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The Impact Of Fiscal Policy On Economic Growth: A Case Study Of Indonesia

Dampak Kebijakan Fiskal Terhadap Pertumbuhan Ekonomi: Studi Kasus Indonesia

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ABSTRACT
At a time when developed countries are experiencing negative economic growth, Indonesia is experiencing consistent positive economic growth. Indonesia has an economic growth rate that is on the rise every year. Fiscal policy is the steps taken by the government to manage spending and taxing or using instruments to influence the operation of the economic system to maximize economic welfare. Without neglecting the redistribution of income or wealth and efforts to increase employment opportunities, fiscal policy acts as a stabilizing instrument to maintain economic stability so that national income continues to grow in accordance with the use of resources or factors of production and the efficiency of community activities. Variables such as aggregate demand and the level of economic activity, patterns of resource allocation and income distribution can be affected by changes in the level and composition of taxes and government spending. This study is an analysis of the impact of aggregate government spending.
Keywords: *Fiscal Policy, Economic Growth, Indonesian Economy*

ABSTRAK
Di saat negara-negara maju mengalami pertumbuhan ekonomi yang negatif, Indonesia justru mengalami pertumbuhan ekonomi yang positif secara konsisten. Indonesia memiliki tingkat pertumbuhan ekonomi yang terus meningkat setiap tahunnya. Kebijakan fiskal adalah langkah-langkah yang diambil oleh pemerintah untuk mengatur pengeluaran dan pemungutan pajak atau menggunakan instrumen untuk mempengaruhi bekerjanya sistem ekonomi untuk memaksimalkan kesejahteraan ekonomi. Tanpa mengabaikan redistribusi pendapatan atau kekayaan dan upaya peningkatan kesempatan kerja, kebijakan fiskal berperan sebagai instrumen stabilisator untuk menjaga kestabilan ekonomi agar pendapatan nasional tetap tumbuh sesuai dengan penggunaan sumber daya atau faktor-faktor produksi dan efisiensi kegiatan masyarakat. Variabel-variabel seperti permintaan agregat dan tingkat kegiatan ekonomi, pola alokasi sumber daya dan distribusi pendapatan dapat dipengaruhi oleh perubahan tingkat dan komposisi pajak dan pengeluaran pemerintah. Penelitian ini merupakan analisis dampak pengeluaran pemerintah secara agregat.
Kata Kunci: Kebijakan Fiskal, Pertumbuhan Ekonomi, Perekonomian Indonesia

1. Introduction

Good economic growth is the main goal of all countries in the world, including Indonesia. To achieve this, the macroeconomic variables need to have the ability to overcome any existing economic problems.

In general, there are several macroeconomic problems, namely inflation, output level (GDP), employment and balance of payments (BOP). These four macroeconomic problems can be influenced by the government, one of which is fiscal policy.

Recent economic developments have revived the debate on the effectiveness of government policies in achieving balanced economic growth. Different views exist on how government macroeconomic policy may react to economic stability. Monetarist theory holds that monetary policy is more effective in influencing output, while fiscal policy is ineffective

(Belliveau, 2011).Keynesian theory holds that government spending is the aggregate component that affects output, while monetary policy causes widespread ineffectiveness (Belliveau, 2011).

Monetarist economists such as Milton Friedman and Edmund Phelps argue that demand-side policies are ineffective because aggregate output is price indifferent in the long run, while monetary policy is more effective than fiscal policy as long as the supply curve is positive in the short run. Meanwhile, some fiscal theorists, such as J. Tobin and P. Samuelson, claim that both monetary and fiscal policies can raise national output for a considerable time, but fiscal policy is more effective than monetary policy (Topcu: 2012).

