To most Americans, Indonesia is a little-known and greatly undervalued country. It receives far less attention in newspapers and journals than China, Japan, India, and even such smaller countries as Vietnam, the Philippines, and Malaysia. Indonesia tends to make the headlines only when something very significant, and generally negative, occurs, such as the Indonesian connection to illegal political campaign contributions in the 1996 U.S. elections, the forest fires and resulting pallor of smoke hanging over much of insular southeast Asia in 1997, or the severe economic problems Indonesia began experiencing in late 1997.

Some Americans have heard of Indonesia as the famous spice islands of old that attracted the Portuguese, Dutch, and British, but not many know that this land was the Dutch East Indies for more than three centuries...
Some may be surprised to find that to an increasing degree the shoes, clothes, and electronic and other equipment they purchase in American stores have originated in Indonesia. Indeed, the United States is Indonesia’s second largest trading partner for both exports and imports. Few people are aware of its size, the physical beauty of its towering volcanoes and terraced rice fields, its long and colorful history, the incredible diversity of its peoples, and the richness of its many cultures. Not many know of its increasing significance as an emerging economic “tiger,” as a very important source of biodiversity, and as one of three major areas of invaluable tropical rainforests in the world. This article highlights some of the most important features of this fascinating country that people should understand; it also examines Indonesia’s growing importance in three major geographical dimensions: in the world economy, in the global ecology, and in people’s increasing awareness of Indonesia’s beauty, culture, and diversity. In so many ways, for most Americans, Indonesia is a country waiting to be discovered and recognized for all that it is.

Indonesia boasts a number of “firsts.” It is the largest archipelago in the world, with over 17,500 islands stretching more than 5,000 kilometers from west to east (and including three of the world’s six largest islands—New Guinea (whose western half is the Indonesian province of Irian Jaya), Borneo (where the southern two-thirds belonging to Indonesia is known as Kalimantan), and Sumatra. Indonesia is one of the most seismically active regions of the world, containing numerous active volcanoes and subject to frequent earthquakes and associated tsunamis. The eruption in 1883 of its most famous volcano, Krakatau, caused an estimated 37,000 deaths from the huge series of tsunamis it caused and put so much ash and dust into the air that it altered sunsets around the world for almost three years. Yet the volcanic eruption that caused more deaths than any other in recorded history is that of Tambora on Sumbawa in 1815, which was responsible for an estimated 162,000 deaths. Indonesia has the largest extent of mangroves, and the world’s longest snake, smallest primate (the tarsier at just ten cm. long), and largest flower—the rafflesia, which has blooms growing up to one meter in diameter. It is the world’s largest producer of plywood, cloves, and nutmeg, and also of liquified natural gas.

Indonesia is the country with the largest Muslim population in the world. Yet it contains the largest Buddhist stupa (which is also the largest structure in the entire southern hemisphere), an heirloom of its diverse past. It has the largest city in the southern hemisphere—Jakarta, with a population of more than nine million. Its national language, bahasa Indonesia, is one of the easiest languages in the world to learn. It is a lan-

![Krakatau, the most famous of Indonesia's more than 400 volcanoes (of which about 100 are active), lies about fifty km. off the coast of West Java. Although Krakatau's eruption in 1883, one of the world's greatest and most catastrophic eruptions, destroyed the entire island, a new volcano, the "Child of Krakatau" (Anak Krakatau) has been growing vigorously in its crater since 1928. Periodically it belches smoke and ashes, as seen in this photo.](image)

**Photo by Chris Drake**
guage with consistent phonetic pronunciation and no tenses or cases, and, unlike Arabic, Chinese, Japanese, etc., it is written in the Roman alphabet. According to some observers, Indonesia may also have the dubious distinction of being the most corrupt country in Asia, if not the world. Clearly, Indonesia is a country worth knowing more about!

