

# Implementation of Pancasila Values in Restoring Indonesia's Economic Development Post COVID-19

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**Abstract.** The COVID-19 pandemic faced by the world community, including Indonesia, has devastated the world economy. The government has taken many policies to save the economy, but these policies still face problems that cause less effective handling. Therefore, it is necessary to change the approach to improve national economic development based on the values of Pancasila. So the purpose of this research is to examine the implementation of Pancasila values to improve Indonesia's development which had slumped due to the COVID-19 pandemic. This study uses a qualitative approach with descriptive analysis techniques. The study results show that economic development plays a central role in overall national development. The existence of a pandemic causes the economy to be disrupted, which results in disruption to other sectors. The role of Pancasila as the state's economic system can be implemented in improving national economic development through the five existing precepts, namely divinity, humanity, unity, deliberation and social justice.

**Keywords:** Pancasila values; Economic Development; COVID-19.

## 1 Introduction

In the wake of the COVID-19 epidemic, no country on the planet has been able to escape the menace. Coronavirus, also known as Covid-19, is a wide family of viruses that can infect both humans and animals and cause sickness. In humans, it is most commonly associated with respiratory tract infections [1]. If there is no widespread dissemination, not just in China, but also in Wuhan, Corona will not become a popular topic of conversation. This virus continues to expand throughout the world, and it is currently spreading in Indonesia; even though it has spread throughout the world, no one knows when it will be eradicated [2]. There has been tremendous impact on the economic, social, political, and security sectors as a result of the Covid-19 virus pandemic.

The increasing number of layoffs in Indonesia as a result of the Covid 19 pandemic can be attributed to the disease's impact on the economy, the number of MSMEs going out of business, the soaring poverty rate, and the tourism industry, airlines dropping dramatically and various other impacts [3]. The economic impact is so significant that alternative ideas are needed to solve the problem. The impact of the pandemic on the economy can trigger other impacts, such as social and security aspects. The number of layoffs and struggling businesses cause the poverty rate to increase, which will cause social problems and even security and order problems where the crime rate will automatically increase [4].

The Coronavirus, which continues to develop and become a pandemic, becomes a particular development problem due to its effects that affect the global economy so that it has direct implications for various existing developments. The Coronavirus forces people to limit their space for movement due to its spread through air media, increasing the number of sufferers. And new clusters in transmission [5]; therefore, the government takes steps and policies in the form of implementing large-scale social restrictions or commonly known as PSBB and implementing restrictions on community activities (abbreviated as PPKM) [6].

Although the PSBB and later PPKM policies are not implemented simultaneously in the territory of Indonesia, their impact on the socio-economic community is still felt throughout Indonesia. Due to restrictions on activities and gathering outdoors, many residents' economic activities have stopped, so economic development is disrupted [7]. As a result of this epidemic, the economy will see a short-term contraction. The actual amount will depend on the proportion of the population that is sick, the death rate, and the number of persons who have lost their jobs as a result of their efforts to avoid contracting the Covid-19 sickness, among other factor [8].

In economic growth, social, cultural, political, and psychological factors are as important as economic factors [9]. Pancasila as the state ideology becomes the guideline and philosophy of life in regulating and carrying out all national and state activities. Pancasila also covers the issue of the economic system. The Pancasila economic system, which was born from this nation's philosophy of life, has and stores values that are believed to help accelerate the improvement of Indonesia's economic performance. The values of kinship, togetherness and cooperation are needed during the current pandemic [10]. The values of Pancasila are also believed to be able to accelerate improvements in microeconomic variables that have contracted due to the Covid-19 pandemic.

## **2 Method**

This study employs a qualitative method in conjunction with descriptive analysis. According to [11], qualitative research is founded on post-positivism philosophy and is typically used to assess the status of natural objects, with the researcher serving as the primary instrument. Pancasila ideals were implemented to aid economic development during the Covid-19 epidemic. Additionally, descriptive analysis is utilized to analyze the data. After data collection and reduction, only pertinent data is retained, and those not pertinent to this study are eliminated. Following the reduction of data, data analysis occurs—data analysis in the form of a description or description of the research item.

