



Economic Stimulus Policy As A Government Effort To Address The Impact Of Covid-19 On The National Economy

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Abstract

The economy is one of the three main pillars of development in addition to social and political. Indonesia is a developing country that carries out national development. The Covid-19 pandemic that hit Indonesia in 2019 caused problems that hurt the economy of Indonesia. This problem was the aftermath of the Government's policy of imposing a lockdown to tackle the spread of Covid-19 that was endemic at that time. This study aims to analyze policy programs issued by the country in dealing with the impact of covid-19 on the national economy. The target of this research is a juridical study of economic stimulus policies issued to deal with the effect caused by the covid-19 outbreak, using the approach of qualitative research. Based on the analysis that has to carry by, the economic stimulus policy is considered quite effective because it can bring significant benefits to the recovery of the country's economic sector which was shaken by the Covid-19 pandemic.

Keywords

Government Policy, Economic Stimulus, Covid-19

Introductions

Development programs in various sectors are currently being carried out in Indonesia, one of which is developed in the economic sector. From the change of President Soekarno to President Suharto, until the events of reform occurred, the development of the country's economy was made a work priority by the Indonesian State Government. Based on the rules contained in the 1945 Constitution (1945 Constitution) in Article 33 paragraph (1), the development of the economic sector has the goal of increasing the welfare of society as a whole and not aiming at the

welfare of a group of people or groups fix. Development of the country's economy is one of the obligations of the Government, but in carrying out the country's economy of course it cannot only depend on the government but must involve elements of society because the country's economic development must take as a form of joint effort based on the principle of kinship to achieve prosperity as well as community welfare.¹

Problems came in 2019, caused by the covid-19 outbreak that hit Indonesia. The economic impact is a problem that arises in society because of this pandemic. This problem was the aftermath of the government's policy of imposing a lockdown to tackle the spread of Covid-19 that was endemic at that time and was intended as an alternative for active activities, which would certainly hamper economic activity in Indonesia.²

The Head of the Center for Financial Sector Policy, Ministry of Finance, namely Adi Budiarto, said that economic growth in Indonesia in 2020 is expected to only be 0.4% to 1%, even other sources say that the Minister of Finance of the Republic of Indonesia, Sri Mulyani estimates economic growth in Indonesia in the second quarter of Covid -19 decreased (minus) 3.8% compared to the average economic growth in Indonesia in previous years, namely above 5%.³

In responding to the problems caused by the Covid-19 outbreak, the government must seriously improve to rebuild the economy that is being shaken. Quoting the views of a figure named Payne in his writing entitled "Modern Social Work Theory" according to him, efforts to develop a country's economy can be carried out using a country's rulers to assist its people whose goal is that people have a power that will be used to take actions in the context of overcoming all kinds of problems, both personal and social, then the power obtained from the authorities can also develop the potential and sense of optimism possessed by the community which of course will have a good impact on the surrounding environment and up to a larger scope, namely the country.⁴

Research problems

Based on the phenomena and emergence of problems such as those described above, this is what later became the reason for the author's interest in raising the issue in this research, namely regarding the optimization of government programs in handling the impact of Covid-19 on the national economy through economic stimulus policies.

Discussion

1. Impact of the Covid-19 Pandemic on the Indonesian Economy

Indonesia experienced a very bad economic crisis when compared to previous years. Indonesia's economic growth in the first quarter of 2020 was 2.97%. Furthermore, the Indonesian economy began to fluctuate since the Covid-

19 pandemic attacked Indonesia and the implementation of Large-Scale Social Restrictions in various regions in Indonesia. It can be seen from the Bank Indonesia (BI) report that there was a contraction (decrease) in the pace of the Indonesian economy in the second quarter of 2020, namely minus 5.32%. The decline in Indonesia's economic rate was also caused by the weakening global economy.⁵

As stated by the Ministry of Communications of Bank Indonesia that the decline in the domestic economy occurred in all components of GDP on the expenditure side. Household consumption experienced a contraction of 5.51%, which means it was much lower than the performance in the first quarter of 2020 of 2.83%. The investment sector recorded a contraction of 8.61% or a decrease compared to the performance in the first quarter of 2020 which was 1.70%. Government consumption also decreased, namely by 6.90%, that's decrease was very sharp compared to that in the first quarter, which was 3.75%. In addition, the decline in the domestic economy can also be seen from the export performance which decreased by 11.66% due to the weakening global economy and falling world commodity prices. The same thing also happened to the import sector which experienced a decline of 16.96%.⁶

