Analysis of Indonesia and South Korea's Economic Resilience Strategy

Muhammad Risyad[1*], Stanislaus Riyanta[2]

[1,2] Study Program of School of Strategic and Global Studies, University of Indonesia, Indonesia
[*]Corresponding Author:
Email: Risyadaffandi02@gmail.com

Abstract:

In the era of globalization marked by a global growth projection of 2.8% in 2025 amid geopolitical tensions and supply chain disruptions, Indonesia and South Korea face economic shocks affecting GDP, inflation, and unemployment, prompting this qualitative descriptive study to analyze and compare their resilience strategies using secondary documents from BPS, Bank Indonesia, Bank of Korea, and IMF (2023-2025) as population with purposive sampling, analyzed via thematic reduction, comparative tables, and triangulation. Results show Indonesia sustained GDP growth above 5%, unemployment at 4.76%, and inflation at 0.76% in January 2025 through domestic market strengthening, downstreaming, and subsidies, while South Korea addressed 0.1% GDP contraction and high youth unemployment via flexible monetary policies, technological innovation, and vocational training. In conclusion, both nations' adaptive fiscal-monetary synergies proved effective, recommending export diversification for Indonesia and demographic incentives for South Korea to bolster future resilience.

Keywords: *Economic Resilience; Global Uncertainty; Indonesia; Macroeconomic Indicators and South Korea.*

I. INTRODUCTION

Economic resilience is a country's ability to face, manage, and recover from internal and external economic shocks, including maintaining macroeconomic stability and sustainable growth while protecting citizens from the impacts of crises such as unemployment and declining purchasing power. In the era of globalization with its complex global economic dynamics, countries like Indonesia and South Korea are required to have adaptive strategies to maintain stability and public welfare, where the IMF projects global growth to be only 2.8 percent in 2025 due to a slowdown in the US, Europe, and China.The current global economic dynamics are characterized by high uncertainty, with global growth projected to decline to 2.8 percent in 2025 according to the IMF World Economic Outlook April 2025, triggered by tight monetary policy, geopolitical tensions, and supply chain disruptions. Indonesia recorded GDP growth of 5.12 percent yoy in the second quarter of 2025, driven by household consumption of 4.97 percent with a contribution of 54.25 percent to GDP, while South Korea experienced a contraction of 0.1 percent yoy due to the political crisis and weakening exports. Both countries implemented fiscal policies such as subsidies and social assistance to control inflation and reduce unemployment, demonstrating resilience amidst global turmoil. [Saptadi, 2025].Indonesia faces the challenges of food import dependence reaching 5.17 million tons of rice in 2024, volatile food inflation, and an open unemployment rate of 4.91 percent in August 2024, despite a decrease from the previous year, which puts pressure on purchasing power and macroeconomic stability. Slowing household consumption due to inflation and income inequality, coupled with global commodity price volatility, worsens economic resilience even though growth remains above 5 percent. Downstream strategies and export diversification are needed to mitigate external risks. [Saptadi, 2025][Verico & Riefky, 2022] South Korea is grappling with a demographic crisis, with the fertility rate expected to be just 0.75 by 2024, leading to a shrinking productive workforce and a growing burden on the elderly.

High youth unemployment, reaching 3.7 percent by December 2024, coupled with the dominance of chaebols and the political crisis following the declaration of martial law in 2024, has triggered a GDP contraction and a decline in investor confidence. Export dependence on the manufacturing sector is vulnerable to US trade tariffs and a global slowdown. [Annazah & Rahmatika, 2019][Mahardhika, 2025] A comparison of the two countries reveals contrasting approaches: Indonesia relies on a large domestic market and natural resources, while South Korea excels in technological innovation but is hampered by demographics and labor. Shared challenges such as global inflation and geopolitical uncertainty demand a resilience strategy analysis to understand the impact on GDP, unemployment, and inflation going forward. [Verico & Riefky, 2022] This study aims to analyze the comparative economic resilience strategies of

