic Growth, Inequality, New Normal, and Startegy

JEL Classification: F43, D63, L1, I3

Copyright © 2020, International Journal of Economics, Business and Entrepreneurship | IJEBE | FEB-UNILA

INTRODUCTION

The Wuhan coronavirus epidemic has brought many economies to the corona virus-affected countries, World meters, stating that this pandemic has been recorded in all countries in the world with a total of 528.367 fatalities with a total of 11.179.255 people infected with Covid-19 throughout the world. In fact, almost all countries have carried out lockdown policies or mass

quarantined their respective countries.

The new order of life is widely applied throughout the world in order to adjust the condition of the rate of economic growth which has fallen sharply due to the lockdown policy which is applied in each country in the world. The spread of this virus causes many sectors to experience a sharp decline due to the effects of the spread of this virus and when the world is trying to optimize the conditions of the rate of economic growth.

This pandemic comes with all its negative effects. Inequality, poverty, and education are the most affected lines in this pandemic because they reduce the income of vulnerable and poor groups. Many parties assess the world economy is far worse than before the corona. No doubt many large companies around the world are forced to close and lay off most employees due to the effects of the spread of this virus.

Thus the wave of unemployment will be present as an added burden in achieving global sustainable development goals. In Indonesia alone, 6.4 million waves of employees were forced to lay off due to the effects of the pandemic. This co-19 pandemic turned out to have a greater negative impact on economic activity than previously estimated and uncertainty about the bright spots of the end of the pandemic that continued to haunt the side of the world economy today.

This is in line with the decline in growth rate predicted by the World Bank which states that the global economy will decline to negative. To be the first time for all regions in the world to grow negatively in the first half. Many parties consider that the world economy will decline due to the impact of widespread epidemics.

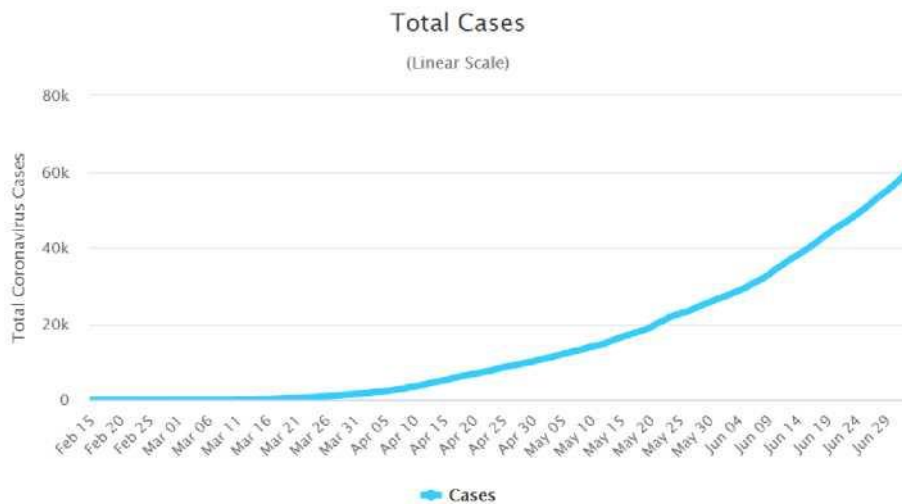


Figure 1. Total Case Covid-19 in Indonesia (Source: World meters, 2020)

In Indonesia, the increase continues to occur with the implementation of a new or new normal life order, making the government a dilemma, will it have to choose to stop the spread of the covid19 virus or reopen the economy again after some time Indonesia has implemented the Large-Scale Social Restrictions (PSBB). Almost all countries in the world respond to the impact of the transmission of the Covid-19 virus with new policies such as the policy of limiting the flow of people entering their countries. This will certainly have a direct impact on the decline in the global economy. In macro policy, the limitation (protection) of the flow of traffic will affect the flow of

goods and services in the international market because there are allegations that this epidemic is spreading through traded goods.

LITERATURE REVIEW

Corona Virus Disease (Covid 19)

Mysterious pneumonia cases were first reported in December 2019 in Wuhan, Hubei Province. The source of transmission of this case is still unknown, but the first case was suspected to originate from the fish market in Wuhan. Then on December 18 to December 29, 2019, there were five patients treated with Acute Respiratory Distress Syndrome (ARDS). Then from 31 December 2019 to 3 January 2020, this case increased rapidly, marked by the reporting of 44 new cases. Not until one month after that, the disease has spread in various other provinces in China, Thailand, Japan, and South Korea.

The sample studied shows the etiology of a new coronavirus. Initially, the disease was temporarily named as the 2019 novel coronavirus (2019-nCoV), then WHO announced the new name of the virus on February 11, 2020, the virus was named Coronavirus Disease (COVID-19) caused by Severe Acute Respiratory Syndrome Coronavirus-2 (COVID-19) virus. SARS-CoV-2) .4 This virus can be transmitted from human to human and has spread widely in China and more than 190 other countries and territories. Because the country has been contaminated with this virus is very much, WHO finally announced this COVID-19 as a pandemic on March 12, 2020. The latest data successfully calculated on March 29, 2020, states that there were 634.835 cases and 33.106 deaths worldwide. While in Indonesia it has been established 1.

