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Indonesia's Economic Resilience in Historical Perspective: Comparing the 1998 Asian Financial Crisis, the 2008 Global Financial Crisis, and Contemporary Economic Conditions

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Abstrak
Penelitian ini bertujuan untuk mengkaji ketahanan ekonomi Indonesia melalui perbandingan kondisi perekonomian Indonesia pada masa Krisis Keuangan Asia 1997–1998, Krisis Keuangan Global 2008, dan kondisi ekonomi kontemporer periode 2025–2026. Penelitian menggunakan pendekatan kualitatif dengan metode historis-komparatif berdasarkan data sekunder yang diperoleh dari Badan Pusat Statistik (BPS), International Monetary Fund (IMF), Bank Indonesia, World Bank, serta berbagai publikasi ilmiah bereputasi. Analisis dilakukan dengan membandingkan indikator-indikator makroekonomi utama, respons kebijakan pemerintah, dan kondisi struktural perekonomian pada ketiga periode tersebut untuk mengidentifikasi pola keberulangan kerentanan dan ketahanan ekonomi. Literatur dipilih berdasarkan relevansi, kredibilitas, serta kontribusinya dalam menjelaskan dinamika perekonomian Indonesia, dengan mengutamakan publikasi terkini tanpa mengabaikan referensi teoritis yang bersifat seminal. Hasil penelitian menunjukkan bahwa pertumbuhan ekonomi Indonesia sebesar 5,11% pada tahun 2025 mencerminkan stabilitas makroekonomi yang relatif kuat, namun belum sepenuhnya diikuti oleh peningkatan kesejahteraan masyarakat secara inklusif. Penurunan daya beli, ketimpangan sosial-ekonomi, pelemahan nilai tukar rupiah, serta tingginya ketergantungan terhadap pasar global masih menjadi faktor yang membatasi ketahanan ekonomi nasional. Kebaruan penelitian ini terletak pada integrasi analisis terhadap dua krisis ekonomi besar dengan kondisi ekonomi Indonesia saat ini untuk mengungkap pola kerentanan struktural yang berulang dan belum banyak dibahas dalam penelitian yang hanya berfokus pada satu periode krisis. Secara teoretis, penelitian ini memperluas pemahaman mengenai konsep ketahanan ekonomi dengan menunjukkan bahwa ketahanan ekonomi tidak hanya ditentukan oleh stabilitas indikator makroekonomi, tetapi juga oleh interaksi antara kerentanan struktural, kapasitas kelembagaan, dan pemerataan kesejahteraan masyarakat.
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Kata kunci: ketahanan ekonomi; pertumbuhan ekonomi; krisis ekonomi; ketimpangan sosial-ekonomi; analisis historis-komparatif; Indonesia.

Abstract
This study examines Indonesia's economic resilience by comparing the country's contemporary economic conditions with those experienced during the 1997–1998 Asian Financial Crisis and the 2008 Global Financial Crisis. A qualitative historical-comparative approach was employed using secondary

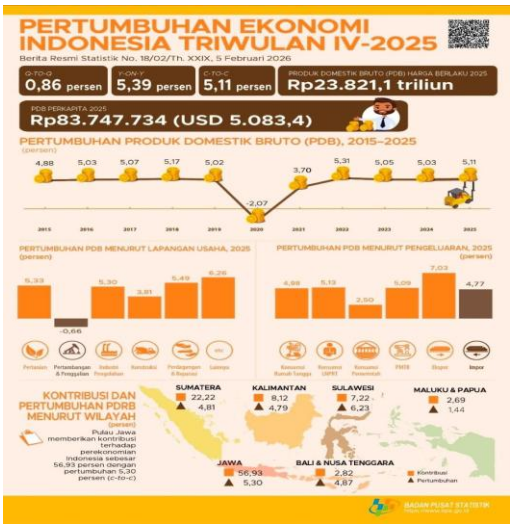
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data obtained from Statistics Indonesia (BPS), the International Monetary Fund (IMF), the World Bank, Bank Indonesia, and peer-reviewed scholarly publications. The analysis was conducted by systematically comparing key macroeconomic indicators, policy responses, and structural economic conditions across the three periods to identify recurring patterns of vulnerability and resilience. Literature was selected based on its relevance, credibility, and contribution to understanding Indonesia's macroeconomic development, with priority given to recent studies while retaining seminal theoretical references. The findings reveal that Indonesia's projected economic growth of 5.11% in 2025 reflects relatively strong macroeconomic stability but has not been accompanied by equally inclusive improvements in household welfare. Persistent structural challenges—including declining purchasing power, widening socioeconomic inequality, exchange-rate depreciation, and dependence on external markets—continue to constrain long-term economic resilience. The novelty of this study lies in integrating historical evidence from two major economic crises with Indonesia's contemporary economic conditions to reveal recurring structural vulnerabilities that are often overlooked in single-period analyses. The findings contribute theoretically by extending the concept of economic resilience beyond macroeconomic performance to emphasize the interaction between structural vulnerability, institutional capacity, and inclusive welfare.

