

IGJ Covid-19 Monitoring News “Indonesia in the Covid-19 Vortex”

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This article was prepared by IGJ to conduct periodic monitoring of the crisis situation amid the Covid-19 pandemic outbreak in Indonesia and throughout the world. To update the next record, please visit the IGJ website at www.igj.or.id

Detection and transmission

Since it was announced in Wuhan in December 2019, the Covid-19 outbreak up to the end of Early April 2020 (3 months) has infected more than 1 million people in 201 countries. Statistics show that this fast-spreading virus is likely to cause death and there is no anti-virus yet, but the number of people who can recover is quite high. When it is compared with similar virus outbreaks, the mortality rate caused by Covid-19 is lower, 3.4% (up to March 3rd, 2020) compared to SARS (9.63%) or MERS (34.45%). This comparison makes Covid-19 seem not to be more dangerous than other similar viruses. However, in fact, in 3 months, Covid-19 caused 59,159 deaths globally.

Comparing to similar viruses and the impacts such as SARS and MERS, there are many countries realized that they did not quite anticipate when the outbreak began to infect their citizens. The government of Indonesia in the initial assumption observed that the tourism sector will receive the most significant impact hence the anticipation was more focused on this sector. However, on its development began to be immensely massive, Iran and Europe, especially Italy, have taken their toll too quickly that the number of mortalities exceeds the figures in Wuhan. The policy to lockdown cities and the entire area of Italy which was also followed by other cities and several countries in Europe turns the situation to develop differently and intensively.

When it began to infect Indonesians, the numbers soon grew rapidly. A virus that does not recognize tribes, religions, races, and inter-groups in a matter of fact attacks anyone; including productive workforces from technical workers to decision-makers. The middle class and above who have access to better treatment and health care have become victims in the first stage. Moreover, it indicates the ability and medical treatment procedures existing in Indonesia. It is not quite different from what is shown at the global level, regional leaders at the national level also compete to show their ability to direct their people according to the conditions of their respective regions.

It is not technically easy to distinguish between ordinary flu symptoms and clear symptoms which indicate Covid-19 infection. While on the other hand, the speed transmission is rapid and massive from one person to another, even though it has not shown the obvious symptoms. The high intensity of national meetings or meetings between the central government and the regions contribute to the high escalation in Indonesia. As well as a series of events which involve large numbers of peoples from various regions. This makes a massive escalation of islands in Indonesia occur in a relatively short time. To the end of March 2020, more than half of the provinces in Indonesia have positive infected people.

Limited early detection devices and the need for time to detect it, making the number of residents got infected with the virus to be accurately unknown. The Covid-19 infection examination procedure is in principle only done to a person when they have clear symptoms. This gives the possibility of having an undetectable spread of the virus in a number far greater than the figures that have been officially announced by the government.

Handling and detection only focusing on patients with clear symptoms were much too risky for late patients who can be treated as early as possible, it was different if the patient can be detected at an early stage. Furthermore, this means increasing the likelihood of high mortality rates, especially as a disease that has not yet have clear and definite treatment procedures. It could be seen as this issue is the cause of the high mortality rate in Indonesia compared to the number of people who recover. This is what differs from the recovered ratio that occurs in many other affected countries.

The application of rapid tests, although it still has a quite high error, is expected to provide early detection hence the handling of infected people will be more optimal. Even though, the initial implementation will cause the probability of social panicking. People who feel healthy and fit can react differently when they realize they have been infected and have to isolate themselves. The personal reaction of every individual and dealing with other people's reactions or the environment with different understandings is easily risking the cause of tension in between. This situation can create panic, especially in the initial reveal the number of infected people through rapid tests that provide detection results in a relatively short and massive time. This kind of panic is not much different as shown by the reaction of the people who reject the burial of victims in many areas as reported by many media.

The complete handling of this outbreak is not easy. Healing and medical treatment, according to the developing knowledge, may at least be done in several ways. Waiting for anti-virus to be made, making efforts to handle it with existing drugs or treatment methods, or relying on antibodies that every human being will have to evolve. These options are not easy and each of them has risks and consequences. Waiting for the medical handling process where the condition continues to grow and increasingly has a widespread impact in almost all aspects.

