



Indonesian economic recession phenomenon post Covid-19 pandemic

Lativa

Universitas Trisakti

*Corresponding Author: dosen01207@unpam.ac.id

Received: 7 June 2022

Accepted: 7 October 2022

DOI: <https://doi.org/10.55942/jeb.v2i4.175>

ABSTRACT

The covid-19 pandemic caused the emergence of the economic recession phenomenon in Indonesia. This literature review article is used to find out various kinds of phenomena that appear marked by indicators of economic recession and the role of the government in issuing regulations or policies that have been in force in Indonesia in dealing with cases of COVID-19 and to see the impact of the economic recession phenomenon that occurred in Indonesia. Furthermore, prevent economic depression.

The economic recession was marked by the weakening of the global economy, the decline in the marginal efficiency of capital, the high unemployment rate, the decline in exports and investment, as well as the decline in state revenues from taxes, and the lowering of the government's economic growth target. The government can prevent a recession from turning into a depression by issuing various policies to provide administrative convenience (permits) and taxes for capital owners (investors) to invest and build various projects by issuing massive budgets.

Keywords: Economic Recession, Covid-19, Pandemic

1. INTRODUCTION

A global economic recession is expected to occur in 2023. Almost all countries in the world, including Indonesia, are discussing this. The World Bank noted that the 2023 recession was triggered when central banks worldwide simultaneously raised interest rates in response to inflation. Some signs of an economic recession can be seen from the weakening of economic activity in the real sector in the country. The occurrence of an economic recession is a common phenomenon in a long-term economy where the economy continues to grow. This is a long-term conjuncture phenomenon that is bound to occur. In the long term, the economic trend continues to grow amidst the recession and depression. There is nothing to worry about if the government and society are wise to respond.

The economic recession as a threat entity (Hairunnisa, 2020) explains that potential economic threats can occur due to external and internal factors. External factors provide opportunities for economic threats, such as the impact of a trade war or economic sanctions carried out by a country against a country or corporation through trade restrictions, tariffs, or economic embargoes. An economic recession is also an

economic threat that can have an economic impact, such as a crisis or economic recession in affected countries with sanctions for specific countries (Adhari, 2020). Regarding economic sanctions, the General Agreement on Tariffs and Trade (GATT) stipulates that trade agreements entered into by countries prohibit the imposition of economic sanctions on other countries. However, there are exceptions if this is done in the name of a state of danger as regulated in Article XXI of the GATT (Korah, 2016).

Internally, the picture of a recession can be a potential threat to the economy caused by wrong policies, corruption, and disaster. The current economic threat felt by all countries, including Indonesia, is the threat of an economic recession due to the impact of disasters, especially those caused by the spread of Covid-19. At the end of 2019, precisely in December, the world was shocked by an incident that was suspected to be a case of pneumonia whose etiology was unknown. The case came from the city of Wuhan, China. China identified pneumonia on January 7, 2020, as a new type of coronavirus. The statement "urgent notice on the treatment of pneumonia of unknown cause" has been issued by the Wuhan Municipal Health Committee (Hanoatubun, 2020).

This virus can spread to humans and animals and usually attack the respiratory tract in humans with initial flu symptoms to cause severe acute respiratory syndrome (SARS). This disease spreads through respiratory droplets from coughing or sneezing (Ren L et al., 2020). This virus shows a very significant spread quickly and has caused many deaths in China and other countries. On January 30, 2020, WHO designated this coronavirus as a Public Health Emergency of International Concern. . Day by Day, the cases increased rapidly until on March 11, 2020, WHO announced that the current outbreak was a Global Pandemic (Dong et al., 2020).

During the COVID-19 pandemic since March 2020, the world economic system has been chaotic, including Indonesia as a developing country receiving very burdensome impacts and implications for the community in various fields, education, law, and others in economic escalation both nationally, regionally, and internationally. . The series of impacts during the pandemic caused the decline in the economic recession during the Covid-19 pandemic, the world lost economic output worth US\$12 trillion for two years (<https://www.bbc.com/indonesia/dunia-53168814> n.d.). China is the only major country expected to continue to record growth at only 1% year-on-year. In contrast, several Western European countries, including the UK and France, are expected to experience a contraction of more than 10% (Soemartini, 2020).