Table 1. The Highest Countries Affected by Corona Virus Cases (Last Update: 4 July 2020)

| No | Country | Case | Dead | Get well |
|----|--------------------------|-------------------|----------------|------------------|
| 1 | United States of America | 2.890.388 | 132.101 | 1.210.792 |
| 2 | Brazil | 1.543.341 | 63.254 | 945.915 |
| 3 | Russia | 667.883 | 9.959 | 437.893 |
| 4 | India | 649.889 | 18.669 | 394.319 |
| 5 | Spanish | 297.625 | 28.385 | 123.987 |
| 6 | Peruvian | 295.599 | 10.226 | 185.852 |
| 7 | Chile | 288.089 | 6.051 | 25.343 |
| 8 | English | 284.276 | 44.131 | 159.842 |
| 9 | Italy | 241.184 | 34.833 | 191.467 |
| 10 | Mexico | 238.511 | 29.189 | 142.593 |
| 11 | Other Countries | 3.782.470 | 151.669 | 2.220.501 |
| | Total | 11.179.255 | 528.367 | 6.266.504 |

(Source: World meters, 2020)

America is one of the countries outside China which has experienced the highest increase in positive cases of corona or Covid-19. President Donald Trump announced a policy of physical distancing of all Americans with 132.101 fatalities with a total of 2.890.388 cases. All cities are isolated from the outside world as if the city died due to lockdown rules and social restrictions of many cities in the world abandoned by its inhabitants because the coronavirus pandemic has spread.

The public is only allowed to leave when there are an urgent situation and health reasons. And now even throughout the United States and Europe 2020, the World Health Organization (WHO) has established that Europe and the United States are the centers of the Global COVID19 pandemic. This is due to the fact that Europe and America are now "reporting more cases and deaths than all cases worldwide, apart from China".

However, based on data from World meters, the number of cases that have been recovered has also increased to 6.266.504. This is new hope for the world of handling the COVID-19 case that has shaken the global economy so that all countries in the world are currently threatened by a global recession, the impact of the decline in the economy due to the Corona Virus pandemic.

Physical Distancing Policy as An Anticipation of Virus Spread

The world today is experiencing uncertainty and silence due to the epidemic of Chinese pneumonia spreading throughout the world. Weak handling from the start and the lack of information disclosure regarding the transmission of the coronavirus transmission has led to the creation of a pandemic to date. The emergence of a new epicenter of the spread of the coronavirus in various regions throughout the world caused the unpreparedness of many countries to anticipate the transmission of the virus spreading. The spread of this virus causes many sectors to experience a sharp decline due to the effects of the spread of this virus and when the world is trying to optimize the conditions of the rate of economic growth.

Finally, the government made policy as the first step in the form of recommendations for social distancing / physical distancing or Keeping Safe Distance. In order to take the best path between health and the economy so that the impact of a pandemic is not fully affected in the pace of the economy and an increase in the number of cases is maintained. In line with this June 2020 World Economic Outlook assessment, once again showing the devastating economic impact resulting from the corona virus pandemic and the steps taken to overcome it. The biggest contraction in economic activity this year.

According to the IMF, it happened in developed countries, especially in Europe. Britain, Italy, and Spain are most likely to be among the worst. For 16 countries specifically forecasted by the IMF, there was a decline this year compared to the April projection. The IMF report underlines that there is something unusual about this downward trend. Usually, consumers use savings or get help from family and social security systems to reduce fluctuations in spending.

Covid-19 Impact in The Economy

Among many countries with large levels of GDP as the worst-ranked countries with the highest ranks affected by the coronavirus has a very high role in the rate of economic growth in Indonesia. The pace of decline has a systemic impact on the Indonesian economy. The prediction of rising unemployment was also influenced by the policies of many companies that did layoffs (PHK) of their employees amid pandemic conditions.

In addition to layoff policies, some companies also take policies such as cutting employee salaries to enforcing unpaid leave. It is assumed "that every 1% decline in the global economy will cause a very deep decline in the Indonesian economy, this is due to many producing countries such as America, China, India, Japan, and so on. It is Indonesia's largest trading partner and can imagine

that this pandemic outbreak will be affected throughout 2020, where all raw materials from all over the world, especially plastic raw materials, textile raw materials, electronic parts, computers, and furniture, etc. have to experience a temporary delay due to this pandemic.

As is the case with the WEO projection for April 2020, there is a level of uncertainty that is higher than usual in this estimate. Projections are based on key assumptions about the impact of a pandemic that has not yet come to light. In countries with declining infection rates, estimates of slower recovery due to social restrictions that occur in the second half of 2020, including disruption of the supply network that is expected to occur during locking in the first half and second half of 2020, and to maintain the resilience of business productivity with the adoption of health protocols.

Table 2. World Economic Outlook Update 2020

| | 2018 | 2019 | 2020 | 2021 |
|----------------|------|------|-------|------|
| Australia | 2.8 | 1.8 | -4.5 | 4.0 |
| Brazil | 1.3 | 1.1 | -9.1 | 3.6 |
| Canada | 2.0 | 1.7 | -8.4 | 4.9 |
| China | 6.7 | 6.1 | 1.0 | 8.2 |
| France | 1.8 | 1.5 | -12.5 | 7.3 |
| Germany | 1.5 | 0.6 | -7.8 | 5.4 |
| India 2 / | 6.1 | 4.2 | -4.5 | 6.0 |
| Indonesia | 5.2 | 5.0 | -0.3 | 6.1 |
| Italy | 0.8 | 0.3 | -12.8 | 6.3 |
| Japan | 0.3 | 0.7 | -5.8 | 2.4 |
| Mexico | 2.2 | -0.3 | -10.5 | 3.3 |
| Netherlands | 2.6 | 1.8 | -7.7 | 5.0 |
| Russia | 2.5 | 1.3 | -6.6 | 4.1 |
| Saudi Arabia | 2.4 | 0.3 | -6.8 | 3.1 |
| Spain | 2.4 | 2.0 | -12.8 | 6.3 |
| Thailand | 4.2 | 2.4 | -7.7 | 5.0 |
| Turkey | 2.8 | 0.9 | -5.0 | 5.0 |
| United Kingdom | 1.3 | 1.4 | -10.2 | 6.3 |
| United States | 2.9 | 2.3 | -8.0 | 4.5 |

