ABSTRACT: Non-military defense is a defense to deal with non-military threats that can endanger or have implications for national defense. Non-military threats have the dimensions of ideology, politics, economy, socio-culture, technology, public safety, and legislation. In the main points of the general policy of state defense for 2020-2024, it is stated that in the policy of implementing non-military defense, it is directed to deal with the dimensions and types of threats by determining the ministry/institution as the main element. The United States-China trade war is a policy involving two superpowers that have had a major influence on the global economy to date. The government's policy in dealing with the trade war is the program to attract investors as contained in the 16th Indonesian Economic Policy Package (PKE), including Tax Holiday. The purpose of the study is to provide government input on the implementation of economic policies in the face of the US-China trade war in the context of Non-Military Defense. Research with qualitative methods is aimed at understanding social phenomena from the perspective of the participants. The results achieved are in accordance with the theory of Policy Implementation related to Resources, Communication, Disposition and Bureaucratic Structure, a strategy is needed to revamp the bureaucratic structure and recalculate budget resources.

KEYWORDS: Economic Policy, Trade War, Non-Military Defense

INTRODUCTION
Conflict areas are explicitly or implicitly replicated artificially without real conflict. This can, for example, be done by creating an artificial state on the basis of conflict-free countries elsewhere, or by using the underlying economic fundamentals to predict what the economy would perform if there were no conflict (Abadie and Gardeazabal, 2003)

The main point of the general policy on national defense for 2020-2024 states that the policy for implementing non-military defense is directed at dealing with the dimensions and types of threats by determining the ministries/agencies as the main elements and ministries/agencies and local governments as supporters of the implementation of non-military defense (Saputro et al., 2020).

International Political Economy is based on the idea that despite the fact that thinking about legislative and financial matters, the state and the market, once personally intertwined, their relationship deserves thought in it has a right (Söderbaum 1996)

The strategy of identifying two elasticities with one instrument was applied by Romalis (2007) in the context of trading and studied by Zoutman, Gavrilova, and Hopland (2018) in the context of applications to public finance. Intuitively, tariffs create a wedge between what the importer pays and what the exporter receives.

State defense is all efforts to defend the sovereignty of the state, the territorial integrity of the Unitary State of the Republic of Indonesia, and the safety of the entire nation from threats and disturbances to the integrity of the nation and state. Indonesia in implementing national defense refers to a defense system that is universal in nature that involves all citizens, territories and other national resources, and is prepared early by the government and is carried out in a total, integrated, directed, and continuous manner to uphold state sovereignty, territorial integrity, and the safety of the entire nation from all forms of threats (Regulation of the President of the Republic of Indonesia Number 8 of 2012 concerning the General Policy of State Defense for 2020-2024).

In the contemporary world of international economics, we are faced with the concept of economic liberalization brought by the United States after its victory in the cold war. This has given birth to a new world order and predictions that the economy will replace geopolitics as a driving force in international politics (Scott Burchill and Andrew Linklater, 2009:37).

In the main point of the general policy of state defense for 2020-2024, it is stated that the policy for implementing non-military defense is directed at dealing with the dimensions and types of threats by determining the ministries/agencies as the main elements and ministries/agencies and local governments as supporters of the implementation of non-military defense (Saputro et al., 2021).
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The US–China trade war is affecting the global economy. Tariffs have affected the manufacturing sector: with employment levels falling and increasing costs for the consumer, financial markets are tightening. Morgan Stanley, an investment firm, has warned that the US economy could be contracting (Plut D 2008)

A number of unusual features are evident in the evolution of the Chinese economy during the past 20 years. The first is the crucial importance of international economic relations for economic growth and its continuing role in the development of China’s economy. China’s comparative advantage in labour-intensive manufacturing is greater than would be expected for a country of its size because of poor endowment in land, which thus also predicts food imports (Douglas I 1998).