Fiscal policy is a key element in achieving sustainable economic growth in Indonesia. The objective of fiscal policy is to influence the aggregate demand side of the economy in the short run. Fiscal policy aims to influence the aggregate demand side of the economy over the short run, and it can also influence the supply side of the economy over the longer run by increasing the capacity of the economy. The indicator to measure the success of a country's development is economic growth as a process of increasing production from moment to moment. Fiscal policy is how governments adjust spending and tax rates to control and influence a country's economy. It is a tactic of monetary policy where the central bank influences the amount of money distributed in a country.

The fiscal policy system in Indonesia has undergone changes from the old order, new order to the present time. The purpose of this change in the fiscal policy system is to have a stable economy in the face of relatively large economic shocks. For example, the balanced and forward-looking fiscal policy that was implemented during the New Order era was implemented by the government to overcome hyperinflation.

A significant effect of fiscal policy on the economy was proposed by Keynes. Keynes stressed that increasing government expenditure is more than simply transferring resources from the private sector to the government. In addition, Keynes also suggested the multiplier effect of such spending.

This conclusion is also supported by Bank Indonesia's (2009) research that Indonesia's fiscal policy tends to be acyclical in aggregate or procyclical depending on the expenditure group. Such cyclicality has the potential to transmit instability pressures to the economy, such as rising inflation. Plotting the ratio of government expenditure excluding interest payments against economic growth shows the cyclicality of fiscal policy in Indonesia.

In Indonesia, the government sector has played an important role in the history of the economy. Government plays this role through implementing fiscal policy to reach key development goals such as high economic growth, reducing unemployment and controlling inflation. Fiscal policy conducted by the Indonesian government has two main instruments, namely taxation and spending. Government spending as one of the important instruments of fiscal policy is expected to stimulate economic activity and increase economic growth. The government optimizes this role by increasing the expenditure (share) of gross domestic product (GDP). The government's role in the economy is indicated by its spending on the economy as a percentage of total spending, which tends to increase.

In 2020, the COVID 19 pandemic hit the whole world and Indonesia was also affected by COVID 19. Amidst the turmoil in the global financial market, the Indonesian stock market is included as one of the top performers in the world in 2022. Various social protection applications, especially for poor and vulnerable families, have also always been an important priority in the national budget. The WHO has announced the end of covid 19 status. The rapid development of international dynamics after the covid 19 pandemic has created great complexity in the next few years. There are four major challenges that the international economy is facing and will face in the future. First, geopolitical tensions; second, the rapid development of virtual technology; and third, climate change and its policy responses.

Fiscal policy is an economic policy in order to direct the economic conditions to be better by changing the revenue and expenditure of the government (Sukirno, 2003).

The general objective of fiscal policy is to influence the aggregate demand side of an economy in the short run. Furthermore, the effect of this policy can also be felt on the supply side, which is more long term, for example by increasing the capacity of the economy (Surjaningsih et al, 2012).

The Harrod-Domar theory aims to explain the conditions that must be met for an economy to achieve steady growth in the long run when analyzing the problem of economic growth. In his theory, Harrod-Domar looks at the problem of growth in terms of demand, which emphasizes the importance of the role of capital accumulation in the growth process. When there is an equilibrium of incomes at the full employment level, in order to maintain the equilibrium, in order to survive from year to year, investment spending is required to absorb the resulting increase in output. So investment must be there to keep the equilibrium from being disturbed.

The saving rate is an important determinant of the steady-state capital stock, according to the Solow model. In other words, if the savings rate is high, the economy will have a large capital stock and a high level of output, and vice versa. The foundation of the Solow model is then widely associated with fiscal policy. Persistent budget deficits can reduce national savings and shrink the capacity to invest. The consequences in the long run are lower capital stock and national income.

According to Solow, increasing the saving rate will only temporarily increase growth until the economy reaches a new steady state that is higher than before. If the economy continues to save at a high rate, it will only maintain a large capital stock and a high level of output without continuing to grow at a high rate. (Mankiw, 2006).

Government spending affects different sectors of the economy. The existence of government spending directly or indirectly affects the production of goods and services. Government spending on the procurement of goods and services will directly affect the production of goods and services needed by the government. Government spending on education will indirectly affect the economy because education will produce more skilled human resources and ultimately increase production.

