

BOOK REVIEW

Lili Yan Ing and M. Chatib Basri (eds.). *COVID-19 in Indonesia: Impacts on the Economy and Ways to Recovery*. New York: Routledge, 2022.

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The volume *COVID-19 in Indonesia: Impacts on the Economy and Ways to Recovery*, edited by Lili Yan Ing and M. Chatib Basri, explores the social and economic repercussions of COVID-19 in Indonesia and four other case study countries: China, Germany, Singapore, and Vietnam. This book delves into health and economic issues during the pandemic, with a particular focus on employment, education, poverty, trade, and macroeconomics. It also discusses fiscal and monetary stimulus measures and the role of local governments in managing these initiatives.

The volume examines recovery strategies and lessons learned from the successful management of the pandemic's economic impacts in the aforementioned countries. Contributors to the book include economists from various universities and research institutions, government policymakers, and international scholars based in Singapore, Vietnam, the United Kingdom, and Germany. This diversity provides a wide range of perspectives and expertise, highlighting both the successes and limitations of government policies during the pandemic, and offering valuable insights for future policy-making.

The volume is divided into two sections, encompassing nine chapters. The first section concentrates on the effects of the COVID-19 pandemic in Indonesia, with five chapters documenting its extensive impact on various sectors. It also analyses the Indonesian government's efforts to mitigate these impacts using different policy tools. The second section, comprising the remaining four chapters, draws lessons from countries that have managed the pandemic relatively well, namely China, Germany, Singapore, and Vietnam.

By examining both the local and international responses to the pandemic, the volume provides a comprehensive understanding of the challenges faced

and the strategies employed to navigate the crisis, making it an essential resource for policymakers, scholars, and anyone interested in the economic impacts of COVID-19.

Chapter 1 serves as an introduction, providing an overview of the book's structure. It discusses how the COVID-19 pandemic has affected Indonesia's economy, explicitly highlighting the rapid spread of the disease from early March 2020 to mid-2021. During the first wave, Indonesia faced significant challenges due to the high number of infections, resulting in a significant rise in the death toll across the country. At the same time, testing and vaccination access remained limited. The author emphasises that the economic consequences were unevenly distributed, exacerbating fears and failures to contain the rapidly spreading disease. This led to a recession, causing twelve million people to lose their jobs and pushing thirty million into poverty due to business closures and income loss for micro-, small, and medium-sized enterprises (MSMEs). According to the author, developing and least-developed countries have been particularly impacted by rising poverty and unemployment due to COVID-19. Governments worldwide have implemented various fiscal and monetary stimulus measures, including policies to revive domestic consumption, enhance social safety nets, and promote trade and investment.

In Chapter 2, using significant data, M. Chatib Basri and Syarifah Namira Fitriana present empirical evidence on the Indonesian macroeconomic condition during the pandemic. The authors analyse the economic consequences of the pandemic from macro and micro perspectives. They emphasise that domestic consumption is crucial for the Indonesian economy. To address this issue, the government needs to stimulate the economy in the short term by increasing consumption through fiscal policy while prioritising health protocols and addressing the pandemic. This chapter offers policy discussions and considerations on managing the budget deficit and devising an exit strategy for fiscal stimuli once demand recovers.

Chapter 3, written by Lili Yan Ing and Yessi Vadila, examines the impact of the COVID-19 pandemic on Indonesia's trade, mainly due to disruptions in global supply chains. The empirical findings of this chapter further support the idea that countries with better responses to the pandemic tend to have a higher demand for Indonesia's exports. Mobility restrictions have also led to a decrease in Indonesia's overall demand for imports.

In Chapter 4, Masyita Crystallin discusses the macroeconomic environment and fiscal policies, focusing on the government's efforts to expand social protection programmes. The author highlights various

initiatives launched by the government, such as conditional cash transfers, basic food vouchers, electricity subsidies, basic food social assistance, village fund cash transfers, a pre-employment card, and an internet quota. These programmes aim to sustain household consumption as the main driver of economic growth. Additionally, the author proposes further reforms in domestic revenue mobilisation to increase the tax ratio, improve spending efficiency, and reduce the state budget's risk exposure.

In Chapter 5, Sudarno Sumarto and Zahra Amalia Syarifah discuss the implementation of the National Economic Recovery Plan (PEN), which focuses on health and economic recovery. Throughout 2020, the PEN's social assistance measures became the government's primary means of supporting the poor and vulnerable populations, especially those in urban areas. These measures played a crucial role in mitigating Indonesia's economic contraction in the face of a global shock. The PEN includes programmes such as MSME assistance, social protection, corporate financing, support for sectoral ministries/government agencies and local government, and business incentives to restore economic growth through domestic and corporate/business consumption levels. The government partnered with several state-owned enterprises to disburse the benefits of these programmes. The author also emphasises the importance of the Social Welfare Integrated Data (DTKS) database for the success of this programme.