It can be said that the 21st century is now one of them colored with the concept of cooperation between countries in accordance with the interests of each country, and not only developing countries, but developed countries also need a pattern of cooperative relations in order to benefit from this 21st century economic integration (Bourguignon, F., Morrisson C 2002)

The emergence of a new world order and countries that are able to compete with the United States have made the United States unable to underestimate other countries. Although the GDP of the United States is still listed as one of the largest economic powers in the world, China is currently experiencing rapid progress since China reformed its economy and liberalized its trade regime in the late 1970s (Meddison, A. 2001)

In 1979 the total trade in goods between the United States and China increased by US$2 billion since China’s economic reforms began. So that China, which was once a poor country, has now become a world economic powerhouse and won the second position that can balance the United States. Of course, with rapid economic development, this will greatly affect progress in other fields so that it increasingly strengthens China’s position in the international world (Greig, A., Hulme D., Turner M. (2007)

International economists project that there are four levels of conflict that may occur in the process leading to a trade war. First, the US has implemented a new import tariff policy which is quite high. Second, countries outside the US reacted by carrying out the same policy on imports of US products into their country. Third, the global economy is heading for a trade war in its later stages. Fourth, there is a real trade war that involves many countries and affects the global economy (Krylylych, Kh. (2012)

As the first and second ranked countries with the largest economies in the world, the United States and China have a major influence in the global economy that has been structured to date, so that the trade war between the United States and China can have a global impact, including the Indonesian economy (Eckes, A.(2011)

The government's policy is to attract investors as contained in the 16th Indonesian Economic Policy Package (PKE), namely Tax Holiday, Negative Investment List (DNI), and Export Proceeds (DHE). In fact, prior to PKE 16, the government had a fiscal incentive policy, which is also expected to attract investors. The PMK 35/2018 policy related to tax holidays is an evolution of the two previous regulations, namely PMK 130/2011 and PMK 159/2015.

According to the Public Policy for Private Sector 2020, it is stated that Tax Holiday is a weak instrument to create an investment climate in a country. Tax Holidays only provide short-term benefits to investors, so if the Tax Holiday facilities are exhausted, investors tend to leave or abandon their investment in the country. In addition, the provision of Tax Holidays will provide injustice among investors in the same industry. (Noviandari Sari Utami 2019)

The implementation of the tax holiday policy in increasing foreign investment in Indonesia has not been effective because there are no new registrants to get this facility due to the absence of clear legal certainty, and the requirements are quite heavy for investors. Tax holiday is not the main factor to invest in Indonesia. (Chairil Anwar Pohan 2021)

Obstacles in implementing tax holiday policies, namely inefficient government bureaucracy and regulations, government inconsistency regarding the determination of tax holiday regulations, and weak regional autonomy, including obstacles in terms of providing and licensing land for investment locations and other factors such as political stability, cost expensive labor and so on, also another obstacle is the investors themselves who are not right in the process of applying for a tax holiday with the realization of their investment. (Kesit Bambang Prakosa. 2020).

STUDY OF LITERATURE

Research on the factors that influence investment has been done by previous researchers. The results of these studies give different results. Here are the results of other empirical research:

We evaluate the impact of the US–China trade war using a dynamic computable general equilibrium (CGE) model of global trade. We conduct ex ante simulation analysis exploring three scenarios to understand how the trade war affects import tariffs, investment, and productivity. The escalation of the trade war reduces gross domestic product (GDP) in China and the USA by −1.41% and −1.35%, respectively. The trade war reduces nearly all sectoral imports and outputs in both countries (K. Itakura 2020)

This paper explores the impacts of the Trump administration’s trade policy on prices and welfare. Over the course of 2018, the U.S. experienced substantial increases in the prices of intermediates and final goods, dramatic changes to its supply-chain network, reductions in availability of imported varieties, and complete passthrough of the tariffs into domestic prices of imported goods. Overall, using standard economic methods, we find that the full incidence of the tariff falls on domestic consumers, with a reduction in U.S. real income of $1.4 billion per month by the end of 2018. We also see similar patterns for foreign countries who
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have retaliated against the U.S., which indicates that the trade war also reduced real income for other countries (M. Amiti, S. Redding, David E. Weinstein (2019))

Babatunde & Adepeju (2012:14) find that Tax Incentives have a significant impact on the growth of Foreign Direct Investment in the oil and gas sector in Nigeria. Hasset & Hubard (Parys & James: 2010: 405) found a negative relationship between the cost of capital and investment as predicted by the neoclassical model.

