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ADAPTIVE STABILITY MODEL FOR CONTROLLING INFLATION AND UNEMPLOYMENT UNDER COVID-19 WITH LOW UNEMPLOYMENT IN 6 ADJUNCT COUNTRIES (USA, JAPAN, ICELAND, THAILAND, INDONESIA, BELARUS)

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***Abstract*:** *This study aims to analyze the optimalization of monetary policy and fiscal policy (current policies) in stabilizing the economy, to be precise in overcoming the unemployment rate during the pandemic in the 6 world's highest unemployment countries (South Africa, Colombia, Philippines, Brazil, Chile, and United States). Where the monetary variables (Total Money Supply and Real Interest Rates), fiscal policy (government expenture and TAX revenue), and economic stability (inflation, GDP, and wages). This study uses secondary data or time series from 2005 to 2019. The data analysis models in this study are Simultaneous Regression, Vector Autogression (VAR) model, and ARDL Panel seen from sharpening with Impulse Response Function (IRF) analysis, and Forecast Error Variance Decomposition (FEVD), and ARDL Panel. The results of the IRF analysis show that the stability of the variable response is formed in period 8 or medium term and period 15 or long term, where the response of other variables to changes in one variable shows different variations from positive to negative responses or vice versa, and there are variables whose responses remain positive. to negative from short to long term. FEVD analysis results show a leading indicator as an operational target. Then the results of the ARDL Panel analysis show that the Inflation Panel, Total Money Supply, Interest Rates, Gross Domestic Product, Government Expenditure, TAX Revenue, and Wages are able to control economic stability, precisely at the unemployment rate in the 6 in the world's highest unemployment countries back in the short term, as well as long-term.*

***Keywords*:** *Monetary Policy, Fiscal Policy, Economic Stability, Unemployment Rate*

INTRODUCTION

Achieving inflation stability is important in a country's economy. With a stable inflation rate, it is expected to be able to bring a positive climate for the economy, especially in terms of maintaining a conducive business climate, so that unemployment can be overcome. One of the efforts that can be made to maintain inflation stability is through monetary policy by using monetary economic variables or instruments such as Interest Rates (SB), Money Supply (JUB) and Exchange Rates (KURS). Monetary policy is a policy of the monetary authority or central bank in the form of controlling the amount of monetary economy to achieve the desired development of economic activity (Burhani, 2014). With the COVID-19 case in Indonesia, it has also led to "panic buying", which means excessive shopping activities due to a sense of panic from the events that are happening around him (CNN Indonesia, 2020). Through this incident, of course, it will create a scarcity of resources due to an increase in consumer demand that is not matched by the appropriate quantity of economic production. Then the scarcity of resources will trigger a general increase in prices, resulting in an increase in the inflation rate in

Indonesia. Therefore, in this report, the author will discuss the effect of COVID-19 on the inflation rate in Indonesia. (Callista, 2020).

Finance Minister Sri Mulyani said Indonesia was hit hard by the spread of the Corona virus. Not only human health, this virus also disrupts economic health around the world. The Financial Sector Stability Committee (KSSK), estimates that Indonesia's economic growth in the worst case scenario could be minus 0.4 percent. Our economic growth based on the assessment that we saw earlier, BI, OJK, LPS, and we estimate that economic growth will fall to 2.3 percent, even in a worse scenario, it could reach negative 0.4 percent, this current condition will have an impact on the decline in household consumption which is estimated at 3.2 percent to 1.2 percent. Moreover, investment will also fall sharply. Previously, the government was quite optimistic that investment would grow by six percent. However, with COVID-19, it is predicted that investment will fall to the level of one percent or at worst could reach minus four percent.

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The National Development Planning Agency (Bappenas) estimates that the Open Unemployment Rate (TPT) in 2020 will reach 8.1% to 9.2% and the unemployment rate is expected to increase by 4 to 5.5 million people.It is feared that in 2021 unemployment will reach 10.7-12.7 million people. So with this, we hope that it can be restored at least close to before the pandemic. (Head of Bappenas Suharso Monoarfa).And the increase in estimates is the economic impact of the Covid-19 pandemic. The predicted increase in unemployment is also influenced by the policies of many companies that have terminated their employees amid the pandemic conditions. In addition to the layoff policy, some companies also take policies such as cutting employee salaries to the implementation of unipaid leave. The emergence of a wave of layoffs has also increased the number of unemployed people, which is predicted to increase until next year. Based on BPS big da analysis during the January-April 2020 period, the number of job advertisements in 10 industrial sectors has consistently decreased. The impact of the Covid-19 pandemic seems to shake the Indonesian economy because the country is experiencing weakening consumption.