The social problems of physical distancing

In accordance with WHO (World Health Organization) recommendations, as is done in many countries, Indonesia also implements social distancing or physical distancing policies. This policy is still the best anticipation in curbing the spread of the Covid-19 virus. Stopping school activities and implementing schools from home using internet facilities are an alternative choice, especially for major cities. Following government appeals, working from home or Work from Home (WFH) also becomes an alternative for many companies, especially in the service sectors. Obviously, not all business sectors can implement this, such as manufacturing, agriculture, plantation, mining and so on.

This situation makes Covid-19 accelerate the process of utilizing the internet in various fields. The taking advantage of shopping, working, studying (of a school), and visiting and so on via online gains popularity increasingly. Each field immediately begins to develop work methods and online facility utilization in almost all fields. Everyone is developing and continuing to improve the online work mechanism for their needs. Various applications began to be made for various needs, both in the context of dealing with Covid-19 and other needs. The protection of weak personal data in Indonesia remains a problem behind the acceleration of this online facility utilization. The Bill (Draft Act) that is being drafted must be ratified immediately before other issues arise regarding the protection of public personal data.

The halting of office and school activities in and around Jakarta has had a direct impact, especially to small traders and the informal sector in major cities. Informal sector workers (74 million) who make up 57% [Central Statistics Bureau/BPS 2019] of all workers in Indonesia are the most vulnerable group to lose their income. Social safety nets are not ready in this situation because those who are refuted through the Social Aid Program, *PKH/Program Keluarga Harapan* (a family assistance program) and others are the poor. Groups of informal workers who are vulnerable to poverty, and in this very situation immediately become the poor, are not protected in such programs.

The difficulty of earning an income and the low ability to survive made most of these groups begin to migrate to their respective home regions. The government urges people not to return to their hometowns, but it seems that this would be difficult to implement. The risk of expanding the spread becomes even greater along with this transfer. The local government has begun to prepare for anticipation but that it seems difficult to deal with the arrival of millions of people including to ensure them to do the 14-day isolation procedure. The threat of Covid-19 expansion will still be high, for this reason, regional health facility readiness is an inevitable choice.

Fasting (of Ramadhan) and Eid al-Fitr are one of the peaks of national consumption, including the moment of the entry of a large number of funds from various countries into regions in Indonesia by Indonesian Migrant Workers (TKI). But this moment is also the peak for people from cities and abroad goes to the regions in Indonesia. This can turn out to be the peak of a massive spread. The policy on restraining the spread will be difficult, on the contrary, the purchasing power or consumption ability is constrained by the situation of stalled economic activity. This dilemmatic situation makes government decisions very difficult, as does the impact on society.

The choice of a lockdown or total quarantine of cities or countries entirely is not easy. The economic impact which is immediately followed by social reactions will provide shocks that are increasingly challenging to control. On the other hand, the ability of the state is quite limited to bear the economic burden of people directly like other countries. The United States of America is rumored to be providing incentives to its people, Great Britain will also bear part of the salaries of affected employees. This is difficult for the government of Indonesia to implement. The government's decision to implement large-scale social restrictions is a moderate choice which will still have a difficult impact on society.

The quarantine policy is limited to the WFH (Work from Home) appeal that cannot be implemented by manufacturers. Many factories keep running their production and employ their laborers and workers who are not equipped with personal protective equipment such as masks or strict safety procedures. In the other hand, there are also factories applying lockdown, but they do not pay the salaries of workers. The absence of strict provisions or coercion from the government makes the workers finally have to fight for their demands for personal protective facilities to negotiate the provisions of salary deductions.

Moreover, many companies take advantage of the situation to implement layoffs (Termination of Employment) for reasons that are different, yet instead, ask for incentives from the government. However, there are also export factories that have closed production due to the absence of orders. Manufacturing may not implement layoffs this year, but pay half a salary or leave without pay. Learn from experience that has occurred, a situation like this can be exploited by businessman in the context of debt restructuring, thus to determine the bankrupt status of the company. In this situation, workers will become victims once again.