Chapter 6, authored by Diny Ghuzini, explores how COVID-19 has impacted the economies of all provinces in Indonesia. It reviews the different initiatives introduced by communities, districts, and provincial governments to address the effects of the pandemic. The chapter also highlights the roles of local governments in managing the crisis and mitigating its economic impact, particularly in the health and education sectors. Predictably, economic indicators show that certain provinces, such as Yogyakarta and Bali, were hit harder by the virus, particularly due to their reliance on tourism. At the local level, programmes are in place to aid economic recovery, including social safety nets and business incentives for MSMEs and other small industries to stimulate economic activity. Additionally, this chapter features two local community initiatives from Yogyakarta and Sampang, East Java, which provide valuable insights into their response to the COVID-19 pandemic.

Chapter 7, by Zhihong Yu and Mo Tian, focuses on China's trade during the COVID-19 pandemic. The chapter complements Chapter 3 by Ing and Vadila, which discusses Indonesia's trade, as the two countries are important trading partners. Using data on China's exports and imports, the authors explain that China's strict Zero-COVID-19 policy led to a significant

decline in exports. However, once the restrictive policies were lifted, exports quickly rebounded, resulting in a V-shaped recovery. The authors conclude that increased cooperation between China and ASEAN in international trade and investment could benefit both sides and serve as a positive example for other countries in the post-COVID-19 era.

In Chapter 8, Gunther G. Schulze examines the German government's policies to mitigate the crisis's economic impact. During the first wave of the pandemic, the German government implemented measures such as face mask requirements, lockdowns, and vaccination efforts. Germany adopted a "No COVID strategy" to balance health protection and economic prosperity. The author emphasises the importance of effective political communication for a successful anti-COVID-19 strategy. Some economic assistance measures implemented in Germany, such as support for the health sector, producers, self-employed individuals, and tax relief, are similar to those in Indonesia and China.

Chapter 9, written by Siwage Dharma Negara, explores Singapore's response to COVID-19. Given its heavy reliance on trade and cross-border flows of people, Singapore faced the challenge of balancing the protection of residents' livelihoods with stabilising the economy. The country experienced a record 5.8% economic contraction during the pandemic, marking its worst recession since gaining independence. Despite the significant economic impact, Singapore's response to COVID-19 has been internationally recognised as exemplary. The author attributes this success to state capacity, efficient government institutions, and high-quality healthcare systems.

Additionally, public awareness, compliance, and country-specific characteristics play a role in the outcome of pandemic control measures. The chapter also highlights the importance of digital technology in enhancing mass communication, contact tracing, surveillance, and public service delivery. The Singaporean system allowed the government to safeguard supply and demand, support businesses and workers through debt relief, income support, and a job support scheme, and facilitate early economic recovery.

The final chapter by Duc Anh Dang discusses the impact of the COVID-19 pandemic on Vietnam's economy and the response of the Vietnamese government. Vietnam has been more successful than most other countries in controlling COVID-19 despite being close to the outbreak's source in China. Vietnam's economy has demonstrated resilience and a faster recovery because the government implemented border closures, limited non-essential economic activities, and restricted public transport. However, it did

not impose a national lockdown. As a result, economic activities, particularly in the manufacturing and services sectors, have rebounded.

There are several lessons to be learned from Vietnam's experience. First, the government responded rapidly and decisively at the start of the crisis by closing schools and borders and implementing effective policies for contact tracing, testing, and isolating suspected cases. Second, trust among people and businesses is crucial in the fight against the pandemic, especially in policy responses that aim to contain the virus and promote economic recovery. Third, the authorities successfully mobilised financial and human resources. Lastly, response policies must be consistent with actual developments, fiscal capacity, and the ability to maintain macroeconomic stability.

The volume is an invaluable resource for policymakers, scholars, students, and individuals with an interest in development economics, public policy, health economics, and Southeast Asian studies. The volume provides a wide range of perspectives on the field of development economics and public policy.

Although the volume provides an in-depth analysis of the economic consequences of the pandemic in Indonesia and four other countries and contains a lot of macro and microeconomic data, it needs to explain why the Indonesian government's policies were not effective and efficient in handling COVID-19. Quoting Samboh (2020), Apriliyanti et al. (2022) state that Indonesia's response to the COVID-19 pandemic has been characterised by a lack of transparency and leadership, resulting in Indonesia being the worst-hit country in Southeast Asia. Their study also found that the media has become an influential platform for policy agenda-setting, and the Indonesian government rarely used media to circulate information during COVID-19, particularly at the beginning of the outbreak. Moreover, the absence of societal involvement in decision-making regarding COVID-19 in Indonesia has caused miscommunication among the populace. Indonesia's top-down policy in handling COVID-19 emphasised aspects of bureaucratic structure (Roziqin et al. 2021).

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