Indonesia and South Korea in the face of global uncertainty, with a focus on the impact of policies on GDP growth, inflation, exchange rates, and purchasing power. The urgency lies in the relevance of understanding the advantages and challenges of each country's strategy to be adopted in strengthening national resilience amidst sluggish global projections. Its novelty is the latest comparative analysis for the 2025 period that integrates post-crisis data from Korea's political crisis and Indonesia's downstreaming, providing adaptive insights for future policies. [Verico & Riefky, 2022][Saptadi, 2025]

II. METHODS

This study uses a descriptive qualitative research type that aims to describe and analyze in depth the economic resilience strategies of Indonesia and South Korea based on indicators such as GDP growth, inflation, unemployment, and purchasing power, in accordance with an approach that emphasizes data collection through literature studies from secondary sources. The qualitative approach was chosen because of its flexible nature in exploring complex phenomena such as economic resilience amidst global uncertainty, allowing for in-depth interpretation of the fiscal, monetary, and structural policies of both countries without relying on quantitative hypothesis testing. [Sugiyono, 2021][Creswell & Poth, 2023] The descriptive method is particularly relevant for this comparative study, as it is explained that this method is effective in presenting facts systematically and objectively to understand macroeconomic dynamics. [Sudaryono, 2021][Emzir, 2022].The main instruments in this study are secondary documents in the form of official reports from institutions such as the Central Statistics Agency (BPS), Bank Indonesia, Bank of Korea, IMF, as well as journal articles and government websites related to economic resilience, which were collected through a comprehensive literature study. [Saptadi, 2025] Data collection techniques involve systematic searches of academic databases, official economic websites, and recent publications for the 2023-2025 period to ensure the relevance and actuality of data on economic growth, inflation, and unemployment. Data analysis techniques include data reduction with theme categorization (e.g., Indonesia's fiscal policy vs. South Korea's monetary policy), data presentation through tables and comparative narratives, and drawing conclusions through source triangulation to increase the validity of interpretations. [Sugiyono, 2021][Emzir, 2022] This approach aligns with qualitative content analysis that emphasizes thematic coding to reveal patterns of economic resilience strategies. [Sudaryono, 2021][Creswell & Poth, 2023]

The population of this study consists of all documents and secondary data related to the economic resilience strategies of Indonesia and South Korea for the 2023-2025 period, including official macroeconomic reports, government policies, and academic publications from credible sources such as BPS, Bank Indonesia, Bank of Korea, IMF, and related journals. [Sukirno, 2016] The sample was selected purposively with inclusion criteria in the form of actual data on GDP indicators, inflation, unemployment, and policy responses to global shocks, resulting in a collection of primary documents from official websites (ekon.go.id, bps.go.id, korea.net) and secondary from bibliographies such as Saptadi (2025) and Limanseto (2025). [Rahayu, 2025] This purposive sampling technique ensures the representativeness of the sample to the study phenomenon, as recommended for descriptive qualitative research that does not require probabilistic sample sizes. [Sugiyono, 2021][Sudaryono, 2021] The research procedure begins with a preliminary study to formulate the problem based on the title "Analysis of Economic Resilience Strategies in Indonesia and South Korea" and an initial literature review from the abstract and introduction. Next, data collection is carried out through a literature search from various secondary sources, followed by data reduction by grouping themes such as economic problems and response strategies. [Emzir, 2022] The analysis continues with the creation of comparative tables (e.g., unemployment and inflation policies) and descriptive narratives, then verification through triangulation with BPS and IMF data to validate the findings. [Saptadi, 2025] Finally, conclusions are drawn logically based on empirical evidence, with an emphasis on policy implications, following an iterative cycle of adaptive qualitative research. [Creswell & Poth, 2023][Sudaryono, 2021]

III. RESULT AND DISCUSSION

A. Indonesia's Economic Resilience Problems

Over the past decade, Indonesia's economic resilience has faced various complex and multidimensional challenges, affecting national economic stability and growth. Indonesia's economic growth is predicted to stabilize in early 2025. This is due to strong domestic consumption, increased investment, and supportive economic policies. However, other challenges include global economic uncertainty, geopolitical conflict, inflation, and market volatility (Rahayu, 2025).Over the past three years, Indonesia has demonstrated relatively strong economic resilience amidst global pressures. This is evident in its economic growth, which reached 5.3% in 2022, then slowed to 5.05% in 2023, and reached 4.87% annually in the first quarter of 2025.

