

THE FUNCTION OF THE STATE REVENUE AND EXPENDITURE BUDGET STABILIZER IN SUPPORTING DEVELOPMENT

Randi Dwi Cahya F¹, Arkan², Thoriq Hamimi S³, Muhammad Reza Rahardian P⁴, Ahmad Muksin⁵

¹⁻⁵ Universitas Nasional

E-mail: randot2511@gmail.com, arkanmoreno97@gmail.com

Abstract

This research discusses the stabilizing function of the State Budget (APBN) in supporting economic development in Indonesia. The state budget not only acts as a tool for government financial management, but also as a major instrument in encouraging economic growth and achieving national development goals. In fluctuating economic situations, the state budget is used as a stabilization instrument through adaptive fiscal policy. For example, increased public spending or tax cuts during a recession to boost economic growth and reduce unemployment, as well as austerity measures when the economy is overheating to prevent inflation. In addition, the state budget contributes to creating a stable investment climate and supporting long-term economic growth through strategic allocation of funds, such as investment in infrastructure, education, and research and development. The stabilizing function of the state budget is also closely linked to the government's efforts to achieve sustainable development goals, including the reduction of social inequality, increased access to basic services, and environmental sustainability. This study aims to analyze the concept and working mechanism of the state budget stabilizer, explore the fiscal policies applied to respond to different economic conditions, and understand how the allocation of state budget funds supports long-term economic development and sustainable development goals. Through prudent and balanced fiscal policy, the state budget can play a significant role in promoting inclusive, sustainable and stable economic growth.

Keywords: *State Budget, Stabilizer, Economy, Development*

1. INTRODUCTION

The function of the State Budget Stabilizer in supporting development is essential to understand the relationship between fiscal policy and economic development of a country. The State Budget (APBN) is not only a tool to manage government finances, but also the main instrument in encouraging economic growth and achieving national development goals. In this context, the function of the state budget stabilizer is very important. First of all, the State Budget plays a role as an instrument of economic stabilization in overcoming economic fluctuations. When the economy experiences a slowdown or recession, governments can use fiscal policies, such as increased public spending or tax cuts, to boost economic growth and reduce unemployment. On the other hand, when the economy experiences overheating or high inflation, the government can take austerity measures to prevent excess liquidity that has the potential to trigger further inflation.

In addition, the State Budget also plays a role in creating a stable investment climate that is conducive to long-term economic growth. Through the proper allocation of funds in the State Budget, the government can support strategic sectors that have the potential to increase the competitiveness of the national economy. This includes investments in infrastructure, education, and research and development, all of which are key factors in building a strong and sustainable economic foundation. Furthermore, the function of the State Budget stabilizer is also closely related to the government's efforts in achieving sustainable development goals. By allocating resources efficiently and sustainably through the State Budget, the government can ensure that the economic growth achieved is not only quantitative, but also qualitative. This includes efforts to reduce social inequality, improve access to basic services such as education and health, and preserve the environment.

Thus, a deep understanding of the function of the state budget stabilizer is very important in the context of a country's economic and social development. Through prudent and balanced policies in the preparation of the State Budget, the government can play a significant role in encouraging inclusive, sustainable, and stable economic growth.

2. IMPLEMENTATION METHOD

This research uses a Library Research approach. Mestika Zed (2003) explained that Literature Studies is a series of activities that involve collecting library data, reading, taking notes, and processing research materials. Literature studies include the review of various reference books and relevant previous research results to obtain a theoretical basis related to the problem to be studied (Sarwono, 2006). Literature study also means collecting data by examining books, literature, notes, and various reports related to the problem to be solved (Nazir, 2003). According to Sugiyono (2012), literature studies are theoretical studies, references, and other scientific literature related to culture, values, and norms that develop in the social situation being studied.

3. RESULTS AND DISCUSSION

The State Budget Plays a Role as a Tool for Economic Stabilization in Overcoming Economic Fluctuations

The State Budget (APBN) has an important role as a tool for economic stabilization in overcoming economic fluctuations. First, the State Budget can be used to regulate the level of government spending in overcoming economic fluctuations. Increased spending when the economy is contracting can boost economic growth through fiscal stimulus. Second, the State Budget can allocate funds for sectors that need economic stimulus, such as infrastructure, education, and health, to increase purchasing power and economic growth. In addition, the State Budget can also be used to regulate tax and subsidy policies to increase or reduce consumption and investment in response to fluctuating economic conditions. Thus, the State Budget plays the role of the government's main instrument in maintaining economic stability and overcoming economic fluctuations that occur.

