

Indonesia Doesn't Want to Be Number Three

By Paige Tan

When it comes to Asian populations, China and India get all the attention. According to the US Census Bureau, China's population, the largest in the world, is about 1.38 billion people, with India close behind at 1.28 billion. Together, the two nations' people comprise more than 35 percent of the global population. Unbeknownst to many, though, is that Indonesia, an archipelagic nation in Southeast Asia that stretches across an expanse of ocean larger than the continental United States, is the fourth-most populous nation in the world, behind only China, India, and the United States. In 2017, World Bank data indicated Indonesia's population stood at 261 million.

Gazing into the future, Indonesian government officials and demographers began to see a time when the country would take over the number three spot globally from the United States, perhaps as early as 2043.¹ In this essay, we'll see how a sizable population may make a nation a key player in global diplomacy and an attractive site for foreign investment, but can also challenge domestic politics, economics, and, potentially, stability. The Indonesian government is engaged now to make sure Indonesia doesn't become the global number three.

Big Means Powerful

With 261 million people, Indonesia strides confidently across the world stage. The country has for many years been viewed as the largest and most important member of the regional club for Southeast Asia, the Association of Southeast Asian Nations (ASEAN), by virtue of its large population, geographic breadth, natural resource wealth, and strategic position astride vital trade routes.² As a sign of its sway in the organization, Jakarta, Indonesia's capital, was chosen to host the ASEAN Secretariat. In the wider Asian region, Indonesia also participates in the East Asia Summit and the Indian Ocean Rim Association, the inaugural summit meeting of which Indonesia hosted in early 2017. Globally, Indonesia was a founding member of both the Non-Aligned Movement and the Organization of the Islamic Conference. Since the 9/11 attacks in 2001 in particular, Indonesia has sought to position itself as a moderate interlocutor between the West and the Islamic world. Today, it is also a member of the G-20, the Group of 20, which since 2008 has become one of the most important global forums for coordination of policy among the top industrialized and developing nations. In the United Nations, Indonesia aims for an important nonpermanent Security Council seat for 2019–2020.

Indonesia's economy ranks sixteenth globally in terms of size.³ In purchasing power parity terms (known as PPP\$), Indonesia's economy is the eighth-largest in the world.⁴ Historically, Indonesia's strength was as an oil exporter, though much of the population remained engaged in agriculture. Under the authoritarian President Suharto, who ruled from 1966 to 1998, economic growth averaged an impressive 7-plus percent annually. Both rural and urban Indonesians experienced vast improvements in living standards under Suharto's rule—so much so that Indonesia became a model of developing country success to many nations abroad and Suharto earned the moniker “Father of Development” at home. After a brief but severe economic crisis surrounding Suharto's ouster, the country resumed solid growth, averaging 5.4 percent annual growth from 2001 to 2014. The country's population size and economic stature guarantee it an important role on the world stage.

Indonesia's Demographic Complexion

Indonesia's people are from a variety of ethnic groups, including Javanese, who make up 40 percent of the population, Sundanese 15.5 percent, Malays 3.7 percent, Batak 3.6 percent, Indonesian Chinese 1.2 percent, Madurese 3 percent, Betawi 2.9 percent, Minangkabau 2.7 percent, Buginese 2.7 percent, Banteneese 2 percent, Banjareese 1.7 percent, Balinese 1.7 percent,