Source: Bps.go.id

Fig 1. Indonesia's Economic Growth Chart

Indonesia's economy in 2024, measured by GDP at current prices, reached IDR 22,139 trillion, with GDP per capita reaching IDR 78.6 million, or USD 4,960.3 million. Indonesia's economy grew by 5.03 percent in 2024, a decrease from the previous year's growth of 5.05 percent. This decline was influenced by external challenges such as the global economic slowdown, rising international interest rates, and volatile commodity prices. However, growth remained above 4.5%, supported by strong household consumption and investment, as well as continued positive export performance.Various factors have influenced Indonesia's economic resilience in recent years, one of which is household consumption, which has been a key driver of economic growth. According to Statistics Indonesia (BPS), data on household consumption and Indonesia's economic growth over the past three years is presented in the table below.

Table 1. Household Consumption Growth on Indonesia's Economic Growth

Year	Household Consumption Growth (%)	Contribution to Economic Growth (%)	Indonesia's Economic Growth (%)
2023	4.82–4.94	2.55–2.60	5.05
2024	4.91–4.98 (Q1–Q4)	2.55–2.61	5.03
2025 Q1	4.87–4.89	2.61	4.87

Based on the table above, household consumption is the largest contributor to national economic growth, with a contribution of over 2.5% annually and a share of more than 54% of Indonesia's GDP (Liman, 2025). The Central Statistics Agency (BPS) stated that in the first quarter of 2024, the number of household heads (KRT) increased by 4.91%, contributing 54.93% to GDP (Avisena, 2024). This growth is higher when compared to the first quarter of 2023, which reached 4.54% (LPEM FEB UI, 2023). Household consumption growth slowed slightly in early 2025, but remained stable and became the main supporter of the national economy. Household consumption contributed 50% to GDP, experiencing a slowdown due to inflationary pressures, rising living costs, and income inequality. This reduced people's purchasing power, especially the middle and low-income classes. The next challenge facing Indonesia in maintaining economic resilience is the high open unemployment rate (TPT). According to IMF data, Indonesia's unemployment rate reached the highest among six Southeast Asian countries, reaching 5.2% in April 2024. Layoffs remain a threat to various industries (Puspita, 2024). Meanwhile, according to BPS data, the Open Unemployment Rate (TPT) in August 2024 was 4.91%, down 0.41% from August 2023. According to data from the Ministry of Manpower, 46,240 workers experienced mass layoffs from January to August 2024 (Puspita, 2024). Although the open unemployment rate has shown a decline, the issue of mismatching workforce skills with industry needs remains a challenge that must be considered.

Layoffs in several sectors are also still occurring, adding pressure to the labor market (Sofia, H. 2025). The next problem is the dependence on food imports, which will worsen the situation. According to Statistics Indonesia (BPS) data, Indonesia has imported 3.48 million tons of rice from Thailand, Vietnam, Myanmar, Pakistan, and Cambodia as of October 2024. This data indicates that rice imports in 2024 will reach a record high of 5.17 million tons, which does not include various other imported food commodities such as wheat, corn, and sugar (Sofia, 2024). This dependence makes food security vulnerable to supply disruptions and global price fluctuations, which directly impact food inflation and public purchasing power.Next, inflation remains a significant challenge, primarily due to rising global food and energy prices. Inflation, particularly in the prices of basic necessities such as rice, cooking oil, and sugar, poses a significant challenge that depresses people's purchasing power. This price spike is driven by external and internal factors, including geopolitical tensions and inefficient food distribution. Inflation in 2024 is estimated to reach 3.19%, slightly above Bank Indonesia's target (Limanseto, 2025). The government and BI have agreed to implement five consistent strategic steps to ensure CPI inflation remains within the target range of 3.0%±1% throughout 2023.