The development of lockdown narratives and civil emergencies exacerbated widespread public reaction. Social distancing suggestion in many areas has been growing in the act of doing a voluntarily local lockdown on their territory. The community began to block their area or village from entering or passing by other residents. Even in some areas, detailed records are applied for residents when they leave the settlement and report to whom they met. A situation that is much closer to a civil emergency will be difficult to survive given the social and economic resilience of its people. If it lasts longer and without control or coordination with the state apparatus, this situation has the opportunity to create civil disorder.

The implementation of independent isolation and the limitation of economic activities before the fasting month and Eid will invoke a threat to national food availability. Reserve capacity and endurance in cities tend to be lower than in regions or villages. Production in the area has the potential to be stopped or at least disrupted and this initiates possibilities for a food crisis. Meanwhile, the choice of import does not become an easy alternative considering that importing countries also face a similar situation. They will tend to restrain their food exports and prioritize meeting their national needs. Other alternatives in dealing with the possibility of a food crisis should be the government's attention, considering that this situation is not yet clear on how long it will last.

Financially, Indonesia's financial resilience is also under threat. The exchange rate of 20,000 rupiahs per USD, based on the calculations of many experts, is a threshold for the ability of banks to be able to maintain liquidity to prevent default. While until mid-March 2020 the rupiah exchange rate has reached 17,000 rupiahs/USD. How strong will Bank Indonesia be able to maintain banking liquidity? If the situation develops out of control or lasts longer then the scenario of IMF fund entry will be hope in dealing with this situation. The Minister of Finance estimates that the worst situation of Indonesia's growth could reach minus 0.4%.

Economy issues: The Handling, Momentum, and Threats

On March 27th, 2020 the IMF (International Monetary Fund) officially declared the world had entered a global economic recession. At least 80 countries have submitted requests for assistance to the IMF and the G20 calculated the needs for around 5 trillion USD or 6% of global GDP or even more. This situation shows clearly the impact of this outbreak is immensely massive even it is expected to be greater than the previous global economic crisis. Relying on the IMF under the same conditions of demand from many countries is also not an easy choice and has its own risks.

The Indonesian government policy to deal with Covid-19 by providing the first economic stimulus (I) at the end of February 2020 which focused on the tourism sector passed so quickly due to assumptions that were too optimistic that it had to be delayed and significantly changed. The next revision was applying stimulus II in the second week of March 2020, which began to touch on the issue of food security and imported raw materials for industry. In early April 2020, along with issuing a Government Regulation in lieu of law (*Perppu*), the government prepared funds to face Covid-19 in the amount of Rp. 405.1 trillion. The funds are intended for Health Rp. 75 trillion, Social Safety Net Rp. 110 trillion, tax & People's Business Loans incentives Rp. 70.1 trillion and National Economic Recovery Rp. 150 trillion.

A situation which is developing rapidly enforces a quicker decision making and even exceeds the readiness of implementation in the field. For instance in the president's statement about the suspension of loans or a year installment for motor vehicle loans. The implementation of the leasing party has not received information about it and how it is managed, resulting in friction between the lease, third parties, and the people. This kind of problem has the

potential to arise in many other cases, especially related to banking and financial issues, where un-prepared management, weak supervision, moral hazard, and else of which all benefit from the Covid-19 issue.

OJK (Financial Services Authority) has issued POJK (Financial Services Authority Regulation), related to the suspension of installments and loan interest, especially for MSME (Micro, Small and Medium Enterprises) and low-income people. However, the OJK does not set certain restrictions and provide flexibility to banks in providing installment relief. OJK which tends to wash their hands of this problem may cause “the booming” of bank NPL (Non-Performance Loan), for instance, if they hold a one-year deferment to the KPR (House Ownership Credit). Learning from the experience of 1998 or BLBI (Bank Indonesia Liquidity Assistance), there are concerns that certain parties will take advantage of the situation by modifying their financial statements; thus, they seem to be problematic so that they can request or get the ease of these facilities. Experience shows that the pattern of game-play was generally implemented on entrepreneurs who have a close relationship with the banks.