In addition, the State Budget can also be used to create price stability and control inflation through expenditure and revenue policies. For example, the government can reduce spending or raise taxes to cool the overheating economy, which can reduce

inflationary pressures. Conversely, when the economy experiences a recession or deflation, the government can increase spending or provide fiscal incentives to encourage economic activity and prevent prolonged deflation. The State Budget can also be used to create financial stability through appropriate fiscal policies. For example, the government can use the state budget to provide support to the financial sector that is under pressure in the face of financial crises, such as providing emergency liquidity or rescuing banks that are in danger of bankruptcy.

Thus, the State Budget has an important role in overcoming economic fluctuations by providing stimulus when needed and controlling economic activity when it is too hot, thus helping to maintain overall economic stability.

Fiscal policies that can be implemented by the government through the State Budget to respond to different economic conditions

Here are some fiscal policies that can be implemented by the government through the State Budget to respond to different economic conditions:

1. **Fiscal Stimulus in a Recession:** When the economy experiences a recession or a slowdown in growth, the government can increase spending in the state budget to stimulate economic activity. This can be done through infrastructure projects, human resource development programs, or direct financial assistance to affected individuals or companies. This increase in expenditure aims to increase aggregate demand and prevent further declines in output and income levels.

2. **Tax Reduction:** The government can reduce tax rates for individuals and companies in the state budget as part of fiscal stimulus. These tax cuts could encourage further consumption and investment from people and businesses, which could help mitigate the impact of recessions and boost economic growth.

3. **Provision of Fiscal Incentives:** In addition to tax reductions, the government can also provide fiscal incentives such as tax credits, subsidies, or tax exemptions for certain sectors that are considered strategic in recovering the economy from a recession. For example, the provision of fiscal incentives for certain industrial sectors that have great potential for growth can increase investment and job creation.

4. **Savings in Overheating:** When the economy experiences overheating, the government can take saving measures in the state budget to prevent uncontrolled inflation. This could include reducing government spending, increasing tax rates to reduce people's purchasing power, or reducing subsidies that can encourage excessive consumption.

5. **Contraceptive Fiscal Policy:** Contraceptive fiscal policy is the government's attempt to change budget policy in opposition to the business cycle. In the context of a recession, fiscal policy becomes expansive by increasing spending or reducing taxes. In contrast, in the condition of overheating, fiscal policy becomes restrictive by reducing spending or raising taxes.

6. **Efficient Fund Allocation:** The government can use the state budget to efficiently allocate funds to the sectors that need it most in response to different economic conditions. For example, during a recession, the allocation of funds can be prioritized for social programs, such as social assistance and unemployment programs, to help those who are economically affected. On the other hand, during the overheating phase, the allocation of funds can be directed to sectors that support long-term growth, such as research and

development, infrastructure, and education.

7. Sustainable Fiscal Policy: In addition to responding to current economic conditions, the government must also consider the long-term impact of fiscal policies implemented through the State Budget. Therefore, it is important to ensure that the fiscal policies taken are not only effective in addressing economic fluctuations, but also fiscally sustainable. This includes taking into account long-term fiscal sustainability, managing the country's debt wisely, and avoiding excessive budget deficits that could pose macroeconomic risks.

8. Transparency and Accountability: In designing and implementing fiscal policies through the State Budget, it is important for the government to maintain transparency and accountability. This includes providing clear information to the public about the goals, objectives, and impacts of fiscal policies taken, as well as ensuring that the use of state budget funds is carried out efficiently and responsibly.

By combining different types of fiscal policies that are suitable for different economic conditions, as well as paying attention to aspects such as efficiency, sustainability, transparency, and accountability, the government can use the State Budget as an effective instrument in responding to economic fluctuations and achieving broader economic development goals.

The allocation of funds in the State Budget can support long-term economic growth and create a stable investment climate.

1. Investment in Infrastructure: The allocation of funds in the State Budget for investments in necessary infrastructure, such as roads, bridges, airports, ports, and energy, can increase overall economic productivity. Good infrastructure provides vital support for economic activity, allows for smoother movement of goods and people, and provides incentives for private investment. **Skills Education and Training:** The allocation of funds for education and skills training in the State Budget can increase the capacity of human resources which is an important factor in long-term economic growth. Investing in quality education can increase workforce productivity, promote innovation, and create a workforce that is more flexible and adaptive to technological changes.

2. Research and Development (R&D): Allocating funds for research and development through the State Budget can encourage innovation and growth in knowledge-based economic sectors. Investments in R&D can result in the discovery of new technologies, products, and production processes that can improve the competitiveness of the national economy and create new jobs.