Keywords: *economic resilience; Indonesia; economic growth; historical comparative analysis; socioeconomic inequality; exchange rate.*

1. INTRODUCTION

Indonesia's economy has exhibited a paradoxical pattern in recent years. On the one hand, macroeconomic indicators have demonstrated relatively stable performance, with Gross Domestic Product (GDP) growth reaching 5.11% in 2025, reflecting the country's ability to maintain economic expansion amid persistent global uncertainty (BPS - Statistics Indonesia, 2026). On the other hand, households continue to face mounting economic pressures, including declining purchasing power, rising prices of essential commodities, widening socioeconomic inequality, and the depreciation of the Indonesian rupiah against the U.S. dollar. These conditions suggest that positive economic growth has not been accompanied by an equitable improvement in public welfare. This phenomenon supports the view that economic growth alone does not necessarily lead to inclusive development when the benefits of growth are concentrated among particular segments of society (Breunig & Majeed, 2020).



***Source*:** BPS - Statistics Indonesia (2026)
Figure 1. Indonesia's economic growth in 2025.

According to the BPS - Statistics Indonesia (2026), Indonesia's economy expanded by 5.11% in 2025, slightly higher than the 5.03% growth recorded in the previous year. Despite this achievement, the growth rate remains insufficient to resolve several structural challenges, including income inequality, low productivity in the real sector, and limited creation of quality employment opportunities. In addition to domestic constraints, external factors—including geopolitical conflicts, persistently high global interest rates, slowing international trade, and financial market volatility—have intensified risks to Indonesia's economic stability (Caldara & Iacoviello, 2022; Kocherlakota, 2022). These developments indicate that Indonesia's macroeconomic stability remains vulnerable to fluctuations in the global economic environment.

The current economic conditions share several similarities with both the 1997–1998 Asian Financial Crisis and the 2008 Global Financial Crisis. The 1997–1998 crisis was characterized by a sharp depreciation of the rupiah, soaring inflation, rising unemployment, escalating prices of essential goods, and declining public confidence in the national economic system (Nasution, 2002; Simandjuntak, 1999). Similarly, the 2008 global financial crisis demonstrated that a high degree of integration with international financial markets could expose emerging economies to external shocks despite relatively sound domestic economic fundamentals (Lane & Milesi-Ferretti, 2011). These historical experiences suggest that Indonesia's economic vulnerabilities are not merely cyclical but also structural, recurring whenever substantial external disturbances occur.

Although Indonesia's macroeconomic policy framework is considerably stronger today than during previous crises, several structural vulnerabilities remain unresolved. Fiscal reforms, the accumulation of foreign exchange reserves, strengthened monetary policy frameworks, and the rapid digitalization of the financial system have enhanced the government's capacity to maintain macroeconomic stability (Aizenman & Lee, 2007; Bergman et al., 2016). Nevertheless, the benefits of economic growth have not been distributed evenly across society. Persistent income disparities, pressure on household consumption, and continued dependence on external demand remain major obstacles to achieving sustainable and inclusive economic development (Marrero & Servén, 2022). Consequently, assessing Indonesia's economic resilience requires a broader perspective that extends beyond aggregate macroeconomic indicators to include the structural conditions affecting household welfare and long-term economic sustainability.

Previous studies have consistently shown that Indonesia has become considerably more resilient to external economic shocks following the 1997–1998 Asian Financial Crisis. Research by Nasution (2002) and BASRI and HILL (2011) emphasizes the substantial improvement in Indonesia's macroeconomic management through stronger fiscal discipline, inflation control, banking-sector reforms, and more credible monetary institutions. Likewise, studies examining the post-2008 Global Financial Crisis conclude that Indonesia maintained relatively stable economic growth and macroeconomic performance despite heightened global uncertainty (Lane & Milesi-Ferretti, 2011; Wihardja et al., 2025).

