

LAB 45 — TELAAH KEBIJAKAN

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Telaah Kebijakan LAB 45 adalah wadah yang dirancang untuk menyampaikan pandangan kritis dan analisis terkini dari para peneliti serta analisis kebijakan terkait berbagai isu strategis seputar politik keamanan, ekonomi politik, politik media, dan gender. Platform ini bertujuan untuk memberikan wawasan mendalam sekaligus menawarkan gagasan inovatif dalam menghadapi tantangan lokal ataupun global. Pendapat yang tercantum dalam setiap komentar merupakan tanggung jawab penulis sepenuhnya dan tidak merefleksikan posisi resmi LAB 45. Jika Anda memiliki pertanyaan atau memerlukan informasi lebih lanjut, silakan menghubungi tim kami melalui lab45@lab45.id.



Facing the “Storm”: Why Indonesia Needs Leadership Grounded in Reality

Since 2024, the World Uncertainty Index (WUI) has been continuously increasing, and even in September 2025, it reached the level of 122.4, doubling the level during the global pandemic crisis. The primary trigger is the return of great-power politics characterized by episodic bursts of coercion and retaliation (Leonard 2026).

This disorder was widely forecast. Annual global risk assessments — the World Economic Forum’s amongst them — have warned for several years of sustained radical uncertainty. Thus, every country must be prepared, particularly in terms of its economic readiness and resiliency to absorb shocks.

In the Article IV 2025 of Indonesia, the International Monetary Fund (IMF) (2026) describes Indonesia as “a resilient economy amidst adverse shocks, standing out globally as a bright spot”, but it also warns and emphasizes to the Indonesian government the importance of preserving longstanding policy credibility, safeguarding fiscal space, and continuing structural reform to weather the turbulence and capture opportunities from it.

To address IMF’s cautious projection for Indonesia, the Indonesian government may refer to Max Weber’s thought in his essay “Politics as a Vocation”. A leader should distinguish between the ethic of ultimate ends and the ethic of responsibility. The former refers to the purity of ideals and political passion in policymaking, whilst the latter refers to understanding and mitigating real-world consequence of such policy. Furthermore, Weber argues that a genuine political leader must balance ideals or passion with responsibility. As such, in an era of today’s constant uncertainty, Indonesia leaders cannot govern solely by sheer passion, because it can lead them to overlook the real-world consequences of their actions and fail to recognize the potential destruction ahead.

On that note, President Prabowo is directing Indonesia toward the opposite of the ethic of responsibility. The government policies and flagship programs, such as the free meal programs (MBC), red and white village cooperatives (KDMP), and Danantara, combined with



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increasing military involvement in civilian roles and programs, have raised questions of misgovernance, fiscal sustainability, and economic resiliency against external shocks. But despite numerous feasible policy alternatives, criticism from experts, mass protests, and negative market response, the government is still reluctant to rethink and change its policies. Even the latest changes in MBG occurred due to an exposed corruption scandal by the National Nutrition Agency (*Badan Gizi Nasional/BGN*) leadership and petitions from civil coalitions in the Constitutional Court (*Mahkamah Konstitusi/MK*).

Without further questioning our government's responsibility, can we say Indonesia is "just fine" when looking at the current situation? In the second quarter of 2026, Indonesia's economic outlook looks worrying. Global energy disruption caused by the US war in the Middle East, compounded with negative sentiment and impacts from the president's policies, has caused a massive capital outflow and a weakening rupiah against the USD, reaching Rp18,190/USD, the lowest value in its history. This economic situation has created anxiety among workers, businesses, and investors. For Indonesian, it has not reached the abyss yet. "Godzilla" is coming.

The term "Godzilla El Niño" is not an official scientific label. It was coined by NASA climatologist Bill Patzert in 2015 to describe how massive and destructive a very strong El Niño can be. The name stuck because it captured the feeling of facing something bigger than numbers and charts.

BMKG's latest alert on June 15, 2026 shows that El Niño is already active (CNN Indonesia 2026). They warn it could reach a moderate to strong level, bringing a longer dry season, less rainfall, and higher risks of drought and forest fires in areas like Java, Bali, NTB, and NTT. The forecast is no longer hypothetical. It is happening.