The spread and increase in Covid-19 cases occurred very quickly and has spread between countries, including Indonesia. As of August 2020, 17,660,523 confirmed cases were reported, with 680,894 deaths, of which cases were reported in 216 countries (WHO, 2020). Meanwhile, in Indonesia, there were 165,887 confirmed cases, with 7,169 deaths in 34 provinces (Kemenkes RI, 2020). The impact of COVID-19 pandemic will have an impact on the global economy. China is the country with the second largest economy in the world. There was an economic slowdown in China due to the impact of Covid-19. Last year's economic growth in China was 6.1% to around 3.8% this year. If the situation worsens, China's economic growth could reach 0.1% or minus.

Mobilization related to these conditions, Kennedy and Suhendarto emphasized that, as a result of the pandemic period, it had resulted in uncertainty, social inequality, and mass layoffs (Kennedy & Suhendarto, 2020). Meanwhile, from the perspective of business law, the recession-related to globalization is a cultural process with a tendency for regions in the world to become one in social, political, and economic formats. In the process, it is as if there is no longer any area that can avoid the global process. Globalization in the economic field engulfing the world today can be likened to a double-edged sword. On the one hand, it provides material abundance, while on the other hand, it creates a myriad of problems that concern human civilization (Idayanti, Hartati, and Haryadi 2019). The uncertainty due to the recession, according to Santoso, requires special steps and approaches so that the social and economic order continues to run according to the demands of developments that occur in society (Santosa, 2020).

Another concern is that the recession is causing major changes in many areas. The recession brought significant changes to market expansion in the global economy in developed and developing countries. Market expansion in industrialized countries has impacted changes in consumptive behavior in

people of various generations regardless of age and level of society (Idayanti, Hartati, and Haryadi 2019). Excessive consumptive behavior that cannot be controlled can cause various social problems in society, such as a lifestyle that turns wasteful, the emergence of corruption and crime rates that are getting higher, and a series of problems that have no solid solution (Idayanti, Hartati, and Haryadi 2019). Based on the portrait due to the economic recession, which shows the uncertainty of life with its implications in multi-sector, this paper will describe academically related economic recession phenomena due to the Covid-19 pandemic.

Indonesia is one of the countries in an economic recession because the conditions for a recession have been met where. Indonesia's economic growth in the first quarter declined to 2.97% from 5.2% previously, then declined in the second and third quarters to minus. Hence, the economic recession caused a more significant threat to national security (Pakpahan, 2020). The presence of an economic recession cannot be prevented unless it mitigates the possible impact. When the economy continues to grow in the long term, it is found that the marginal efficiency of capital - call it income from an investment - decreases which reduces the desire of capital owners to be reluctant to invest and shifts it to the financial sector as an alternative source of income from interest or shares.

The presence of an economic recession cannot be prevented unless it mitigates the possible impact. When the economy continues to grow in the long term, it is found that the marginal efficiency of capital - call it income from an investment - decreases which reduces the desire of capital owners to be reluctant to invest and shifts it to the financial sector as an alternative source of income from interest or shares. This is a common thing done by the owners of capital (investors). This action is called rational action taken by investors to avoid losses or to get replacement income.

This is a phenomenon that is happening today. This can be seen from the growing development of money markets (stock exchanges) in all countries where money owners can earn income from the difference in changes in the value (price) of shares in the short term. This also causes capital to continue moving from one country to another to countries with high-interest rates. When the value of shares in a country (the exchange) weakens but the shares have prospects, the money owner spends his money on buying and selling them immediately when the value of the shares rises again. Transactions of buying and selling shares are used as a medium by owners of money to earn income.

Stocks are bought not to be held forever but to be resold when their value increases. Stocks are used as commodities in buying and selling transactions on the money market. The entry and exit of foreign and domestic capital from the stock exchange are expected. This can be seen from the Composite Stock Price Index, which is constantly changing from time to time. Likewise, bonds with high-interest rates can attract foreign and domestic capital. In the past, capital as a medium for real investment is now increasing as a transaction activity in the financial sector. There is even a place where money is used as a commodity in foreign currency trading. Economic progress brings many changes in economic activity.