LITERATURE REVIEW

1. **The Influence of Monetary Policy on Inflation and Unemployment**
   Monetary policy is the policy of a monetary authority or central bank in the form of controlling key monetary variables to achieve the desired development of economic activity. Litteboy and Taylor (2006, in Natsir, 2008) state that monetary policy includes all efforts or actions by the central bank to influence monetary developments such as the money supply and interest rates to achieve specific economic goals, including economic growth, price stability, employment (unemployment), and balance of payments equilibrium.
2. **The Influence of Fiscal Policy on Inflation and Unemployment**
   Fiscal policy is an effective policy to address a sluggish economy in a country. Fiscal policy can be used to stabilize aggregate demand, the level of production, and employment opportunities. When aggregate demand is insufficient to ensure full employment, the government, through fiscal policy, must increase national spending and cut taxes. Conversely, when aggregate demand is excessive and risks causing inflation, the government must reduce national expenditure and increase tax revenues. Such policies will create a more stable economy and benefit all segments of society (Ahmad Nawawi and Ferry Irawan, 2010). According to Keynes, long-term fiscal policy is capable of addressing economic issues occurring within a country. It is

also considered capable of resolving other internal macroeconomic problems, such as inflation, weak currency exchange rates, and limited employment opportunities.

3. **The Influence of the Relationship Between Interest Rates on Inflation and Unemployment**
   Interest rates can also serve as an instrument to suppress the inflation rate. There is a theory that states the interest rate represents the cost of holding money. When interest rates are high, the cost of holding money increases. Consequently, when interest rates are high, people are more inclined to save their money in banks. This can reduce the amount of money in circulation, thereby helping to control inflation. This is in line with Alvarez et al. (2001), who stated that inflation can be suppressed if the monetary policy adopted is also capable of controlling money growth. One of the instruments that can be used is the interest rate. However, the relationship between interest rates and inflation will also impact other areas of the economy, such as unemployment. When interest rates are increased to reduce inflation, it may also lead to a decline in economic activity. Higher interest rates encourage people to save rather than invest in the real sector.
4. **The Influence of the Relationship Between the Money Supply on Inflation and Unemployment**
   According to Gilarso (2004), the money supply is the total amount of currency and demand deposits held by the public on a specific date. According to Anas (2006), the money supply is defined in both narrow and broad terms. A monetary system consisting of currency and demand deposits is referred to as narrow money (M1), while a system that includes currency, demand deposits, and quasi-money is considered broad money (M2). Currency consists of paper money and coins issued by Bank Indonesia as legal tender. Demand deposits are rupiah deposits owned by the public within the monetary system, including checking accounts, money transfers, and other immediate liabilities such as matured time deposits. Quasi-money refers to rupiah and foreign currency deposits owned by the public within the monetary system that temporarily lose their function as a medium of exchange.
5. **The Influence of GDP on Inflation and Unemployment**
   The theory that explains the relationship between inflation and unemployment is the Phillips Curve. The Phillips Curve (Fischer, 2004: 104) states there is a trade-off where higher inflation is associated with lower unemployment. Inflation occurs when the general price level rises (Samuelson and Nordhaus, 2004: 381). The relationship between economic growth and unemployment is explained as follows: for every two percent decline in GDP relative to potential GDP, the unemployment rate increases by about one percent (Samuelson and Nordhaus, 2004: 365).
6. **The Influence of Government Expenditure (GOV) on Inflation and Unemployment**
   According to Keynes, when the government adopts an expansionary fiscal policy by increasing government expenditure, it will lead to rising prices or trigger inflation. In other words, increased government spending through expansionary fiscal policy will encourage growth in the real sector of the economy. This economic productivity will, in turn, increase the demand for both input goods for production and consumer goods, resulting in higher price levels.
7. **The Influence of Exchange Rates on Inflation and Unemployment**
   The exchange rate of a foreign currency can be interpreted as the price of one currency expressed in terms of another currency (Eiteman, Stonehill, and Moffet, 2003). A decline in the rupiah's exchange rate against foreign currencies will increase the cost of importing raw materials for production and also raise interest rates. However, a weaker exchange rate may also encourage companies to export (Nugroho, 2008).
8. **The Effect of Wages on Unemployment**
   Phillips hypothesized that when the demand for labor is high and there are only a few unemployed workers, employers can be expected to bid up wages fairly quickly. However, when the demand for labor is low and unemployment is high, workers are reluctant to accept wages lower than the prevailing rate. The implication is that wage levels decrease very slowly. The second factor affecting changes in wage levels is the rate of change in unemployment. If business conditions are good, employers will