Klemm & Parys (2011) in their research results show that Tax Holidays affect FDI in some cases, where investment allowances do not affect FDI. In Latin America and the Caribbean, low tax rates and the provision of Tax Holidays have an effect in attracting FDI, but they have no effect in Africa. Kurniati et al (2007:47) found that political stability is a factor that is highly considered by foreign investors apart from financial stability which is reflected in exchange rate stability and investment incentives.

Klemm & Parys: (2011: 4) found the ambiguous effect of Tax Holiday which depends on the investment period and the amount of profit gained from the investment. Parys & James (2010) in their research results show that the provision of tax incentives does not guarantee increased investment. The most important factor for investors is the quality of public goods provided, such as the quality of regulations & infrastructure. Prakoso (2003:34) found that the tax incentive policy had a significant impact on the development of foreign investment in Indonesia in 1970-1999. H. Wells & Allen (Parys & James: 2010: 401) found that there was no significant change in investment before and after the abolition of Tax Holiday in Indonesia in 1984.

METHODS

The research method used in this study used a descriptive qualitative approach. Descriptive research is research conducted to describe and describe the current state of the object of research as it is based on the facts. (Moleong, 2008:6). Denzin distinguishes four kinds of triangulation as a technique for checking the validity of the data that utilizes sources, methods, investigators, and theory (Moleong Lexy J, 1994:178). Data analysis in this article is carried out through: 1. Data reduction, namely by summarizing, sorting out the main data, then focusing and compiling the data systematically. 2. Display data, which presents certain data in the form of matrices, graphs, charts, or networks if needed. 3. Verify data.

The model proposed by George C. Edward III, III (1980: p. 9-10), is top-down in nature and suitable to be implemented at a structured bureaucratic level in a government institution, where each hierarchical level has a role in accordance with the function in policy elaboration. that will be implemented and facilitate the implementation of a policy at each level of the bureaucracy starting from the departmental level (central government), to the implementation level in the field. Edward III's model directs an understanding of the variables of policy implementation and the relationship between variables by determining the role of each variable. Communication is needed by every policy implementer to know what to do. Resources ensure the support for the effectiveness of policy implementation. The bureaucratic structure explains the task structure of the policy implementers, breaks them down into task details and sets standard operating procedures.

DISCUSSION

In terms of communication with stakeholders, it has been running as it should have been carried out by officials including Coordinating Minister for Political, Legal and Security Affairs, Coordinating Minister for the Economy, Coordinating Minister for Human Development and Culture, Coordinating Minister for Maritime Affairs, Cabinet Secretary, Presidential Chief of Staff, Minister of Finance, Minister of SOEs, Minister of Transportation, Minister of Tourism Arief Yahya, Minister of Industry, Minister of Energy and Mineral Resources, Minister of ATR/Head of BPN, Minister of Foreign Affairs, Minister of Law and Human Rights, Minister of Health, Minister of LHK, Minister of Agriculture, Menristekdikti M Nasir, Minister of Manpower, and Head of BKPM”.

In terms of legal communication, the explanation of the legal basis for giving Tax Holidays is in accordance with legal rules consisting of Laws, Government Regulations, Regulations of the Minister of Finance, Regulations of the Head of the Foreign Investment Agency, Regulations of the Minister of Industry and Regulations of the Director of Tax Lenders (Prakoso, Kesit Bambang. 2003)

In terms of policy communication, the government has prepared the Tax Holiday very carefully. This can be seen by the readiness of the legal basis for the implementation of the Tax Holiday in the form of exemption or reduction of Corporate Income Tax (eko, 2021)

In developing human resources in handling tax holidays in accordance with the regulations of the Ministry of Finance (PMK) concerning Management of Human Resource Development within the Ministry of Finance Number 2016/PMK.01/2018. Implementation of human resource competency development which is part of the achievement of the vision and mission of the Ministry of Finance through the realization of linkages and compatibility between education, learning, and the application of values with performance targets supported by knowledge management.