Nevertheless, these findings present an important paradox. While previous studies generally portray Indonesia as increasingly resilient based on aggregate macroeconomic indicators, contemporary evidence continues to reveal persistent structural challenges, including declining household purchasing power, widening socioeconomic inequality, exchange-rate vulnerability, and continued dependence on external markets. Existing studies largely evaluate these issues separately—either focusing on crisis management, macroeconomic performance, or individual episodes of

economic disruption—thereby providing only limited explanation of why structural socioeconomic vulnerabilities persist despite sustained macroeconomic stability.

Accordingly, the principal research gap is not merely the absence of historical comparisons across economic crises, but the lack of an integrated explanation of Indonesia's economic resilience that simultaneously considers historical crisis experiences, structural vulnerabilities, government policy responses, and inclusive welfare outcomes. Addressing this gap is essential for explaining the paradox between stable macroeconomic performance and persistent socioeconomic fragility.

Accordingly, this study extends previous comparative analyses by moving beyond a chronological comparison of economic crises. Rather than examining each crisis as an isolated macroeconomic episode, the study develops an integrated analytical perspective that connects historical crisis experiences with Indonesia's contemporary structural vulnerabilities, government policy responses, and inclusive welfare outcomes. In doing so, economic resilience is conceptualized not merely as the capacity to maintain macroeconomic stability, but as the ability to sustain long-term development through reduced structural dependence, stronger institutional capacity, and broader distribution of economic gains.

The originality of this study therefore lies in its reconceptualization of Indonesia's economic resilience as a multidimensional phenomenon shaped by the interaction between macroeconomic stability, structural vulnerability, and societal welfare. This perspective provides a broader explanation for why favourable macroeconomic performance can coexist with persistent socioeconomic fragility, thereby offering a theoretical contribution that extends beyond previous historical-comparative studies focusing primarily on macroeconomic indicators.

2. Literature Review

The literature review provides the theoretical foundation for understanding Indonesia's contemporary economic challenges while positioning this study within the broader body of research on economic resilience, macroeconomic stability, exchange rate dynamics, and income inequality. Rather than examining macroeconomic indicators in isolation, this review integrates perspectives from development economics, dependency theory, Keynesian economics, and inequality theory to explain how structural vulnerabilities shape Indonesia's economic resilience amid increasing global uncertainty.

2.1 Theoretical Background

This study draws upon four complementary theoretical perspectives to explain Indonesia's current economic dynamics.

First, **development economics** argues that economic growth should not be interpreted solely through increases in Gross Domestic Product (GDP). Sustainable development also requires improvements in income distribution, poverty reduction, human welfare, and equitable access to economic opportunities (Dollar & Kraay, 2002; Ranis et al., 2000). As emphasized by Atolia et al. (2020), economic development encompasses structural transformation that enhances living standards rather than merely expanding aggregate output. Consequently, sustained GDP growth does not necessarily guarantee inclusive prosperity when the benefits of growth are unevenly distributed.

Second, **dependency theory** suggests that developing economies remain structurally vulnerable because of their reliance on foreign investment, commodity

exports, and international financial markets (Nkurunziza et al., 2017). Countries with high external dependence tend to be more exposed to global financial shocks, exchange-rate volatility, and fluctuations in international commodity prices (Bodart et al., 2015). Indonesia illustrates this structural vulnerability, as its economy remains significantly influenced by external capital flows, global commodity demand, and international monetary conditions.

Third, the **Keynesian perspective** emphasizes the essential role of government intervention in maintaining macroeconomic stability (Keynes, 1936). During periods of inflationary pressure, unemployment, financial crises, or economic recession, fiscal and monetary policies become critical instruments for stabilizing aggregate demand, preserving employment, and restoring market confidence (Auerbach & Gorodnichenko, 2012). In the Indonesian context, coordinated fiscal stimulus and monetary policy have played an important role in mitigating external economic shocks, particularly following the Asian Financial Crisis and during the post-pandemic recovery.

Finally, this study adopts **Piketty's inequality framework**, which argues that persistent economic growth without effective redistribution mechanisms tends to increase wealth concentration and widen income inequality (Piketty, 2014). Economic expansion that disproportionately benefits higher-income groups may strengthen macroeconomic performance while simultaneously weakening social cohesion and long-term economic resilience. This perspective is particularly relevant for Indonesia, where relatively stable economic growth has not always translated into broad-based improvements in household welfare (Dower & Potamites, 2014).

Collectively, these theoretical perspectives suggest that economic resilience should be assessed not only through macroeconomic performance but also through the interaction between external vulnerability, institutional capacity, and the equitable distribution of economic gains.