The Keynesian view states that the growth of the national income is determined by the size of the consumption expenditure, the government expenditure, the investment and the net export. According to Keynes, it is necessary to increase the demand for consumption, government spending, investment, export and import in order to increase economic growth as measured by the increase in national income.

The concept of calculating national income with an expenditure approach states that $Y = C + I + G + X-M$. This equation is known as the identity equation of national income, where Y is the national income as well as the aggregate supply, G is the government expenditure, I is the investment, X-M is the net exports. By comparing the value of G to Y and observing it over time, one can see how much government spending contributes to the formation of national income.

Another economist, Adolf Wagner, argued that government spending and government activity increase over time. Wagner measured the ratio of government spending to national product of European countries, the United States, and Japan in the 19th century. The results proved to show that government activity in the economy experienced an increasing trend. This trend by Wagner is called the law of ever increasing government activity (Mangkoesoebroto, 2011).

Budget as a government policy to make government spending higher than government income to stimulate the economy (Rahayu, 2014).If government income, especially from taxes, is not enough to cover its spending, the government can cover it by borrowing (Dornbusch and

Fisher (2004). The use of debt to finance development can also be analyzed using the Loan Pull Theory and the Loan Push Theory. Loan pull theory was developed by Hallberg (1989).

According to this theory, in order to overcome the obstacles to the economic development of underdeveloped countries and to push the economy forward, the government external debt depends on the size of the need to finance development and the availability of domestic savings (savings-investment gap) and the need to finance the export-import gap (foreign exchange gap).

2. Method

A type of library research, which is a set of activities related to library data collection methods, was used by the authors in this study. According to Abdul Rahman Sholeh, library research is a research that uses ways to obtain information data by placing facilities in the library, such as books, journals, documents, records of historical stories, or pure library research related to the object of research.

3. Result & Discussion

According to Wolfson cited by Suparmoko, fiscal policy is government action to improve public welfare through government revenue and expenditure policies, resource mobilization, and business pricing. On the other hand, Samuelson and Nordhaus state that fiscal policy is the process of shaping taxation and public expenditure in order to suppress fluctuations in the business cycle, and play a role in maintaining economic growth, high labor utilization, free from high and changing inflation rate. From the two definitions above, a common thread is that fiscal policy is the government policy towards government revenue and expenditure to achieve their objectives. Fiscal policy should be defined in general terms, i.e. as something which may occur in different economic systems.

Fiscal policy is defined as an action undertaken by the government to control the impact of the economy on the state budget. The state budget consists of the burden of tax revenues and expenditures in the form of development. The fiscal policy is a strategy when it is used to regulate and influence the level of the aggregate demand in the economy. The government policy known as active fiscal policy involves adjusting spending plans or tax rates. Passive fiscal policy is anything that reduces the marginal propensity to spend relative to national income. In other words, a policy is anything that tends to increase or decrease the government deficit without requiring decisive action on the part of the policymaker.

Fiscal policy is a policy that the government implements through increases or decreases in government revenues and budgets. These taxes are used by the government to finance expenditures incurred by government activities. Fiscal policy is a part of macroeconomic policy used to achieve development goals. The function of fiscal policy is generally divided into three, namely, regulatory target function, income distribution and subsidy function, and economic stabilization function. The regulatory target function aims at achieving economic development goals. The income distribution and subsidy function is aimed at improving people's welfare. Stabilizing function means that the government regulates to maintain and strive to maintain the basic balance of the economy.

The government forms fiscal policy to manage a country's economy through government spending and tax revenues. Fiscal policy is not the same as monetary policy, which aims to stabilize the economy by controlling interest rates and money supply. The main tools of fiscal policy are spending and taxes. Variables such as aggregate demand and the level of economic activity, patterns of resource allocation, and income distribution can be affected by changes in the level and composition of taxes and government spending.

