

Indonesia's Policy Innovations to Survive Pandemic Turmoil

Tuesday, 08 June 2021 WIB, By: Salma



Commemorating the 26th anniversary, the Master's degree program in Development Economics organized a national seminar on the development policy innovations that the central and local governments have done to withstand the economic challenges during COVID-19, Saturday (5/6).

Expert Staff for Social Affairs and Poverty Reduction Vivi Yulaswati assessed that the pandemic might delay Indonesia's vision to become a developed country by 2045. Indonesia targeted its per capita income to reach above USD 23,000 in 2045 to meet eligibility as a developed country.

Despite a significant downward trend of COVID-19 cases since early February 2021, Indonesia still occupied the second-highest positivity rate among ASEAN countries. Thus, the country's post-pandemic growth must be around six percent to realize the said target before 2045.

"Of course, the journey won't be easy. Indonesia's current position is a middle-income country. Hence we have to get out of the so-called middle-income trap in 2036. If it doesn't happen, we may not be able to qualify like Argentina and several countries in North Africa," explained Vivi.



Through proper measures, this target will still be achievable. The Sustainable Development Goals also support and provide a solid foundation for Indonesia to advance. According to Vivi, the government is now planning six major strategies to transform Indonesia's economic state. Without the said transformation, the Philippines and Vietnam will overtake Indonesia's per capita income in 2020 and 2043.

"Currently, we are drafting the 2022 work plan and conducting discussions with the House of Representatives and many other parties. Six major strategies for our economic transformation include competitive human resource, economic sector productivity, green economy encouragement, digital transformation to all corners of Indonesia, integration of domestic economy through infrastructure development, and the capital relocation," she said.

Professor of the UGM Faculty of Economics and Business Wihana Kirana Jaya added that the policymakers must determine the correct paradigm for the post-pandemic Indonesia prior to proposing innovations. A paradigm shift was necessary to restore the national economy, including contractions on the supply and demand affected by the COVID-19. It would result in the improvement of economic growth afterward.

"If we want to innovate policies, we have to take into account seven pillars of the democratic economy," said Wihana.

He explained that the said pillars were as follows:

1. Community: prioritizing common interests above personal/particular group interests
2. Place: building community wealth that upholds local values
3. Inclusion: creating opportunities for all parties, including minorities
4. Good work: labor above the capital
5. Democratized ownership: creating a company or business based on the community
6. Ethical finance: social and ecological benefits are the main goal
7. Sustainability: protecting the ecosystem and maintaining it as the foundation of life

Author: Desy

Related News