B. South Korea's Economic Resilience Problems

In the past decade, South Korea has faced a number of serious problems that threaten its economic resilience, despite being known as one of the world's most advanced economies. The primary challenges to South Korea's economic resilience include the population crisis and declining birth rate. Since 2015, South Korea has experienced a significant population decline due to a very low birth rate, reaching an all-time low of around 230,000 births, or 0.65 births per woman, by the end of 2023. However, in 2024, the birth rate in South Korea increased to 238,300 births, a 3.6% increase from the previous year. However, this achievement is still far below the birth rate needed to maintain a stable population, which is around 2.1 births per woman. Meanwhile, the total fertility rate is 0.75 (the average number of children a woman is expected to have in her lifetime), up from 0.72 in 2023. (Misun, J, 2025 June 10). The data shows that the birth rate in South Korea has increased, but remains far below the target rate for maintaining population stability. If this phenomenon is not addressed promptly, it will lead to long-term economic decline, leading to a shrinking workforce and an increased economic burden due to the growing elderly population.The next problem is the high unemployment rate among South Korean youth. In the past three years, four out of ten young South Koreans have become unemployed. This data indicates that more and more young people are giving up on finding work. The Korea Herald shows that based on Korean statistical data, as of October 2023, 218,000 Koreans aged 15 to 29 had been unemployed for more than three years.

Of these, 80,000 people spend most of their daily activities at home and have not attempted to apply for jobs, training, or education. Korean statistical data categorizes them as not in education, employment, or training (NEET) (Hasibuan, L, 2023). Based on Korean statistical data, the level ofunemploymentIn South Korea, the growth rate rose sharply to its highest level in December 2024 at 3.7 percent, and this increase was the highest compared to the previous month, which only reached 2.7 percent.Meanwhile, the number of workers in South Korea decreased to 52,000 in December, after previously rising to 123,000 in November (Hariyanto, 2025). This is due, in part, to intense competition in the labor market, making it difficult for young South Koreans to find quality and stable employment. The high youth unemployment rate is a serious social and economic problem, contributing to low birth rates due to financial and social pressures.The next problem was a political crisis in early 2025 in South Korea. This occurred due to the failed martial law decree of former President Yoon Suk Yeol in December 2024. This political crisis was the worst in decades and lowered consumer confidence and weakened domestic demand, as it triggered uncertainty and lowered consumer confidence and business activity. This caused an annual economic contraction of 0.1% in the first quarter of 2025 and raised the risk of a continued recession. According to data from the Bank of Korea (BOK), gross domestic product (GDP) through March 2025 fell 0.2% compared to the previous period. This was far from the average economist's estimate of 0.1%.

Meanwhile, South Korea's year-on-year (yoy) economic growth fell 0.1%, below the zero growth estimate. (Mahardhika, LA, 2025).The World Trade Organization (WTO) drastically revised its projections for global trade, estimating that world merchandise trade volumes will decline by 0.2% in 2025. This is three percentage points lower than would have been the case without the US-led trade war. In early January 2025, the IMF reduced its global output growth forecast for 2025 to just 2.8% from its previous estimate of 3.3%. South Korea's growth projection was reduced to 1% from the 2% estimated in January. Furthermore, the South Korean government confirmed on December 30 that foreign investors had sold more than 17 trillion won (approximately Rp204 trillion) of Korean government bonds since Yoon declared martial law. This indicates a loss of confidence in South Korea's financial stability. The South Korean government also announced that tax revenues fell 8.5 trillion won (approximately Rp102 trillion) in the first 11 months of 2024 compared to 2023.

C. Analysis of Indonesia and South Korea's Economic Resilience Strategy

Indonesia and South Korea are two Asian countries with distinct characteristics and approaches to building economic resilience. Indonesia, as a developing nation with abundant natural resources and a large population, faces challenges in maintaining economic stability amid fluctuating commodity prices and global environmental changes. Meanwhile, South Korea is known as a developed industrial nation that has successfully transformed its economy through industrialization and technological innovation. To maintain economic resilience, both Indonesia and South Korea have their own strategies to address the various issues that arise and lead to declining economic growth in each period.For example, problems caused by global economic turmoil, such as the increase in trade tariffs from the United States, the Indonesian government has addressed this by adopting various strategies to strengthen national economic resilience. This began with building a stronger economic foundation through prudent fiscal policies and structural reforms aimed at increasing efficiency and long-term competitiveness. Specifically, to anticipate the impact of increased trade tariffs from the United States, the Indonesian government negotiated diplomatically to reduce import duties and adjust import flows.