compete more aggressively to hire workers. This indicates that the demand for labor is increasing more rapidly than when labor demand is stagnant or growing slowly. Since wages and salaries are a major input cost for companies, rising wages should lead to higher prices for goods and services in an economy, ultimately pushing up the overall inflation rate.

9. **The Impact of COVID-19 on the Adaptive Expectation Stability Model in Controlling Inflation and Unemployment Post-COVID-19 in Six Low-Unemployment Countries**
   The impact of COVID-19 on the global economy has struck and paralyzed sectors of global trade, ranging from plummeting sales, cross-country employment terminations, to the breakdown of food supply chains. The global economy could shrink by up to one percent in 2020 due to the COVID-19 pandemic, and may contract further if economic activity restrictions are extended without adequate fiscal support. Not only Indonesia, but other countries with low unemployment rates and various institutions have also implemented policies to stop the spread of COVID-19 (Hasanah, 2020).

RESEARCH METHOD

The approach of this research is associative/quantitative research. According to Rusiadi (2015), Associative/quantitative research is research aimed at determining the degree of relationship and the pattern/form of influence between two or more variables, where this research will build a theory that functions to explain, predict, and control a phenomenon. In supporting the quantitative analysis, the PANELVAR model is used, which can explain the long-term reciprocal relationships of economic variables treated as endogenous variables. It also examines the relationship between independent and dependent variables distributed panel-wise across countries. This research was conducted in six countries with low unemployment rates: Iceland, Japan, Thailand, the United States, Belarus, and Indonesia.
Meanwhile, the Difference Test is used to examine the significant differences in the Adaptive Expectation Stability Model's ability to control Inflation and Unemployment before and after the COVID-19 Pandemic, both in the short, medium, and long term.

RESULTS AND DISCUSSION

Inflation and unemployment are complex issues that countries always face due to the lack of quality in economic growth. The Phillips Curve, which illustrates the trade-off between inflation and unemployment, does not apply in Indonesia. The trend that aligns with the Phillips curve is obtained from the relationship between unemployment and economic growth. Between unemployment and inflation, it is not possible to prioritize which one to address first; it all depends on the economic conditions. As a result of the pandemic, the global economy also experienced a crisis, leading to a decline in stock market indices, which in turn affected the domestic economy. As the virus spreads worldwide, it causes economic losses due to its impact on domestic liquidity. To maintain smooth growth, the government has issued three policies: fiscal, non-fiscal, and economic sector. These three policies are related to the needs of the community in areas such as business, taxes, and others.
The accepted ARDL Panel Model is the one with a lag that is cointegrated, where the main assumption is that the coefficient value has a negative slope with a 5% significance level. The condition for the ARDL Panel Model slope is: the negative value is -0.03 and significant with a prob value of 0.05<0.54, therefore it can be stated that the ARDL panel model used in this study is rejected. Based on the acceptance of the model, data analysis is conducted with a panel by country.

Table 1. Output Panel ARDL of the United States

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	-0.084478	0.000681	-123.9758	0.0000
D(INF)	0.023176	0.000180	128.9055	0.0000
D(SBR)	0.041919	0.000228	183.5625	0.0000
D(JUB)	0.023947	4.10E-05	583.8666	0.0000
D(PDB)	-3.816452	0.938861	-4.064982	0.0268
D(GOV)	23.01998	0.401917	57.27545	0.0000
D(KURS)	0.051901	0.000360	144.3372	0.0000
D(UPH)	0.058224	0.001472	39.54513	0.0000
C	10.76969	15.52500	0.693700	0.5378