In terms of human resources, there are no obstacles in implementing the Tax Holiday policy. It can be seen that those who are competent in terms of Tax Holiday policies are the Directorate General of Taxes of the Republic of Indonesia (DJP), the
From the budget side, by increasing tax incentives, the impact on the state budget, especially the state debt, will experience swelling and an increase in tax revenue has the potential to decrease as many fiscal incentives are disbursed. As a result, the state budget deficit has the potential to widen and government debt to increase.

Global economic conditions are likely to experience a slowdown, the fate of the trade war is not yet clear. With the situation, it is difficult to increase acceptance. As a result, the state budget deficit and debt could increase. According to him, the impact of tax incentives on the economy itself will take at least 3-5 years (Mitev, M.G. 2013). Moreover, the current global economic condition does not support investors to increase their investment. "There are tax incentives that don't necessarily make investors want to invest, they also look at the economic situation. Moreover, if licensing and regulations are still complicated. In 2019 the government's tax spending to provide economic stimulus through incentives reached IDR 221 trillion. However, last year's economic growth still in the range of 5%. The lost state revenue from tax incentives could not be covered by an increase in investment as expected.

The World Bank report also states that the lack of foreign investment (FDI) in Indonesia cannot be solved simply by providing incentives or massive tax discounts. "This means that fiscal incentives that are so large are not effective and tend to be enjoyed by certain groups," he added. Therefore, according to him, what is urgently needed to be improved at this time is the aspect of coordination between the center and the regions.

Fiscal incentives are urgently needed by entrepreneurs in the midst of the current economic slowdown. With the tax relief provided by the government, businesses can expand their business and increase their investment. The multiplier effect is, employment increases and GDP which is the driving force of the economy can increase (Landais, C., Michaillat, P., & Saez, E. 2010).

The government can carry out fiscal expansion to increase the rate of national economic growth. Increasing the rate of economic growth means increasing national income, which in turn allows for an increase in people's per capita income, if the population does not increase higher (saputro, 2021)

The increase in per capita income or the high rate of economic growth in these countries does not necessarily mean that these countries can by themselves be categorized as developed countries, in the sense that their economic structure has changed to an industrial economic structure and their foreign trade is stable (Bernal-Verdugo, L.E., Furceri, D., & Guillaume, D. 2012). Because in reality, the large and small amount of foreign debt owned by many developing countries is more due to the current account deficit, a shortage of development investment funds that cannot be covered by domestic sources of funds, high inflation rates, and structural inefficiency in the economy.

Payment of debt installments and interest is the main foreign exchange expenditure for many debtor countries. The burden of foreign debt can be measured by looking at the proportion of foreign exchange receipts in the current account originating from exports which are absorbed by all debt services in the form of interest and debt installments.

According to Susan George 1992, foreign debt is pragmatically a boomerang for the recipient country (the debtor). The economies of debt-receiving countries are not getting better, but are getting worse and worse. Susan George's research strengthens the argument that G.J. Meier 1970, that the flow of foreign capital from developed countries to third world countries has never increased, and the problem of paying off foreign debts is getting more and more burdensome, therefore the import surplus supported by foreign capital is decreasing, and the diversion of sources outside of imports is based on on exports has become relatively unimportant for most third world countries.

In the 2019/2020 fiscal year, the payment of principal and interest on maturing government external debt increased by 136.07% from the fiscal year of the Indonesian Government's External Debt.

The government should reconsider the appropriate timing of disbursing tax incentives. In addition, tax incentives must also be provided selectively and transparently. "In some countries, taxpayers who receive incentives have their data opened so that there is transparency. This should also be done by the government”

Disposition regarding the consideration of policy makers that in determining the Tax Holiday policy several criteria have been considered, including economic stability, political stability, raw material costs, domestic market, transparency in law, availability of trained human resources, labor costs, quality of life, availability of local suppliers and There is a bilateral cooperation agreement.