2.2 Previous Studies

Previous studies on Indonesia's economy have primarily examined major economic episodes, including the 1997–1998 Asian Financial Crisis, the 2008 Global Financial Crisis, and the post-COVID-19 economic recovery. Most of these studies have focused on conventional macroeconomic indicators such as GDP growth, inflation, unemployment, fiscal policy, and monetary stability (AMMAR, 2011; Nasution, 2002; Olivia et al., 2020; Simandjuntak, 1999).

However, relatively limited attention has been devoted to understanding the interconnected relationship between exchange-rate depreciation, external economic dependence, declining household purchasing power, and broader socioeconomic welfare. In reality, fluctuations in the rupiah exchange rate affect not only financial markets but also import costs, domestic production, inflationary pressures, and household consumption, thereby influencing overall economic resilience.

A recent study by Wihardja et al. (2025), *Times Are Changing: Can Indonesia Stay the Course?*, examined Indonesia's macroeconomic performance during the post-pandemic period using qualitative analysis supported by time-series evidence. Their findings indicate that although Indonesia maintained relatively stable economic growth of approximately 5%, the significant depreciation of the rupiah—approaching levels observed during the 1998 crisis—signals the emergence of new structural vulnerabilities. Nevertheless, their analysis primarily focuses on macroeconomic performance and provides limited discussion regarding the interaction among global dependency, fiscal

policy responses, and their implications for household welfare and social resilience.

Compared with the crises of 1998 and 2008, Indonesia's current macroeconomic fundamentals are considerably stronger. Nevertheless, persistent depreciation of the rupiah, higher global interest rates, geopolitical conflicts, supply-chain disruptions, and heightened financial market uncertainty continue to expose the economy to substantial external risks (Lane & Milesi-Ferretti, 2011; Rey, 2015). Although annual economic growth has remained close to 5%, improvements in aggregate output have not been accompanied by proportional gains in purchasing power or reductions in income inequality. Rising living costs and uneven welfare distribution suggest that economic growth has yet to become fully inclusive.

Accordingly, an important research gap remains. Existing studies predominantly evaluate macroeconomic performance using aggregate indicators but provide limited historical analysis linking exchange-rate dynamics, external dependence, and government policy responses across different economic crises. Consequently, the long-term structural factors shaping Indonesia's economic resilience remain insufficiently explored.

To address this gap, the present study adopts a historical-comparative perspective by examining Indonesia's current economic conditions through comparisons with the 1997–1998 Asian Financial Crisis and the 2008 Global Financial Crisis. Beyond comparing macroeconomic indicators across different periods, this study investigates how exchange-rate depreciation, dependence on global markets, and government policy responses jointly influence national economic resilience and societal welfare.

2.3 Research Proposition

Drawing upon development economics, dependency theory, Keynesian economics, and inequality theory, this study argues that Indonesia's contemporary economic resilience is shaped by increasingly complex interactions between domestic structural conditions and external global forces.

Although Indonesia has maintained relatively stable economic growth, macroeconomic expansion alone does not necessarily translate into equitable improvements in social welfare (Suryahadi et al., 2012). Persistent exchange-rate depreciation, dependence on international markets, and structural income inequality continue to constrain the country's long-term economic resilience (Dower & Potamites, 2014).

Using a historical-comparative perspective, this study proposes that economic resilience should be understood not merely through macroeconomic stability but through the interaction among economic growth, external vulnerability, government policy responses, and the equitable distribution of welfare across society.

Accordingly, this study advances the following research proposition:

> **Research Proposition:** *Indonesia's relatively stable macroeconomic growth since the post-Asian Financial Crisis period has not fully translated into inclusive economic resilience because structural dependence on global markets, exchange-rate vulnerability, and unequal distribution of economic gains continue to constrain improvements in societal welfare.*

3. RESEARCH METHOD

This research employed a qualitative descriptive-analytical approach using a historical-comparative research design to examine Indonesia's contemporary economic conditions through comparisons with previous economic crises. A qualitative approach was considered appropriate because the objective of the study was not to test causal relationships statistically, but rather to interpret patterns of economic resilience, identify structural vulnerabilities, and understand how historical experiences provide insights into current economic dynamics. Historical-comparative analysis enables researchers to identify recurring patterns, institutional changes, and policy responses across different economic periods (Sugiyono, 2020).

The analysis relied exclusively on secondary data collected through an extensive literature review. The data sources included official publications from Statistics Indonesia (Badan Pusat Statistik—BPS), the International Monetary Fund (IMF), the World Bank, Bank Indonesia, peer-reviewed journal articles, government policy documents, and credible economic reports. To ensure the relevance and reliability of the analysis, priority was given to literature published within the last seven years, while seminal theoretical references were retained where necessary to provide conceptual foundations (Yin, 2018).