1. Inflation
   Inflation has a positive (0.02) and significant effect on unemployment, as indicated by the sig probability value of less than 0.05, which is 0.00.
2. Real Interest Rate
   The Real Interest Rate has a positive (0.04) and significant effect on unemployment, indicated by a sig probability value smaller than 0.05, which is 0.00.
3. Money Supply
   The Money Supply has a positive (0.02) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
4. Economic Growth
   Economic Growth significantly has a negative influence (-3.81) and is significant towards unemployment, as indicated by the sig probability value of less than 0.05, which is 0.02.
5. Goverment Expenditure (GOV)
   Government Expenditure (GOV) has a positive (23.01) and significant effect on unemployment, indicated by a sig probability value smaller than 0.05, which is 0.00.
6. KURS
   KURS significantly has a positive (0.05) and significant effect on unemployment, as indicated by the sig probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs significantly have a positive (0.05) and significant effect on unemployment, as indicated by the sig probability value smaller than 0.05, which is 0.00.

Table 2. Output Panel ARDL of The Iceland

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.006148	6.56E-05	93.76765	0.0000
D(INF)	-0.008410	6.48E-05	-129.8140	0.0000
D(SBR)	0.009016	5.75E-05	156.8300	0.0000
D(JUB)	-0.008672	1.22E-05	-708.8414	0.0000
D(PDB)	-3.46E-05	4.09E-09	-8460.712	0.0000
D(GOV)	9.876521	0.103299	95.61092	0.0000
D(KURS)	0.005470	1.91E-05	285.8305	0.0000
D(UPH)	0.011507	0.000673	17.08547	0.0004
C	-0.464471	0.340976	-1.362183	0.2664

1. Inflation
   Inflation has a negative (-0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
2. Real Interest Rate
   The real interest rate has a positive (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
3. Money Supply
   The money supply has a negative (-0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.

4. Economic Growth
   Economic growth has a negative (-3.46) and significant impact on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
5. Government Expenditure (GOV)
   Government Expenditure has a positive (9.87) and significant impact on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
6. KURS
   KURS has a positive (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs have a positive (0.01) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.

Table 3. Output Panel ARDL of The Indonesia

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.002320	2.59E-06	896.8650	0.0000
D(INF)	0.006381	2.64E-05	241.6192	0.0000
D(SBR)	0.004062	4.07E-05	99.74504	0.0000
D(JUB)	-5.30E-05	4.09E-07	-129.4412	0.0000
D(PDB)	0.000698	4.50E-06	154.9670	0.0000
D(GOV)	3.460416	0.013652	253.4710	0.0000
D(*KURS*)	-0.011287	1.19E-05	-949.7854	0.0000
D(UPH)	0.013225	0.000137	96.25098	0.0000
C	-0.174108	0.013205	-13.18499	0.0009

1. Inflation
   Inflation has a positive (0.00) and significant effect on unemployment, as indicated by the sig probability value of less than 0.05, which is 0.00.
2. Real Interest Rate
   The real interest rate has a positive (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
3. Money Supply
   The money supply has a negative (-5.30) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.
4. Economic Growth
   Economic Growth has a positive (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
5. Government Expenditure (GOV)
   Government Expenditure (GOV) has a positive (3.46) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
6. KURS
   KURS has a negative (-0.01) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs have a positive (0.01) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.

Table 4. Output Panel ARDL of The Japan

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.051154	0.001156	44.24891	0.0000
D(INF)	-0.043615	0.000407	-107.2650	0.0000
D(SBR)	0.019921	7.04E-05	282.8809	0.0000
D(JUB)	0.000584	0.000132	4.408378	0.0217
D(PDB)	1.834169	0.556752	3.294408	0.0459
D(GOV)	9.686780	0.301864	32.08987	0.0001
D(KURS)	0.003432	0.000149	22.96432	0.0002
D(UPH)	-0.001789	0.003569	-0.501272	0.6507
C	-4.786902	9.463429	-0.505832	0.6478

1. Inflation
   Inflation has a negative (-0.04) and significant impact on unemployment, as indicated.
2. Real Interest Rate
   The real interest rate has a positive (0.01) and significant effect on unemployment, indicated by a sig probability value smaller than 0.05, which is 0.00.
3. Money Supply
   The money supply has a positive (0.00) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.02.
4. Economic Growth
   Economic Growth has a positive (1.83) and significant impact on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.04.
5. Government Expenditure (GOV)
   Government Expenditure (GOV) has a positive (9.68) and significant effect on unemployment, as indicated by the sig probability value of less than 0.05, which is 0.00.
6. KURS
   KURS has a positive (0.00) and significant effect on unemployment, indicated by a sig probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs have a negative (0.00) and insignificant effect on unemployment, as indicated by the probability value being greater than 0.05 is equivalent to 0.65.