The recession began with the weakening of the global economy, which affected the domestic economy and countries in the world. The stronger the dependence of a country's economy on the global economy, the faster the recession will occur in that country. For this reason, developing countries whose economies depend on mining exports, raw materials, and auxiliary materials will feel the recession more quickly. The influence of the global economic downturn on the emergence of a recession among countries in the world is not the same. Among many countries that are noisy with the recession, some countries have not paid attention to it. The Indonesian government indeed confirms this. Why. Exports of mining products and Indonesian natural resources such as coal, palm oil, rubber, and other raw materials fell. The economy of the importing country is experiencing a weakening so that demand decreases.

Many countries are worried that their country's recession will continue into depression. Therefore, the state issues various policies to provide administrative convenience (permits) and taxes for capital owners (investors) to invest. Industrial estates are built everywhere to make investing easier for capital owners, likewise, with infrastructure development. The goal is to keep the economy alive, and people can earn income to maintain purchasing power. That is why the state continuously monitors the amount of household spending as a signal that purchasing power can still be maintained. As is the case, Indonesian household expenditure is around fifty-five percent of the total national expenditure—household spending supports the current movement of the Indonesian economy.

The state continues to build various projects by spending large amounts of budget and making it easier for the private sector to invest. The goal is none other than so that domestic economic transactions do not die. Job opportunities can be saved, income can be maintained, and purchasing power is maintained. Maintaining this is challenging when economic growth slows down (recession). This is like rowing a canoe from downstream to upstream. Quite heavy and requires all-out effort. Although the economy continues to move, economic growth continues to slow down because the weakening global economy has not stimulated the growth of the domestic economy. The global economic downturn has weakened global demand for domestically produced goods.

Thus, efforts to maintain domestic economic activity will continue to be carried out, waiting until the global economic downturn ends when the economy slowly returns to normal. The domestic and global economy is back to running as before the recession. The problem is what if efforts to maintain domestic economic activity fail. This is what many countries worry about because their economy has the potential to fall into a depression. In a state of depression, the termination of employment is even worse because economic activity has almost stopped. It does not stop at all because human needs never go away. Needs make humans continue to do activities even on a micro-scale.

The Government of Indonesia has implemented various policies in response to the COVID-19 pandemic. One of the policies is that at the beginning of March 2020, social distancing and physical distancing were implemented for the people of Indonesia (Hadiwardoyo, 2020). After this policy was implemented, what happened was that the community did not comply with it properly because the public still needed to gain

awareness in dealing with this case, so this policy was considered less effective. Although the policy has been in effect since early March 2020, there are still offices and even shopping centers that operate with the involvement of many people. In addition, people still have no fear of doing activities outside the home. With the enactment of this PSBB policy, in a relatively long period, offices and most industries are prohibited from operating. The impact of this policy can cause economic losses, and the supply chain will also be affected, including disruption of the production of goods and services (Misno, 2020).

2. METHODS

This study uses a descriptive method using a literature review and library search analysis related to the emergence of the economic recession phenomenon in Indonesia caused by the covid-19 pandemic. This literature review article is used to find out various kinds of phenomena that appear marked by indicators of economic recession and the role of the government in issuing regulations or policies that have been in force in Indonesia in dealing with cases of COVID-19 and to see the impact of the economic recession phenomenon that occurred in Indonesia. Furthermore, prevent economic depression.

3. RESULT AND DISCUSSION

Portrait of the Economic Recession in Indonesia

A recession is a temporary economic downturn in which trade and industrial activity decrease, generally characterized by a decline in GDP for two consecutive quarters. The current Covid-19 pandemic can trigger a decline in business activity in all fields. Many people's concerns over the decline in performance due to the Corona outbreak could lead to an economic recession in several countries with weak economic fundamentals. The word recession can also be interpreted as a major slowdown or contraction in economic activity. A significant drop in spending generally leads to a recession. According to research by Burhanuddin and Abdi (2020), seeing economic development and influence is not only limited to the scope of the economy itself. However, the economy can also be affected by culture and health. This is evidenced by the spread of the Coronavirus, which has harmed the world economy. Research by Nasution, Erlina, and Muda (2020) showed that the impact of the COVID-19 pandemic caused low investor sentiment toward the market, which in turn led the market to be negative. Strategic measures related to fiscal and monetary are urgently needed to provide economic stimulation. As cases of the COVID-19 pandemic developed, the market fluctuated more negatively. The slowdown in the global economy,

especially Indonesia's export activities to China, has significantly impacted the Indonesian economy.