**INDONESIA’S GROWING ECONOMIC IMPORTANCE**

Indonesia is one of the growing economic “tigers” of Southeast Asia, despite its financial crisis that began in mid-1997. For the past twenty-five years, its economy has been growing at more than 6 percent per annum as it has become an increasingly open trading nation. With a population of about 205 million—the fourth largest country in the world in population size—and growing by almost three million people a year, it offers a large market and alluring opportunities for foreign investors. Indeed, it has attracted billions of dollars of American investment, primarily in the energy sector, but increasingly also in manufacturing. It has been labeled one of the ten “big emerging markets” of the world by the U.S. Department of Commerce. Indonesia’s gross domestic product (GDP) in 1995 was $198.1 billion, making it the twenty-second largest economy in the world. Just fifteen years before, in 1980, its GDP was $78.0 billion. Indeed, the World Bank has predicted that by the year 2020 Indonesia may have the fifth largest GDP in the world.

The country is extremely rich in natural resources, including timber, agricultural products, petroleum, natural gas, and other minerals. It is also an important source of cheap labor.

Indonesia has the third largest rainforest in the world (after Brazil and the Democratic Republic of Congo, formerly Zaire). Since 1980 the country has insisted on benefiting from value-added processes in place of exporting raw lumber. As a result, Indonesia is now the largest producer of plywood in the world, producing about 80 percent of the tropical plywood sold in the global market. Indonesia also produces beautiful hardwoods, such as teak and ebony. Veneers, rattan, and resins, as well as some furniture and wood handicrafts are exported as well. Processed timber products contributed almost 13 percent of the country’s total exports in 1995.

Its equatorial climate, combined with fertile volcanic or alluvial soils in parts of the country (particularly Java and Bali), enable Indonesia to be a major producer of both subsistence food crops such as rice, corn, cassava, sweet potatoes, soybeans, etc., and important export crops. Many of the latter are grown on commercial plantations. Indonesia is the world’s second largest producer of palm oil, rubber, copra (dried coconut meat), and vanilla, and third largest producer of cocoa and coffee (the term, “a cup of Java,” originated from the rich coffee grown in colonial times on plantations in Java). Indonesia also continues to be a major source of spices, such as cinnamon, mace, nutmeg, and cloves (for example, Indonesia produces 75
percent of all the nutmeg grown in the world and 60 percent of all the cloves), as well as such other commodities as tea, sugar, and tobacco (the last two grown especially on small holdings). Its vast marine fisheries provide shrimp and tuna for export and a wide variety of fish for local use.

Indonesia is a supplier of petroleum and natural gas. It is one of the twelve members of the Organization of Petroleum Exporting Countries (OPEC), although its reserves are relatively small. It produces about 1.38 million barrels of oil, and 190.2 billion cubic feet of natural gas per day.4 Exports of oil and oil products earned Indonesia $6.31 billion in 1994–5, while liquefied natural gas (LNG) exports added a further $4.13 billion in that same year.5 Oil and LNG thus are Indonesia’s second and third most important income earners. In addition, the country mines millions of tons of coal per year, mostly for domestic consumption (so that the petroleum and natural gas can be exported). It has significant deposits of nickel, bauxite, tin (of which Indonesia is the world’s second largest producer), copper, gold, silver, and other minerals. Its location on a critical shipping route for oil also contributes to the country’s importance.

Beginning in 1991, the manufacturing sector superseded agriculture as the largest contributor to the GDP, and manufactured industrial goods surpassed the export of raw materials to become Indonesia’s most important source of income. Textiles, clothing, footwear, aerospace products, electronic equipment, machinery, telecommunications and sound equipment, handicrafts, and an ever-increasing range of other manufactured goods together earned more than $13.1 billion for the country in 1995. Such growth is expected to continue. One of the major objectives of Indonesia’s industrialization policy has been to add value by processing domestically produced raw materials—not just timber but also rubber, palm oil, rattan, bauxite, petroleum, and natural gas (through petrochemicals).