The analytical procedure consisted of three stages. First, secondary data were systematically collected and organized according to key macroeconomic indicators, including GDP growth, exchange rate movements, unemployment, current account balance, inflation, and household purchasing power. [sitasi] Second, these indicators were compared across three major economic periods: the 1997–1998 Asian Financial Crisis, the 2008 Global Financial Crisis, and Indonesia's economic conditions during 2025–2026 (Yin, 2018). Finally, the findings were interpreted through the lenses of development economics, dependency theory, Keynesian economics, and inequality theory to explain the structural factors influencing Indonesia's economic resilience.

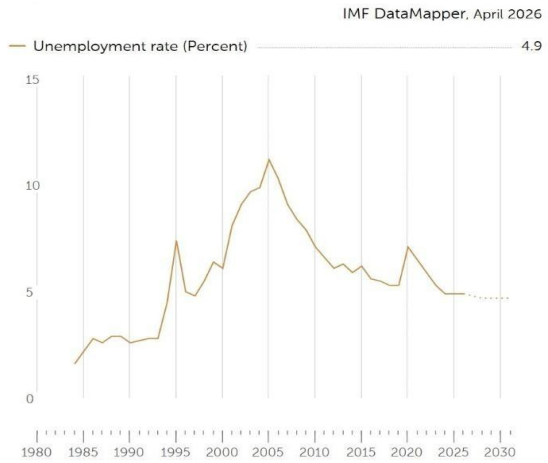
The unit of analysis was Indonesia's national economy. Accordingly, the research focused on macroeconomic developments and policy responses at the national level rather than regional or household-level economic conditions. By integrating historical evidence with contemporary economic indicators, this historical-comparative approach provides a comprehensive understanding of the continuity and transformation of Indonesia's economic resilience under changing global economic conditions.

4. RESULTS AND DISCUSSION

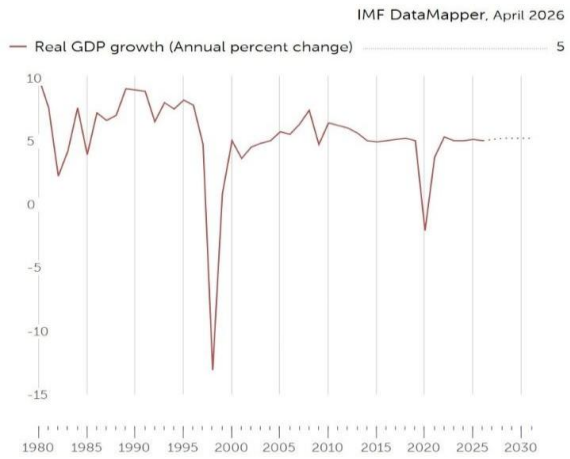
4.1 Results

A comparison of Indonesia's economic conditions between the 1997–1998 Asian Financial Crisis and 2025 reveals substantial structural changes in the country's macroeconomic performance. According to data obtained from the International Monetary Fund (IMF) DataMapper, Indonesia's economy in 2025 demonstrates considerably stronger macroeconomic fundamentals than during the 1998 crisis. These differences are reflected in several key indicators, including real GDP growth, unemployment, and the current account balance, illustrating the transformation of Indonesia's economic structure over more than two decades (BASRI & HILL, 2011).

During the 1998 Asian Financial Crisis, Indonesia experienced one of the deepest economic contractions in its modern history, with real GDP declining by 13.1%. The crisis was accompanied by severe financial instability, rapid depreciation of the rupiah, surging inflation, and widespread banking sector distress. Beyond its macroeconomic consequences, the crisis generated profound social impacts, including rising poverty, large-scale unemployment, declining household purchasing power, and increasing economic insecurity (Banerjee, 2004; Smith et al., 2003).



Source: IMF DataMapper (2026)
Figure 2. Indonesia's Unemployment Rate



Source: IMF DataMapper (2026)
Figure 3. Indonesia's Real GDP Growth

In contrast, Indonesia's economy is projected to expand by approximately **5.0% in 2025**, indicating substantially stronger macroeconomic resilience despite persistent global uncertainty. This relatively stable growth has been supported by robust domestic consumption, continued expansion of the digital economy, sustained investment, and the growing contribution of the services sector. These developments suggest that Indonesia has significantly strengthened its macroeconomic stability compared with the conditions experienced during the Asian Financial Crisis (BASRI & HILL, 2011).