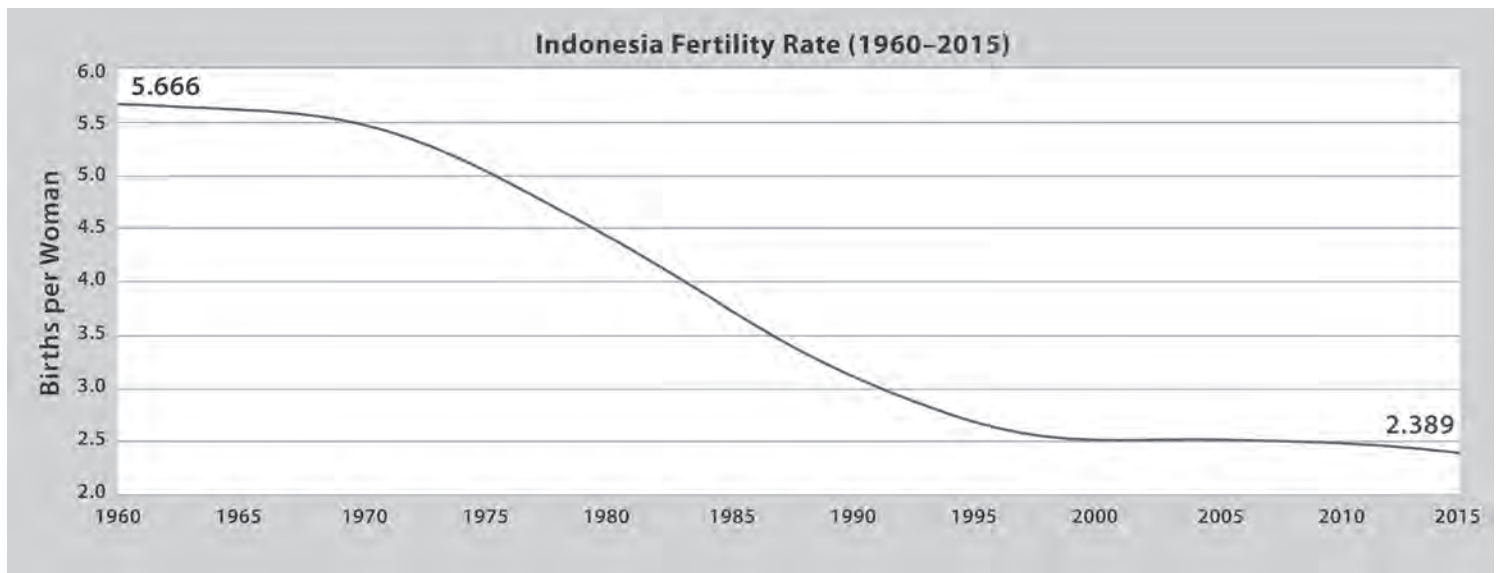
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and others.⁵ Javanese are the largest ethnic group and play an outsized role in the country's politics and the economy. But many ethnic groups in Indonesia are significant in their own right with distinct languages, unique cultures, and populations in the millions. This plural population inspires Indonesia's national motto, “Unity in Diversity.”

As it is ethnically diverse, Indonesia is also religiously diverse but with significantly more concentration in the primary religion of Islam. Muslims comprise 87.2 percent of the population, Protestant Christians 7 percent, Catholics 2.9 percent, Hindus 1.7 percent (primarily the Balinese), and Buddhists and Confucians 0.8 percent.⁶ Muslims in Indonesia are heterogeneous, however, not monolithic, with some Muslims mixing their Islam with pre-Islamic religious traditions and others favoring a more purified Middle Eastern variant. The latter trend has been seen to be gaining in recent years, leading some to fear for Indonesia's vaunted tolerance. Unrecognized by many, Indonesia has more Muslims than any other nation in the world.

The country's plural population is always a potential flashpoint. In the 1960s, when Suharto took over, perhaps 500,000 to one million were killed, many of those Indonesian Chinese suspected of being Communists. In 1998, supporters of Suharto used attacks against the ethnic Chinese to try to galvanize the indigenous population behind the regime. These efforts failed, and, destabilized by economic crisis, the Suharto regime fell in May 1998. After democracy came, violent interreligious conflicts between Muslims and Christians broke out in Ambon, Maluku and Poso, Sulawesi killing thousands.

More recently, Muslims spearheaded by the hardline Islamic Defenders Front and Hizbut Tahrir Indonesia have forced the government to prosecute Jakarta's ethnic Chinese and Christian governor Basuki Tjahaja Purnama (known as Ahok) for blasphemy against Islam after the governor tried to argue against a Quranic interpretation being used by his opponents to convince Muslim voters they could not support a non-Muslim for political leadership. Ahok eventually lost his reelection bid; the religious divide stirred up by the court case was a major, though not the only, factor in his loss. He was sentenced to two years in jail for insulting Islam. The trial and popular mobilization surrounding it convinced many that Indonesia's much-vaunted tolerance was under threat. In response to this,



Source: Graph based on information found on the World Bank website at <https://tinyurl.com/ydbndzaf>.

