

Editorial Note

Covid-19 Outbreak and Development Planning in Indonesia

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Dear readers of The Indonesian Journal of Development Planning,

The National Medium-Term Development Plan (RPJMN) 2020 - 2024 was just ratified as Presidential Regulation No. 18 of 2020 on February 14, 2020. This document is a guideline for the central and regional governments in carrying out development planning in the next 5 years.

Meanwhile the latest developments in the world are fighting against the corona virus (Covid-19 or SARS-CoV-2) which at that time attacked from its origin in Wuhan - China, then to Asian countries (Japan, Korea, Singapore), and worst in Iran), then to Europe with the worst regions in Italy and Spain, flying to America, Australia, and also Indonesia which was found the first case on March 3, 2020. Practically the whole world is now busy mobilising all resources to overcome this outbreak.

Development in every country is disrupted. All countries revise their respective APBN and provide large funding allocations in order to overcome this corona outbreak. Given that the disease that comes through the corona virus is quite deadly (an average of about 3-5% of the deaths of people who have been exposed to the virus), patent medicine has not yet been found, so prevention is the best course of action for each country.

The general policy that must be carried out at the community level is the social and physical distancing policy (keeping a distance from the crowd and individuals). Changing people's social behaviour is not an easy job. Various countries are quite difficult to implement it, as in Iran, Italy, Spain, and in the United States.

The next policy that becomes the main tool of the government is lockdown (in the Big Indonesian Dictionary quarantined by the region). There are those who apply quarantine in full, in part, to a minimum with a social restrictions policy combined with distance between people. This is expected to break the chain of corona virus spread. Indonesia itself prefers large-scale social restrictions.

In Indonesia, the policy that taken by government is large-scale social restrictions (Pembatasan Sosial Berskala Besar/PSBB) through school from home, closure of tourist attractions and entertainment, offices are urged that employees work at home, as well as other restrictions aimed at severing the chain of the spread of the corona virus.

The corona outbreak also forced all countries to correct their economic development and development plans. Targets were revised, assumptions improved, and full attention was shifted to coping with the epidemic, while the economic return policy was carried out after the emergency response period was declared over.

The central and regional governments in Indonesia are also making corrections to the development plans that have been set out in the planning and budget documents. Appropriate adjustments and measurable policies in dealing with corona outbreaks will be a starting point for recovery.

The analysis of McKinsey consultancy (late March 2020) regarding the impact of Covid-19 on the business world is quite astonishing. Here are some important things that McKinsey described in their report: (1) Covid-19 is an unprecedented major disaster; (2) The handling model is divided according to two major typologies: (a) China model with characteristics: rapid lockdowns, shelters-in-place, business closure, and overall response; and (b) South

Korea-model with the main characteristics of doing aggressive tests (5000 tests per 1 million population), contact tracing, isolation with surveillance, quarantine with monitoring; (3) The great strategy at McKinsey is termed "time-boxing" viruses and economic shocks with two emphases, namely saving lives and securing the economy; (4) Business leaders must pay attention to the following 3 things: depth of disruption, length of disruption, and shape of recovery; (5) The worst market capitalization, especially oil and gas, air transportation, healthcare, and finance is likely to recover most quickly in 2021.

On 7 April 2020, the ILO published the ILO Monitor 2nd edition: Covid-19 and the world of work with the following important messages: (1) Lockdown policies in various countries have an impact on 2.7 billion workers (81 percent of total workers worldwide); (2) Economic contraction directly affects the narrowing of employment. ILO calculations as of 1 April 2020 show a decrease in working hours by 6.7 percent in the second quarter of 2020 or equivalent to the loss of 195 million full-time jobs; (3) Calculation of total job losses in 2020 depends on the development of the pandemic and its anticipation. The ILO will continue to monitor. It is estimated that the number of unemployed people increased by 24.7 million from last year's figure of 188 million; (4) The majority of job losses and decreases in working hours are found in certain sectors that are most severely affected. ILO estimates show that around 1.25 billion workers or 38 percent of total workers are threatened with termination. The sectors include: retail trade, accommodation and food, and manufacturing; (5) Particularly in middle to lower income countries, the large affected sectors generally have a high proportion of informal workers. Without proper social security, they are in a vulnerable condition; (6) Workers in the health sector are very vulnerable to exposure to health risks and economic risks; (7) Policy responses should be directed towards immediate assistance to workers and businesses to protect livelihoods, especially in developing countries and in the sectors most affected. Thus, when the pandemic passes, the state can recover the economy more quickly.

The Economist Intelligence Unit published an analysis with a rather striking title, "COVID-19 to send almost all G20 countries into a recession" on March 26, 2020. The picture of the global economic atmosphere looks grim. Recession will occur in almost all G-20 member countries. Although it is assumed that recovery will occur in the second half of 2020, the risk of a second and third wave epidemic will further worsen the projected picture of the global economy.

Pressure to apply lockdown will increase, which means economic uncertainty will tend to increase. The combination of low state revenue and increased state spending (for various purposes handling Covid-19) will leave many countries on the verge of a debt crisis.

According to the Economist Intelligence Unit's projections, Indonesia (along with India and China) is still relatively lucky to be able to achieve a positive growth rate. While the European region is the most heavily affected area.

The East Asia and Pacific Economic Update (April 2020) published by the World Bank presents a comparison of projections between countries and the average of Asia-Pacific countries that are in very bad condition. Indonesia's economic projections will grow in the range of 2.1% and negative 3.5% (the most skeptical predictions so far). Vietnam is estimated to be the most resilient country and is still able to maintain the pace of economic growth.

Specifically about Indonesia is dominated by the prospect of a fading economy, even before the outbreak of the corona. The poverty rate is predicted to decrease, but the proportion of vulnerable people (without economic security) will greatly increase. Economic growth is projected to weaken significantly at 2.1 percent in 2020 before rebounding to an average of 5.4 percent in 2021-2022 when aggregate demand has recovered.

The journals in this edition will not present development planning and policy articles relating to the handling of the Covid-19 outbreak and how to restore conditions afterwards.

The following articles are presented in Volume IV issue 1 - April 2020. First, Rufita Sri Hasanah presents an article about the role of capital inflow through saving investment. Secondly, Satria Aji Setiawan raised the question 'Do Macroeconomic Condition Matter for Stock Market?'. Third, Fahrulraz M Faruk writes about the regional social sustainability index in Indonesia 2017. Fourth, Zaidan Najmuddin analyzes the impact of government expenditure on Banten Economic growth. Fifth, Ade Marsinta Arsani writes about early children's education and the family background for children's future. Finally, Feita Puspita Murti presented an article on managing training for civil servant lessons from Singapore.

Hopefully Indonesia will be able to overcome this corona outbreak together and in a fast time the recovery of economic conditions.

Regards,

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(Board of Editors)