Labour Market Conditions

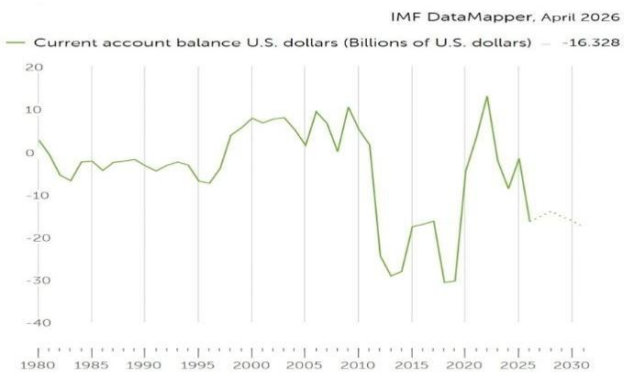
From a labour market perspective, Indonesia's unemployment rate in 2025 was lower than during the 1997–1998 Asian Financial Crisis. The unemployment rate declined from approximately 5.5% in 1998 to around 4.9% in 2025, indicating a gradual improvement in labour market performance over the past two decades (BPS - Statistics Indonesia, 2026).

Nevertheless, the declining unemployment rate should not be interpreted as conclusive evidence of improved labour welfare. A substantial proportion of newly created jobs remains concentrated in the informal sector and digital platform-based flexible employment, which are often characterized by relatively low wages, limited employment security, and inadequate social protection. Consequently, although labour absorption has improved, the Indonesian labour market continues to face structural challenges related to job quality, income stability, and economic security, particularly among low- and middle-income households (BASRI & HILL, 2011; Purnastuti et al., 2013).

Current Account Performance

The current account balance reveals another structural vulnerability within Indonesia's economy. During the 1997–1998 Asian Financial Crisis, Indonesia experienced a current account deficit estimated at approximately USD 5–8 billion, contributing to mounting pressure on foreign exchange reserves and accelerating the depreciation of the rupiah (Kaminsky & Reinhart, 1999).

By 2025, the current account deficit had widened to approximately USD 16.3 billion. Although the overall macroeconomic environment remains considerably more stable than during the 1998 crisis, the larger deficit suggests that Indonesia continues to exhibit significant dependence on external capital inflows, imported intermediate goods, foreign investment, and developments in global financial markets. Such dependence increases the economy's exposure to external shocks, exchange-rate volatility, and fluctuations in international capital movements (Rey, 2015).



Source: IMF DataMapper (2026)

Figure 4. Indonesia's Current Account Balance

4.2 Discussion

The findings reveal a paradox in Indonesia's economic development during the 2015–2025 period. On the one hand, macroeconomic indicators suggest that Indonesia has achieved considerably stronger economic stability than during the 1997–1998 Asian Financial Crisis. On the other hand, the economy continues to exhibit structural vulnerabilities, particularly its dependence on external markets and the unequal distribution of the benefits of economic growth (BASRI & HILL, 2011).

The relatively stable economic growth of approximately 5% indicates that the institutional reforms and macroeconomic policy adjustments implemented after the 1998 crisis have substantially strengthened Indonesia's economic resilience. Nevertheless, macroeconomic stability does not necessarily translate into improvements in household welfare. Rising living costs, weakening purchasing power, employment insecurity within the informal sector, and persistent income inequality indicate that the gains from economic growth have not been distributed evenly across society. These findings suggest that macroeconomic performance alone provides an incomplete measure of economic resilience, which should also be evaluated in terms of inclusive welfare and socioeconomic equity.

The present findings extend the perspective of Development Economics by demonstrating that sustained macroeconomic growth alone is an insufficient indicator of economic resilience in the contemporary Indonesian context (Anand & Sen, 2000;

Dollar & Kraay, 2002). While Development Economics has long emphasized that economic progress should incorporate improvements in welfare and income distribution, the historical comparison undertaken in this study reveals that structural vulnerabilities may persist even after substantial improvements in macroeconomic management. This suggests that economic resilience should be interpreted as a multidimensional process in which stable economic growth, institutional capacity, and equitable welfare distribution interact to determine long-term development outcomes. Accordingly, the findings broaden existing theoretical discussions by illustrating that resilience cannot be adequately explained through aggregate economic performance alone, particularly in developing economies that remain highly exposed to external economic disturbances (Ranis et al., 2000; Ravallion, 2001).

Rather than merely confirming Dependency Theory, the findings suggest that external dependence has evolved into a more complex form than that observed during the 1997–1998 crisis. Indonesia no longer experiences severe macroeconomic instability as in previous crises; however, dependence on international trade, capital flows, and global financial conditions continues to influence domestic welfare through exchange-rate volatility, imported inflation, and pressures on household purchasing power. These findings indicate that structural dependence has become increasingly indirect, reinforcing the need to reinterpret economic resilience as the capacity to mitigate external vulnerabilities while sustaining domestic welfare (Bodart et al., 2015; Nkurunziza et al., 2017).