Then, more intensive structural reforms were implemented to improve the business climate, eliminate non-tariff barriers, and increase national productivity.Furthermore, the Indonesian government is focusing on strengthening its large domestic market as a primary buffer against weakening global demand. Household consumption, a major contributor exceeding 50% of GDP, is maintained through prudent fiscal policies and social assistance to maintain public purchasing power. This is in an effort to reduce dependence on imports and primary commodities by strengthening domestic production capacity through downstreaming strategic sectors so that Indonesian products have higher added value. The government is actively expanding international cooperation, where the government is actively establishing trade and investment partnerships with non-traditional countries such as Africa and the Middle East to expand export markets and reduce the risk of dependence on key trading partners. The Indonesian government is also actively pursuing other new opportunities, such as increasing economic cooperation with various partner countries such as BRICS, ASEAN+3, and the European region. This is done as a stage of market diversification to reduce dependence on a single country or region. All of these policies are implemented in a coordinated and adaptive manner, with the hope of maintaining domestic economic stability amidst the rapid flow of global change and uncertainty.

(Saptadi, R, 2025) Meanwhile, the South Korean government, in maintaining economic resilience impacted by the increase in trade tariffs from the United States, is negotiating for the US to lower its trade tariffs. South Korea, a key US ally, faced a 25% tariff, which was then temporarily reduced to 10% for 90 days. South Korea, like other countries, also faces 25% tariffs on shipments of cars, steel, and aluminum.The South Korean government is implementing flexible monetary policy adjustments. The Bank of Korea is actively adjusting interest rates and monetary policy to mitigate inflationary pressures and maintain economic stability amid global fluctuations. Furthermore, economic and export market diversification is underway to encourage technological innovation and the development of high-value-added industrial sectors, reducing dependence on traditional markets and addressing global competition. Furthermore, labor market reforms are underway to increase labor market flexibility and inclusiveness, particularly addressing youth unemployment and social inequality caused by global economic uncertainty. International economic and trade cooperation is also being strengthened to open up new opportunities and reduce the risk of dependence on specific countries.

Table 2. Global Uncertainty Handling Policies In Indonesia and South Korea

Aspect	Indonesia	South Korea
Policy Focus	Strengthening the domestic market, export diversification, downstreaming, financial stability, digital transformation and MSMEs	Flexible monetary adjustment, technological innovation, supply chain strengthening, labor market reform
External Strategy	Expanding cooperation to non-traditional countries, reducing global risks	Diversification of export markets, international cooperation
Macroeconomic Stability	Coordination between BI, OJK, and LPS for exchange rate stability and foreign exchange reserves	Strategic reserve management and prudent fiscal policy
Managing Inflation and Purchasing Power	Inflation control and targeted subsidies	Monetary policy and subsidies to suppress inflation

Based on the table above, both countries have adapted their economic resilience policies to the uncertain global conditions, such as strengthening domestic foundations, diversifying the economy, managing macroeconomic stability, and strategic international cooperation to maintain economic growth and stability amidst global turmoil. With these strategies, both countries strive to maintain economic stability and growth amidst uncertain global turmoil, ensuring that national economic growth continues to move in a positive direction. According to data, both countries, Indonesia and South Korea, have successfully navigated this global uncertainty, which was caused by the increase in US trade tariffs.The next issue that disrupts the economic resilience of both countries is the high open unemployment rate (TPT) over the past three years. According to data from the Indonesian Statistics Agency (BPS), the rate decreased from 5.45% in 2023 to 4.91% in 2024, and then drastically decreased to 4.76% in February 2025. This figure is the lowest since 1997, when the workforce reached 153 million people. Meanwhile, the unemployment rate in Indonesia in February 2025 increased compared to the same period last year. Currently, there are approximately 7.28 million people of working age who are unemployed in Indonesia, compared to 7.20 million people the previous year.The strategy implemented by the Indonesian government in maintaining economic resilience is by implementing a series of policies to overcome unemployment and reduce the Open Unemployment Rate (TPT).