Although Indonesia’s gross national product (GNP) per capita in 1995 is a relatively low $980 (purchasing power parity, PPP, $3,800),6 Indonesia has experienced significant economic growth in recent years—at least until the currency and economic crisis that affected most of Southeast Asia in late 1997. This growth can be seen in the increase in the country’s per capita GNP from $70 in 1969 to its present figure. One consequence of its economic growth is that millions of its people have been pulled out of poverty. Living standards have risen, as measured by a number of social and demographic indicators. Over the past thirty years, life expectancy has risen from 46 to 64, infant mortality has dropped from 145 per 1,000 live births to 51. Primary school enrollment has increased from 41 to an estimated 93 percent, and the literacy rate has grown from 61 to 84 percent. The percentage of homes with electricity has increased from about 6 in 1965 to over half today. As a result of economic growth, there are substantial numbers of middle-class people with money to spend at the ever-increasing number of fancy shopping malls and expensive stores, not just in the capital, Jakarta, but in most of the regional capitals and other cities as well, especially in Java.

Two troubling trends, however, dampen Indonesia’s record of successful economic growth. First is the growing gap between rich and poor. The rich—in almost every case, family and friends of the president—have become extremely rich, often through corruption and special favors. In 1996, for example, one of President Suharto’s children obtained a monopoly to develop a “national” car and exemptions from the huge tariffs that are applied to every other company importing cars and car parts. The Chinese, who make up a very small minority of about 1.5 percent of the population, are by far the richest ethnic group in the country—a reality that provokes resentment and outright hostility which bubbles over from time to time in ugly ethnic clashes. They and the military are perceived as siphoning off a disproportionate share of Indonesia’s wealth.

At the same time a decreasing percentage, but still millions of people, remain mired in misery, having experienced little improvement in their lives over the past few decades. Although officially the poverty rate has fallen to a
low 14 percent of the population from 60 percent in 1965, part of that success is attributed to a redefinition of “poverty.” Many still have inadequate diets, little access to health care, poorly equipped educational facilities, and substandard housing. Indeed, many complain that, despite the better infrastructure and wider availability of electricity, their lives are more difficult than before; imported goods cost relatively more; there are fewer subsidies for basic commodities such as rice, cooking oil, fertilizer, kerosene, etc.; and there is more competition for jobs, especially in the formal sector. An estimated twenty-six million people still live on less than $1.00 per day, and the typical wage is below $2.00 per day. Unemployment and under-employment rates are high, and with a population growth rate of 1.6 percent a year, Indonesia is faced with more than two million new entrants into the labor force each year without a corresponding increase in the number of jobs being created.

The second troubling trend relates to the depletion of raw materials and the degradation of the environment that have been going on for decades. Economic development has come at a price. Deforestation has reduced the area in forest to less than two-thirds of its original amount. Expansion of plantations and of shifting agriculture into the rainforests has opened up and degraded large areas of forest, making them much more vulnerable to forest fires. Petroleum and natural gas, both nonrenewable resources, are being quickly depleted. Coal, which Indonesia is using increasingly and of which Indonesia has considerable reserves, is a far more polluting fuel. Increased urbanization, while relieving some of the pressure on rural areas, has resulted in vast amounts of pollution—water, land, and air—and led to some very unhealthy conditions. Continued use of leaded gas and the absence of pollution-abatement devices on vehicles and industrial plants exacerbate the problem. The drought in 1997—reputedly the worst in fifty years—has caused severe suffering in many parts of the country: hundreds, if not thousands, have starved or succumbed to disease as a direct result of the drought. Meanwhile, huge fires, which blanketed much of Southeast Asia with smoke in the fall of 1997, caused numerous respiratory and other health problems. Residual fires, many underground in the peat bogs of Kalimantan, threaten continued problems.