(Source: Internasional Monetary Fund Economic Projection 2020)

Some international institutions predict the presence of the coronavirus pandemic is now considered a significant impact that will weaken the world economy towards a global recession. Whereas for countries that are still struggling to control infection rates, longer locking will incur greater additional costs. Economic policy must continue to protect revenue losses in all sectors with sizable and targeted measures as well as provide support to companies affected by restrictions on the activities in force. When the economy reopens, targeted support must be phased out while recovery is in progress, and policies must provide stimulus to increase people's purchasing power.

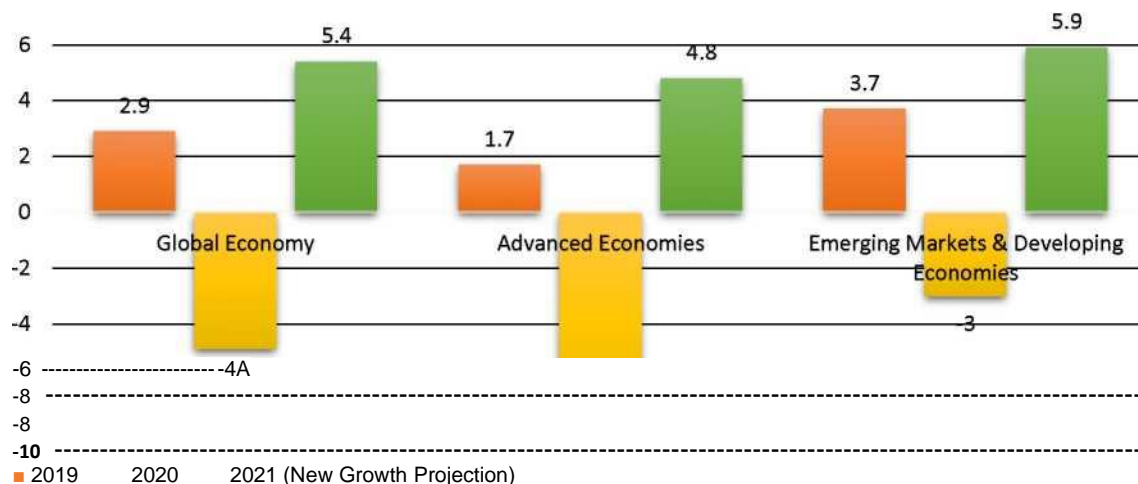


Figure 2. The Impact of The World Economic Contraction (Source: World Bank, 2020)

Weakening global economic growth caused many impacts on the pace of the economy in Indonesia, both in terms of trade, investment, and tourism. Thus, changing the projected economic growth becomes even slower due to the spread of Covid-19 throughout the country. This is what causes the adjustment of the achievement of global sustainable development targets to undergo changes in implementation plans. Indonesia itself namely the Ministry of PPN / Bappenas has prepared solutions as scenarios in the short, medium, and long term in implementing SDGs adjustments in Indonesia.

At present, all economic sectors are also affected by the COVID pandemic19. For the eight and nine goals, namely, Indonesia's growth rate is expected to decline due to the decline in industrial sector growth. Compared to last year, economic growth is projected to fall to 2.3%. This decline in economic growth also had an impact on employment, especially goal 10, namely the reduction in inequality. If the national economic growth is very deeply contracted it will have a negative impact on people's welfare. So with that straight line with the increasing unemployment rate, the poverty rate will increase dramatically. Inevitably, the whole world is currently struggling with a wave of inequality due to the effects of the co-pandemic 19.

The spread of the coronavirus that occurred throughout the region caused trade to worsen further exacerbated by the presence of two major producers of the world due to the spread of this virus. This is very influential in world trade, including in Indonesia. Declining demand for raw materials from various countries such as China, America, and Europe for coal and palm oil will disrupt the export sector in Indonesia, which can cause a decrease in commodity prices for mining goods.

Trade sector tax revenues also declined due to reduced Indonesian exports, even though trade had the second-largest contribution to tax revenue. In the oil and gas and non-oil and gas export sectors it experienced a decline which caused because China is the largest importer of crude oil in the world. Trade sector tax revenues also declined due to reduced Indonesian exports, even though trade had the second-largest contribution to tax revenue. In the oil and gas and non-oil and gas export sectors, the decline was caused because China, America, and Europe were the largest crude oil importers in the world.

Threats of Recession Due to Pandemy

Like Black Wednesday at the time of the US recession, the co-19 coronavirus devastated all the economies, and even the stock markets around the world were degraded due to the effects of the co-19 pandemic. Not only: Europe, America, Asia. Inevitably, many countries in the world are undergoing a process of recession, namely a decline in the economic rate to minus twice. In addition, the Indonesian stock exchange was even forced to be affected so that halt trading was made by the Indonesia Stock Exchange. It has been counted as many as 6 times from the period March 2020, the decline in CSPI on 8 and 9 October 2008 which contributed 10.39 percent. Precisely today 17 March 2020 JCI dropped sharply with a total of 30, 72 percent ie with 2 times the accumulation of the implementation of the Halt Trading Policy or a 30-minute layoff for when the JCI shares fell by 5% and 5.15%.