Indonesia has faced El Niño before, back in 1997-1998 and 2015-2016. The more recent El Niño was more manageable for Indonesia as the economy was stable. However, El Niño still burned millions of hectares of land and caused haze that disrupted daily life. The World Bank (2016) estimated the losses at USD16.1 billion (Rp 221 trillion), more than twice the reconstruction cost of Aceh tsunami. This shows a stable economy was not even sufficient to completely protect Indonesia from losses and damages.

The previous El Niño in 1997-1998 was even worse. It struck during the Asian Financial Crisis, turning the crisis into overdrive. As Soekirman (2001) documented, rice production fell by 8.8%, food prices escalated up to threefold, and poverty rose from 22.5 million people in 1996 to 36.5 million in 1998. He described households cutting back on meat and vegetables, diverting spending to rice and cooking oil, yet still ending up with less food because prices outpaced wages. Meanwhile, Byron and Shepherd (1998) highlighted another dimension. Forest and peatland fires worsened the haze, affecting the health of over 20 million people across Southeast Asia, particularly through respiratory infections and asthma. The environmental disaster compounded the economic and nutritional crisis, turning El Niño into a multidimensional shock.

On 2026 El Niño, concerns arise that it may echo 1997-1998. Indeed, some symptoms mirror the past: A sharp Rupiah depreciation (Rp2,400 to Rp17,000 in 1997-1998 versus Rp16,500 to above Rp18,000 today), declining foreign reserves (USD 20 billion in Mid-1997 down to USD 12 billion in March 1998 compared to USD 144.9 billion in May 2026 with continuous decline over a five-month period), and heavy debt burdens (Debt to GDP Ratio 62.5% in 1998 versus large maturities of Rp931.8 trillion in 2026).

Yet, Indonesia's fundamentals are far stronger. Drawing on figures reported by the government, growth remains positive instead of contraction, inflation is stable instead

of hyper, debt ratios are still manageable, and the banking sector is fortified by capital buffers. Even so, forward projections caution that pressures could intensify if corrective measures are not implemented in a timely manner. It is wise to acknowledge that, as the two eras are eerily similar in rising anxiety among the populace regarding Indonesia's economic stability, an anxiety that, if left unaddressed, risks amplifying vulnerabilities and leading to a more adverse outcome.

If history is a guide, hardship will not end with El Niño. La Niña often follows, along with the extreme opposite: heavy rains, floods, and landslides. For Indonesia, this means the government is not only fighting one force but preparing for the next.

Indonesia's government must untangle economic risk and imminent climate disaster before it becomes more convoluted. A moment of multiple shocks is not a time for leaders to rigidly impose their idealism. It demands decisions rooted in facts and understanding of foreseeable risks, an ethic of responsibility. Only then can the leader respond effectively and with policy flexibility. Failing to prepare and respond based on reality would deepen the struggle of households for daily necessities, from clean water to health and food security.

As a short-term solution, the government needs to restore fiscal discipline and reduce the budget deficit. The president's flagship programs may have to sacrifice some of their budgets to help stabilize the rupiah, restore market trust, provide targeted energy subsidies, and allocate necessary funds for El Niño mitigation and response. The administration also needs to address market and public anxiety over the transparency of its economic policy, which requires the cabinet to communicate consistently rather than through competing ministerial statements.

These are feasible policy actions to reduce unnecessary economic burden during El Niño. It requires the government to see economic reality and act upon it. To ignore the signal of economic distress, while reinforcing commitment to questionable policies, shows imprudent leadership by letting political passion override decision-making.

Regarding the ongoing extreme El Niño, the Indonesian government needs to prepare on two fronts: food security and wildfires. The government has been visibly exhibiting a mixed approach according to the ethics of responsibility. On food security, a set of reasonable measures have been taken to mitigate food risks. Whilst on wildfires, it is harder to attest that the government has acted with reason.

On food security, the government has moved early. The Minister of Agriculture has announced several preparatory steps that have been taken, such as *embung* construction, opening deeper wells, distributing water pumps, field optimization, and building new fields (Kementerian Sekretariat Negara 2026). These anticipatory actions should be accompanied by distributing drought-resistant seeds and closely guiding farmers in this high-risk farming season, as recommended by the Food and Agriculture Organization (FAO) and World Food Programme (WFP) (FAO and WFP 2025).