The recent debt crisis, currency, and stock market problems in Indonesia have seriously affected the economy. Big businesses and banks are in considerable trouble, and the government has had to seek a $38 billion international bail-out package (including a $23 billion loan from the International Monetary Fund) to stabilize the economy. Devaluation of the rupiah (Indonesia’s currency) certainly makes Indonesian products cheaper overseas, thus helping exports, but it depresses wages and raises the cost of imports—a factor which particularly hurts those in the urban areas. Unemployment has increased. Disturbances, ranging from strikes to boycotts, protests, and riots, are occurring with increasing frequency in many parts of the archipelago.

In this country where there is a strong tradition of patronage, a largely authoritarian government, and no clear successor to the seventy-six-year-old President Suharto, pressures are building for a more open, transparent, and democratic society. These pressures are creating great tensions which could burst into a far greater crisis that could affect not only the country, but the entire region.

Indonesia is under increasing scrutiny not only for its corrupt economic practices, but also for its politically repressive policies and human rights.
abuses. Human rights issues range from the severe mistreatment of local people in Irian Jaya, East Timor, and remote islands such as Siberut in West Sumatra and Yamdena in the Tanimbar Islands in eastern Indonesia, to lack of press freedoms, to the unethical treatment of workers in sweatshops turning out goods for American and other markets.

Nevertheless, despite all its problems, Indonesia continues to be one of the major developing economies in the world, with considerable potential for the future.

INDONESIA’S GROWING ECOLOGICAL IMPORTANCE
The State of the World 1997 labeled Indonesia one of the world’s “eight environmental heavyweights,” which disproportionately shape global environmental trends because of their large population, rapid economic development, and rich diversity of wildlife. Indonesia is “arguably the second most important country (in the world) when it comes to biodiversity, and its wildlife is uniquely threatened.”

Indonesia’s biodiversity is tremendously important, especially in its rainforests and coral reefs. It is also increasingly recognized that Indonesia’s rainforests, which cover approximately 59 percent of the country, play a large role in climate stabilization, absorbing carbon dioxide and returning oxygen and water vapor to the atmosphere. Thus, the devastating fires of 1997 are of serious concern not only because of the destruction of wildlife and other forms of biodiversity, but also because of the huge amounts of carbon dioxide being emitted into the global atmosphere and the impact that has on rainfall patterns and climate change through the greenhouse effect. Indeed, it has been calculated that Indonesia released more carbon dioxide into the atmosphere through its fires in less than six months in 1997 than did all the vehicles in Europe during the entire year.

Obviously it is not known conclusively whether there is any connection between the extra strong presence of El Niño in 1997 and global warming, but certainly Indonesia, together with other parts of Southeast Asia and Australia, suffered from its worst drought in over fifty years, a drought that exacerbated the forest fires, many of which were deliberately set by plantation owners and timber companies to clear land cheaply (despite a 1994 law forbidding such burning). The resulting smog caused major respiratory and other health problems and even deaths in Indonesia, Singapore, Malaysia, Brunei, southern Thailand, and parts of the Philippines. The drought caused some rice harvests to fail, and through exacerbating the fires it also bears at least partial responsibility for a series of fatal ship collisions and a jetliner crash. United Nations experts have stated that pollution after-effects in terms of human health, economic health, and the ecology could last for years. It is estimated that at least 600,000 hectares of forests have burned, yet hundreds of thousands more square kilometers of prime rainforest are slated for logging and tens of thousands for agricultural conversion in the years ahead. Even with selective cutting where only a few trees per square kilometer are removed by loggers, the damage can be intense as the canopy is broken and the underlying ground dries out and is susceptible to fires.

Because of its location astride the Equator and linking two continents and two of the world’s major oceans, Indonesia’s biodiversity is unique. The western part of the country has many Asian species, including elephants, tigers, rhinoceroses, and orangutans, whereas the drier eastern half of the archipelago is filled with plant and animal life closely related to that of Australia, including kangaroos, frilled lizards, and marsupial mice, as well as aromatic woods. The islands lying between the western and eastern parts of the country, between the Sunda and the Sahul shelves, have developed unique flora and fauna as a result of their long isolation from the main continental land masses. Dwarf buffalo, deer-pig, the komodo dragon, and bulbous-beaked hornbills are among the most unusual, together with other birds, butterflies, and species
of tree (such as sandalwood in Timor).