Since its emergence at the end of 2019 in Wuhan, this virus has entered Indonesia quickly, with the first case on March 2, 2020. This reflects that the mobility and integrity between Indonesia and China are substantial through imports and exports and direct contact with people from China. There. The virus in Indonesia poses a perilous threat, which is proven by the increasing number of cases that continue to grow. This dramatically disrupts various life activities, especially the economy, which will be stopped by the policies and restrictions implemented to prevent the spread of the Covid-19 virus, bringing Indonesia to the brink of a recession.

If it is associated with Keynes's theory, this pandemic will undoubtedly reduce the company's ability to produce goods and services at a reasonable or proper capacity. Utilization and absorption of labor also decrease, which will affect the level of income as well as the unemployment rate. This impact is the trigger for a recession. Although this is still considered very subjective when referring to economic growth factors, almost all sectors will be affected by this pandemic, where production factors will decline, and people will tend to save rather than invest during conditions. The economic uncertainty in the trade sector also weakened due to a decrease in production intensity. It does not stop there. The weakening due to this pandemic will, of course, also affect economic growth, where factors of production, investment, foreign trade, and the balance of payments will weaken due to the sluggish economic activity due to the pandemic. As per the economic flow cycle, this weakness will continue to produce sound reproduction at low levels. Where the tendency of this cumulative movement will make the economic process unstable, thus creating a real threat of economic recession for Indonesia.

This is based on a sensitivity analysis that explains that the current slowdown in the global economy has dramatically impacted Indonesia's economic growth. Indonesia's entry into the abyss of recession had been predicted long in advance. In September 2020, Finance Minister Sri Mulyani estimated that Indonesia's economic growth in the third quarter of 2020 would reach minus 2.9 to minus 1.0 percent.

According to the descriptive data from KOMPAS.com media on March 25, 2021, as previously predicted, Indonesia has finally officially experienced an economic recession. This is in line with the economic growth performance, which has contracted twice a row. In the third quarter of 2020, the Indonesian economy was minus 3.49 percent, continuing the economic pace in the second quarter of 2020, which was recorded at minus 5.32 percent. Besides Indonesia, several countries are also experiencing a recession due to the coronavirus pandemic that has hit almost all countries in the world (www.kompas.com).

Meanwhile, an economist from the Institute for Development of Economics and Finance (Indef), Bhima Yudhistira, explained that a recession is different from the concept of an economic crisis. Bhima explained that a recession is a decline in economic growth in two consecutive quarters. A research institute in the US, the National Bureau of Economic Research (NBER), defines a recession as an indication of a general decline in people's purchasing power and an increase in unemployment. Meanwhile, the economic crisis is a situation with a decline in

several economic indicators. For example, the financial crisis means that the financial sector, the rupiah exchange rate, and banking performance are declining. One negative quarter can also be categorized as a crisis. Experts also say that the impact that occurs in a recession can be more significant and broader than a crisis. In addition, from a longer time perspective, the economic recession is more evenly distributed in all economic sectors, both the financial and the real sectors.

Looking at these indicators, Bima said a recession could be more dangerous for the economy than a crisis. Because according to him, the recession recovery process is relatively more complex. In 2008, there was a Century Bank default, but at that time, MSMEs were still sufficient to support the economy. The proof is that the 2008 economic growth was still 6.1 percent. Compared to today, the economic recession has hit most MSMEs. More evenly, the recession is more dangerous. Apart from the economic crisis and recession, there is one more concept that, according to Bima, must also be understood, namely depression. An economic depression is a recession that lasts a year or more. For example, from 1929-1934, there was an economic depression because of the prolonged recession. The initial phase of economic problems can start from the emergence of a crisis and continue into a recession. If it is not resolved, then depression can spread to various areas of education aspects (Aji, 2020).