## **3 Result and Discussion**

### **3.1 The Economic Impact of the COVID-19 Pandemic**

The economic sector is vital in sustainability in the life of the state where it becomes the wheel of life than other sectors that are supported by economic value; the threat of a recession due to the effects of the pandemic becomes the center and point of attention due to various reports from one of the study institutions that analyze the impact Covid-19 stated that the potential for a global economic slowdown in 2020. According to the United Nations Conference

on Trade and Development (UNCTAD, 2020), the Covid-19 pandemic struck developing countries as they struggled for decades with unsustainable debt burdens [12].

The development of the Indonesian economy can also be seen through real GDP throughout the pandemic period in the 2019-to 2020 quarter, which experienced a decline in the index, as can be seen from the table below:

**Table 1.** Indonesia's accurate GDP figures for the period 2019-2020

2019	2020		
Quarter 1	Quarter 1	Quarter 2	Quarter 3
4.97%	2.97%	-5.32%	-3.49%

From the table, we can understand that the decline in the first quarter of 2019 to the third quarter continued to experience a significant decline. The table shows the first decline where from the first quarter of 2020 it decreased by 2% from the previous quarter, and then the decline continued in the middle of the year and the second quarter. Both of Indonesia's GDP decreased significantly to minus -5.32%. Then in the next quarter, although there was an increase from the previous quarter, certain things were still unable to reduce GDP from a minus figure, namely -3.49%. In light of the statistics shown above, it appears that the signs of a recession have developed as the key indicator that GDP has fallen for two consecutive quarters from the first quarter to the third quarter of 2020, as measured by Gross Domestic Product. This fall demonstrates that if the government does not act swiftly, a recession will loom over the horizon. Because of the impact of the Covid-19 virus epidemic, it is critical to monitor the GDP indicator in order to recognize the potential of a recession. As a result of the Covid-19 pandemic, Indonesia is facing a recession that is a shadow of its own in terms of economic development [13].

The decline in economic growth can also be followed by other economic impacts, such as increased unemployment. This is because, during the pandemic, many companies were disrupted. So many employees have to be laid off. According to data provided in the data box, the number of unemployed persons in Indonesia climbed from 2.67 million to 9.77 million as of August 2020. Unemployment is expanding in lockstep with the workforce's growth. Additionally, the Central Statistics Agency claimed that 15.72 million persons experienced a drop in working hours in August 2020 as a result of the COVID-19 pandemic. A total of 1.11 million people are also unable to work due to the pandemic. Meanwhile, 650 thousand people who are not in the labour force have stopped working because of the Coronavirus since February 2020. This condition is experienced by all regions affected by the COVID-19 pandemic with different levels of severity. The decline in economic growth was mainly due to activity restrictions, especially from March to September 2020, resulting in a decrease in community economic activity [13].

COVID-19 had an adverse effect on the trade sector as well, specifically on tax revenues, which fell. This has a considerable impact on tax income because the trade sector contributes significantly to state revenues, specifically the second largest [14]. This pandemic also has a detrimental effect on investment, causing people to exercise extreme caution while purchasing things and even investing. Due to changing market assumptions and unknown supply channels, this pandemic has had a significant impact on market estimates [15].

The impact of COVID-19 on the tourism sector is also not without threats. Of course, the weakening of the national tourism sector is also an economic problem for a country. Because a country famous for its tourism will make tourism the main commodity in economic income through taxes and trade and accompanying cross-border transportation, if a country's tourism

weakens, this will also have a significant impact on the economy of a country that gets high income from tourism. The decline in tourist arrivals resulted in a decrease in the income of hotels, restaurants, transportation and other tourism supporting industries.