3. Development of the Agricultural and Rural Sectors: The allocation of funds in the State Budget for the development of the agricultural and rural sectors can increase the productivity and welfare of the people in these areas. Strong agriculture can reduce dependence on food imports, improve food security, and create opportunities for economic growth in rural areas.

4. Adequate Regulation: In addition to fund allocation, clear, consistent, and pro-investment regulations are also important to create a stable investment climate. Good regulation provides legal certainty for investors, protects property rights, and promotes healthy competition in the market.

5. Improving the Quality of Public Services: The allocation of funds in the State Budget

to improve the quality of public services, such as education, health, transportation, and public administration, can increase investment attractiveness. Quality public services increase labor productivity, reduce operational costs for companies, and increase investor confidence in the business environment.

6. Development of the Industrial and Technology Sector: The allocation of funds in the State Budget to support the development of innovative industrial and technological sectors can drive long-term economic growth. Investments in increasing production capacity, increasing efficiency, and improving technology in strategic sectors can increase the competitiveness of national industries in the global market.

7. Digital Infrastructure Development: In today's digital era, the development of digital infrastructure is key to long-term economic growth. The allocation of funds in the State Budget to expand internet networks, improve connectivity, and support innovation in information and communication technology can create new opportunities for economic growth, including in the e-commerce, financial technology, and other digital services sectors.

8. Development of Disadvantaged Regions: The allocation of funds in the State Budget for the development of disadvantaged areas or border areas can help reduce the development gap between regions. Investments in infrastructure, education, health, and social development programs in these areas can improve accessibility, expand markets, and create economic opportunities for local populations.

8. Public-Private Partnerships: Governments can use the state budget to encourage private investment through a variety of incentives, including tax incentives, regulatory relief, and public-private partnerships in infrastructure projects and the development of other strategic sectors. Public-private partnerships can help accelerate economic development by leveraging private sector resources and expertise.

By allocating funds intelligently and strategically in the State Budget to support long-term economic growth, as well as creating a stable investment climate through adequate regulation and strong public-private partnerships, the government can create an environment conducive to sustainable and inclusive economic development.

The State Budget in achieving sustainable development goals, including reducing social disparities, increasing access to basic services, and environmental sustainability

The role of the State Budget (APBN) is crucial in achieving sustainable development goals, including reducing social inequality, increasing access to basic services, and environmental sustainability. The following is a discussion of the role of the State Budget in achieving these goals:

1. Reducing Social Inequality: The State Budget can be used as an instrument to reduce social inequality by allocating funds for programs aimed at improving the welfare of vulnerable communities. These include social assistance programs, poverty alleviation programs, subsidies for education and health, as well as skills training programs to expand economic opportunities for the underprivileged.

2. Increased Access to Basic Services: Through the State Budget, the government can allocate funds to improve people's access to basic services such as education, health, clean water, sanitation, and decent housing. This can be done through the development of infrastructure, subsidies, incentives or assistance programs that allow underprivileged

communities to get better access to these services.

3. Environmental Sustainability: The State Budget can be used to support environmental sustainability through the allocation of funds for environmental protection programs, natural resource conservation, and renewable energy development. This includes investments in waste management, forest and wetland conservation, restoration of damaged ecosystems, and the development of green and environmentally friendly technologies.

4. Reduction of Environmentally Harmful Subsidies: The State Budget can also be used to reduce subsidies that are harmful to the environment, such as fossil fuel subsidies, which can encourage the use of energy sources that are not environmentally friendly. Reallocating funds from the subsidy to sectors that support the development of renewable energy and energy efficiency can help reduce negative impacts on the environment.

5. Sustainable Infrastructure Development: The allocation of funds in the State Budget for sustainable infrastructure development, such as public transportation, environmentally friendly power grids, and efficient water management, can strengthen the foundations of sustainable development. Sustainable infrastructure helps reduce greenhouse gas emissions, improve air quality, and improve accessibility, thereby supporting inclusive and sustainable economic growth.

6. Development of Green Economy Sectors: Through the State Budget, the government can allocate funds to support the development of green economy sectors, such as renewable energy, organic agriculture, and sustainable transportation. Investments in these sectors not only result in sustainable economic growth, but also help reduce negative impacts on the environment and increase resilience to climate change.

7. Strengthening Institutions and Governance: The State Budget can also be used to strengthen institutions and governance that support sustainable development, including capacity building of government agencies, environmental law enforcement, and community participation in decision-making. Strengthening institutions and good governance are prerequisites for effective and inclusive sustainable development.

8. Promotion of Social Investment and Corporate Responsibility: The government can use the State Budget to encourage social investment and corporate responsibility (CSR) that contributes to sustainable development. This includes tax incentives for environmentally oriented CSR activities, community welfare, and sustainable development of the local economy.