The first is strengthening MSMEs and the informal sector, where MSMEs absorb 97% of the Indonesian workforce, so the Indonesian government focuses on easy access to financing through KUR (People's Business Credit) with low interest, assistance in business digitalization and online marketing, tax incentives for labor-intensive businesses, such as textiles and food and beverages. (Sahal, U, 2025) Efforts to create jobs are the main focus. The addition of jobs in the first quarter is positive news, even though the open unemployment rate has increased slightly. The government is striving to continue to improve workforce development and training programs so that workforce absorption continues to increase. In addition, Community-Based Skills training, vocational training programs and technical skills are aimed at increasing workforce competitiveness. Examples include entrepreneurship and agricultural training for youth in rural areas. Other policies include fiscal stimulus and rescue of labor-intensive sectors, salary subsidies and PPh 21 incentives for companies that retain workers (Limanseto, H, 2025). Then there is also a social safety net program that distributes 10 kg/month of food aid to 16 million beneficiary families (KPM).Based on data, open unemployment in South Korea is relatively low and stable at around 2-3%, reaching a very low level below 2.5% in August 2024. Early 2025 showed a slight increase to 2.9% due to the economic slowdown and external pressures.

South Korea's economic resilience strategy in dealing with the high open unemployment rate is the implementation of a loose interest rate policy by the Bank of Korea which cut the benchmark interest rate four times from October 2024 to 2.5% at the end of May 2025, in response to weakening consumption and exports (Tong Hyung, K, 2025). Then there is an economic support budget implemented by President Lee Jae-myung approved a supplementary budget of around 13–13.8 trillion won in May 2025, and proposed an immediate addition to support consumption, subsidies, and citizen welfare (rreuters.com). In addition, the South Korean government also carries out a Vocational Training and Education program, where the South Korean government emphasizes improving workforce skills through technical training programs and vocational education tailored to the needs of modern industry, in order to reduce the mismatch between skills and labor market demand. Then, providing support for Start-ups and MSMEs The government provides fiscal incentives, easy access to financing, and technological innovation support for start-ups and MSMEs to create new jobs and increase domestic economic competitiveness.

Table 3. Policies for Handling the Open Unemployment Rate In Indonesia and South Korea

Aspect	Indonesia	South Korea
Policy Focus	Community empowerment, vocational training, MSMEs, fiscal stimulus, macro stability	Technical training, start-up/SME support, labor market reform, handling the demographic crisis
Open Unemployment Rate (TPT)	Around 4.76% (2025) with an increase in the absolute number of unemployed	Relatively low nationally, but youth unemployment is rising
Main Challenges	Labor force growth, skills mismatch, layoffs	Demographic crisis, youth unemployment, political uncertainty
Long-Term Approach	Structural reform, industrial downstreaming, strengthening the digital economy	Family incentives, pension reform, technological innovation

Based on the data in the table above, both countries, Indonesia and South Korea, place skills training and MSME support as key pillars in addressing unemployment. However, South Korea faces more complex demographic challenges, while Indonesia is still focused on absorbing a growing workforce and increasing workforce competitiveness and how to handle the storm of layoffs in each period. In dealing with reducing the open unemployment rate, both countries are said to be successful, although there is still other homework to continue to increase adequate employment opportunities, thereby reducing the unemployment rate every year.In maintaining economic resilience by controlling currency inflation, the Indonesian government and Bank Indonesia (BI) implemented various coordinated policies, including setting an inflation target of 2.5% ± 1% for the 2025–2027 period as a reference for monetary and fiscal policies to maintain price stability and public purchasing power. Then, Bank Indonesia implemented monetary policy to maintain the benchmark interest rate (BI-Rate) at 5.75% in April 2025 to control inflation expectations and maintain the stability of the rupiah exchange rate amidst global uncertainty. BI also strengthened macroprudential policies and payment systems to support sustainable economic growth (bi.go.id).In addition, the Indonesian government controls the rate of food inflation through the Central Inflation Control Team (TPIP) and Regional Inflation Control Teams (TPID).

