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## ANALYSIS OF GOVERNMENT POLICIES RELATED TO THE THREAT OF UNEMPLOYMENT POST-INCREASED INFLATION

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### KEYWORDS

inflation, government policy, unemployment.

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### ABSTRACT

Inflation is a condition where the price of goods experiences price increases from time to time and causes the price of a country's currency to fall. When this inflation occurs, it will positively impact unemployment so that unemployment will increase. When the unemployment rate in a country is high, it will have a very bad impact on its economy. So this study is to know and analyze government policies related to the threat of unemployment after the increase in inflation. This study uses qualitative research methods, which concentrate on the threat of unemployment after the increase in inflation related to government policies. The results of this study indicate that the policies implemented by the government itself play a very important role and are the main key to overcoming inflation and unemployment in a country. Therefore, the government needs to be able to evaluate all policies that are taken in the future so that the results of the policies that have been taken do not hurt the community and the country. Inflation in a country can cause the price of goods to rise and the currency to fall, which in turn can negatively impact the unemployment rate. Therefore, the government must take appropriate policies to control inflation and reduce unemployment, such as maintaining stable supplies of raw materials and keeping prices affordable, providing support to small and medium enterprises, and providing training to workers to improve their skills in the world work.

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## INTRODUCTION

In general, inflation is defined as a continuous increase in the price of goods or services within a certain period (Bank Indonesia). The cause of inflation itself comes from the increase in production costs, the higher the price (Hasanah & Imani, 2021). Inflation itself can occur in countries whose economies are growing and developing; the impact of inflation is often felt by middle and lower-class people because when there is an increase in the price of goods, their purchasing power will decrease. The inflation rate is one of the important indicators that can provide information on the dynamics of price developments for goods and services consumed by the public (Syifa Aulia et al., 2021). These developments in the prices of goods and services directly impact the level of purchasing power and the cost of living of the people, changes in the value of assets and liabilities, as well as the value of (Anggaran & Pelaksanaan, 2014).

A decrease in public purchases will have a sustainable effect which can cause people's income and living standards in a country to decline (Bank Indonesia) and cause poor people to become even poorer. (Ekonomi et al., 2018) Economic indicators such as inflation must be taken into account because

they can affect how much anything costs, which can negatively influence people's incomes and make money completely useless, leading to hyperinflation.

Inflation endangers a country's economy, so action or policies are needed to avoid this (Mashuri et al., 2021). Monetary policy to reduce money circulation. These policies can determine cash reserves, political discounts, and open market operations (Bayuni & Srisusilawati, 2018) and have fiscal policies related to government budget receipts and expenditures. So inflation itself can be concluded that it is very dangerous for the country's economy and requires solutions to immediately overcome these problems (Junaedi & Setiawati, 2019).

Based on the background above, this research aims to find out and analyze government policies related to the threat of unemployment after rising inflation.

## **METHODS**

Known in this study uses a qualitative approach method. According to (Albi Anggito and Johan Setiawan - Google Buku, n.d.), the qualitative approach method focuses on a deeper understanding of an incident to be studied. The research object used in this study concentrates on the threat of unemployment after rising inflation related to government policies. Regarding data collection techniques, this research data was obtained from sources originating from articles and journals. The type of data used in this research is secondary data obtained from the Central Bureau of Statistics (BPS). The data used in this method include inflation data, economic growth data, and unemployment data in Indonesia, which are based on 5-year time series data (2017 to 2022). Then, the data processing technique used is to analyze, make observations and describe an overview based on the data that has been found.

## **RESULTS AND DISCUSSION**

Based on the methodology described earlier, the object of research is national. Unemployment, which is a threat from a national perspective, has a major impact on the entire system, both economically and politically (Pemerintah et al., 2022). Not only does the lack of employment affect unemployment, unemployment because the demand for wages is too high (Prasetyo et al., 2020), unemployment that receives more offers than labour demand, and conjuncture/cyclical unemployment. Several factors have caused the unemployment rate to increase, including many companies using machines/technology more than human labour (Silva, 2016).

This high unemployment rate hurts the country (Indayani & Hartono, 2020). Decreasing people's per capita income, low interest in investment and capital, wastage of human resources, and others. It is very concerning if unemployment is allowed to go on without any action from the government as soon as possible (Doddy & Alam, 2013).

Based on data from the Central Statistics Agency (BPS), the number of unemployed in February 2022 reached 8.40 million (Pengangguran et al., 2013). Compared to February 2021, Indonesia has experienced a decrease in unemployment by more than 350 thousand people (Fitriyani1 & Pramanal, 2022), so the percentage of open unemployment rate in Indonesia is 5.83%.

## **CONCLUSION**

Inflation is a condition where the price of goods experiences price increases from time to time and causes the price of a country's currency to fall (Bank Indonesia). When this inflation occurs, it will have a positive effect on unemployment. When unemployment increases, it will harm a country's economy. Therefore, the government needs to be able to evaluate the policies taken properly so that the policies taken will not harm the community. The thing that can be done to maintain the inflation rate

and reduce the unemployment rate is to maintain the supply of raw materials so that the supply is stable and so is the price because when the supply of an item runs low, of course, the price of goods will rise so that companies will find it difficult to finance raw materials. and forced to cut production costs, in this case, one of which is to cut the number of employees. The following policy is a supportive policy for business actors whose scale is still relatively small or commonly known as MSMEs (Micro, Small and Medium Enterprises) because these MSMEs can become a pillar for our country to reduce unemployment in Indonesia. Another policy that the government can carry out is to provide training to hone the abilities of Indonesian workers in their hard skills and soft skills so that workers in Indonesia can become quality human resources in the world of work later.

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