



THREE MEGA DEMOGRAPHIC TRENDS IN INDONESIA: PRESENT AND FUTURE

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SUSTAINABLE DEVELOPMENT: POST-2015 DEVELOPMENT AGENDA

Beyond GDP Growth

People-Centred Development

Environmentally-Friendly Development

Development with Justice

Discussions on Mega Demographic Trends Should be Related
to Sustainable Development, not Economic Growth

Technical Demographic Analysis

Scope of Demographic Study

Size
Age-sex-ethnic
Composition
Geographical
Distribution

Population
Analysis

Economic
Social
Political
Environmental
ISSUES
Sustainable
Development

Population
Analysis

Fertility
Mortality
Mobility

Technical Demographic
Analysis

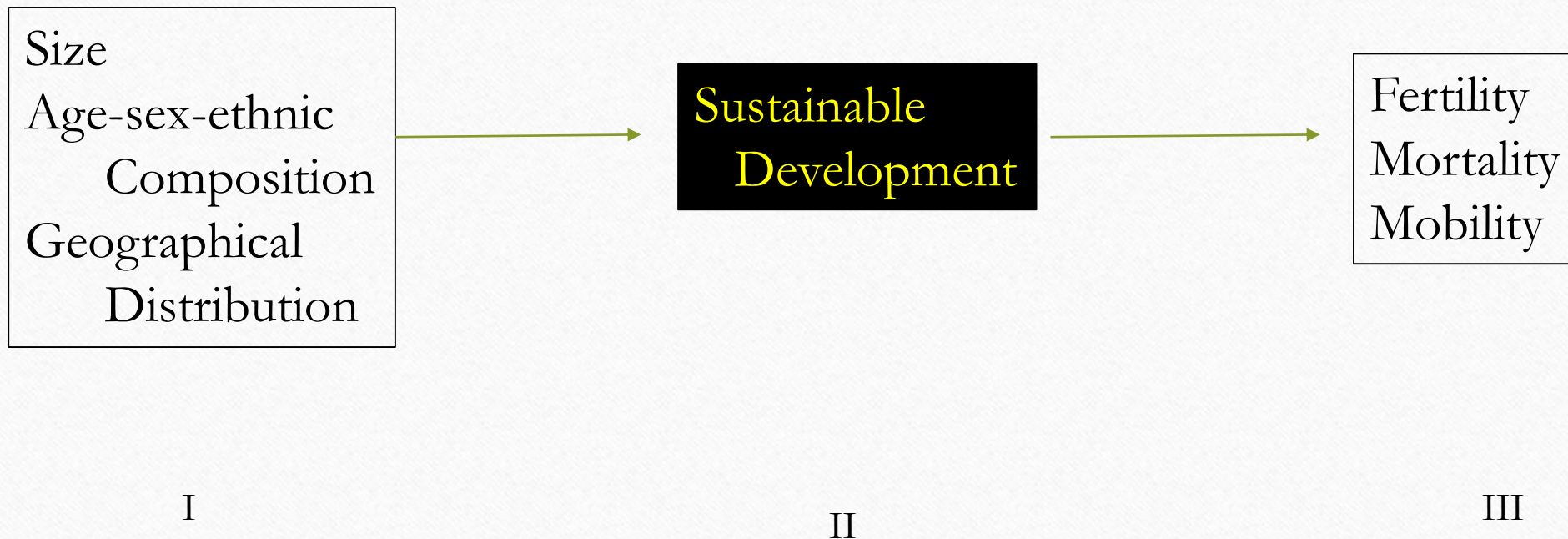
I

II

Technical Demographic
Analysis

III

Scope of Population Economics

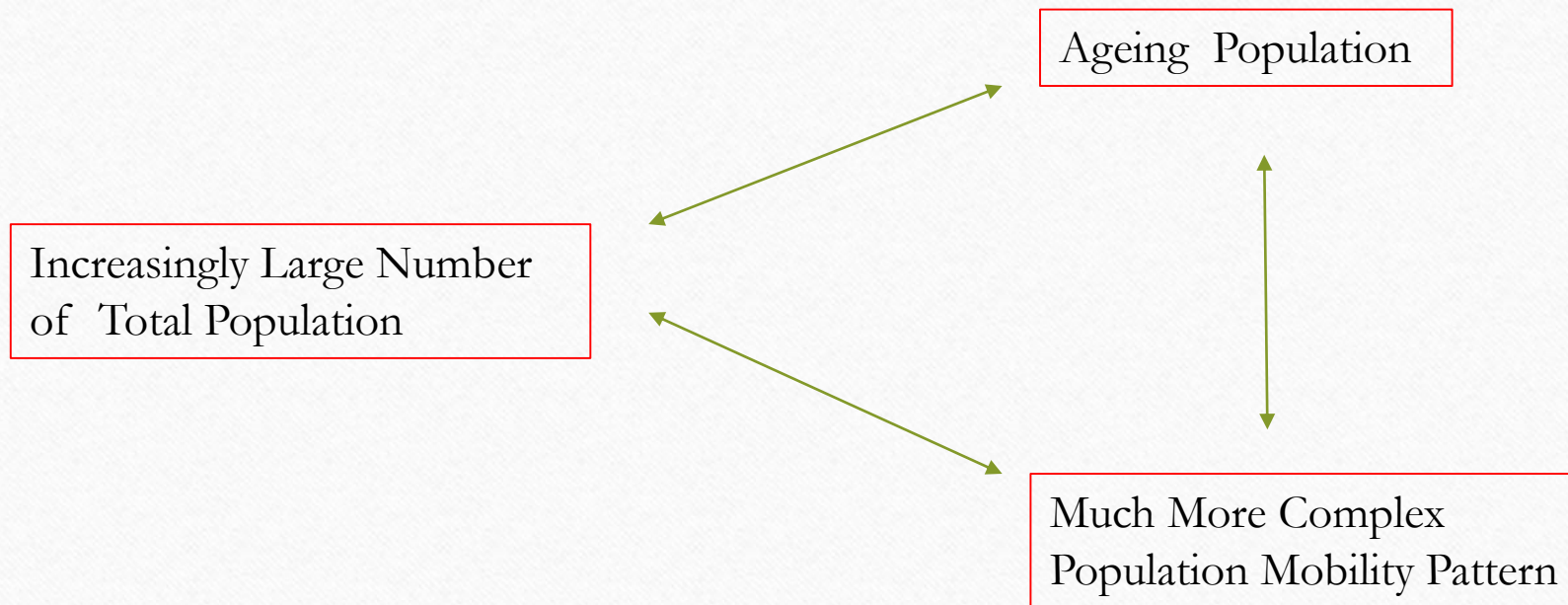


But, in this presentation, I will not mention any statistics

DEMOGRAPHIC STUDY:

Full of Statistics

Three Interrelated Mega Demographic Trends



Increasingly Large Number of Population

Bad or Good?

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Changing Views on Large Number of Population

- Old Order Era: a political asset
- New Economic Order Era: an economic liability
- Reform Era: confusing
- Some say it is still an economic liability. They blame all social and economic problems to the large number of population.
- Others say it is an economic asset. Indonesia is now the 16th largest economy in the world. Indonesia is seen as a large market and production base. People talk about demographic bonus, thank to the large number of “productive” population.
- The remaining groups have a NEUTRAL view. Whether the large number is bad or good depends on so many other variables—economic, social, political, and environmental.

Economic Liability – Coale and Hoover

- $Y = C + S$
- Large number of population, large Consumption
- Large C means Small Saving
- Small S means Small Investment
- Small Y means Low Economic Growth

- So, this argument says, we need to reduce the future number of population by reducing fertility through family planning programme
- The end point is economic growth
- Actually, to invest, we can also have FDI or domestic borrowing.
- A large C can also mean a large Aggregate Demand, which can be beneficial to the economy.