Indonesian President Jokowi Widodo—who was formerly Governor of Jakarta with Ahok as his Deputy Governor—issued a presidential directive banning Hizbut Tahrir for going against “national unity and the Indonesian nation.”⁷ Hizbut Tahrir favors the implementation of *sharia* law and the establishment of an Islamic caliphate. The new directive allows the government to ban other organizations in the future and may have been aimed at coercing the Islamic Defenders Front to calm its actions and rhetoric to preserve the country’s peace.



Protests against Ahok in Jakarta in March 2017. Source: *Wikimedia Commons* at <https://tinyurl.com/y8oxrr7a>.

Ethnically divided, Indonesia is also divided between populous and dominant Java and the rest of the nation. Calculated from the 2010 census, 58 percent of the population is concentrated on the central island of Java. Because Java only contains 7 percent of the country’s land area, this imbalance of population and land has led to attempts by a variety of governments (the Dutch colonialists, first President Sukarno, and the dictator Suharto) to move population from Java and two neighboring islands, Bali and Madura, to some of the lesser-populated islands.⁸ The transmigration program has seen millions moved to Kalimantan, Sumatra, Papua, and Sulawesi. Overall, the transmigration program was seen by the government as a win-win program that would relieve overcrowding, provide economic opportunity to migrants in new frontier areas, and use Indonesia’s human

resources to develop the country’s resources found on outlying islands. However, the population movement has led to interethnic tension and at times violent intercommunal conflict, as happened in 2001 with Madurese settlers in Kalimantan clashing with indigenous Dayaks.

Tensions have also been created as Indonesia has developed and urbanized. By the 2010 census, roughly half the population was urban (49.8 percent) and the rest rural (50.2 percent).⁹ Now, city governments struggle to keep up with the need for clean water, sewage services, public transportation, and flood control. Jakarta is notorious for its debilitating traffic jams; the city even came out tops in one survey of the world’s worst traffic.¹⁰ Traffic, overpopulation (Jakarta is about ten million), and the city’s infamous flooding are just a few factors leading the Indonesian government to consider relocating the capital away from Jakarta, or even off populous Java.

Population Growth and Population Control

The growth of the urban population was part and parcel of the country’s overall growth. According to the World Bank, in 1960, a woman would be expected to have almost six children in her lifetime (total fertility rate, TFR, 5.7 in 1960), contributing to a rapid increase in population. President Suharto, in order to support economic development, put in place an intrusive, but not overly draconian, family planning program that encouraged use of contraception, particularly as the woman’s responsibility, and promoted a “Stopping at Two Children Are Enough” policy, as well as birth spacing (allowing more time between births). Abortion, though, remained illegal in most cases, as Suharto believed it was “contrary to religion,” according to historian R. E. Elson.¹¹ Indonesia’s family planning efforts were supported financially by international aid donors. For the country’s success, Suharto was recognized with a Population Award from the United Nations in 1989. According to the World Bank, Indonesia’s TFR has been brought down from 5.7 in 1960 to 2.4 in 2015.

At a TFR of 2.4, though, Indonesia’s population continues to grow each year by almost 1.5 percent, and the population could double again by 2060. This is the trend leading Indonesia potentially to the ranking as the world’s third-most populous nation. However, if growth continues as it has, the government fears educational institutions and health care facilities will be overwhelmed. There is the further concern about finding enough food for all those potential future Indonesians. The government would like to bring the TFR down to 2.1, generally considered to be “replacement level” for a stable population.¹²

After a hiatus in attention to family planning efforts following Suharto's fall, the Indonesian government is again promoting "Two Children Are Enough." Regional programs have trained nurses to insert intrauterine devices, encouraged vasectomies, and helped provide birth control pills.¹³ Condoms are widely available for free, though they are disfavored. Other recent government population control efforts include public service announcements, a website, and a Twitter feed. Government messaging conveys that boys and girls are the same (so Indonesia will not get a skewed sex ratio favoring boys, like China and India), couples should wait until later to start having children, couples should have at least three years between children (spacing), and stopping at two children enables you to give your children a better education and home life.