The government that conducts fiscal policy is using the intention to influence the course of the economy, or in other words, through fiscal policy the government tries to direct the course of the economy toward its desired state. Through fiscal policy, including the government can affect the level of national income, can affect employment opportunities, can affect the high and low national investment, and can affect the distribution of national income.

Fiscal Policy was coined by the British economist John Maynard Keynes in his 1936 book titled The General Theory of Employment. Keynes/Keynesian theory was Keynes's response to the Great Depression that hit the American economy in the 1930s and his critique of classical theory. The classical theory states that government spending can cause a decline in private spending because this theory believes in full employment conditions. Meanwhile, Keynesian theory argues that government intervention is necessary to achieve a good economy. This was the precursor of fiscal policy.

The KEM-PPKF 2024 document is part of the process of preparing the last financial note and state budget under the leadership of President Jokowi for two periods of government from 2014 to 2024. amidst various major shocks to the world economy, the government together with the House of Representatives and all levels of society managed to maintain solid permanent economic performance, able to recover faster and rise more strongly during the pandemic, and continue to consistently implement various structural reform programs. in the last decade, we have together faced the enormous external challenges.

The average global economic growth in the last decade (2013 - 2022) was only 3.1 percent, lower than the previous decade (2003 - 2012), which reached 4.2 percent. The causes of this slowdown are mainly the intensification of the trade war between the United States Association and China, the period of tightening monetary policy after the global financial crisis (GFC) - which we know as the taper tantrum, the Covid-19 pandemic, the war in Ukraine, which caused an increase in commodity prices and soaring global inflation, and the increasingly frequent effects of climate change.

However, we are grateful that amidst the major shocks of the global economic turmoil, the resilience of the Indonesian economy has been permanently maintained. the excellent cooperation and support from all parties, including the parliament, other authorities, and all components of the nation in the implementation of many development programs have yielded tangible results for the economy. in the decade before the covid-19 pandemic, Indonesia became one of the few G20 countries, along with China and India, to grow above the global average.

The average national economic growth from 2010 to 2019, before the pandemic hit the world, was 5.4 percent, far above the average world economic growth of 3.7 percent, also compared to other G20 member emerging economies that grew at an average of 3.7 percent. the investments and efforts that continue to be made, the government is able to boost national economic activity amid the global economic slowdown.

The COV-19 pandemic began in December 2019 with several suspected cases of pneumonia in Wuhan, China (Arnani, 2020). After further identification, the cause was found to be a new type of coronavirus called Severe Acute Respiratory Syndrome Coronavirus 2, or SARS-COV2 (Ministry of Health of the Republic of Indonesia, 2020). In addition, on March 11, 2020, the disease was declared a pandemic by the World Health Organization (WHO) to increase governmental and societal vigilance because of its rapid and widespread spread (Elvina, 2020; Dong et al, Susilo et al. (Susilo et al., 2020) concluded that the relatively rapid transmission, the significant mortality rate, and the lack of definitive treatment warranted attention.

It can be seen that Indonesia's GDP has decreased by 2% in the first quarter of 2020, although it has not touched a negative number. However, in the next quarter, Indonesia's GDP experienced a drastic decline of 8.29% so that it was recorded at -5.32%. Meanwhile, in the third quarter of 2020, it experienced an increase of 1.83% so that it was recorded at -3.49%. From this data, it can be seen that Indonesia experienced a recession in the third quarter because for two consecutive quarters, Indonesia's GDP recorded negative numbers. A recession can cause all economic activities such as profits of companies or organizations both large and small (MSMEs), employment, and investment to decline simultaneously (Blandina et al., 2020). This statement is supported by several facts in the field presented in (Yamali & Putri, 2020) such as massive layoffs, decreased imports, inflation, and losses in airline and hospitality companies (Muda, 2020; Yamali & Putri, 2020). In addition, the restrictions (PSBB) to suppress the spread of Covid-19 also resulted in a decrease in people's purchasing power.