The government is quite certain that the emergency situation and the threat of a multidimensional crisis are likely to occur in the near future. Various needs such as food and industrial raw materials need to be maintained through imports. In addition to this, it contains uncertainty due to exporters also having the opportunity to hold their commodities. Moreover, this situation is effortlessly easy to be exploited by national importers. Something smells fishy already here, not to mention the plague reached its peak, some commodities such as sugar have begun to be scarce on the market.

Entrepreneurs of rice, sugar, salt and several other commodities importers which have been polemical so far have the opportunity to take advantage of this situation for the benefit of their businesses and groups. Firmness and meticulousness of the government are needed in dealing with this situation. However, in reality, certain economic and political agendas are still the choices that are questioned by the public.

Box: Stimulus I dan II

In order to reduce the impact of Covid-19, the government issued a policy package in the form of a stimulus to the public and industrial actors at the end of February 2020. Fiscal and non-fiscal stimulus issued by the government through incentives to business entities aims to encourage the level of public consumption.

- Stimulate funds distribution via Pre-Working Card (*Kartu Pra Kerja*), which is prioritized in 3 provinces
- Add incentives for the six-month program of Nine Kinds of Basic Needs Card.
- Add subsidized interest and housing down payment, 175,000 livable new housing units.
- Tourism industry incentives for 10 tourism destinations, discounted flights. The budget for influencers and social media is 72 billion and this allocation raises criticism from various circles.
- Provide stimulus of discounts up to 20% for 3 months for 10 tourism destinations.
- Provide aviation fuel discount for 3 months period
- Reallocation of Special Allocation Funds (DAK) for infrastructure development in 10 Tourism Destinations.
- Hotel and Restaurant Tax Exemption in 10 Priority Tourism Destinations.

The second stimulus was issued in the second week of March 2020. The second stimulus was IDR 22.9 trillion and the first stimulus was IDR. 10.3 trillion. The second stimulus package consists of fiscal stimulus, non-fiscal stimulus, and financial sector stimulus.

Fiscal sector stimulus,

- relaxation of Article 21 Income Tax for manufacturing workers for 6 months,
- relaxation of Article 22 Import Income Tax for 6 months specifically for 19 sectors,
- reduction of Article 25 Income Tax by 30% for 6 months specifically for 19 sectors, and
- relaxation of accelerated VAT refunds for 6 months specifically for 19 sectors.

Non-fiscal sector stimulus,

- export simplification or reduction of limited prohibitions which is aimed at improving the smooth running of exports and the competitiveness of export products;
- import simplification or reduction of limited prohibitions to increase imports of raw materials;
- export and import process acceleration for Reputable Traders to 625 Customs Main Partner Companies (*MITA*) and 109 Authorized Economic Operator (AEO) companies;
- export and import process acceleration through the National Logistics Ecosystem.

Economic stimulus,

- encourage optimization of the banking intermediary function,
- maintain financial system stability, and
- support economic growth, especially Micro, Small, and Medium Enterprises (MSME).

Furthermore, on March 31, 2020, the government, together with issuing Lieu of Law No.I/2020, state financial policies and financial system stability policies in the context of overcoming Covid-19, by using state financial resources, spent Rp 405.1 trillion. The budget will be allocated to several sectors.

- Social Security (Rp. 110 trillion)
- Health (Rp. 75 trillion)
- Economic Recovery Program (150 trillion)
- Tax incentives and stimulus for People's Business Credit/KUR (70.1 trillion)

The government's agenda to modify the APBN (State Revenue Budget) in order to adjust the development conditions due to Covid-19 although it still needs to be observed, this is understandable. However, the imposition establishment of the Omnibus Law on Job Creation Bill which contains controversy and has multi-aspect and multi-dimensional implications, as a result of dealing with many sectors and laws, seems to invite major questions.