Furthermore, the findings reinforce Piketty's theory of inequality, which argues that sustained economic growth without effective redistribution mechanisms tends to increase wealth concentration and widen socioeconomic disparities (Dower & Potamites, 2014; Piketty, 2014). Indonesia's experience illustrates that macroeconomic expansion alone is insufficient to ensure inclusive development when structural inequalities persist. Consequently, economic resilience should be understood as the capacity to sustain growth while simultaneously improving welfare across all segments of society.

The present findings are also consistent with previous empirical studies. Wihardja et al. (2025) argued that Indonesia's macroeconomic fundamentals remain relatively robust; however, increasing exchange-rate volatility and external uncertainty have created new structural risks. Similarly, recent regional assessments have highlighted that global supply-chain disruptions, geopolitical tensions, and energy market instability continue to threaten the economic resilience of ASEAN economies, including Indonesia. (Caldara & Iacoviello, 2022; Quah et al., 2021)

The findings also provide a broader interpretation of Keynesian Theory (Keynes, 1936). While coordinated fiscal and monetary policies have proven effective in maintaining macroeconomic stability during periods of external shocks, the historical evidence suggests that stabilization policies alone are insufficient to achieve resilient and inclusive economic development. Indonesia's experience demonstrates that long-term resilience depends not only on countercyclical policy interventions but also on sustained structural reforms that strengthen domestic productive capacity, improve labour quality, and reduce socioeconomic disparities. Consequently, Keynesian stabilization should be viewed as a necessary, but not sufficient, condition for achieving comprehensive economic resilience (Auerbach & Gorodnichenko, 2012).

Overall, the findings demonstrate that Indonesia's economic resilience has improved substantially compared with previous crises. Nevertheless, resilience should not be interpreted solely as the ability to maintain economic growth or macroeconomic

stability. Rather, a resilient economy is one that combines stable growth with inclusive welfare, equitable income distribution, and reduced structural dependence on external economic conditions (Rauniyar & Kanbur, 2010).

Although the present findings emphasize structural vulnerability as a central explanation for Indonesia's economic resilience paradox, alternative interpretations should also be considered. First, demographic transition may have contributed to relatively stable economic growth through an expanding productive-age population and increasing labour-force participation, thereby partially offsetting the adverse effects of external economic shocks. Second, rapid technological transformation, particularly the expansion of digital platforms and financial technology, has created new economic opportunities, improved market efficiency, and supported business continuity despite periods of heightened uncertainty. Third, changes in labour productivity and the gradual shift toward higher value-added sectors may have strengthened macroeconomic performance independently of broader structural reforms. Finally, fluctuations in global commodity prices have significantly influenced Indonesia's economic performance, given the country's continued reliance on commodity exports. Periods of favourable commodity prices may temporarily improve fiscal revenues, trade balances, and economic growth, even when underlying structural vulnerabilities remain unresolved. These alternative explanations suggest that Indonesia's economic resilience is shaped by multiple interacting factors rather than by structural dependence alone. Consequently, future research should integrate demographic, technological, productivity, and commodity-cycle perspectives to develop a more comprehensive understanding of long-term economic resilience.

4.3 Policy Implications

The findings of this study have several important implications for economic policy.

Strengthening Socioeconomic Resilience

The government should expand adaptive social protection programmes, improve access to affordable financing for Micro, Small, and Medium Enterprises (MSMEs), and accelerate vocational education and workforce development programmes that respond to the demands of the digital and green economy. These initiatives would strengthen household resilience while enhancing labour productivity and inclusive economic growth (Ahmad Kamboh & Yousaf, 2020; Ostrom et al., 2015; Roreng et al., 2024).

Reducing External Economic Dependence

Indonesia should continue promoting downstream industrialization while diversifying exports beyond primary commodities. Strengthening domestic manufacturing capacity and increasing value-added production would reduce dependence on volatile international commodity markets and improve long-term economic resilience (Szirmai, 2012; Vial, 2019).

Enhancing Exchange Rate Stability and External Risk Management

Maintaining adequate foreign exchange reserves, expanding hedging instruments, and promoting the use of local currencies in regional trade settlements would reduce Indonesia's exposure to exchange-rate volatility and global financial shocks. Such measures would strengthen macroeconomic stability while lowering external vulnerabilities (Aizenman & Lee, 2007).