The government controls inflation in the volatile food group, focusing on key commodities such as rice, chilies, and onions. The National Movement for Food Inflation Control (GNPIP) strengthens the availability of food supplies and the smooth distribution of food (ekon.go.id). TPIP and TPID aim to control inflation rates across all regions as actions by the government or economic policy authorities at the local and regional levels to manage the rate of inflation, as a general and sustainable increase in the prices of goods and services. The next policy implemented is the implementation of fiscal policy and Social Assistance. The government allocates direct cash assistance and food subsidies to maintain people's purchasing power and reduce inflationary pressures, especially on low-income groups. These various policies have succeeded in suppressing Indonesian inflation in January 2025, recorded at a low 0.76% (year-on-year), and in March 2025 at 1.03% (yoy), indicating price stability that supports national economic resilience.Meanwhile, the South Korean government has taken a proactive approach to controlling inflation by implementing a monetary policy. The Bank of Korea actively regulates interest rates to keep inflation low and stable, adapting its policies to global and domestic economic conditions. Furthermore, by implementing price controls and subsidies, the South Korean government intervenes in the market by controlling the prices of basic necessities and providing energy subsidies to ease the burden on the public, especially during periods of rising global prices.

Furthermore, the South Korean government has diversified supplies and strategic reserves to anticipate price fluctuations and supply disruptions due to the global crisis. Furthermore, the South Korean government has implemented a prudent fiscal policy, selectively regulating spending and subsidies to avoid triggering excessive inflationary pressures while still supporting economic growth. Although South Korea faces inflationary pressures due to global and domestic factors, the inflation rate has been maintained at a relatively low and stable level, supporting the country's economic resilience. South Korea has managed to maintain a low and stable inflation rate, in line with the central bank's target. In 2024, South Korea's inflation rate was recorded at 2.0%, which is the lowest annual increase since 2021 and in line with the government's medium-term target (Mishra, T, 2024).

Table 4. Policies to Maintain Inflation In Indonesia and South Korea

Aspect	Indonesia	South Korea
Monetary Policy	BI-Rate stable at 5.75%, inflation controlled through interest rates and macroprudential measures	Active interest rate adjustments according to economic conditions
Controlling Food Inflation	National Movement to Control Food Inflation (GNPIP), monitoring supply and distribution	Energy subsidies and price controls for basic necessities
Fiscal Policy	Social assistance and subsidies to maintain purchasing power	Selective subsidies and prudent fiscal spending
Policy Synergy	Strong coordination between the Government, BI, TPIP, and TPID	Coordination between government agencies and the central bank
Latest Inflation Results	Low inflation, 0.76% (Jan 2025), 1.03% (Mar 2025)	Inflation is relatively low and stable (2.0%)

Based on the data in the table above, both countries prioritize synergy between monetary and fiscal policies, as well as controlling food and energy supplies, to keep inflation under control, as an important part of their economic resilience strategy amidst global uncertainty.Based on this data, Indonesia managed to maintain inflation at 0.76% in January 2025, compared to 1.03% in March 2025. Meanwhile, South Korea managed to maintain a relatively low inflation rate of 2.0%. Therefore, both countries were able to maintain inflation within the established threshold.

IV. CONCLUSION

This study found that Indonesia and South Korea successfully maintained economic resilience amidst global uncertainty through different adaptive strategies, where Indonesia relied on strengthening the domestic market, industrial downstreaming, and social subsidies to maintain GDP growth above 5 percent and suppress inflation to 0.76 percent by January 2025, while South Korea focused on flexible monetary adjustments, technological innovation, and labor reforms to address the 0.1 percent GDP contraction and high youth unemployment. The main findings show that the synergy of fiscal-monetary policies of the two countries effectively reduced open unemployment (Indonesia 4.76 percent, South Korea stable below 3 percent) and controlled food inflation through coordination of institutions such as TPIP/TPID and the Bank of Korea. However, limitations of the study lie in the reliance on secondary data for the 2023-2025 period which is susceptible to publication bias and the lack of primary field data for direct validation of policies. These results provide implications for Indonesian policymakers to accelerate export diversification and vocational training to reduce dependence on food imports, while South Korea is advised to integrate demographic incentives with MSME support to overcome the fertility crisis.