Table 5. Output Panel ARDL of The Thailand

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.092873	0.000524	177.3649	0.0000
D(INF)	-0.057585	2.66E-05	-2165.015	0.0000
D(SBR)	0.006846	5.70E-06	1201.837	0.0000
D(JUB)	0.000560	4.03E-06	138.9264	0.0000
D(PDB)	-0.001523	1.00E-07	-15163.52	0.0000
D(GOV)	9.362151	0.031828	294.1522	0.0000
D(KURS)	-0.007998	1.37E-05	-583.1499	0.0000
D(UPH)	-0.002439	0.000439	-5.550858	0.0115
C	-8.903106	2.681915	-3.319682	0.0451

1. Inflation
   Inflation significantly has a negative (-0.05) and significant impact on unemployment, as indicated by the sig probability value smaller than 0.05, which is 0.00.
2. Real Interest Rate
   The real interest rate has a positive (0.00) and significant effect on unemployment, as indicated by the sig probability value of less than 0.05, which is 0.00.
3. Money Supply
   The money supply has a positive (0.00) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.

4. Economic Growth
   Economic Growth has a negative (-0.00) and significant impact on unemployment, as indicated by the sig probability value of less than 0.05, which is 0.00.
5. Government Expenditure (GOV)
   Government Expenditure (GOV) has a positive (9.36) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.
6. KURS
   KURS significantly has a negative (-0.00) and significant effect on unemployment, as indicated by the sig probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs have a negative (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.

Table 6. Output Panel ARDL of The Belarus

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	-0.253665	0.000904	-280.6478	0.0000
D(INF)	0.000588	5.38E-05	10.92005	0.0016
D(SBR)	0.090172	0.000135	670.0006	0.0000
D(JUB)	0.017530	1.46E-05	1202.470	0.0000
D(PDB)	-0.178780	0.027249	-6.560911	0.0072
D(GOV)	5.449686	0.047856	113.8768	0.0000
D(KURS)	0.029741	2.94E-05	1009.964	0.0000
D(UPH)	0.121447	0.000352	345.1738	0.0000
C	30.69102	4.698189	6.532522	0.0073

1. Inflation
   Inflation has a positive (0.00) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
2. Real Interest Rate
   The real interest rate has a positive (0.09) and significant effect on unemployment, as indicated by a significance probability value smaller than 0.05, which is 0.00.
3. Money Supply
   The money supply has a positive (0.01) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
4. Economic Growth
   Economic Growth has a negative (-0.17) and significant impact on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
5. Government Expenditure (GOV)
   Government Expenditure (GOV) has a positive (5.44) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
6. KURS
   KURS has a positive (0.02) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.
7. Costs
   Costs have a positive (0.12) and significant effect on unemployment, as indicated by a sig probability value smaller than 0.05, which is 0.00.

- Analysis of Adaptive Stability Model in Controlling Inflation and Unemployment during Covid-19 in Six Countries

Six AJIPTIP countries in overcoming the level of unemployment and inflation in the country experience different things. The results of the above research are similar to the studies that have been summarized, namely research (Dogan, 2012) which states that inflation and unemployment have a relationship, and are consistent with the Phillips Curve, but according to (Vermeulen, 2017) that the unemployment rate does not depend

on aggregate demand and high inflation and deflation can be detrimental to employment and can be detrimental to economic growth, because the rise and fall of inflation depend on the unemployment rate.

In America itself, in overcoming Unemployment and Inflation, the Fed has taken extraordinary measures to fight the impact of COVID-19. They have kept interest rates at zero for a long time, have also provided more liquidity, bought assets, and entered into different markets to ensure it runs smoothly and market interest rates anticipate the Fed will be dovish and willing to withstand higher inflation for a longer period (Hamdani, 2020).