Indonesian Economic Recession Indicator

Economic forecasting in the future is imperative so that the State is able and ready to face the potential or possibilities that will occur. Thus the State can optimize the output produced and reduce the risks and adverse impacts caused. Various indicators can be used to detect and identify the onset of a recession. The author explores various data and information where subjectively, the changes are dominant in the current period. Economic indicators are used in this study to determine and ascertain whether Indonesia is really in a recession.

Tabel 1. Indonesia's Real Gross Domestic Product

GDP			
2019	2020		
Q4	Q1	Q2	Q3
4,97%	2,97 %	-5,32 %	-3,49 %

The leading indicator, Indonesia's Real GDP, showed a drastic decline. From the first quarter of 2020, it decreased by 2% from the previous quarter until, at its peak, Indonesia's GDP fell sharply to minus -5.32%. Then in the next quarter, although it experienced an increase from the previous quarter, it still could not reduce GDP from a minus figure, namely -3.49%. The data above shows that based on Gross Domestic Product, the symptoms of a recession have emerged as the leading indicator that GDP fell for two consecutive quarters from the first quarter to the third quarter of 2020.

According to Bank Indonesia, the current account aims to measure Indonesia's receipts and expenditures originating from transactions of goods and services, income, and current transfers with non-residents. The components of the current account include the balance of trade, services, income, and current transfers. This postal transaction will make it clear whether a country's trade balance is in a surplus or even a deficit. It is known that the percentage of the current account decreased by half from the previous two quarters (fourth quarter of 2019). The decline in exports and imports in Indonesia clarifies this.

Nevertheless, on the other hand, the ratio of debt owed is getting bigger. If analyzed, the various declines, especially in the current account, indicate a decline in both income and expenditure in Indonesia. The existence of this decline will undoubtedly have a circular economic impact, which continuously brings worse conditions. On the income side, Indonesia's foreign debt ratio continues to swell. On the other hand, sources of income, such as taxes, continue to decline. This shows an imbalance between income and expenditure. The current account deficit was 1.4% from the previous two quarters and continued to decline consecutively until the third quarter of 2020. This indicates that Indonesia is entering the brink of recession.

Table 2. Indonesia's Monetary Realization

Data	Period			
	2019		2020	
	December	March	June	September
Inflation	2,72 %	2,96 %	1,96 %	1,42 %
Amount of money Outstanding (M2)	6.136.552,00	6.440.457,39	6.393.743,80	6.748.574,03
BI Rate	5,00 %	4,50 %	4,25 %	4,00 %
Growth Credit	6,08	7,95%	1,40%	0,12%

Source: Central Statistics Agency (BPS), Bank Indonesia (BI), and Financial Services Authority (OJK)

Table 3. Indonesian Investment Realization

Investment Realization			
2019	2020		
Q4	Q1	Q2	Q3
12%	8,0 %	4,3 %	1,6 %

Based on the monetary and investment sectors, Tables 2 and 3 show a downward trend, from inflation itself still rising and falling from the fourth quarter to the third quarter of 2020 but tending to decline, and this is slightly contradictory to various speculations amid the current turmoil, which Many assume that inflation will skyrocket due to the current pandemic. However, in reality, the above is very different. The current pandemic is reducing the amount of demand and supply so that the purchasing power of consumers will decrease. Even though the amount of money in circulation continues to grow, one of which is the issuance of new paper currency with a nominal value of Seventy Five Thousand Rupiah in mid-August yesterday, it cannot have a positive influence on people's purchasing power. Credit growth also continued to decline, followed by the decline in interest rates set by Bank Indonesia. The people's need for money is critical, but it is essential to know that earning income under challenging times today is certainly not as easy as usual. Thus the public interest in credit has also significantly decreased. Likewise, the realization of investment showed a significant weakening. From the fourth quarter of 2019, it declined until the third quarter of 2020. Of course, the current pandemic has hampered all economic activity, and the instability of prices with the current uncertainty has made investors worry about investing.