This great variety of wildlife is threatened by deforestation (Indonesia’s deforestation rate is second only to Brazil’s) created by the logging industry, the expansion of plantations for increasing supplies of oil palm, rubber, copra, coffee, etc., and the need of the increasing population for land for cultivation. Already over seven million “transmigrants” have been resettled from very densely populated Java and Bali to rainforest areas in Sumatra, Kalimantan, Sulawesi, and Irian Jaya. A lively trade in exotic species of mammals, reptiles, birds, fish, and plants also results in the significant loss of species.

Indonesia’s coastal reefs with all their great varieties of beautiful coral and brightly colored fish are also threatened with destruction. Home to approximately one-fourth of the entire world’s coral (and with the second greatest area of coral reefs in the world), Indonesia’s reefs are suffering both from increased amounts of sediments, pesticides, and fertilizers brought down by the rivers because of improper logging and agricultural practices, and from fishers and coral collectors who dynamite the reefs and use cyanide in their search for marketable fish and coral. Coral has also been mined for limestone and the production of lime. Indonesia’s coastal reefs with all their great varieties of beautiful coral and brightly colored fish are also threatened with destruction. Home to approximately one-fourth of the entire world’s coral (and with the second greatest area of coral reefs in the world), Indonesia’s reefs are suffering both from increased amounts of sediments, pesticides, and fertilizers brought down by the rivers because of improper logging and agricultural practices, and from fishers and coral collectors who dynamite the reefs and use cyanide in their search for marketable fish and coral. Coral has also been mined for limestone and the production of lime. Indonesia’s coastal reefs with all their great varieties of beautiful coral and brightly colored fish are also threatened with destruction. Home to approximately one-fourth of the entire world’s coral (and with the second greatest area of coral reefs in the world), Indonesia’s reefs are suffering both from increased amounts of sediments, pesticides, and fertilizers brought down by the rivers because of improper logging and agricultural practices, and from fishers and coral collectors who dynamite the reefs and use cyanide in their search for marketable fish and coral. Coral has also been mined for limestone and the production of lime.

Despite laws to protect coral and forests (over 10 percent of Indonesia’s forests are officially protected), enforcement is weak, and law-breaking occurs frequently by those in high authority and in the military. Population growth in the vicinities of national reserves and protected forests also poses a substantial threat to the preservation of old-growth forests.

**INDONESIA’S GROWING CULTURAL IMPORTANCE**

In many parts of the world there is a growing appreciation of historical treasures and the cultural heritage of places. Indonesia is a treasure-trove for historians, anthropologists, and ordinary people interested in Indonesia’s unique history and diversity, its music, dance, theater, handicrafts, and other cultural traditions. This growing interest can be seen in the rising numbers of tourists visiting the country and in the growing number of Indonesian language study programs around the world. The number of tourists visiting Indonesia has increased from a reported 40,000 in 1967 to more than 3,900,000 in 1994, although only 150,832 of these in 1994 (less than 4 percent) came from the United States. Over 350 different ethnic groups live in Indonesia, each with its own cultural heritage, language or dialect, cultural traditions, and customs. Important cultural influences have come from overseas—Hinduism and Buddhism from India, Islam from Southwest Asia through India, and Christianity via Europe. Hinduism was brought to Indonesia by Indian traders and Buddhism by Chinese migrants; Bali remains over 95 percent Hindu, and part of Lombok is predominantly Hindu as well. Hindu influences can also be seen in the development of adat or traditional practices. Impressive old Hindu temples exist in many places in Java (especially at Prambanan and on the Dieng Plateau in central Java) but also in Sumatra and on other islands. Modern, functioning Buddhist temples exist in many cities and are frequented by many of the over three million descendants of Chinese immigrants.