The efforts to attract investment by deregulating through the omnibus law continue to be forced by the government at a time when the world is experiencing a slowdown, including slowing investment flows. The decision to accelerate at the wrong time and the threat of crisis becomes a decision that deserves to be questioned. Do not let the BLBI case happen again.

The reason for investment does not seem to be the main reason for the imposition of the omnibus law to be enacted. In the food cluster, the Omnibus Law on Job Creation Draft Bill has a change where food imports are equated with national production and reserves. This means that the previous import regulation can only be implemented if the national production and reserves are not sufficient to meet domestic needs can no longer be applied. The threat of crisis due to Covid-19 is the reason for the application of the omnibus law as a legal umbrella to freely import. Another legal mechanism such as Lieu of Law that can be implemented is not the option of the current government.

Meanwhile, through this omnibus law on job creation, other issues that are still a polemic will also be approved. As an example, regarding the ease of environmental permits for investors, cheap labor, liberalization of foreign labor for start-up and other facilities, especially for

foreign investment. This bill also reduces sanctions against monopolies, which provides opportunities for certain national business groups to expand their production, hence it does not hamper their monopolistic expansion; likewise, the other problems which have been criticized by various community groups. The coercion and acceleration of the enactment of the Omnibus Law on Job Creation Draft Bill, which has been prepared before the crisis situation, is ultimately seen as utilizing momentum rather than as a tool in dealing with the serious threat of Covid-19.

Covid-19 has brought Indonesia into a multidimensional crisis, which has a greater chance of the 2008 global economic crisis or even from the 1998 Asian crisis. The monetary crisis of 1998 generally took place in major cities. Conversely, in villages that rely on plantations and agriculture do not experience a crisis situation as great as in urban areas. They can still produce and maintain their vitality. However, the current situation threatens everyone to the villages so that they can no longer work and produce. The result is threatening national production. This certainly opens up possibilities for a crisis of life force.

Indonesia's experience in dealing with the crisis is always accompanied by policy controversies and moral hazards that exploit the situation at the expense of the state and the people. The BLBI case has not yet been resolved since the 1998 crisis. The Century case has also not been clarified since the 2008 crisis. At present, the issuance of Lieu of Law No.1 / 2020, which is controversial because it contains articles that free the KSK (Financial Sector Policy Committee) and its ranks from chances of criminal and civil charges becomes a big question again. The shadows of the BLBI Case and the Century Case return to haunt the people, as a group that will bear the consequences.

Does Corona bring global changes?

The 1998 monetary crisis only occurred in Asia, specifically Southeast Asia, but this time the crisis occurred globally. All countries in the world are threatened by Covid-19. Developed countries in the North are almost all overwhelmed with the development of infection spread and treatment as it is relentlessly happening. On a daily basis, it is reported that hundreds of people pass away and thousands of new people get infected. Hospitals are never enough nor are needed medical equipment. Factories change functions to make medical needs and what is needed whatsoever. The economic activity is paralyzed, the stock market everywhere collapses. Some countries in the world are busy and panic, some are preparing for the coming of the virus. The current atmosphere is almost like facing a world war. Third World War, the war against viruses.

World economic growth is estimated to drop to minus 1%. The US central bank spends hundreds of billions of dollars on financial markets as a form of quantitative easing, buyers of US government debt. This is usually done by the US central bank when entering a crisis situation as in 2008-2009. The US government issued a stimulus of 2 trillion USD, the largest in the history of the USA, which will provide incentives of 1200 USD for adults and 500 USD for children. This liberal capitalist country is acting to protect *universal basic income*, maintain purchasing power by distributing cash to its population. Perhaps this is the first time in the history of the United States.

Will America change? It is not easy to conclude this, considering the domestic election situation. Is Trump's move to take a policy similar to that of his closest rival Bernie Sanders' campaign at the same time in order to attract sympathy? Yet whatever it is, Trump has shown a change in the face of American capitalists. After his protectionist-style policy, this

time taking a socialist-style policy, stealing material from the American leftist democratic campaign. Boris Johnson's policy in the UK which would bear 80% of workers' salaries, showed a capitalist face that was not much different and both implemented by the right groups in their respective countries, either conservatives or republics.