This policy itself is indeed implemented according to "the decree of the directors of the Indonesia Stock Exchange dated March 10 regarding the change in guidelines for handling the continuity of trade on the Indonesia Stock Exchange in an emergency". Along with the rate of increase in the rupiah exchange rate of Rp15.173. Making the Stock Exchange day the worst weekly performance since October 2008. This June 2020 WEO assessment once again shows the devastating economic impact of the coronavirus pandemic and the steps taken to overcome it. The biggest contraction in economic activity this year, according to the IMF, occurred in developed countries, especially in Europe. This policy itself is indeed implemented according to "the decree of the directors of the Indonesia Stock Exchange dated March 10 regarding the change in guidelines for handling the continuity of trade on the Indonesia Stock Exchange in an emergency". Along with the rate of increase in the rupiah exchange rate of Rp 15.173. Making the Stock Exchange day the worst weekly performance since October 2008. This June 2020 WEO assessment once again shows the devastating economic impact of the corona virus pandemic and the steps taken to overcome it.

The biggest contraction in economic activity this year, according to the IMF, occurred in developed countries, especially in Europe. This policy itself is indeed implemented according to "the decree of the directors of the Indonesia Stock Exchange dated March 10 regarding the change in guidelines for handling the continuity of trade on the Indonesia Stock Exchange in an emergency". Along with the rate of increase in the rupiah exchange rate of Rp15.173. Making the Stock Exchange day the worst weekly performance since October 2008. This June 2020 WEO assessment once again shows the devastating economic impact of the coronavirus pandemic and the steps taken to overcome it.

The biggest contraction in economic activity this year, according to the IMF, occurred in developed countries, especially in Europe. Making the Stock Exchange day the worst weekly performance since October 2008. This June 2020 WEO assessment once again shows the devastating

economic impact of the corona virus pandemic and the steps taken to overcome it. The biggest contraction in economic activity this year, according to the IMF, occurred in developed countries, especially in Europe. Making the Stock Exchange day the worst weekly performance since October 2008. This June 2020 WEO assessment once again shows the devastating economic impact of the corona virus pandemic and the steps taken to overcome it. The biggest contraction in economic activity this year, according to the IMF, occurred in developed countries, especially in Europe.

METHODS

Research Scope

The research method used to analyze the situation and conditions in making this paper is a qualitative method. As an analysis procedure, qualitative methods can produce descriptive data in the form of written or spoken words from people or observable behavior. Descriptive research is a research method that describes all the data or circumstances of the subject or object of research then analyzed and compared based on the reality that is taking place at the moment and then tries to provide solutions to problems and can provide the latest information so that it is beneficial for the development of science and more can be applied to various problems.

Data Sources

The writing of this paper uses secondary data sourced from journals, books, related ministry reports, and articles. In addition, this paper uses update statistical data from government institutions such as the Central Statistics Agency (BPS).

Data Collection Techniques

This study uses the literature review method, then the proper data collection technique is to use the documentation method. The documentation method is looking for data about things or variables in the form of journals, books, to articles.

Data Analysis Techniques

The data analysis technique used in this study is to use qualitative data and study the data from reliable literature. Meanwhile, this type of research is a type of quantitative descriptive research.

RESULTS AND DISCUSSION

The Impact of The Covid-19 Pandemic in The Indonesian Economy

Although we know that the Indonesian government has issued a policy of hundreds of trillions of rupiah to save our economy. However, it is the people's purchasing power which is currently deteriorating due to limited community activities related to regional restrictions that make the Indonesian economic wheel currently experiencing a decline, as a result of which many people have had to lose their jobs or their income has been drastically affected by this pandemic. With the current economic conditions, the government predicts that the purchasing power of the people lost from March 30 to June 6 eliminates the purchasing power of Rp 362 Trillion and eliminates extraordinary community working hours.



Figure 3. Indonesian Ministry of Finance 2020 Economic Projection

(Source: Ministry of Finance, 2020)

Financial projections from the finance ministry are made based on several assumptions. As we know, when the rate of economic growth in the first quarter decreased by 2.97% with the initial projection of 5.1%. Then in the second quarter, the government saw this very pessimistically where the Indonesian economy is projected to contract to reach -3.8% where we know in the second quarter that the enactment of massive Social Restrictions in various regions in Indonesia which caused Indonesia's economic growth to decline coupled with the disruption of the world economy due to this pandemic.

Although a number of macroeconomic indicators are relatively good, although the risk of the coop to the economy still needs to be watched, and the mix of macroeconomic policies and policies in the health sector is believed to be able to reduce the risk of macroeconomic and financial system stability and encourage national economic recovery. Then later, we further see that the economic scenario for the 3rd quarter of 2020 is predicted to be 1.4% positive because governments in various regions have implemented a new life order and will gradually get negative -1.6% if the community does not make significant consumption during this transition.

World Economic Outlook illustrates that many countries in the world are on the verge of a recession that is more sinister than the global financial crisis that is a subprime mortgage in America in 2008 and even the deepest recession since the 1st world war. No doubt, the whole world is on the verge of recession at the same time paralyzing the global economy due to a virus pandemic this corona. This crisis hit almost all countries in the world including developed countries or developing economic countries. Furthermore, it has an impact on the decline in domestic and international demand.