However, it is Islam that claims the loyalty of most Indonesians (86 percent). Yet even here there is considerable diversity—from the very conservative, as in Aceh in the far northwest of the country, to a more syncretic form of Islam in Java, where the precepts of Islam are interwoven with traditional, pre-Islamic beliefs. In West Sumatra, the traditional matrilineal society of the Minangkabau somehow coexists with a patriarchal Islam. The recent worldwide Islamic religious revival has focused considerable attention on Indonesia as the country with the largest number of Muslims in the world. Indonesia has many types of beautiful mosques.

Yet in four provinces, Christians form the majority of the population—East Timor, East Nusatenggara, Irian Jaya, and North Sulawesi; and Christians comprise more than one-third of the population in Maluku, North Sumatra, and West Kalimantan as well.

Each ethnic group has its own particular culture, its own musical instruments and songs, its own style of dancing and other cultural traditions, and its own history, folklore, and sense of ethnic identity and pride. The diversity can be seen in the very different and fascinating types of traditional housing, from the multigabled Minang houses of West Sumatra and the boat-shaped houses of Nias off the North Sumatran coast, to the houses built on stilts in several parts of the country or on rafts on the Musi River in South Sumatra, the unique longhouses of the Dayaks in Kalimantan, and the almost African-looking circular thatched windowless homes or *loppers* of the West Timorese. Each region has its different traditional dress and fabrics, its own style of weaving, its own form of decorations, jewelry, and ornamentation, its preferred sports, culinary delights, musical instruments, languages and dialects, and traditional handicrafts (including wood carving, jewelry making, batik design, and leather working). Yet all are drawn together into one nation-state whose motto is *Bhinneka Tunggal Ika*: unity in diversity.
Indonesia is fascinating, too, because it spans the entire continuum of development. Airplane manufacturers and computer programmers work in cities like Bandung and Jakarta, while traditional hunters, farmers, and fishers in some of the more remote parts of the islands continue a lifestyle that has remained basically unchanged for millennia—in places almost completely untouched by the outside world. Thus, one can find ultramodern factories producing goods ranging from shoes to such sophisticated items as computers, helicopters, and telecommunication products. At the same time, one can also find traditional industries using blindfolded water buffalo walking around in circles squeezing out juice from sugar cane which is then boiled to make brown sugar; using fast-flowing stream water to turn water wheels to husk rice and grind cinnamon; and using human labor to run traditional backstrap and fixed looms to produce exquisite fabrics. Batik and tie-dye techniques are also used in different ways to create beautiful cloth. Indonesia thus combines both the exotic and the contemporary, the traditional and the modern.

Indonesia has a number of interesting unequal distribution patterns. One of the most obvious is its very uneven population distribution whereby 62 percent of the population lives on just 7 percent of the country’s territory—the islands of Java, Madura, and Bali. Not only is population density far greater there than anywhere else in Indonesia, but these islands are also the most developed in terms of industry and infrastructure. They contain the most fertile areas and are also the most highly urbanized. These inequalities led in times past to the characterization of Java as the core of Indonesia in contrast to the periphery of the Outer Islands. Such a designation has been modified in some respects by a newer paradigm of development which emphasizes the differences between more developed western Indonesia and the less developed eastern part of the country.

CONCLUSION

Indonesia is an incredibly beautiful country. Perfect tropical, palm-backed beaches, towering volcanoes, intricately terraced hillsides, rich rainforest, world-class coral reefs, alluring white-water, generous and hospitable people, widely diverse and attractive architectural styles of houses, palaces, mosques, churches, and temples, a great diversity of cultures, each with its own tradition of art, music, dancing, handicrafts, and sports—all invite far more attention than Indonesia has so far received. With its growing economy, the increased recognition of the importance of its rainforests, coral reefs, and associated biodiversity, and the yearning among many people to find the unique and different in an increasingly homogenized world, it is probable that Indonesia will become far better known in the future. Twenty-first century citizens of the world would do well to pay the country more attention.

NOTES

6. Ibid.

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