In order for the economic transformation to run optimally, the short-term policy strategy emphasizes overcoming various challenges and strengthening the foundations. It focuses on accelerating the elimination of extreme poverty, accelerating the reduction of stunting, controlling inflation, and increasing investment.

Accelerating the elimination of extreme poverty in Indonesia by 2024 is the first focus. The government aims to have no families living in extreme poverty by 2024 through Presidential Instruction No. 4 of 2022 on Accelerating the Elimination of Extreme Poverty. Extreme poverty is defined as a level of expenditure of less than USD 1.9 PPP (purchasing power parity) per day, or about Rp 322,170 per capita per month (World Bank, 2022). In the last eight years, extreme poverty has improved. From 2014 to 2022, the average reduction in extreme poverty is 12.64%.

The second focus is to accelerate the reduction of stunting prevalence to 14 percent by 2024. The trend of stunting prevalence in Indonesia has continued to decline over the past decade, but the acceleration of the achievement of the 14 percent target cannot be achieved with business as usual, so there is a need for a policy breakthrough. To date, strong stunting drivers include limited health facilities such as posyandu and maternity hospitals, limited food quality and clean water, and limited healthy maternal and child foods (including milk, meat, fruits, eggs and complementary foods).

The third focus is that the government continues to control inflation to maintain economic stability and people's purchasing power. Rising commodity prices resulted from the escalating geopolitical conflict between Russia and Ukraine that disrupted international trade amid a global economy that has not fully recovered. This led to more persistent inflationary pressures, followed by more aggressive monetary tightening. Nevertheless, Indonesia's economic performance has been excellent amidst the global economic slowdown. Indonesia as one of the most resilient countries in 2022 with economic growth that reached 5.3 percent (yoy). In addition, the very high global inflationary pressure was not fully transmitted to the domestic economy.

One of the roles of the government budget in controlling inflation is reflected in the policy of energy subsidies and compensation, as well as fuel price adjustments. In general, energy subsidies and compensations are provided to cushion fluctuations in world oil prices. As a result of the increase in world oil prices, administered price inflation experienced significant pressure in 2014 and 2022.

Encouraging higher investment to accelerate economic growth is the fourth focus. Investment in Indonesia in 2015-2019 has shown positive growth, mainly driven by the energy and mining sectors. Tax policy to promote increased investment in 2024 will include continuing the tax incentive policy, improving the ease and certainty of doing business through attention to job creation and the welfare of Indonesia's foreign workers, speeding up the development of infrastructure to promote investment, and improving the ease and certainty of doing business.

Improve the quality of human resources. Tax incentive policies, especially income tax, including tax holidays, tax allowances, and super deductions, as well as other types of taxes, as long as the business entity or taxpayer meets the specified requirements. On the side of improving the business environment and providing certainty, the implementation of the HPP Law and Law No. 6 of 2023 on the provision of Perppu No. 2 of 2022 on job creation will be strengthened.

In the medium term, the policy will support the strengthening of the quality of human capital, accelerate the development of infrastructure, promote high value-added economic activities by downscaling natural resources, reforming institutions and simplifying regulations, and promoting a green economy.

The first focus is that the government consistently promotes the improvement of the quality of human resources (human capital). In general, the quality of Indonesia's human resources still needs to be improved in order to be more competitive at the global level. There are several challenges that are still faced in the development of education, among others: 1.The HCI of Indonesia is relatively lower than ASEAN countries 2.The PISA score of Indonesia has not increased significantly 3.The RLS population of Indonesia is lower than ASEAN countries 4.The unemployment rate of vocational graduates is quite high

Relatively low participation rates in early childhood education and higher education. As a commitment to improving the quality of human resources, the government has consistently allocated at least 20% of the national budget to education since 2009 to support the improvement of access and quality of education. In the period 2019-2023, the education budget has increased in nominal terms, with an average growth rate of 5.8 percent per year. The education budget in 2023 is allocated at IDR 612.2 trillion or an increase of 27.4 percent from the realization in 2022. The education budget is allocated through BPP, TKD, and financing with the largest portion allocated in TKD which reaches 49.9 percent of the total education budget.