This is driven by a lack of export demand, declining income, and on the other hand, there is also a very significant decrease related to tourism services. The decline in many activities in various sectors has led to a reduction in state spending, which in turn will have an impact on reducing the rate of economic growth. Sectors that were devastated as a result of this crisis were the production and expenditure sectors, the transmission of the impact of Covid19 on the Indonesian economy affecting the production side and the expenditure side of the economy which resulted in consumption so that people's purchasing power would be affected by this crisis if not well anticipated by the government. The level of consumption of tourist destinations has the potential to decrease dramatically due to people's purchasing power.

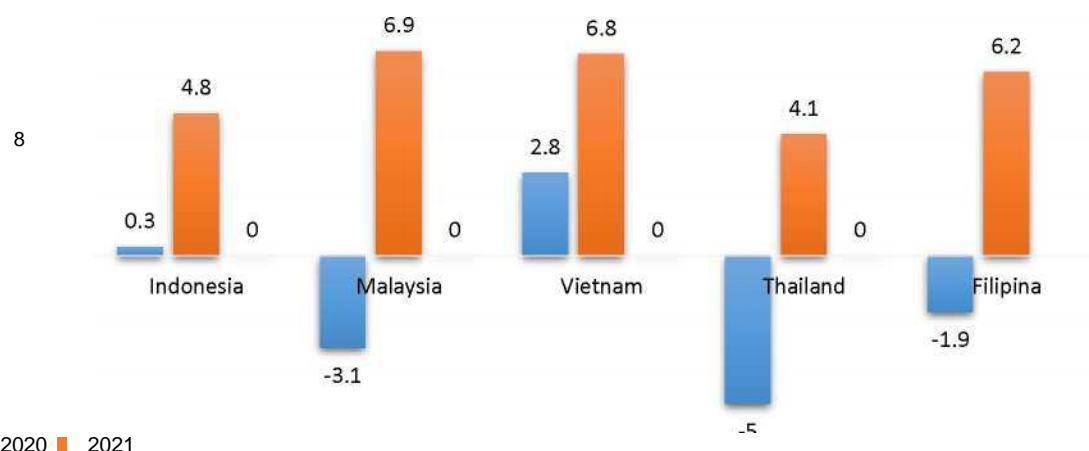


Figure 4. ASEAN Economic Growth Projection 2020

Source: OECD World Economic Outlook (June 2020)

Indonesia as the largest commodity exporter in the East Asia and Pacific region experienced a very significant impact due to the limitation of activities or lockdowns that were implemented in various export destination countries so that commodity prices dropped quite deep. In addition, the limited activity of the community for several months to limit the spread of the coronavirus, so that projections from the World Bank or IMF stagnated at the position of 0.3%. Even though our economy is predicted to recover next year, community activities are relaxed.

Social Impact Due to The Covid-19 Pandemic in Indonesia

Although we know that the Indonesian government has issued a policy of hundreds of trillions of rupiah to save our economy. However, it is the people's purchasing power which is currently deteriorating due to limited community activities related to regional restrictions that make the Indonesian economic wheel currently experiencing a decline, as a result of which many people have had to lose their jobs or their income has been drastically affected by this pandemic. With the current economic conditions, the government predicts that the purchasing power of the people lost from March 30 to June 6 eliminates the purchasing power of Rp 362 Trillion and eliminates extraordinary community working hours.

The Indonesian government's policy in assisting the population affected by this pandemic is reflected in giving great attention and giving top priority to maintaining the fulfillment of people's basic needs and increasing the purchasing power of the people at the grassroots level.

Table 3. (Indonesia Government Policy in Handling Social Problems as a Result of Pandemic)

| No | Indonesia President Policy in Handling Social Problems As a Result of Pandemic | Total Budget |
|----|--|-----------------|
| 1 | Policy regarding beneficiaries of the Family of Hope Program, which is provided to 10 million recipient families | Rp37.4 trillion |
| 2 | The basic needs card, given to 20 million recipients, was given Rp200.000 per person per month | Rp43.6 trillion |
| 3 | The Pre-Employment Card, which has already been submitted by 5.6 million people, was in the form of a post-training incentive of Rp600.000 for 4 months | Rp20 trillion |
| 4 | Exemption of electricity tariff of 450 VA and electricity tariff discount for 900 VA. The earlier ones were 450 VA, 24 million customers and 900 VA, 7 million customers | Rp3.5 trillion |
| 5 | The new social assistance (social funds), namely the Special Assistance for Groceries from the Central Government for the people in DKI (Jakarta) | Rp2.2 trillion |
| 6 | Basic food assistance for the areas of Bogor, Depok, Tangerang and Bekasi given to 1.6 million people or 576 thousand households, in the amount of Rp600.000 per month for 3 months | Rp1 trillion |
| 7 | For people outside Jabodetabek, Cash Social Assistance will be given to 9 million households who do not receive the PKH Social Fund or the Grocery Social Fund | Rp16.2 trillion |
| 8 | A portion of the Village Fund was also immediately allocated for social assistance in the village given to approximately 10 million recipient families at a rate of Rp600.000 per month for 3 months | Rp21 trillion |
| 9 | Strengthening the Cash-Intensive Work Program in ministries | Rp16.9 trillion |

The widespread pandemic caused many countries in the world including Indonesia to react by limiting mobility and community interaction. Many large companies around the world are forced to close and lay off most employees due to the effects of the spread of this virus. Thus the wave of unemployment will be present as an added burden in achieving global sustainable development goals. In Indonesia alone, 6.4 million waves of employees were forced to lay off due to the effects of the pandemic. This co-19 pandemic turned out to have a greater negative impact on economic activity than previously estimated and uncertainty about the bright spots of the end of the pandemic that continued to haunt the side of the world economy today.