But family planning efforts face a certain amount of pushback from society. The Indonesian Council of Ulama (MUI) has declared vasectomies *haram*, or impermissible, in Islam. Some rural dwellers continue to see many children as help around the farm and security in old age, giving them no incentive to limit childbearing. The *Straits Times* of Singapore highlights a unique problem from the island of Bali: "A traditional Balinese couple strives to have at least four children, each of them named [in the Balinese language] according to birth rank: Wayan, Made, Nyoman, and Ketut. Urging Balinese to have just two children therefore becomes tantamount to advocating the elimination of all Nyomans and Ketuts from Balinese society."¹⁴

The Youth Economy

A distinctive feature of the complexion of Indonesia's population is its relative youth, with about 55 percent under thirty years old, as calculated from 2010 census data. Economists believe Indonesia's youthful population is fortuitous for economic growth over the coming decades, the so-called "demographic dividend." Unlike China—which faces an older population in the coming years, without the requisite working-age population to continue the country's breakneck economic growth—Indonesia is forecast to have a young, dynamic population. This should mean companies will want to come to Indonesia to set up factories, as the country has a ready supply of young workers and a population of voracious shoppers to buy goods.

However, the youth bulge also presents challenges to the government. It is not just a demographic bonus, but also a call to action. Indonesia's schools and universities must not only educate more young people but do a better job. Indonesia finds itself in a region of star performers in education; Shanghai-China, Singapore, Japan, Taiwan, and South Korea all finish high in the Organization for Economic Co-operation and Development's Program for International Student Assessment (PISA) test rankings, which test hundreds of thousands of fifteen-year-olds in dozens of countries in math, reading, and science. Indonesia's education system has problems from the primary level to the university level. At the primary level, low pay and remote postings have led to staff shortages and poor-quality teachers.¹⁵ The PISA tests measure education at the secondary level, and Indonesia regularly finishes at or near the bottom of the PISA league tables, sixty-ninth out of seventy-six countries in 2015. At the university level, corruption, lack of funding for research, and not enough faculty with doctorates hinder quality. None of Indonesia's universities break the top 200 ranking globally.



A resident of the slums behind the Jakarta high-rises talks about the huge gap between the rich and the poor. Source: Screen capture from the short documentary by the World Bank on their website at <https://tinyurl.com/gszj3rm>.

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World Bank 2014 data indicates that Indonesia's democratic governments have increased funding for education dramatically in recent years, to 3.4 percent of GDP or 16 percent of the government budget. However, this has not yet caused improved results. Indonesia faces challenges in competing in a globalized, digital economy with its current level of human capital. One bright spot is the country's English-language proficiency, which ranks in the middle of a selection of Asian countries, according to *Business Monitor Online* in 2016, and, surprisingly, stronger than former British colony Hong Kong.

Health services are also "uneven" for a country of Indonesia's economic development level, according to the World Bank.¹⁶ For example, one in three children under five suffers from stunting; this is associated with impaired brain development. Indonesia's maternal mortality rate is also too high; 126 women die per 100,000 live births. The Millennium Development Goal target, which Indonesia failed to achieve, was 102. It is because of health indicators like these that many Indonesian planners wish to improve quality of life for existing Indonesians before bringing more Indonesians into the world.

The economy must also find enough jobs for all those young people as they age into the workforce, according to 2017 World Bank data, to the tune of 1.7 million per year. An excess of unemployed youth can be an economic tragedy for the individuals concerned. It can also be a threat to the nation, as dissatisfied unemployed youth may undermine political stability, such as during the Arab Spring protests of 2011.¹⁷