The government continues to strive to provide quality health services to the people of Indonesia, covering all stages of human life. One of the ways to achieve this is by strengthening the JKN program. This program aims to improve access to preventive and curative health services for the entire population. In addition, the government is also strengthening service programs for maternal and child health, disease prevention and early detection, and improving health services for the elderly.

The second focus is to accelerate infrastructure development to increase productive capacity and competitiveness.

The infrastructure budget has been increasing in recent years. From 2019 to 2023, the Government has allocated an average budget of Rp 374.2 trillion per year to accelerate infrastructure development. To improve connectivity, the government has massively built road infrastructure, including toll roads, national roads, and regional roads. In the period 2014-2021, the government has built 425 thousand kilometers of roads (national and regional roads) and more than 1,700 kilometers of toll roads. Currently, the electrification rate is still around 99.6%, and to achieve 100% electrification rate, the government is working to increase the number of power plants and also the capacity of electricity flow. In the period from 2014 to 2021, the government has managed to increase electricity capacity by 21.47 GW.

Fiscal policy to accelerate infrastructure development in 2024 is focused on several things. The policy focus includes: i. Continuing infrastructure to support ease of doing business and economic transformation, such as ICT, energy, connectivity and food infrastructure. ii. Improving basic infrastructure such as: clean water and sanitation. iii. Building green infrastructure as part of climate change mitigation iv. Strengthening infrastructure that supports downstream natural resources. However, the development of infrastructure still faces a number of challenges, including the lack of harmonization of policies or regulations between the government and local governments, the high cost of financing and the limited domestic resources.

The government's commitment to promoting high value-added economic activities is the third focus. The downstreaming of natural resources is one of the strategies to create high value-added economic activities.

The government has provided fiscal incentives to support the downstreaming of natural resources: Exemption of import duty on imported equipment, exemption of import duty (PDRI) on machinery and other strategic goods, zero PPnBM rate, ban on export of raw materials, and export duty on raw materials to support the availability/adequacy of raw materials and equipment; Development of special zones, including SEZ, SEI, SEZL, SEWL and K/L expenditure to support infrastructure provision and fiscal facilities; Government guarantee, VGF and PDF to support PPP schemes; Tax holidays and tax rebates, tax facilities, zero percent royalty on coal value added, differentiated royalty rates for mineral commodities, export facilities through the Indonesian Export Financing Agency (LPEI), and free trade agreements (FTA) to promote investment and expand market access; Income tax deduction for research and development and vocational training, use of the Research Endowment Fund, allocation of research funds by ministries/institutions, and allocation of the education budget for natural resource development in line with industry needs to promote research and superior natural resources.

The fourth focus is to promote the strengthening of institutional reform and the simplification of regulations (institutional reform). Since 2010, through the establishment of Presidential Regulation eighty one/2010, Indonesia's commitment to implement bureaucratic reform in Indonesia has started. The Presidential Regulation is about the grand layout of bureaucratic reform 2010-2025. The implementation of bureaucratic reform is divided into three phases, namely the first phase in 2010-2014, the second phase in 2015-2019, and the third phase in 2020-2025. By the end of 2025, the bureaucratic reform is expected to produce quality governance in order to produce improvement results characterized by no corruption, efficient and efficient management of APBN/APBD, fast and accurate licensing procedures, good public communication, efficient and productive use of working hours, rewarding and penalizing mechanisms that are consistent, sustainable, and produce tangible development results. The bureaucratic reform plan, namely simplifying regulations and simplifying bureaucratic procedures, is two of the five strategic directions of the President in achieving the vision of Advanced Indonesia 2045.

Through bureaucratic reform, in the generation of increasingly fierce competition among countries, it is expected to create a government that is more agile and able to quickly adapt to technology.