Figure 5. Indonesia Unemployment Rate February 2020

(Source: BPS, 2020)

Regional quarantine policy and social restrictions in Indonesia leave a deep misery for the economy in Indonesia. All sectors of the sector were affected by this pandemic thus creating a new wave of layoffs that became additional homework for the government in reducing the unemployment rate in Indonesia. The International Labor Organization, or ILO, calls on the world to boost its national safeguard program. Countries are asked to intervene in industries through policies to cope with the large surge in potential unemployment. Unemployment in Indonesia has always been declining in the last five years, it will increase due to the impact of this pandemic.

The Ministry of Manpower said workers were affected by this pandemic consisting of 1.058.284 formal sector workers who were laid off and 380.221 formal sector workers who were laid off. Informal sector workers who were affected were 318.959 people.

The Impact of The Covid19 Pandemic on Poverty and Inequality

Quoted based on the SMERU Research Institute Research the impact of the COVID-19 pandemic on economic activity is predicted to be last long enough. If this happens, it is very likely that the world community will experience a recession or a severe economic crisis. The International Monetary Fund (IMF) predicts that world economic growth in 2020 will fall by -3%. This recession will encourage the emergence of new poor people. Study results *Sumner, Hoy, and Ortiz-Juarez (2020)* which includes 138 developing countries and 26 high-income countries indicate that the COVID-19 pandemic will bring about 85 million new poor people.

The World Bank (2020) projects that Indonesia's economic growth in 2020 will only reaches 0.3%. In the worst-case scenario, the projected figure could drop to -3.5%. This figure is lower than the economic growth in 2019, which is only 5%. Economic shocks in Indonesia are also predicted to encourage the emergence of new poor people due to the effects of the Covid-19 pandemic.

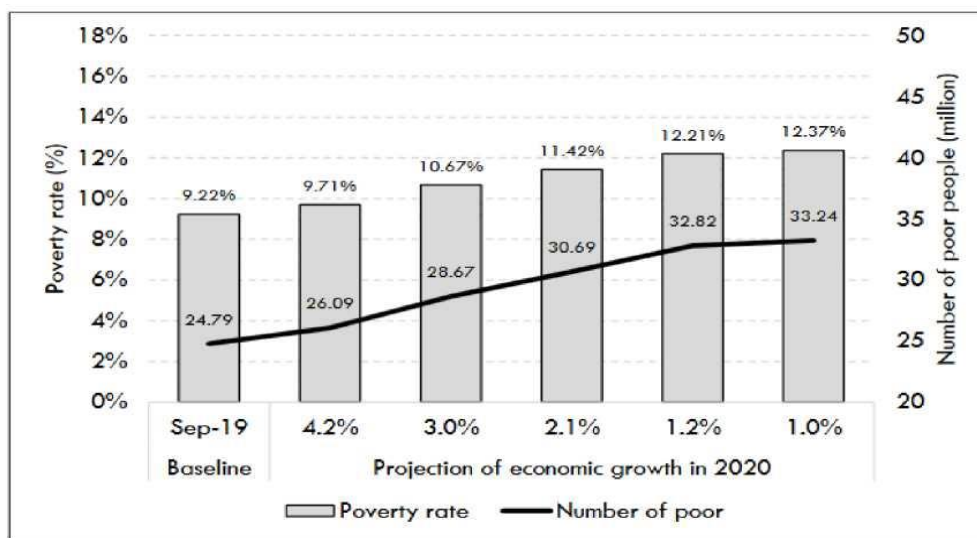


Figure 6. Projected Impact of Covid-19 Outbreak on Poverty Rate and Number Poor of People (Source: SMERU Research Institute, 2020)

The SMERU Research Institute made the results of a simulation of the impact of the COVID-19 pandemic on poverty levels in Indonesia divided into three scenarios based on severity, which are the lightest, moderate, and most severe. In the mildest scenario, the Indonesian economy will grow by 4.2% and the poverty rate will rise from 9.2% (the figure in September 2019) to 9.7% by the end of 2020, or around 1.3 million more people will be poor. In a moderate scenario, Indonesia's economy will grow by 2.1% and the poverty rate will reach 11.4%, or there will be 6 million new poor people. In the most severe scenario, Indonesia's economy will only grow by 1% and the poverty rate will rise to 12.4%, or as many as 8.5 million more people will fall into poverty

Government Policies Relating to The Impact of Covid Pandemics

International Monetary Fund (IMF) released a list of gross domestic product (GDP) of countries in the world. Ie China is at the top with a GDP value of US \$ 25.27 Trillion. Meanwhile, Indonesia is ranked seventh with the acquisition of GDP of US \$ 3.55 trillion. Then, judging by the large GDP of large countries today will affect the state of the rate of world economic growth if the current pandemic is not over and for all of us to know why the situation of the economic downturn in the world is so important, especially the countries with the largest GDP in the world because of the size of the world economy is now at a level above 100 trillion US \$ so it also contributes to the economic downturn in world GDP. So it will have a riffle effect or influence throughout the world.

The global coronavirus pandemic is not only in China but has expanded to Europe and the United States so that it has a widespread influence throughout the world. Many companies in the world do not expect a coronavirus pandemic outbreak, so that it can be potentially sustainable. Estimated growth if China experienced a decrease of 1% in the batch line 6 to 5, it will affect the decline in Indonesia's growth of about 0.3% to 0.6%.