In terms of disposition, there are no significant obstacles because the decision on tax holidays in Indonesia has experienced anomalies since the Foreign Investment Law was enacted in 1967. Article 15 of the law regulates facilities such as easing the imposition of taxes and other levies in the form of reductions and even tax exemption.

However, in 1970, the Indonesian government abolished the tax holiday provision through Law no. 11 of 1970 concerning Amendments to the Law on Foreign Investment. In 1996, the Indonesian government reintroduced the tax holiday regulation through Government Regulation no. 45 of 1996 concerning Income Tax on Income of Corporate Taxpayers for Certain Industrial Businesses.
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The anomaly regarding the tax holiday rules again occurred with the abolition of the tax incentive facility by issuing Government Regulation no. 148 of 2000 concerning Income Tax Facilities for Investment in Certain Business Fields and/or in Certain Regions.

In the end, Indonesia again gave birth to tax incentive regulations through Law no. 25 of 2007 concerning Investment. Through article 18 of the 2007 Investment Law, the government provides facilities to investors, both for new investors and for business expansion.

This Investment Law is the basis for the formation of technical regulations for incentive facilities through Minister of Finance Regulation no. 130/PMK.011/2011 concerning Provision of Facilities or Reduction of Corporate Income Tax.

The PMK has recently undergone several changes and the most recent is PMK 130/PMK.010/2020 concerning the Provision of Corporate Income Tax Reduction Facilities. The existence of regulations regarding tax incentive facilities for investors provides legal certainty and assists the development of pioneer industries. (Redelet, Steven dan Jeffrey D. Sachs, 1997).

Improving the overlapping bureaucracy, especially at the local government level, is more urgent than intensively stimulating the entry of large investments, one of which is the lure of providing tax holidays (Saputro, 2021)

The government should develop small and medium industries. One way is to increase the provision of cheap credit assistance for the development of the industry. In addition, the government is also asked to direct capital inflows, which are expected to grow even more as the crisis in the US and Europe has not recovered, to be placed in the real sector. must be aware of that.” Zamroni also highlighted the use of most of the APBN allocation for routine spending and only a small allocation for development which led to public disappointment.

Obstacles in terms of bureaucracy that run on Tax Holiday policies tend to overlap. The government’s move to provide a deferral of income tax for a certain period of time or known as a tax holiday for large investments in Indonesia is considered to be able to increase the attractiveness of potential investors. increase in size, namely by revamping the bureaucratic system, especially at the regional level.

So far, the complexity of the government bureaucracy has caused foreign investors to think twice about investing their funds in Indonesia. Large investments will come in, even without the lure of a tax holiday. In order to make local governments aware of this, the central government should continue to regulate this either by issuing a Government Regulation or by issuing a Presidential Instruction which requires local governments to provide regulations and a more friendly bureaucracy.

Related bureaucracy with foreign countries. The current constraint of negative sentiment from abroad, in the form of the debt crisis in the US and several countries in Europe, is expected to affect the achievement of Indonesia's economic growth target this year. Economic growth in semester II/2021 could be depressed due to this sentiment so that Indonesia's overall economic growth this year will only be at the level of 6.4%. This figure is smaller than the target agreed by the government with the DPR in the 2021 APBNP which is 6.5%. This is to strengthen the resilience of the national economy against negative external sentiments.

To speed up the process of providing tax holiday incentives, the government will shorten the bureaucratic process which has been considered too long and convoluted. So far, the company's procedures for obtaining tax holiday facilities are too long. The Head of the Center for the Study of Policy and Industrial Business Climate at the Ministry of Industry, Harris Munandar, said that the company's application for the tax holiday incentive facility was actually quite short. The approval process from the Ministry of Industry takes 14 days, then proceeds to the Ministry of Finance for discussion. Meanwhile, the process at the Ministry of Finance takes 30 days. It should be like that. Usually at the Ministry of Industry it takes no more than 14 days and is immediately submitted to the Ministry of Finance. What makes it a bit slow is probably because the time is difficult to gather the entire verification team is present at the Ministry of Finance. This bureaucracy is the obstacle.