### **3.2 Implementation of Pancasila Values in Economic Growth**

The source of values is following Pancasila in economic development, so solidity and economic development are based on moral values rather than Pancasila; precisely, the concept of an economic system must be based on morality following the first precepts of Pancasila, which teaches the value of faith in God's destiny that humans only plan such as building an economy will succeed. Still, the final result is in the hands of God Almighty, like the Covid-19 outbreak is part of the test in life that must make us more potent beyond their expectations so that religiosity must make us more vital during this pandemic [16].

The concept of an economic system that is based on morality and humanity will produce a humane economic system, namely an economic system that faces human nature both as individual social beings as well as personal creatures, God's creatures, further increasing the belief that we can, therefore the economic system must be developed into a system in development. An economy that has a goal during the Covid-19 pandemic for the welfare of the people as a whole must be based on Pancasila, which is based on populist and family values [17].

In general, the economic system in Indonesia cannot be separated from the moral values of humanity during the Covid-19 pandemic. Economic development must be able to awaken itself from the forms of the morality of free competition and even increase the suffering of misery in society so that the need for Pancasila as an economic development paradigm must be referred to as the essence of the value of unity, meaning that economic activities are carried out together by upholding the principle of unity, and the unity and integrity of the nation and state. A country that is indeed oriented to the interests and sides of the people in dealing with the Covid-19 pandemic [17].

As a result, no one is permitted to take advantage of or desire to abuse power, and the people's difficulties serve as a source of authority; as a result, the people's political economy or economic policy must be for the greatest prosperity or welfare of the people, who must be able to realize a more just national economy for all citizens. ) so that this populist economy gives greater chances and assistance for people's economic development, including cooperatives and MSMEs (Small and Medium-Sized Enterprises), which are the primary pillars of National Economic Development [18].

From this conception, it can be concluded that the conception of the Pancasila economic system is ideal. The values of divinity, humanity, unity, deliberation, and justice are noble values that will elevate human status. If actualized in the state's life, these values will be sufficient to bring the country into a developed, just and prosperous country.

As is well known, article 33 was amended in 2002 with the addition of two new paragraphs, namely: the national economy is organized around the principles of cooperation, efficiency, justice, sustainability, environmental awareness, and independence, while maintaining a balance of progress and national economic unity (paragraph 4) and paragraph 5: further provisions relating to the application of this article are governed by law. The execution and actualization of Article 33 of the 1945 Constitution would establish humans as individuals and communities engaged in economic activity in an atmosphere of kinship and community. There is no such thing as an egocentric, individualistic nature.

There will be a guarantee of equitable distribution of public welfare because the state will control significant production branches and use them for the greatest advantage of the people.

The ability of the state to create prosperity, on the other hand, will reduce poverty, reduce unemployment and narrow the gap in income inequality. Likewise, economic independence will be realized. The country's basic needs, such as food, can be met by its efforts. Not by relying on, let alone depending on imported commodities. With the spirit of independence coupled with soil fertility and natural wealth given by God, this country will become a self-sufficient country and even an exporter of food [19].

Various economic problems that still plague this country are strong reasons for the need to implement Pancasila values in guiding the implementation of economic activities. All activities must be based on religious rules and God's advice. It is carried out together, united in the spirit of cooperation and upholding human values. Decision making is based on deliberation and consensus, ultimately creating equitable social justice for all Indonesian people.

#### 4 Conclusion

Sustainability of national development is dependent on the economy, which is critical because it is in charge of ensuring the long-term viability of the existing development structure. The COVID-19 pandemic has slowed economic growth, as well as other social, political, educational, and even security sectors as a result of the outbreak. As guiding principles for Indonesia's economic development in the face of the Covid-19 pandemic, the Pancasila ideals of togetherness, cooperation, solidarity, and national unity must be upheld in order for the country to avoid becoming divided as a result of the efforts to contain the outbreak. The values of Pancasila can be implemented in order to improve Indonesia's economic development as a whole as an economic system. Spirituality, humanity, deliberation, unity, and social justice are among the Pancasila economic system's core ideals that can be assimilated in the process of building a more prosperous future for the people.

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