Besides securing food production, the government also must focus its attention on food distribution issues. The National Logistics Agency (BULOG), as the key actor for Indonesia's food logistic need to tackle three main food distribution problems, which are food availability, food accessibility, and food affordability.

Availability is not the constraint. Government Rice Reserves (*Cadangan Beras Pemerintah*) stood at approximately 5.33 million tons in July 2026 (Ayuningrum 2026), a historic high. However, the stock quantity and quality may drop as it is perishable. Maintaining food

quality in storage becomes critical for safe consumption.

On accessibility, BULOG needs to redistribute food within its warehouses across the nation before Godzilla reaches its peak. This proactive relocation mitigates the risks of higher logistical costs. Stock and distribution matter only if prices stay within reach. Food prices are already rising and are predicted to climb sharply as El Niño peaks, which puts the weight on BULOG's market operations to stabilize prices.

On wildfires, El Niño always brings a high fire hazard risk. In 2015, El Niño brought record-breaking forest and land fires in the last fifteen years of around 2.6 million hectares (Kementerian Kehutanan 2026). This year, BMKG has projected a rise in wildfire risk from July to September, most notably occurring across Sumatera and Kalimantan (BMKG 2026).

The President acted quickly to convene a cabinet meeting on 28th of July, instructing his ministers to secure water availability and rewet vulnerable peatlands to prevent fire. He has also ordered the intensification of Weather Modification Operations (OMC) and flagged five priority provinces for closer monitoring, from Riau to Jambi (BMKG 2026). These are the marks of a state reading the risks carefully and acting on them.

Understanding the risks, the state should allocate readily accessible funds for El Niño's mitigation and emergency responses. Data on Natural Disaster Response Reserve Funds (*Cadangan Penanggulangan Bencana Alam*) shows a consistent commitment of Rp5 trillion in the last five years (Kementerian Keuangan 2025). However, this fund is mainly directed to post-disaster emergency action.

The greater challenge lies in disaster preparedness capacity. The President's budget efficiency measure has narrowed the disaster preparedness capacity of responsible agencies at national and local levels. The National Disaster Management Agency (Badan Nasional Penanggulangan Bencana/BNPB) funding was slashed from Rp2 trillion in 2025 to Rp491 billion (Kementerian Keuangan 2025). Local governments suffer a similar fate, struggling to cover routine expenditures such as employee salaries, which leaves less room for disaster prevention and mitigation. This gap matters because the evidence points strongly toward prevention. As FAO and WFP (2025) both note, each dollar spent ahead of a disaster can reduce humanitarian costs by up to seven dollars.

In the long-term, Indonesia faces a heightened frequency of external shocks, specifically climate risks and geopolitical conflict. The government must have resilient institutions to absorb, navigate, and benefit from the upcoming potential risks. Resiliency is built upon strong crisis sensing and response that is driven by principles of truth and plurality in the policy-making process. These are institutional principles that will assist Indonesian leaders in understanding facts with clarity and in keeping feasible policy alternatives within view.

Leaders need to assemble an advisory team that comprises different technical expertise, values, and backgrounds to interpret the ongoing situations and possible scenarios from various points of view. More importantly, plurality is useless without valuing truth as a basic principle. Leaders must base their actions on pursuing truth, which translates to demanding that the advisory group deliver only unbiased data-driven information, including the inconvenient truth, and be open to criticism from outside. This truth-telling group will only thrive in a culture where different and dissenting opinions are highly valued to design sound policies.

Weber's ethic of responsibility asks a leader to answer for the results of their convictions and not to hide behind good intentions when the results are bad. This time, the pressure is economic risk and Godzilla El Niño, risks that the government is well-informed about and still holds policy alternatives to implement. This will not be the last storm. Indonesia is living in a world of heightened uncertainty where risks are interrelated, and room to respond is getting narrow. This state of the world demands leadership that could act based on facts rather than mere conviction and has the courage to change direction when policy is failing. This is what leadership that is grounded in reality will look like. And it is what Indonesia needs not only to face the current storm, but also for every one that follows

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