Obstacles in the absence of climate Improvement of the investment climate which is the focus of the government. Starting from the Online Single Submission (OSS) system to the provision of various tax incentives, such as tax holidays and tax allowances. Indonesia is still unable to compete with other ASEAN countries in attracting foreign investors. (Nasution, Anwar, 1997), So where the problem is in assessing investment barriers so far, it can be seen in the bureaucratic process and licensing system, especially the issue of land settlement.

Indonesia is actually already attractive to investors. But obstacles often occur precisely when investors will realize their investments. So there must be coordination between the central government, regional governments, improve land governance, improve labor policies, and improve the licensing system.

Land acquisition and licensing issues are often an obstacle. Although there is already ease of licensing through the OSS system, the facts on the ground show that this service is not perfect and there are many obstacles in its implementation. No less important, another constraint factor is the inconsistency of government policies in facilitating the entry of investment. "So it is not enough with deregulation and incentives, eliminating obstacles to policy inconsistencies by improving central and regional coordination.
CONCLUSION

In terms of communication, the stakeholders in determining the Tax Holiday policy have been running properly with the approval of several ministers in charge. The agreement took into consideration, among others, economic stability, political stability, cost of raw materials, domestic market, transparency in law, availability of trained human resources, labor costs, quality of life, availability of local suppliers and the existence of bilateral agreements.

In terms of synergistic communication between ministries, it is agreed that the Tax Holiday policy is increasingly important in influencing investment decisions with the consideration that the production process is increasingly export-oriented and sensitive to taxes due to the impetus of globalization and the existence of regional economic cooperation and free trade resulting in more uniformity in the legal aspects of business and increased connectivity.

In developing human resources in handling tax holidays in accordance with the regulations of the Ministry of Finance (PMK) concerning Management of Human Resource Development within the Ministry of Finance Number 2016/PMK.01/2018. In terms of human resources, there are no obstacles in implementing the Tax Holiday policy. It can be seen that those who are competent in terms of Tax Holiday policies are HR from the Directorate General of Taxes of the Republic of Indonesia (DGT), the Investment Coordinating Board (BKPM), the Ministry of Industry (KEMENPERIN), and the Fiscal Policy Agency of the Ministry of Finance (BKF-KEMENKEU).

That by increasing tax incentives, the impact on the state budget, especially state debt, will experience swelling and an increase in tax revenue has the potential to decrease along with the disbursement of fiscal incentives. As a result, the state budget deficit has the potential to widen and government debt to increase.

Global economic conditions are likely to experience a slowdown, the fate of the trade war is not yet clear. With the situation, it is difficult to increase acceptance. As a result, the state budget deficit and debt could increase.

The bureaucracy that runs on Tax Holiday policies tends to overlap. The more important thing is to be fixed immediately if you want the flow of investment, especially to the real sector, to increase, namely by revamping the bureaucratic system, especially at the regional level.

The complexity of the government bureaucracy causes many foreign investors to think again about investing their funds in Indonesia.

SUGGESTION

In terms of budget, the government should reconsider the Tax Holiday policy. That by increasing tax incentives, the impact on the state budget, especially state debt, will experience swelling and an increase in tax revenue has the potential to decrease along with the disbursement of fiscal incentives. As a result, the APBN deficit has the potential to widen and government debt to increase.

From a bureaucratic perspective, it is advisable to review it because the rules that apply to Tax Holiday policies tend to overlap. The more important thing is to be fixed immediately if you want the flow of investment, especially to the real sector, to increase, namely by revamping the bureaucratic system, especially at the regional level.

It is recommended that the government simplify the bureaucratic system to attract foreign investors to invest their funds in Indonesia.

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