Opinion

Deconstructing the One Big Beautiful Bill: Reflections and Strategic Lessons for Indonesia

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Abstract

This article critically examines the One Big Beautiful Bill (OBBB), a major socio-economic policy initiative enacted in the United States in 2025 under President Donald Trump's administration, and explores its broader implications and lessons for developing countries, particularly Indonesia. The OBBB package, while promoting permanent tax cuts and family incentives, also introduced significant reductions in healthcare subsidies and social welfare programs. Drawing on political economy frameworks and comparative policy literature, the article argues that such reforms reflect the politicization of fiscal policy, often prioritizing electoral gains over long-term equity and resilience. By incorporating empirical evidence from the U.S. and development policy research, the paper underscores the socioeconomic consequences of weakening public health infrastructure and neglecting inclusive budgeting processes. For Indonesia, this case offers strategic insights into avoiding similar pitfalls by reinforcing data-driven governance, investing in social infrastructure, and ensuring democratic accountability. The article concludes with policy recommendations grounded in international best practices and previous studies, advocating for adaptive reform strategies that align with Indonesia's institutional context. Ultimately, this study contributes to a deeper understanding of how developing countries could learn from global fiscal experiments without replicating their shortcomings, thus promoting sustainable and equitable development.

Introduction

In July 2025, the United States passed a significant legislative package known as the "One Big Beautiful Bill" (OBBB), a socio-economic reform bill hailed as the most substantial legislative victory of President Donald Trump's second term. The bill features permanent tax cuts, family-based incentives, increased defense spending, and strengthened border security. However, it also entails substantial reductions in social welfare programs such as Medicaid and healthcare subsidies (Tanne and Looi 2025). This legislative milestone carries implications not only for the United States but also offers important lessons for developing countries such as Indonesia.

Recent literature on comparative public policy suggests that fiscal reforms in high-income countries often produce ripple effects on policy design and political discourse in emerging

economies (Ahmed, Bux, and Alam 2025). For instance, emphasizes that developing nations frequently look to OECD countries as models, selectively borrowing policy strategies despite differing institutional and social contexts (Dorombaeva, Mansour, and Hough 2025). Similarly, other studies warn of "isomorphic mimicry" where countries adopt external policy forms without matching their functional capacity (Kourtelis 2021). These studies highlight the risks associated with emulating large-scale fiscal strategies like the OBBB without critical adaptation to local contexts.

For developing countries, particularly those navigating complex democratic transitions and uneven economic structures, the OBBB offers both cautionary tales and strategic insights. The bill highlights how political agendas can shape economic and social policies in ways that may not always prioritize equity or long-term resilience. The trade-offs between stimulating short-term economic growth and preserving social welfare protections are central challenges for low- and middle-income countries.

In Indonesia's context, the OBBB serves as a valuable reference for designing balanced fiscal reforms. It emphasizes the need for inclusive policy formulation, robust social safety nets, and a commitment to long-term development goals over short-term political victories. The implications of such U.S. policies provide a timely opportunity for reflection on how fiscal tools, political processes, and public accountability mechanisms interact within governance systems.

This article critically examines the components and consequences of the OBBB while drawing comparative lessons for Indonesian policymakers. Through empirical evidence and strategic policy recommendations, it aims to support the design of more equitable and sustainable reforms that center public welfare as a core principle of governance.

Section I: Understanding U.S. Political and Economic Strategy
Recent academic studies have highlighted how fiscal policy is often employed not only for macroeconomic purposes but also as a tool for political gain. For instance, fiscal expansions, particularly tax cuts, are frequently aligned with electoral cycles and used to reinforce incumbency advantages (Kluza, Kociemska, and Rafał 2025; Rossel Flores, Huysmans, and Ferwerda 2024). In the context of the United States, research warns that sustained tax reductions without corresponding expenditure adjustments can lead to unsustainable deficits, with long-term implications for public welfare programs (Narotzki).

OBBB exemplifies the instrumental use of fiscal policy as a political tool for campaign consolidation and power maintenance. By implementing permanent tax cuts, the Trump administration aimed to stimulate economic growth while appealing to middle-class voters and corporate interests (Mahase 2025). However, such an approach sacrifices long-term fiscal stability and undermines social safety nets.

This illustrates that fiscal policy is not merely a technocratic matter but inherently political. In democratic settings, policy outcomes often reflect the interests of those in power. This serves as a critical reminder for Indonesia, where fiscal policies are also frequently aligned with electoral objectives.

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Section II: Socioeconomic Consequences of OBBB
Several empirical studies have analyzed the implications of reducing healthcare funding and its broader socioeconomic impact. For example, Medicaid expansion under the Affordable Care Act was associated with improved access to care, reductions in mortality, and better financial security among low-income Americans (Wyse and Meyer 2025). Conversely, cuts to public health insurance programs tend to lead to increased use of emergency services and reduced preventive care, which has long-term cost implications for the healthcare system (Haeder and Moynihan 2023). Furthermore, emphasized the strong correlation between social determinants of health and economic productivity, suggesting that weakening public health infrastructures can lead to broader declines in national performance (Hiam et al. 2024).