Table 4. Indonesia's Unemployment Rate

Period				Info
2020		2019		
Februari	Agustus	Februari	Agustus	Percentage
4,94	7,07	4,98	5,23	Number of People (Thousands)
6 925,49	9 767,75	6 898,80	7 104,42	

Furthermore, the labor and unemployment sectors continued to increase. A large number of unemployed workers reflects the current lack of job opportunities. This is despite the various challenges they face. The rising unemployment rate is also due to falling market demand and investment. This kind of thing is an indicator that has a direct impact on the community and entrepreneurs. During a period of declining economic growth with various impacts that arise, they force them to cut their existing workforce. This is a testament to the cruelty of the recession.

Talking about determination, the indicators above are fundamental to ensure and know the factors that can be used as a reference in the current period. Based on the analysis above, it can be seen that Indonesia's macroeconomic factors and economic growth factors have shown successive setbacks in more than 6 months, so if it is associated with several theories and literacy, Indonesia entered a recession at the beginning of the third quarter of 2020. GDP generally fell to minus 5.32% in the second quarter of 2020. With the support of existing economic indicators, there is a strong basis that a recession during this pandemic is happening.

Economic Impact

The recession began with the weakening of the global economy, which affected the domestic economy of countries worldwide. The stronger the dependence of a country's economy on the global economy, the faster the recession will occur in that country. For this reason, developing countries whose economies depend on mining exports, raw materials, and auxiliary materials will feel the recession more quickly. The influence of the global economic downturn on the emergence of a recession among countries in the world is not the same. Among many countries that are noisy with a recession, some countries have not paid attention to it. The Indonesian government indeed confirms this. Why. Exports of mining products and Indonesian natural resources such as coal, palm oil, rubber, and other raw materials fell. The economy of the importing country is experiencing a weakening so that demand decreases.

Many countries are worried that their country's recession will continue into depression. Therefore, the state issues various policies to provide administrative convenience (permits) and taxes for capital owners (investors) to invest. Industrial estates are built everywhere to make investing easier for capital owners, likewise, with infrastructure development. The goal is to keep the economy alive, and people can earn income to maintain purchasing power. That is why the state continuously monitors the amount of household spending as a signal that purchasing power can still be maintained. As is the case, Indonesian household expenditure is around fifty-five percent of the total national expenditure—household spending supports the current movement of the Indonesian economy.

The state continues to build various projects by spending large amounts of budget and making it easier for the private sector to invest. The goal is none other than so that domestic economic transactions do not die. Job opportunities can be saved, income can be maintained, and purchasing power is maintained. Maintaining this is challenging when economic growth slows down (recession). This is like rowing a canoe from downstream to upstream. Quite heavy and requires all-out effort. Although

Thus, efforts to maintain domestic economic activity will continue to be carried out, waiting until the global economic downturn ends when the economy slowly returns to normal. The domestic and global economy is back to running as before the recession. The problem is what if efforts to maintain domestic economic activity fail. This is what many countries worry about because their economy has the potential to fall into a depression. In a state of depression, the termination of employment is even worse because economic activity has almost stopped. It does not stop at all because human needs never go away. Needs make humans continue to do activities even on a micro-scale.

Depression is characterized when the gross domestic product grows negatively within two consecutive quarters (scientific agreement). You can imagine what happened from the negative growth of the gross domestic product. Economic productivity is falling, which means the economic performance is terrible. Economic capacity is running below the existing economic potential. Human resources and natural resources are inanimate, so it can be said that the economy is in a state of bankruptcy. This is the worst feared effect of depression. However, because human needs never disappear, this destructive impact only suppresses the lowest level of life. The state, with its power, can revive the economy with various policies issued. Therefore, the state must not be careless and continue to look for solutions to overcome problems. Indonesia, with a growth rate of five percent, is currently predicted to be very far hit by depression as long as countries are concerned about responding to it.

Indonesian Government Policy

Some stages of the policy process, which are between the preparation and the consequences that will arise from a policy, are the policy's definition (Edwards III, 1980). In a policy, there are 4 interrelated aspects in its implementation, namely aspects of communication, resources, disposition, and bureaucratic structure (Wahyudi, 2016). The Indonesian government has made various policies in dealing with the COVID-19 case. The government must choose a policy from a two-way path in dealing with this pandemic. The government must look at substantive policies and focus on policies that regulate the economy. The two policies were carried out simultaneously, which resulted in the ineffective implementation of these policies. In addition to the ineffective implementation of the policies that have been made, these policies also make coordination between the central government and local governments poorly established (Budi & Ansari, 2020).