REFERENCES

[1] Annazah, NS, & Rahmatika, N. (2019). Analysis of the relationship between unemployment rates and inflation: A case study in ASEAN 7. ***Journal of Employment***, 14(2), 559948.

[2] Hariyanto, I. (2025, June 10). South Korea's unemployment rate rises to its highest level in 3.5 years. IDXChannel.**https://www.idxchannel.com/news/tingkat-pendudukan-di-korsel-naik-ke-level-tertinggi-dalam-35-tahun-terakhir/2**

[3] Hasibuan, L. (2023, October 25). Emergency! Young South Koreans are starting to give up on job hunting. CNBC Indonesia.**https://www.cnbcindonesia.com/lifestyle/20231025134340-33-483587/gawat-anak-muda-korea-selatan-mulai-nyerah-cari-kerja**

[4] Limanseto, H. (2025, June 10). To control inflation, the Government and Bank Indonesia agree on 5 strategic steps. Coordinating Ministry for Economic Affairs.**https://ekon.go.id/publikasi/detail/4934/kendalikan-inflasi-pemerintah-dan-bank-indonesia-sepakati-5-langkah-strategis**

[5] Liman, S. (2025, June 10). Household consumption grows 4.89 percent (yoy) in the first quarter of 2025. Antara News.**https://www.antaranews.com/berita/4815129/konsumsi-rumah-tangga-tumbuh-489-persen-yoy-triwulan-i-2025**

[6] Mahardhika, LA (2025, April 24). South Korea's economy contracted in the first quarter of 2025 due to the impact of the political crisis. Bisnis.com.**https://ekonomi.bisnis.com/read/20250424/620/1871612/ekonomi-korsel-kuartal-i2025-terkontraksi-imbas-krisis-politik**

[7] Misun, J. (2025, June 10). Korea's birth rate rises for the first time in 9 years. Indonesian.korea.net.**https://indonesian.korea.net/NewsFocus/Society/view?articleId=267271**

[8] Puspita, MD (2024, September 23). As of February 2024, the number of unemployed in Indonesia reached 7.2 million. Tempo.co.**https://www.tempo.co/ekonomi/hingga-februari-2024-jumlah-pendudukan-di-indonesia-tembus-7-2-juta-orang--6750**

[9] Sahal, U. (2025, June 10). Unemployment in Indonesia is increasing, UM Surabaya expert: The government must act quickly and appropriately. Muhammadiyah University of Surabaya.**https://www.um-surabaya.ac.id/article/unemployment-in-indonesia-meningkat-pakar-um-surabaya-pemerintah-harus-bertindak-cepat-dan-tepat**

[10] Saptadi, R. (2025, June 10). The government's effective strategy to safeguard the economy amidst global shocks in 2025. Ministry of Finance Financial Media.**https://mediakeuangan.kemenkeu.go.id/article/show/strategi-jitu-pemerintah-jaga-ekonomi-di-tengah-goyangan-global-2025**

[11] Sofia, H. (2025, June 10). Projections of challenges and hopes for the Indonesian economy in 2025. Antara News.**https://www.antaranews.com/berita/4504209/proyeksi-tantangan-dan-harapan-ekonomi-indonesia-2025**

[12] Sukirno, S. (2016). Macroeconomics: An Introductory Theory. PT RajaGrafindo Persada.

[13] Tong-Hyung, K. (2025). South Korea's central bank cuts borrowing costs to nurse the sluggish economy. AP News.**https://apnews.com/article/korea-economy-rate-tariffs-dtrump-d2cf5ea0db7ad02147f144ba50c7ee4b**