Addressing Structural Inequality

Long-term economic resilience also requires structural reforms aimed at reducing inequality. Progressive taxation, increased investment in education and healthcare, balanced regional development, and policies promoting inclusive employment opportunities are essential for ensuring that the benefits of economic growth are distributed more equitably across society (Berg et al., 2012).

Overall, the evidence suggests that Indonesia's future economic resilience will depend not only on maintaining macroeconomic stability but also on strengthening domestic productive capacity, reducing structural dependence on external markets, and ensuring that economic growth generates broad-based improvements in societal welfare.

5. CONCLUSION

This study demonstrates that Indonesia's economy in 2025 is considerably more stable than during the 1997–1998 Asian Financial Crisis and the 2008 Global Financial Crisis. Improvements in macroeconomic indicators, including economic growth, financial sector stability, and overall macroeconomic resilience, indicate that Indonesia has strengthened its capacity to withstand external economic shocks over the past two decades.

Despite these improvements, macroeconomic stability has not been accompanied by equally distributed welfare gains. Persistent challenges—including declining household purchasing power, rising living costs, exchange-rate depreciation, and unequal income distribution—suggest that Indonesia continues to face significant structural constraints that limit the inclusiveness of economic growth.

The findings support the research proposition that sustained economic growth does not automatically translate into inclusive welfare when structural dependence on global markets and persistent socioeconomic inequalities remain unresolved. Consequently, economic resilience should be evaluated not only through macroeconomic performance but also through the extent to which economic growth improves the welfare of all segments of society.

5.1 Research Implications

Theoretically, this study reinforces the perspective of development economics, which argues that development success should be assessed beyond GDP growth by considering income distribution, improvements in living standards, and equitable access to economic opportunities (Atolia et al., 2020; Dollar & Kraay, 2002; Ranis et al., 2000).

The findings also support **dependency theory**, suggesting that developing economies remain vulnerable because of their reliance on foreign investment, international trade, and global capital flows. Indonesia's experience indicates that external dependence continues to expose the national economy to exchange-rate volatility and international economic disturbances despite relatively stable domestic economic performance (Bodart et al., 2015; Nkurunziza et al., 2017).

Furthermore, the study confirms the continuing relevance of the **Keynesian perspective**, emphasizing that effective fiscal and monetary policies remain essential for maintaining macroeconomic stability during periods of global uncertainty. However, policy interventions should extend beyond stabilization measures by strengthening

domestic productive capacity and enhancing inclusive economic development (Auerbach & Gorodnichenko, 2012; Keynes, 1936)

The findings are equally consistent with **Piketty's inequality framework**, which argues that sustained economic growth without effective redistribution mechanisms tends to widen socioeconomic disparities (Dower & Potamites, 2014; Piketty, 2014). Indonesia's relatively stable economic growth has not yet produced proportional improvements in welfare across all social groups, highlighting the importance of inclusive development policies.

From a practical perspective, the study suggests that economic policy should pursue a dual objective: maintaining macroeconomic stability while simultaneously promoting inclusive and sustainable development. Strengthening exchange-rate stability, enhancing the competitiveness of the domestic productive sector, reducing dependence on imported goods and foreign capital, expanding adaptive social protection, and promoting balanced regional development constitute strategic priorities for improving Indonesia's long-term economic resilience.

5.2 Limitations

This study has several limitations. First, the analysis relies exclusively on secondary data within a qualitative historical-comparative framework. Consequently, the findings provide conceptual and interpretative insights rather than statistically tested causal relationships.

Second, the analysis focuses primarily on selected macroeconomic indicators and therefore does not fully capture variations in economic conditions across households, regions, or socioeconomic groups. Future studies incorporating micro-level evidence would provide a more comprehensive understanding of the distributional consequences of economic change.

Third, the observation period is limited to major economic episodes and therefore cannot fully explain short-term fluctuations in Indonesia's economic performance or rapidly changing external conditions.

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5.3 Recommendations for Future Research

Future research should employ quantitative or mixed-methods approaches to examine more rigorously the relationships among economic growth, exchange-rate dynamics, income inequality, and household welfare. The integration of econometric analysis with qualitative evidence would provide a more comprehensive understanding of Indonesia's economic resilience.

Further research is also encouraged to incorporate household-level and regional data in order to identify disparities in welfare across different provinces and socioeconomic groups. Such analyses would contribute to a deeper understanding of the spatial dimensions of inclusive economic development.

Finally, comparative studies involving other emerging and developing economies would offer valuable insights into Indonesia's relative economic resilience and provide broader policy lessons for managing external economic shocks in an increasingly interconnected global economy.

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