The goal to be achieved from the policy is to break the chain of the virus's spread, and economic improvement has yet to be achieved. It tends to get worse (Kurniawansyah et al., 2020). The COVID-19 pandemic has forced the Indonesian government to issue regulations/policies related to its handling. The regulations/policies include 4 Presidential Decrees, 2 Presidential Regulations, 1 Government Regulation, 1 Presidential Instruction, and 1 Government Regulation instead of Law. The regulations that have been made are alternative solutions to problems seen from the Indonesian state's health, bureaucracy, and political and financial aspects resulting from the COVID-19 pandemic (Widianingrum & Mas'uid, 2020).

Nine regulations the government has issued are the basis for the allocation, distribution, and stabilization policies that can be carried out. The first step is that the government is obliged to allocate qualified inputs and resources to its policy orientation

(Allocation Policy), namely to new vulnerable groups affected by Covid-19, including business groups that require mass crowds, groups of casual daily workers, street vendors, people in business workers affected by layoffs, farmers, the poor, and so on (Edyono et al., 2020).

This Covid-19 externality has weakened their opportunities to generate their daily income, the occurrence of massive layoffs of workers, which reached 1,943,916 people consisting of 114,340 companies. This incident will experience an increase in numbers that continue to increase if this pandemic lasts a long time. In addition, the "stay at home" appeal to the community will significantly decrease people's income from their routines, minimal economic activity, and other influences that follow (Mas'udi & Winanti, 2020).

The government must be alert in taking strategic policies. If the government is not alert, it will impact social disaster vulnerability, and it will be elementary for other unwanted conflicts to occur (Barro, 2020). However, it is undeniable that the policies and regulations set by the government will have various impacts, one of which we will discuss in this paper, namely the economic impact.

4. CONCLUSION

In general, the Recession Indicator is a decline in real GDP for two consecutive quarters, where GDP fell to minus 5.32%. The trade sector dominates as an indicator of recession. The presence of recession and depression can not be prevented except to mitigate the possible impact. When the economy continues to grow in the long term, it is found that the marginal efficiency of capital - call it income from an investment - decreases which reduces the desire of capital owners to be reluctant to invest and shifts it to the financial sector as an alternative source of income from interest or shares. This is a common thing done by the owners of capital (investors). This action is called rational action taken by investors to avoid losses or to get replacement income.

This is a phenomenon that is happening today. This can be seen from the growing development of money markets (stock exchanges) in all countries where money owners can earn income from the difference in changes in the value (price) of shares in the short term. This also causes capital to continue moving from one country to another to countries with high-interest rates. When the value of shares in a country (the exchange) weakens but the shares have prospects, the money owner spends his money on buying and selling them immediately when the value of the shares rises again. Transactions of buying and selling shares are used as a medium by owners of money to earn income. It can be understood that the economy is a social phenomenon that never dies. The position of this phenomenon is increasingly essential and will become more strategic in the future. The younger generation must understand this, explore the ins and outs of business activities, and live them from the start. Politicians may determine the country's direction, but prosperity and prosperity

prosperity are determined by people in business and economists who are business-minded. The opportunity for youth in business activities is tremendous. That is why we learned about entrepreneurship and did the activities. Thus, recession and depression are not something to be afraid of as long as the young generation is entrepreneurial.

5. SUGGESTION

Based on the results of the analysis and conclusions, there are several suggestions, including an economic recession marked by a weakening of the global economy, a decrease in the marginal efficiency of capital, a high unemployment rate, a decline in exports and investment as well as a decrease in state revenues from taxes and a reduction in the government's economic growth target. The government can prevent a recession from turning into a depression by issuing various policies to provide administrative convenience (permits) and taxes for capital owners (investors) to invest and build various projects by issuing massive budgets.