The problems caused by Covid-19 in Indonesia also hit the Indonesian financial market. When President Jokowi announced the first positive case of Covid-19 in Indonesia, the Rupiah exchange rate against the US Dollar was still not as weak as it was on April 9, 2020. On March 2, 2020, the exchange rate of 1 USD against the Rupiah was Rp. 14,265.00, and as of April 9, 2020, the exchange rate of 1 USD against the Rupiah is Rp. 15,880.00. It means that the RP weakened by 1,615 points or around 11.32% in 39 days. It was recorded that March 23, 2020, was the time when the RP weakened against the US Dollar, with the exchange rate of 1 USD against the RP amounting to Rp. 16,575.00 is equivalent to a weakening of 16.19%.⁷

2. Economic Stimulus Policy for Handling the Impact of Covid-19

The economy is one of the three main pillars of development in addition to social and political. Indonesia is a developing country that carries out national development. Indonesia's National Development is focused on efforts to improve the quality of human beings and Indonesian society, which are carried out in a sustainable manner, based on national capabilities, by utilizing advances in science and technology and taking into account global challenges.⁹

The Covid-19 pandemic brought new challenges to the pace of economic growth in Indonesia, citing a statement from the Minister of Finance Sri Mulyani; "Covid-19 is far more complex than 1997 and 1998 that experienced a crisis situation. It is because the cause cannot be arrested. In the past, during the 2008 financial crisis, it was clear that the cause was financial institutions and corporations. So if you have declared bankruptcy, some losses have been calculated, and an anchor will immediately appear. No one knows when this Covid will stop. Is it when it reaches its peak that it becomes terrible or stops and gets better? Covid-19 has cast a shadow

over the financial sector around the world. The government will continue to be optimistic and be very careful in handling the Covid-19 crisis".¹⁰

Of all the problems caused by Covid-19, the Government responded by issuing economic stimulus as an intervention effort to deal with the impact of the Covid-19 pandemic. This economic stimulus is expected to increase people's purchasing power. This policy program consists of:¹¹

1. Tax incentives

Provisions regarding the activity of providing tax incentives are regulated in the Regulation of the Minister of Finance of the Republic of Indonesia Number 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic. This tax incentive is aimed at all people, including taxpayers with income below 4.8 billion rupiahs per year. Through this policy, the Government has issued a new type of tax incentive, namely final income tax (PPH), whose rates are reduced for six months. The final PPH rate which was originally 0.5% will be cut to 0% or in other words taxpayers during the Covid-19 pandemic will be exempt from the obligation to pay the final PPH. This policy has been in effect for six months, namely for tax payments in the period from April to September 2020.¹² Then an extension period was carried out until December 2022 through the issuance of PMK NO 114/PMK.03/2022.¹³

2. Emergency Working Capital Assistance

The government implemented an expansion of financing for MSMEs, namely in the form of a working capital assistance stimulus specifically designed for MSMEs affected by COVID-19. In research conducted by Lili Marlinah, it was noted that 41 million MSMEs were affected by connections with financial institutions or banks, while there were still 23 million MSMEs who had never received financing from financial institutions or through banks. Legal provisions regarding this assistance program are regulated in the Regulation of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 6 of 2020 concerning General Guidelines for Distribution of Government Assistance for Micro Business Actors to Support National Economic Recovery in the Context of Facing Threats that Endanger the National Economy and Save the National Economy During the Corona Virus Disease 2019 (Covid-19) Pandemic. The provisions regarding this assistance program include:

- Article 1 paragraph (2) and Article 2 explain that this assistance program is aimed at micro business actors, and this assistance program is then referred to as assistance for micro business actors or shortened to BPUM.
- Article 3 paragraph (1) states that the nominal amount of money to be given once to beneficiaries who meet the criteria is Rp. 2,400,000.- (two million four hundred thousand rupiahs), paragraph (2) explains that the aid funds will be transferred directly to the BPUM beneficiary's account.
- Article 4 explains that BPUM is distributed to micro-business actors who are currently not receiving credit or financing from banks.
- Article 5 is a provision regarding the criteria for micro business actors receiving BPUM, namely:

- Indonesian citizens,
 - have a residence number,
 - Owns a micro business as evidenced by a letter of recommendation for potential recipients
 - BPUM issued by the BPUM proposer as well as attachments which are
 - unity,
 - micro-entrepreneurs are not state civil servants, members of the military
 - Indonesian National, member of the Indonesian National Police, employee
 - BUMN, or BUMD employees.
- Article 11 describes the disbursement of BPUM funds which will be channeled directly to BPUM beneficiary accounts or through state-owned banks designated by the Budget User Authority (KPA) as BPUM distributors.¹⁵

3. Credit Restructuring

Regulated in the Regulation of the Financial Services Authority of the Republic of Indonesia Number 11/POJK.03/2020 Concerning National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of Corona Virus Disease 2019, then changes were made with the enactment of the Financial Services Authority Regulation Number 48/POJK.03/2020 concerning Amendments on the Financial Services Authority Regulation Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy on the Impact of the Spread of Corona Virus Disease 2019, then amended again with the Financial Services Authority Regulation Number 17/POJK.03/2021 regarding the Second Amendment to Authority Regulations Financial Services Number 11/POJK.03/2020 Concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Coronavirus Disease 2019. It is an activity of delaying credit contributions and providing interest subsidies to recipients of people's business loans (KUR), ultra-micro loans (UMi), capital civil national fostering to prosperous families (PNM Mekaar), revolving fund management institutions (LPDB), as well as recipients of capital assistance from several ministries. This government program was implemented by involving the banking and finance company industry including an assessment of the quality of credit with a maximum amount of Rp. 10,000,000,000.- (ten billion rupiah) based only on the accuracy of payment of principal or interest, an increase in the quality of smooth credit with the existence of credit restructuring. The provisions contained in this PJOK regarding the determination of debtors who can obtain credit restructuring include, among others, the criteria regarding debtors who are determined to be affected by the Covid-19 pandemic; and Sectors declared to have met the criteria for being affected by the COVID-19 pandemic. Regarding the facilities contained in the credit restructuring program includes several things, namely:

- Interest relief
- Principal installment relief
- Extended payment terms for credit contributions
- Lower interest rates

- Provision of credit facilities
- Credit Conversion
- Temporary equity participation

According to data obtained from the official OJK website for the period March 31 2020 alone, it was reported that there were 55 Commercial Banks, 13 Sharia Commercial Banks, 7 Regional Development Banks, 67 Rural Banks, and 35 Financing Companies that stated that they had carried out restructuring and relief for affected debtors covid-19.

1. Social Assistance

Regulated in the Decree of the Minister of Social No. 54/HUK/2020 Concerning the Implementation of Basic Food Social Assistance and Cash Social Assistance in Handling the Impact of Covid-19. This assistance program is aimed at people who fall into the category of poor and vulnerable affected by COVID-19, in which data on families receiving cash social assistance is prioritized from integrated social welfare data, and can also be proposed by district/city regional governments. The criteria for recipients of Cash Social Assistance (BST) are people who have entered data collection from RT/RW, people who have lost their livelihoods due to the impact of the COVID-19 pandemic, and people who are not registered in other Social Assistance programs such as the Family Hope Program (PKH), Non-Cash Food Assistance (BPNT), Staple Food Cards, and Pre-Employment Cards.

Data collection on beneficiary communities is carried out by the local government by inputting data on potential recipients from the Ministry of Social Affairs, then the form of assistance that will be provided is the provision of money in the amount of Rp. 600,000.- (six hundred thousand rupiah) distributed to beneficiary communities which have been distributed for three months from April to June 2020. Assistance is transferred to the recipient community's bank account through the account of the Association of State-Owned Banks, including Bank Mandiri, Bank Negara Indonesia, Bank Rakyat Indonesia, and the State Savings Bank. Regarding the people who do not have a bank account, as mentioned above, assistance has been channeled through PT. Indonesian post.

In accordance with the goals of the State of Indonesia to promote public welfare, based on the second paragraph of the Preamble to the 1945 Constitution, states, "And the struggle for the Indonesian independence movement has come to a happy moment safely leading the Indonesian people to the gate of the independence of the Indonesian state, which is independent, united. , sovereign, just and prosperous". Then in the Preamble to the 1945 Constitution it was stated that, "the development of the Indonesian nation is to protect the entire Indonesian nation and all of Indonesia's bloodshed and to realize public welfare, educate the nation's life and participate in creating world peace based on eternal peace and social justice".