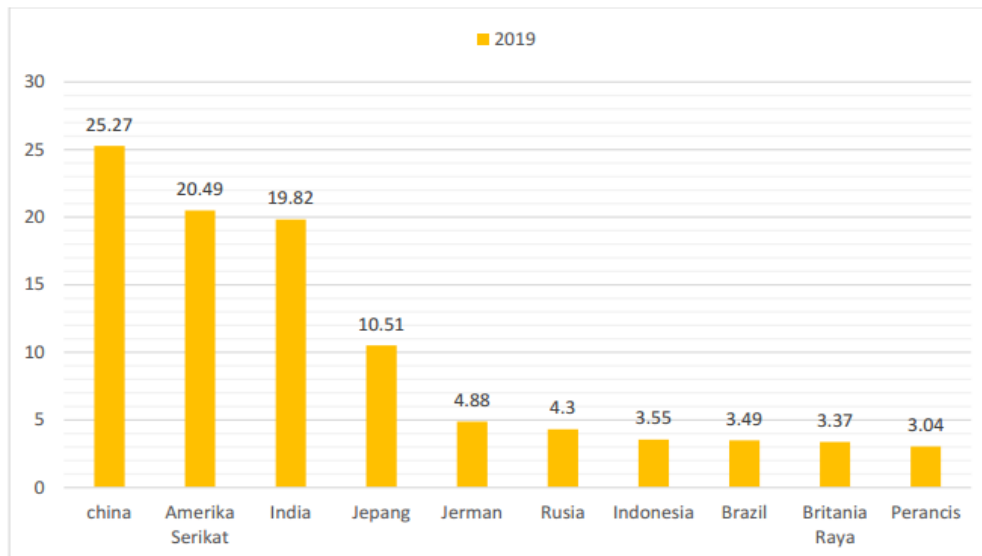


Figure 7. Gross Domestic Product 2020. OECD World Economic Outlook (June 2020)
(Source: OECD, 2020)

In the last few weeks, the impact of the corona has spread to the export-import and manufacturing sectors, for that the government seeks to maintain liquidity and ensure that the economic wheels continue to rotate in a way that people continue to consume, so the government issues a fiscal policy with the aim of maintaining people's purchasing power while weakening of the world economy is ongoing. The policy is in the form of import tax, corporate tax, income tax, and tax refund for a period of 6 months. Fiscal Stimulus Volume II is given aiming that the entire industry can get space to be able to survive in tight situations and the burden is minimized by the government.

Responding to this situation, the Indonesian government introduced extraordinary policies and measures to ensure the stability of the national economy. The Indonesian government has currently budgeted funds of Rp405.1 Trillion for handling Covid-19. The budget allocation will be divided for several sectors, such as the health sector in the amount of Rp75 Trillion, Social Safety Net of Rp110 trillion, tax incentives and stimulus for People's Business Credit (KUR) of Rp70.1 trillion, and funding for the national economic recovery program of Rp150 Trillion, including credit restructuring and guarantees as well as MSME and business financing to maintain economic resilience and recovery.

The Indonesian government now also provides tax incentives to keep the business world normal. PPh 21 workers in the manufacturing sector with a maximum income of Rp200 million a year is 100% borne by the government. The exemption of import income tax or income tax for 19 specific sectors, the export tax ease of import destination (KITE), and the KITE taxpayer for small and medium industries are pursued by the government. Then, PPh deducted by 30 Percent of installments that should be stated. For the People's Business Credit (KUR) that was affected by Covid-19, there was also a delay in the payment of principal and interest for all schemes for 6 months. Then, reduce the Corporate Income Tax rate to 22 percent for the period 2020 and 2021 and to 20 percent starting in 2022.

The budget reallocation & refocusing of the government is also being applied to handle the Covid- 19 pandemic, namely by saving spending. Adjustment of the allocation of Revenue Sharing Funds (DBH), General Allocation Funds (DAU), and Regional Incentive Funds (DAD) in the hope that the regional head can optimize these steps for the prevention of the Covid-19 outbreak, so that there will be savings of Rp190 trillion including reallocation of reserves of Rp54.6 trillion.

Looking closely at the condition of the Indonesian economy, especially as a result of the spread of COVID-19, Bank Indonesia made the decision to reduce the benchmark interest rate. Stimulation in doing cyclic counter is basically to focus on sectors that are affected by the spread of coronavirus in Indonesia, this is because all sectors are affected by this pandemic. Aside from the reduction in the benchmark interest rate that has been carried out, Bank Indonesia has implemented a Quantitative easing policy for banks in Indonesia to increase the amount of liquid money that can circulate in the community.

Quantitative Easing policy will be able to have an effective impact on the real sector with the support of fiscal stimulus, including through the implementation of social safety nets, industrial incentives, including KUR subsidies and aid programs and credit restructuring. This will make it easier to conduct loans and lower interest rates that can be utilized by the SME sector and others, in order to continue operating in the current conditions and the government, hopes that with this policy, SMEs and other sectors can survive so that there is no decrease in purchasing power and a new wave of unemployment. However, this really depends on how well the fiscal stimulus is

delivered immediately so that there is an impact on the real sector in expanding the money supply circulating in the community.