One of the most contentious aspects of OBBB is the reduction in funding for Medicaid and healthcare subsidies. According to projections from non-partisan institutions in the U.S., tens of millions of individual's risk losing access to healthcare services. This policy shift risks exacerbating inequality and increasing the vulnerability of low-income populations.

The long-term repercussions of these cuts may be profound, potentially manifesting in decreased workforce productivity, rising poverty rates, and greater pressure on emergency healthcare systems. Indonesia must critically assess how the United States addresses these emerging challenges to avoid similar pitfalls

Table 1. Potential Implications of One Big Beautiful Bill

Potential Implications	Positive Impacts	Negative Impacts
Permanent Tax Cuts	Stimulates short-term economic growth; increases disposable income	Reduces government revenue; increases budget deficits
Family-Based Incentives	Supports family welfare and education savings	May not sufficiently reach low-income or marginalized groups
Increased Military and Border Spending	Enhances national security and infrastructure	Diverts funds from essential public services such as health and education
Cuts to Medicaid and Health Subsidies	Reduces public expenditure burden	Millions may lose healthcare access; worsens inequality and health outcomes
Politicization of Fiscal Policy	Enables decisive policy implementation	Risks undermining policy neutrality; fosters elite-centric governance
Limited Public Debate in Legislation	Speeds up legislative process	Reduces transparency; excludes civil society and expert voices

Potential Implications	Positive Impacts	Negative Impacts
Focus on Economic Growth	Encourages investment and corporate confidence	Risks neglecting social equity and environmental sustainability

The "One Big Beautiful Bill" reflects the complex interplay between political, economic, and social interests in public policymaking. For Indonesia, it presents a moment of reflection: will the nation learn from the missteps of developed countries or replicate them in ways that are even more detrimental? It is time for Indonesia to realign its fiscal and social policies based on the principles of equity, inclusivity, and sustainability

Section III: Key Lessons for Indonesia
Indonesia can derive several key lessons from the implementation of OBBB in the United States. First, maintaining a balance between economic growth and social equity is essential. Tax cuts that are not coupled with strong social protections tend to widen income disparities. Thus, any economic incentives introduced by the Indonesian government should be accompanied by strengthened public services, including healthcare, education, and social assistance.

Second, the budgeting process should be conducted transparently and inclusively. The experience of OBBB demonstrates the potential risks when major legislative elements are enacted without thorough public discourse. In the Indonesian context, civil society engagement and independent institutional oversight are crucial to ensure policies reflect public needs.

Third, social safety nets must be regarded as long-term investments rather than fiscal burdens. Programs such as the National Health Insurance (BPJS), Indonesia Health Card (KIS), and other social assistance initiatives should be continuously strengthened, as they contribute to national productivity and welfare.

Lastly, the influence of political agendas on development direction must be managed to align with evidence-based and sustainable principles. Public policies should not merely serve as instruments of political consolidation but must be grounded in justice and the long-term national interest.

Section IV: Strategic Policy Recommendations for Indonesia

1. **Evaluate the effectiveness of tax incentives:** The Indonesian government must critically assess whether tax reductions effectively stimulate investment and employment generation.
2. **Strengthen universal healthcare systems:** Reforms to BPJS should focus on expanding coverage and improving service quality, rather than prioritizing cost-efficiency alone.
3. **Design data-driven policies:** Utilize spatial, demographic, and socioeconomic data to develop targeted and politically unbiased policy interventions.

These strategic policy recommendations underscore the importance of building a resilient and inclusive governance system that prioritizes human development and social justice. Indonesia must strengthen institutional capacity at all levels of government to ensure the successful implementation of these policies. Furthermore, the government should foster partnerships with academia, NGOs, and the private sector to co-create policy solutions that reflect evidence-based

approaches and respond to local realities. Finally, safeguarding democratic accountability through independent oversight bodies and a free press is essential in maintaining transparency and preventing the misuse of fiscal authority for short-term political gains.

Previous studies reinforce these directions, found that countries with strong social protection systems recovered faster from fiscal shocks, while a World Bank study on Indonesia emphasized the importance of targeted subsidy reforms and community-based monitoring to improve public service delivery (Canton 2021). Moreover, empirical findings from the Asian Development Bank demonstrated that coordinated investment in health and education positively correlates with inclusive growth across Southeast Asia (Karim, Irawan, and Mursitama 2024). These insights should inform Indonesia's approach to fiscal reforms, ensuring that social resilience is embedded as a core principle of economic governance.

Conclusion
The "One Big Beautiful Bill" reflects the complex interplay between political, economic, and social interests in public policymaking. For Indonesia, it presents a moment of reflection: will the nation learn from the missteps of developed countries or replicate them in ways that are even more detrimental? It is time for Indonesia to realign its fiscal and social policies based on the principles of equity, inclusivity, and sustainability.

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