REFERENCES

- Adhari, Agus. (2020). Penataan Ancaman Ekonomi Sebagai Bagian Dari Keadaan Bahaya Di Indonesia. *Dialogia Iuridica: Jurnal Hukum Bisnis dan Investasi* 12(1): 31–48.
- Adiyanta, F C Susila. (2020). Fleksibilitas Pajak Sebagai Instrumen Kebijakan Fiska I Untuk Mengantisipasi Krisis Ekonomi Sebagai Akibat Dampak Pandemi Covid-19. *Administrative Law & Governance Journal* 3(1): 162–81.
- Aer, Revo Kristiadi. (2021). Pengaruh Perang Dagang China-Amerika Serikat Terhadap Hubungan Dagang Indonesia Dengan Amerika Serikat. *Jurnal Politico* 10 (4).
- Aji, R. H. Syah. (2020). Dampak COVID-19 Pada Pendidikan Di Indonesia: Sekolah, Keterampilan, dan Proses Pembelajaran. *Salam: Jurnal Sosial dan Budaya Syar-i* (7) 5: 395–402.
- Itmam, S. (2021). Resesi Ekonomi dan Implikasinya dari Perspektif Hukum Bisnis. *EQUILIBRIUM: Jurnal Ekonomi Syariah* Volume 9, Nomor 1, 2021, 179-198.
- Kennedy, Richard, and Bonaventura Pradana Suhendarto. 2020. “Diskursus Hukum: Alternatif Pola Pengisian Jabatan Kepala Daerah Di Masa Pandemi Covid-19.” *Jurnal Pembangunan Hukum Indonesia* 2(2): 188–204.
- Maryati, Sri, Yusnaini Yusnaini, Anisa Listya Listya, and Dwirini Dwirini. (2021). Pelatihan Manajemen Kas Dalam Menghadapi Munculnya Resesi Ekonomi Di-Era Pandemi Covid-19 Pada Home Industri Di Palembang. *Jurnal Abdimas Mandiri* 4(2).
- Miraza, B.H. (2019). Seputar Resesi dan Depresi. *Jurnal Ekonomi KIAT*, Vol. 30 (2), 11-13.
- Mundzir, A et al. (2021). Peningkatan Ekonomi Masyarakat Menuju Era Society 5.0 Ditengah Pandemi Covid-19. Penerbit Insania.
- Soemartini, Soemartini. (2020). Stimulus Perekonomian Di Tengah Krisis Ekonomi Lokal Dan Global Akibat Merebaknya Covid 19. *Journal Biastatistics| Departemen Statistika FMIPA Universitas Padjadjaran* (1).
- Sumarni, Yenti. (2020). Pandemi Covid-19: Tantangan Ekonomi Dan Bisnis. *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah* 6(2): 46–58.
- Surya, T. Ade. (2022). Mewaspadai Ancaman Resesi Ekonomi Global. *Kajian Singkat Terhadap Isu Aktual dan Strategis* Vol. 14 (19).
- Thaha, Abdurrahman Firdaus. (2020). Dampak Covid-19 Terhadap UMKM Di Indonesia. *BRAND Jurnal Ilmiah Manajemen Pemasaran* 2(1): 147–53.
- Vanani, A.B., Suselo, D. (2021). Determinasi Resesi Ekonomi Indonesia Dimasa Pandemi Covid-19. *Jurnal Menara Ekonomi*, Vol. 7 (2), 1-12.
- Vincent Sterk & Morten O. Ravn, (2017) “Job uncertainty and deep recessions” *Journal of Monetary Economics* 90 <https://dx.doi.org/10.1016/j.jmoneco.2017.07.003>.
- Yamali, Fakhru Rozi, and Ririn Noviyanti Putri. (2020). Dampak Covid-19 Terhadap Ekonomi Indonesia. *Ekonomis: Journal of Economics and Business* 4(2): 384–88.
- Yusuf, Y., & Anthoni, L. (2020, November). Perbandingan Pergerakan Indeks Harga Saham Gabungan (Ihsg) Dengan Indeks Saham Syariah Indonesia (Issi) Selama Pandemi Covid 19. In *Prosiding Seminar Nasional Akuntansi* (Vol. 3, No. 1).