Some People Have Too Much, Others Too Little

Inequality and poverty are severe problems for Indonesia's population. A 2017 report by NGO Oxfam found Indonesia to have the sixth-worst inequality in the world, and in Asia, only Thailand was more unequal. The report said Indonesia's top 1 percent controls 49 percent of the country's wealth. Indonesia's inequality is captured in the country's Gini coefficient (an index economists use to measure socioeconomic inequality; the closer to one the coefficient the more unequal the society); this rose from 0.30 to 0.41 in the fifteen years between 1998 and 2013.¹⁸ It is striking to note that

the country has continued to become more unequal, even after the notoriously corrupt Suharto was removed from power and democracy put into place. The inequality problem is widely believed to be related to the country's ethnic and religious heterogeneity: that is, Christians and Chinese are said to be rich and indigenous Indonesian Muslims poor. This interethnic, interreligious component makes jealousies all the more combustible. The government is aware of the inequality problem and has set a goal of reducing the Gini coefficient to 0.36 by 2019.

In addition to relative inequality, absolute poverty is also significant. Though the government has lifted millions out of poverty over recent decades, reducing poverty to just 10.9 percent, many millions of Indonesians, about 40 percent of the total population, are just above that poverty line, in danger of falling back below it with a shock to the national or their personal economic situations.¹⁹ Government poverty reduction efforts include conditional cash transfers to the poorest and a push by current President Joko Widodo to secure land title for the many without it. Ambitiously, the government hopes to have the poverty rate down to 7–8 percent by 2019.²⁰

If There Are Too Many People, There May Not Be Enough Room for Anybody Else

As Indonesia's population rises, its land area does not. So people frequently push into areas previously left to wildlife. Forest cover on the island of Borneo has declined 40 percent in only forty years. So Indonesia's population growth is not just an issue of not enough schools; it is also an issue of not enough orangutan (the name *orang hutan* comes from Malay/Indonesian and means "person of the forest").

In 1973, there were 289,000 orangutans in Borneo. Today, just 105,000 remain. The International Union for the Conservation of Nature forecasts this number will fall to 47,000 as early as 2025.²¹ Reversing the population's decline, even under the best of circumstances, would be extremely difficult because orangutan only give birth every five to ten years. Clearing of land for people, equivalent to loss of habitat for the orangutan, is the number one threat to the species, according to the World Wildlife Fund. Now, take the threat to the orangutan and multiply it by the number of diverse species in Indonesia's still-wild areas and you arrive at the overall threat to Indonesia's nonhuman residents in coming years.

Conclusion

While some of Indonesia's neighboring countries are below replacement levels of fertility, Indonesia's population continues to grow. Indonesia's growing population and economy help it stride tall on the world stage as an important nation. The youth of the country is also attractive to investors, spurring economic dynamism. But a growing population and economy challenge the government as well: to improve education and health services, to tackle poverty and inequality, to meet the needs of new urbanites, and to find jobs for 1.7 million young people who will join the labor force annually. The pluralistic peoples of Indonesia are challenged, too, to find a way to live peacefully together in their island home and find some way to share the land with the nation's nonhuman residents. The government is cognizant of the nation's population challenges and has policies on many fronts to ensure Indonesia doesn't become number three in the world in this category. ■

NOTES

1. Shamim Adam, Berni Moestafa, and Novrida Manurung, "Indonesia Facing Populace Larger than US Revives Birth Control," *Bloomberg*, last modified January 28, 2014, <http://tinyurl.com/y9zvety9>.
2. Ralf Emmers, "Indonesia's Role in ASEAN: A Case of Incomplete and Sectorial Leadership," *The Pacific Review* 27, no. 4 (2014): 544.
3. Economic data in this section come from web pages on GDP Ranking and Indonesia from the World Bank (see <https://tinyurl.com/y8bbplpwj>, <https://tinyurl.com/y928go39>, and <https://tinyurl.com/y7sjfyfye>), as well as Stephen Elias and Clare Noone, "The Growth and Development of the Indonesian Economy," *Bulletin of the Reserve Bank of Australia*, accessed July 18, 2017, <https://tinyurl.com/y9s8ykgt>.
4. Purchasing power parity measurement attempts to take out the factor of US

dollar exchange and differences in costs across countries in calculation of GDP size. Many economists believe it is a more accurate representation of the economy's true strength.