However, during the pandemic Japan has not been hit by inflation as hard as the United States or some European countries and some companies here have tried not to pass on cost increases to their consumers amid weak demand, so the government and other officials provide and meet the needs in each region and to take additional steps so that people remain prosperous and prices do not soar (Suhendar, 2022).

In Thailand, the Covid-19 pandemic has hit hard, but the two main drivers of Thailand's growth are tourism and trade. The government has responded with a series of measures, including tax incentives and a US$1.7 billion stimulus package as well as a US$7 billion cash program during the pandemic to minimize unemployment and reduce prices, which has been very effective in Thailand in supporting the problems of Inflation and Unemployment (Lestari, 2021). Fiscal support, he continued, will be key to supporting recovery during the pandemic as monetary easing runs its course. Meanwhile, the Bank of Thailand maintained its key interest rate to keep Inflation in check. The central bank said fiscal measures and policy coordination among government agencies will be crucial to support the economy during the pandemic and going forward. (Lestari, 2021).

Meanwhile, in Indonesia, the Government of Indonesia has adopted comprehensive policies in the fiscal and monetary sectors to deal with Covid-19. In the fiscal sector, the Government carried out a policy of refocusing activities and budget reallocation. Social safety net is provided to increase people's purchasing power through the family hope program (PKH), Indonesia Smart Card (KIP), Basic Food Card and prosperous rice. Ministries/Institutions/Local Governments are expected to increase labor-intensive programs including the Village Fund. Meanwhile, business incentives are carried out to help business actors, especially MSMEs and the informal sector, to avoid a decline in welfare or an increase in unemployment. In the monetary sector, the monetary policy taken must be in line with fiscal policy in minimizing the impact of Covid-19 on the national economy. Therefore, monetary authorities must be able to maintain the rupiah exchange rate, control inflation and provide monetary stimulus for the business world. It is hoped that there will be relaxation of bank lending and intensify the distribution of People's Business Credit (KUR) to prevent unemployment (Sasongko, 2020).

However, the country of Belarus is very different, where in dealing with unemployment, it regulates fines for the unemployed. If they are unable to pay, there is a risk of being detained for a while. This policy is reminiscent of Soviet-era tactics that criminalized people who did not contribute to the state. However, the Belarusian government states that the purpose of the decree is to stimulate citizens who are able to work to commit to labor activity and fulfill their constitutional obligations in funding state expenditures. Whereas the President of Belarus, Aleksandr Lukashenko, said his country did not need to take special measures to deal with or anticipate the coronavirus outbreak (Melnichuk, 2020).

- Discussion of Var (Vector Autoregressive)

Based on the overall Var results, it is known that some interactions that occur between Fiscal and Monetary policies on Unemployment and Inflation are as follows:

1. Optimization in Overcoming Unemployment

Based on the table, it shows that in the short term, PGR is controlled by PGR itself. In the medium and long term, PGR and INF affect PGR itself. This situation is in line with previous research which states that the level of unemployment can affect inflation, where if unemployment rises it can affect the price level, where prices are stable, and can even experience deflation, so that aggregate demand can decrease, because people have low or no income. However, if the unemployment rate falls, inflation can be expected. In accordance with the Phillips curve theory, the relationship between the unemployment rate and the inflation rate is negative. Recommendations to overcome unemployment

monetary policy is assigned to hold investment in order to increase the number of goods and services, so that the existence of investment can open new jobs, and expand employment opportunities.

2. Optimization of Overcoming Inflation

Based on the table above, it shows that in the short term, INF is controlled by INF itself, and PGR. In the medium and long term INF and JUB. This situation is in line with previous research which states that an increase in INF can affect JUB, where if the money supply increases, inflation will occur in a country. This can be assigned by monetary policy that can overcome inflation, by raising interest rates, so that people are interested in saving their money, rather than consuming.

3. Discussion of ARDL Panel

Based on the overall results, it is known that the significant long-run effect on unemployment in the United States, Iceland, Indonesia, Japan, Thailand, Belarus, which affects the PGR.