By allocating funds in the State Budget to support sustainable development through the development of sustainable infrastructure in the green economy sector, strengthening institutions, and promoting social investment, the government can play a crucial role in creating a more sustainable, inclusive, and environmentally friendly future for future generations.

A balance between economic, social, and environmental interests can be achieved through the preparation of an efficient and sustainable state budget

A balance between economic, social, and environmental interests can be achieved through the preparation of an efficient and sustainable state budget with a holistic and integrated approach. Here are some points that can be discussed:

1. Preparation of Balanced Budget Priorities: In preparing the State Budget, the

government needs to pay attention to the needs and aspirations of these three dimensions. Budget priorities that are balanced between economic development, social empowerment and environmental conservation must be taken into account proportionally, taking into account their impact on community welfare and environmental sustainability.

2. **Social and Environmental Impact Assessment:** Before determining the budget allocation for a program or project, the government needs to conduct a comprehensive social and environmental impact assessment. This includes an evaluation of long-term economic impacts, social impacts on community welfare, and environmental impacts on ecosystem sustainability.
3. **Application of Sustainable Development Principles:** The State Budget must reflect the principles of sustainable development, which integrate economic growth, social equity, and environmental protection. These principles include efficient use of resources, reduction of inequality, inclusivity of community participation, and protection against environmental damage.
4. **Collaboration between Stakeholders:** In drafting an efficient and sustainable state budget, it is important to involve various stakeholders, including the government, the private sector, civil society, and academia. Collaboration between stakeholders can help identify diverse needs from different sectors of society and find solutions that can accommodate the interests of all parties.
5. **Use of Economic and Policy Instruments:** The State Budget can use a variety of economics and policies to achieve a balance between economic, social, and environmental interests. These include the imposition of taxes and subsidies that take into account social and environmental impacts, incentives for sustainable investment, as well as regulations that support socially and environmentally responsible business practices.
6. **Continuous Monitoring and Evaluation:** Once the State Budget has been prepared and implemented, it is important to continue to monitor and evaluate its impact on economic, social, and environmental interests. By conducting continuous evaluation, the government can improve effective or unsustainable policies and programs and adjust budget allocations to achieve the desired development goals.

By adopting a holistic and integrated approach in the preparation of the State Budget, the government can achieve a good balance between economic, social, and environmental interests, thereby creating a more sustainable and inclusive future for all people.

4. CONCLUSION

The State Budget (APBN) has a very important stabilizer function in supporting development. This function includes controlling inflation and stabilizing economic growth. In a sluggish economic situation, the state budget can be used to increase government spending, while in an overheated economic situation, the state budget can be used to reduce spending and control inflation. Thus, the State Budget functions as a tool to stabilize the economy so that it runs within its capacity. This function is very relevant in achieving economic stability and increasing economic growth, as well as ensuring the prosperity of the people.

REFERENCES

- Hasyim, A. I. (2017). *Ekonomi makro*. Prenada Media.
- Badan Kebijakan Fiskal. (2013). *Kajian Menjaga APBN Agar Tetap Sustain*. DPR. (n.d.). Kamus. Gramedia. (n.d.). *Pengertian APBN: Fungsi, Struktur, Dasar Hukum dan Mekanisme*.
- kumparan. (2022). *APBN Sebagai Stabilisator Perekonomian Indonesia*.
- Liputan6.com, Jakarta. (2023). *3 Fungsi Penting APBN, Jarang Orang Tahu - Bisnis Liputan6.com*.
- Nurcholis Madjid. (2012). *Kebijakan Fiskal*.
- Paulina Y. Amtiran. (2020). *Pengelolaan Keuangan Negara*.
- Presiden Joko Widodo. (2023). *APBN sebagai Instrumen Stabilitas untuk Mengendalikan Inflasi*. Sekretaris Direktorat Jenderal Pengelolaan Pembiayaan dan Risiko (DJPPR) Kemenkeu Ubaidi Socheh Hamidi.(2023). *3 Fungsi Utama Anggaran Pendapatan dan Belanja Negara (APBN) untuk Perekonomian Indonesia*.
- Schreier, M. (2012). *Qualitative content analysis in practice*. Thousand Oaks, CA: Sage.
- Silalahi, D. E., & Ginting, R. R. (2020). *Strategi Kebijakan Fiskal Pemerintah Indonesia*.
- Widyaningrum, Ambar & Wawan Mas'uid. (2020). *Dinamika Respon Pemerintah Nasional:Krisis Kebijakan Penanganan Covid-19*. Fakultas Ilmu Sosial dan Ilmu Politik UGM: UGM Press.