Encouraging the development of a green economy is the fifth focus. economic system). The aim is for structural reforms and fiscal policies to be supportive of economic development while at the same time mitigating its impact on environmental sustainability. This new direction of economic development not only aims to achieve strong and socially inclusive economic growth, but also needs to mitigate the impact of development on the sustainability of the environment. One of the greatest challenges is the emission of greenhouse gases (GHG). GHG emissions can lead to rising temperatures and natural disasters. The reduction of GHG emissions has been the subject of various international commitments, cooperation and agreements. As a result, most green economy policies are aimed at preserving the environment. This is to ensure sustainable development for future generations.

Several studies have shown that changes in fiscal policy can affect economic growth in Indonesia. An increase in government spending on infrastructure development has a significant positive impact on economic growth in Indonesia, according to research by Suryono and Rusmin (2019). In addition, research by Arfianto and Siregar (2019) shows that an increase in tax revenue can increase economic growth in Indonesia. The study also shows that inappropriate fiscal policy can have a negative impact on economic growth. A study by Hapsari and Anwar (2019) shows that the sudden reduction of fuel and electricity subsidies by the government in 2014 had a negative impact on the economic growth of Indonesia.

Policy effectiveness in research Siregar, H. (2017) Through research Evaluation of the Effectiveness of Fiscal Policy in Indonesia in this study evaluates the effectiveness of fiscal policy in Indonesia using data from the period 2000-2015. The results of the analysis show that fiscal policy has a significant impact on the growth of the economy, in particular through its impact on the consumption and investment of the government. However, this study also shows that there are limitations in the implementation of fiscal policy that can affect its effectiveness.

According to Iskandar, D., & Husodo, Z. (2020) approach to analyze the effectiveness of fiscal policy in Indonesia. The study explains that fiscal policy has a positive impact on economic growth in Indonesia, such as: oil and gas export tax: Indonesia imposes an oil and gas export tax as a source of government revenue; cooperation contract: the Indonesian government signs a cooperation contract with an oil and gas company that involves the sharing of production and profits from oil and gas exports; oil and gas reserve fund: The Indonesian government establishes an oil and gas reserve fund (DCM) to manage government revenues from the oil and gas sector; Consumer Goods Import Control: A policy aimed at controlling imports of consumer goods that can be produced locally to help grow domestic industries; Import Tariffs: The policy of setting import tariffs on imported goods to protect domestic industries and encourage the growth of the domestic manufacturing sector; Import Certification: The policy of enforcing import certification to ensure the quality and safety of imported goods entering Indonesia.

Conclusion

It can be concluded that fiscal policy plays an important role in shaping the country's economic dynamics when analyzing the impact of fiscal policy on economic growth in Indonesia. Major findings include a close relationship between fiscal policy and economic growth in Indonesia. If implemented wisely, fiscal policy can contribute to strengthening the economy in a positive way. The importance of management rules, i.e., effective and efficient budget management is crucial to ensure that every dollar spent by the government has an aporisma impact on economic growth. the role of key sectors: Key sectors such as infrastructure and manufacturing industries have an important role in the stimulation of economic growth. Therefore, these sectors need to be given special attention in policy formulation. Challenges and opportunities: While challenges exist in coping with global economic volatility, opportunities also exist to improve competitiveness and economic sustainability through policy reform. Further steps and cross-sector cooperation are expected to strengthen the positive impact of fiscal policy on economic growth in the future: Suggest the government to optimize fiscal rulemaking by focusing on sectors that have a high impact on economic growth. Improve the efficiency of public spending: Propose measures to improve the efficiency of public spending, including tighter monitoring of program infrastructure projects. Developing revenue sources: Suggest diversifying the country's revenue sources to reduce dependence on specific sectors and increase economic resilience. Improvement of community welfare: Suggest community empowerment through training and education events so that economic growth is more equitable and has a direct impact on the improvement of community welfare. Private Sector Collaboration: Encourage government-private sector collaboration to accelerate the implementation of strategic projects that can support economic growth.

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