4. Discussion of Difference Test

During the pandemic, the unemployment rate of the United States, Iceland, Indonesia, Japan, Thailand, Belarus has increased, but the results show that there is no significant difference in inflation before and during the covid 19 pandemic in these six countries. However, in the current condition, the unemployment rate is affected by the negative impact of the covid 19 pandemic on the economy. Where an increase in the unemployment rate will become a problem in a country, which can deepen the economic downturn. This happens when the government is forced to impose strict social distancing policies which can cause companies to close permanently or fire workers during the closure. Research (Kapicka & Rupert, 2020) states that the Covid-19 pandemic spreads through the labor market and the implications of unemployment increase. However, the labor market recovers as the pandemic continues for people who have not been infected, or are negative about the Covid-19 disease. Indeed, Covid-19 has undeniably changed the economic order of the entire world. The African continent is synonymous with poverty, with the existence of Covid-19, the poverty of the African population has increased dramatically, South Africa has entered the brink of recession in the midst of a pandemic. In addition to a very sharp decline in numbers, several countries on the African continent have also experienced very bad inflation.

Inflation in Zimbabwe once touched 231 million percent, and unemployment was at 94%. This inflationary condition makes working Zimbabweans unable to feel their salaries. Because prices are very high and the stock of goods in stores is very scarce.

Many graduates are unemployed in this country, even becoming informal traders. The high inflation in Zimbabwe made this country once redenominate the currency, by simplifying 10 billion Zimbabwe dollars to 1 Zimbabwe dollar or eliminating 10 zeros. Earlier this year, the Zimbabwean government stated that its deposits in banks were only US$ 217 or around Rp 2.06 million (Rp 9,500/US$).

Philippine inflation reached 7.7 percent in October. Inflation, which was triggered by a surge in food prices, was the highest in almost 14 years. Like central banks around the world, Philippine monetary policy makers also curbed the inflation by raising the benchmark interest rate. The high inflation that has hit the United States (US) has had a devastating impact, not only on the financial sector, but also on various lines of life. High inflation makes the cost of living increase, one of which is the skyrocketing price to rent, as a result the number of homeless people in the United States has increased dramatically (Putu, 2022).

The US stock market is the earliest to detect problems that will arise. Investors are always forward looking, so when inflation skyrockets the US stock market (Wall Street) immediately plummets. This means that millennials and beyond are now experiencing the most expensive cost of living in their lifetime. Price increases are still dominated by energy and food, but the housing sector is also suffocating (Putu, 2022). Chile has experienced an increase in the inflation rate during the pandemic, according to research (Cavallo, 2020) that over time due to the existence of social distancing rules the population consumes or spends money to buy more food for future stock, and according to research (Toamain, 2020) that the increase in inflation can depend on meeting the supply of food. Traders in supermarkets and traditional markets argue that the price increases that occur are due to delays in transportation facilities in supplying needs.

CONCLUSIONS AND SUGGESTIONS

Conclusions

Based on the results of the analysis and discussion that has been carried out, the following VAR conclusions can be drawn:

1. The results of Vector Autoregression Analysis using the lag 1 basis show that there is a contribution from each variable to the variable itself and other variables. The results of Vector Autogression Analysis also show that past variables ($t-_p$) contribute to the current variable both to itself and other variables. From the estimation results it turns out that there is a reciprocal relationship between one variable and another or in other words all variables, namely the variables of Unemployment, Inflation, Real Interest Rates, Money Supply, GDP, Government Expenditure, Exchange Rates, and Wages contribute to each other.
2. In the panel, Inflation, Interest Rate, Money Supply, and Government are the leading indicators in all six countries. However, their position is not stable in the short run and long run.
3. In a different test of the Unemployment variable in general in the six countries there is a significant difference before and after the existence of Covid-19.
4. In the difference test of Inflation variables in general in the six countries there is no significant difference before and after the existence of Covid-19.

Suggestions

Based on the results of the discussion and conclusions, the suggestions that the author needs to describe are as follows:

1. To control the unemployment rate during the pandemic, the government, especially the United States, Iceland, Indonesia, Japan, Thailand, Belarus, should pay more attention to or encourage the economy, especially regulating the fiscal and even monetary parts, by increasing state revenues, and managing revenue expenditures as well as possible in order to avoid high debt levels, because this variable is able to control the unemployment rate.
2. In overcoming Inflation, to be precise, the six countries must pay attention to the money supply during the pandemic because this variable is able to control price stability. So that the government can increase the money supply, and reduce interest rates so that people can return to smooth consumption, so that it can help the economy in that country.

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