5. CIA, "Indonesia," *World Factbook*, accessed July 12, 2017, <https://tinyurl.com/ycnd7ell>.
6. There were also small numbers of other religions and no response. The religions listed are Indonesia's official religions. Each citizen has one of the official religions listed on his/her identity card. Few Indonesians admit to having no religion. Data from "Sensus Penduduk 2010," *Badan Pusat Statistik*, accessed July 12, 2017, <https://tinyurl.com/y7ju32g2>. This is the source for all data from the 2010 census.
7. "Hizb ut-Tahrir Indonesia Banned 'To Protect Unity,'" *Al Jazeera*, last modified July 19, 2017, <https://tinyurl.com/y6vaar2p>.
8. See page 23 of the United Nations Population Fund, "Indonesia Population Projection 2010–2035," *Badan Pusat Statistik*, accessed July 18, 2017, <https://tinyurl.com/ya4t83ru>.
9. Indonesia is more urbanized than Việt Nam (33.6 percent), Cambodia (20.7 percent), Laos (38.6 percent), Myanmar (34.1 percent), and the Philippines (44.4 percent). It is less urbanized than Thailand (50.4 percent) and Malaysia (74.7 percent). The CIA *World Factbook* lists Indonesia's 2015 urbanization as 53.7 percent.
10. Dewanti A. Wadhani and Indra Budiari, "Jakarta Has Worst Traffic in the World," *Jakarta Post*, February 5, 2015.
11. R. E. Elson, *Suharto: A Political Biography* (Cambridge: Cambridge University Press, 2002), 173.
12. Government plan to get TFR to 2.1. See "Indonesia Facing Populace Larger than US Revives Birth Control," *Jakarta Globe*, January 28, 2014, <https://tinyurl.com/y9zvety9>. In comparison to the Southeast Asian region, the Philippines' population continues to grow even faster than Indonesia, with a TFR of 3. Myanmar, Singapore, Thailand, and Việt Nam are all below the 2.1 replacement level TFR. For more information, see Weslene Uy, "Thinking Beyond Politics; Finding the Sweet Spot: Harnessing the Demographic Dividend," *Business World*, June 21, 2017.
13. Population policy details in these two paragraphs from Bruce Gale, "Indonesia's Population Boom Needs Fixing," *Straits Times*, May 4, 2012.
14. *Ibid*.
15. Data in the rest of this paragraph come from "Uneven Education Standards to Hinder AEC Labor Mobility Plans," *Business Monitor Online*, June 21, 2016; and "Thailand Outdone by Việt Nam in Latest Education Rankings," *The Nation*, May 14, 2015. Two Indonesian universities are ranked in the 200s in the *Times Higher Education World University Rankings*. See "The World University Rankings," *Times Higher Education*, accessed October 23, 2017, <https://tinyurl.com/y9qtm7wz>.
16. Data in this paragraph from the World Bank's website. See "Indonesia: Overview," accessed July 18, 2017, <https://tinyurl.com/cy92m6s>.
17. *Jakarta Globe*, 2014.
18. Data on inequality to the end of the paragraph from "Indonesia's Rising Divide," *World Bank*, last modified December 7, 2015, <https://tinyurl.com/gszj3rm>. The United States, also notoriously unequal, has a Gini coefficient of 0.394, according to OECD data.
19. Indonesia's poverty rate is in the middle of the larger Southeast Asian states. Malaysia (0.6 percent), Việt Nam (7 percent), and Thailand (10.5 percent) have achieved lower poverty rates. The rates of Cambodia (14 percent), Philippines (21.6 percent), Laos (23.2 percent), and Myanmar (25.6 percent) are higher. See "Poverty in Indonesia," *Asian Development Bank*, accessed July 18, 2017, <https://tinyurl.com/ya678l6l>.
20. Joanne Lu, "Indonesia Resolves to Tackle Inequality in 2017," *Humanosphere*, last modified January 5, 2017, <https://tinyurl.com/y8csjkx0>; and "Policies for Babies, the Elderly, and the Poor," *The Straits Times*, last modified March 5, 2016, <https://tinyurl.com/hfsnjzl>.
21. Richard Lloyd, "Orangutan Heads to Extinction as Habitat Shrinks," *The Times* (London), July 9, 2016.

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