Against the background of the ideals set forth in the phrase "just and prosperous", development has been chosen as the only way that is considered the most appropriate to bring the Indonesian people up from adversity. In this case,

since the outbreak of the Covid-19 pandemic, the government has made efforts to restore the economy as the backbone of national development. The attitude of a government can be seen from the policies issued by the government to achieve the country's national interests.

In this case, it can be observed carefully that the government has made efforts to deal with the impact of Covid-19 on the economic sector on a priority scale, this is because the country's economic conditions will determine the level of social welfare. In line with the provisions of the 1945 Constitution in Article 33 paragraph (1) which is said the purpose of development of the economic sector is used to improve the welfare of society as a whole.

After the implementation of the economic stimulus policy in an effort to deal with the country's economic problems due to the impact of the Covid-19 pandemic, the Government's seriousness is slowly producing quite positive results. At the end of the third quarter of 2020, Bank Indonesia again released the third quarter of the 2020 Monetary Policy Report which showed that Indonesia's domestic economic growth in the third quarter of 2020 experienced improvement even though there was still a downward contraction in growth.

Indonesia's domestic economic growth which is starting to improve is in line with the increase in the realization of fiscal stimulus and people's mobility, as well as global demand. Domestic economic improvement occurred in almost all components of GDP on the expenditure side. Economic stimulus policies by the Government, especially in the form of social assistance, spending on other goods and services, as well as transfers to regions and village funds (TKDD) had a strong effect on government consumption which in the third quarter of 2020 grew by 9.67% after previously contracting or declining of 6.9% in the previous second quarter of 2020. This stimulus pushed and improved community mobility where in the third quarter of 2020 New Normal and Micro-Scale Social Restrictions were implemented in several regions in Indonesia.

According to the provisions of Article 1 paragraph (3) of the 1945 Constitution states that "Indonesia is a country based on law", a rule of law is a country based on which all actions or making public policies must be based on law. Law is basically correlated with the legal system and is the goal basis for the establishment of a country. Law is the highest source in regulating and determining the mechanism of legal relations between the state and society or between members of society and one another.

The economic stimulus policy is a legal product issued by the government with the aim of dealing with the impact of the Covid-19 pandemic on the national economy. To be able to measure or determine the success of the formation of a law, it is very important to first determine the benchmarks for the purpose of the law itself. According to a German legal philosopher named Gustav Radbruch, he taught that there are three basic ideas of law, which most legal theorists and legal philosophers also identify as the three objectives of the law, including justice, certainty, and legal benefits.

Legal theory can be described as a point of view to explain a problem. In this case, the authors consider that the theory of legal expediency can be used as an analytical tool to be able to determine the effectiveness of implementing economic stimulus policies. Jeremy Bentham through his writing entitled "The Greatest Happiness Of The Greatest Number", can be interpreted as "that the best deed is to give as much happiness as possible to as many people as possible". The essence of this thinking explains that the effectiveness of law can be assessed by looking at its positive impact on society. This idealization focuses on a government policy that must be set to a minimum level of target fulfillment and must avoid useless restrictions by always referring to the problem at hand.

The law will be effective if its distribution is able to bring benefits. The benefits of this law must be captured and its usability maximized by its users. If these elements have been fulfilled, then it can be said that the law is effective, both from its formulation and formation to matters relating to its implementation. Simply put, effective law is synonymous with giving benefits or benefits to its subjects widely.

Conclusion

The Indonesian government has shown its concern by issuing economic stimulus aimed at maintaining the stability of the national economy which has been shaken by the co-19 pandemic. Based on the results of a literature study, shows that Government policies through economic stimulus have brought significant benefits because economic sector actors can minimize the impact of the COVID-19 pandemic. Regarding the problems raised in this research, the purpose of a law as outlined through an economic stimulus policy as the government's effort to deal with the impact of Covid-19 on the national economy has been fulfilled, this is because this policy can bring good benefits to the country's economic recovery.

Suggestion

In connection with the enactment of the economic stimulus policy to tackle the Covid-19 disaster, of course, the authors hope that all types of assistance programs with all planned budgets can be channeled by the Government and related parties honestly and responsibly with the implementation of programs for the community can be carried out with the principle of justice to all people who are entitled to receive assistance to accelerate recovery and the rate of growth of the Indonesian economy.

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