CONCLUSION

The spread of the coronavirus (Covid-19) throughout the world has had a very clear impact on the economy, both global and national. The decline in the economy was felt by almost all countries throughout the world including Indonesia. The rapid spread of this virus has made the Indonesian economy decline due to the absence of economic activity, this is because the government is trying to reduce the spread of the virus by making policies in the form of Large- Scale Social Restrictions (PSBB) in some areas, limiting social activities outside the home (social distancing), as well as limiting the traffic flow of people and trade between countries. All of these things were done by the government to stop the spread of the coronavirus outbreak. If the spread of the plague can be overcome,

However, after many policies to reduce the rate of spread of this virus. Many countries in the world have succeeded in suppressing the spread of the coronavirus transmission. And now adjustments in various lines due to the impact of the pandemic have created a new order of life throughout the world. Outside the pandemic, policymakers must work together to resolve trade and technological tensions that jeopardize the eventual recovery from the COVID-19 crisis. Furthermore, based on the record of reducing greenhouse gas emissions during this pandemic, policymakers must implement climate change mitigation commitments and work together to increase carbon taxes that are designed fairly or with an equivalent scheme.

REFERENCES

- al, U. (2020). Coronavirus Disease 2019: Current Literature Review. *Journal of Internal Medicine in Indonesia*, pp. 45-67.
- Badan Perencanaan Nasional. (2020). *Rencana Pembangunan Jangka Menengah Nasional IV 2020-2024*. Jakarta: Badan Perencanaan Nasional.
- Bank Indonesia. (2020). *Explanation of Bank Indonesia: Covid-19 Mitigation Policy*. Jakarta.
- Chairul Iksan Burhanuddin, M.N. (2020). Ancaman Krisis Ekonomi Global Dari Dampak Penyebaran Virus Corona (Covid-19). *AkMen*, 710-718.
- CNBC Indonesia. (2020). Beware of the Ghost of Recession Shadowing RI. Retrieved 2020, from <https://youtu.be/R4BLGFwrTC8>
- CNBC Indonesia. (2020). Fiscal Stimulus Has Been Spent, Market Can Be Quiet. Retrieved 2020, from <https://www.cnbcindonesia.com/market/20200315071502-17-144932/stimulus-fiskal-sudah-digontontont- pasar-bisa-menang- calm>
- Data Update July 4th Coronavirus in the World Reaches 11 Million Cases. (2020). Retrieved 2020, from Kompas.
- Dr. J.T.Pratheesh, D. G. (2020). Impact Corona Virus in India Economy And Banking Sector. *UGC Care Journal*, 2090-2101.
- Economic crisis caused by co-19: IMF predicts 'economic wounds' due to the global crisis due to the corona virus pandemic is worse than expected. (2020). Retrieved 2020, from BBC: <https://www.bbc.com/indonesia/dunia-53168814>
- Firdaus, M. I. (2020). The Impact of the Covid-19 Pandemic on Increasing Unemployment in Indonesia. Retrieved 2020, from <http://tegas.co/2020/06/12/dampak-pandemi-covid-19-terhadap- upgrading-angka-peng-unemployment-di-indonesia/>

- Gusman, H. (2020). How the Covid-19 Pandemic Affected RI's Unemployment Rate. Retrieved 2020, from Tirto id: <https://tirto.id/how-pandemic-covid-19-configuring-angka-peng-unemployment-ri-fk3e>
- Indonesia Stock Exchange . (2020). Apply the new rules, Trading 30 Minutes Halt If the CSPI falls sharply above 5 percent. Retrieved 2020, from IDX Chanel: <https://www.idxchannel.com/market-news/terplain-new-trading-halt-30-menit-if-ihsg-turun-tajam-diatas-5-percent>
- Ministry of Finance of the Republic of Indonesia. (2020). Projection of Indonesia's Economic Growth in 2020. Jakarta: Ministry of Finance.
- Ministry of PPN. (2020). SDGs: Joint Solution to Restore Indonesia After the Co-19 epidemic. Retrieved 2020, from Bappenas: <https://www.bappenas.go.id/id/berita-dan-siaran-pers/sdgs-solusi-together-ponesia-pascapandemi-covid-19/>
- Maftuchan, A. (2020, April). Program Bantuan di Era Covid-19. Bantuan Tunai Korona atau Jaminan Penghasilan Semesta. 21, hal, 01-04.
- Novika, S. (2020). Corona Turns Into a Global Economic Crisis, This Impacts RI. Retrieved 2020, from <https://finance.detik.com/berita-ekonomi-bisnis/d-4956381/corona-terchange-so-crisis-economics-global-ini-d-impact-buat-ri>
- Nur Rohim Yunus, A. R. (2020). Kebijakan Pemberlakuan Lockdown Sebagai Antisipasi Penyebaran Corona Virus Covid-19. **SALAM**, 227-237.
- Open Unemployment Rate, Indonesian Labor Conditions. (2020). Jakarta: Central Bureau of Statistics.
- Rani, R. (2020). The Impact of Corona Virus On Indian Economy. UGC Care Journal, 3718-3626.
- SMERU Research. (2020). Development study forum: The impact of co-19 outbreak on peverty in indonesia. Retrived 2020, from https://www.smeru.or.id/sites/default/files/publication/wp_covid19impact_draft.pdf
- The World is in a Race to Give Coed-19 Fiscal Stimulus, Indonesia Number. (2020). Retrieved 2020, from Ekonomi Bisnis: <https://ekonomi.bisnis.com/read/20200406/10/1223076>.
- World Economic Outlook Update: Crisis Like No Other, An Uncertain Recovery. Release Update July 2020. (2020). Retrieved 2020, from International Monetary Fund: <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>