Looking at what is developing globally from before until the outbreak comes, where will globalization change its direction? Is Hybrid Capitalism happening? Or is capitalism showing its elasticity in defending itself from collapse and falling? Whatever it is, Covid-19 has become a catalyst that accelerates the process of global change. All that remains is for each component to benefit this as momentum in improving the earth, humans and the interaction between the two.

Covid-19 took place amid capitalism that was entering a crisis, where an open trade war was taking place between the United States and China. The development of the Chinese economy has shifted the poles of the world and enforced open trade wars, violating rules that have been agreed upon for decades. The Covid-19 outbreak then tested the endurance of each country and how to protect its economy. When the plague recedes, the new 'poles' of the world will become more apparent.

Covid-19 occurs amid increasingly aggressive climate change campaigns in the world, especially in Europe. We remember the story of a teenage girl, Greta Thunberg, who started a climate change action from the parliament in her country, Sweden, to a wave of protests from teenagers throughout Europe to other parts of the world. The message of the younger generation to the older generation, leaders and power controllers is too weak in the co-optation of the grip of the oil capitalist regime. Nature, where the environment and climate, tends to be forgotten, underestimated and only become lip service or even become a tool to dominate it, has now blessed the coronavirus to become an epidemic for humans globally. Through Covid-19, nature gives a clear message of the changes in the world that demand a new balance for nature. Hence nature, the environment, and climate return as an important and major concern in global development and policy. Like it or not, ready or not ready, the waves of nature will definitely come!

Covid-19 when digitalization has begun to become a part of human life. Acceleration of digitalization in almost all fields and needs slowly begins to show the shape of the structure of new industrial and social relations in society. How the interaction in working to social interaction is arranging its new form. Generally, children who are used to digital activities seem to be able to deal with the new social isolation situations with digital facilities

Covid-19 happens when the government is intensively inviting investment into Indonesia. Every effort has been made, providing infrastructure and now accelerating deregulation, changing the Law resulting from the people's agreement. Liberalization since 1998 has received clear resistance from the people, at least as evidenced by the rejection of every law that is contrary to the constitution through the Constitutional Court. The interests of global capitalists on many sides contradict the interests of the people, where it is seen from the historical perspective, on the contrary, has given birth to the independence of Indonesia as a nation, as well as a country. The government was chosen by the people and as a service to the people should be on the side of the people rather than on the contrary manipulating the people instead.

Indonesia's experience since 1998 which serves demand on behalf of investment shows not only that investment is not coming as expected, but Indonesia is increasingly dependent on global investment. Basically, the process of demand and fulfillment will only change the state

and nation as a container in the framework of serving the interests of global capitalist, far from the ideals of this independent nation.

Covid-19 gives lessons on how greed for profits that have damaged nature, neglected the environment, changed the climate is now returning its impact to us. An Economy by relying on consumption in just a matter of months has been in destruction. An economy that relies on infrastructure alone cannot survive and implement its functions. What kind of investment to look for? An investment runs away easily? The irresponsible investment towards their workers? Investments that do not care about environmental damage and merely on profit? The investment that wants to take over and control the people's assets?

Putting the people's sovereignty back in their portions must be a major concern. Restoring public services as befitting the people placed and served must be done immediately. Developing production based on the people and social solidarity will be a strong foundation for the nation and humanity. Building a country that can meet the needs of its country and building a unique product should be the basis of how world trade is applied in the same respect and equality between countries. Thus, world peace, between state and state, nation and nation, humans and nature become a necessity.

It is a hope when people work together to produce a shortage of medical equipment, clean the environment, build community organizations in protecting their territories and other solidarity activities. Small and medium businesses are turning to produce various needs. On a global scale, some factories have also begun to change their production to meet the shortage of medical equipment, not only for their country but also for other countries. The people's production and social solidarity return to take the real role as the real power of production and fulfillment of needs. Social solidarity, humanitarian solidarity in cooperation becomes the main force as a society, as a nation, as a human being in facing common problems.

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