Per Capita Income

$$\text{Per} = Y / P$$



$$\% \partial \text{Per} = \% \partial Y - \% \partial P$$

Assumption: Y is independent of P

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Impact of Population Changes: another simple model

$$I = P A T$$

I = impact

P = Population

A = Affluence/ Consumption

T = Technology, Norms, Preference

China

- In 1960s the huge number of population was seen as an obstacle to development
- Now, the huge number of population is seen as an important component of China's rising economic and political power.

WHATEVER WE DO,
THE NUMBER OF POPULATION
WILL REMAIN LARGE AND LARGER

How Can We Use this Condition to Create Sustainable
Development in Indonesia?

Increasingly Older Population

Liability or Asset?

How to Finance Older Persons

- Income:
 - Earning (labour income), interest, rent, and profit
- Transfer Payment
 - Own wealth, spouse, family, friends, society, and government.
- Promote Healthy Lifestyles
 - Being healthy, independent, and productive reduce the cost of being old and, at the same time, older persons can still contribute to the society.
 - If older persons become unable to work, they cannot depend on earning. Then other sources of financing should be developed.

Financing Older Persons

Healthy Lifestyles

Income:

Earning, Rent, Interest,
Profit

Transfer Payment:

Own wealth, from spouse,
Family, Friends, Society,
Government

A Package of Policies on Financing Older Persons and Vulnerable Groups: implemented simultaneously (1)

- **Promote Active Ageing**, to make everybody, including older persons, healthy, independent, and productive. This reduces the cost of financing and at the same increases production.
- **Eliminate seniority and juniority in labour market**. People should be rewarded according to their productivity, regardless of age and sex. Therefore, *eliminate forced retirement*.
- **Create older-persons friendly employment**

A Package of Policies on Financing Older Persons and Vulnerable Groups: implemented simultaneously (2)

- Create reliable and passionate health services and care-giving
- Develop reliable health insurance. Priority should be on promotive, rather than curative treatment.
 - Develop reliable private insurance. This caters to those who are relatively rich.
 - Develop just and financially sustainable social insurance. This is aimed at those who do not have sufficient income to buy private insurance.
- Develop government-funded health allowance for the poor.

WHATEVER WE DO,
THE PERCENTAGE AND NUMBER OF
OLDER PERSONS WILL KEEP RISING

How Can We Utilize this Trend as
Our Competitive Advantage in Creating
Sustainable Development?

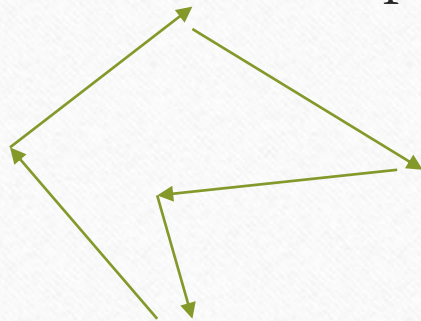
Risingly *Wira-Wiri*

Annoying or Fun?

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Mobility Transition

- Initially: temporary and short distance
- Then, more permanent, longer distance
- Now and the future: more temporary, short and long distance, more frequency, and more complicated directions.



Within Indonesia and Outside Indonesia

- Indonesians will be more *wira wiri* within Indonesia, widening geographic labour market. There will be more interaction with people from various backgrounds.
- Indonesian will also be more *wira wiri* internationally. Exposure to global situation will be rising.
- Foreigners will also be *wira-wiri* to and within Indonesia.

Foreigners and Return Migration

- There will be an increasing number and percentage of foreigners in Indonesia, for studying, working, living, or being tourists. They will be spread to the whole Indonesia, not only in Jakarta and other big cities. They even go to rural areas.
- Indonesians who have been working overseas will also start returning
- Along with ageing population, retirement migration will also be a new phenomenon in Indonesia – by Indonesians and non-Indonesians.

AS INDONESIANS AND NON- INDONESIANS BECOME MORE *WIRA-WIRI*

How Can We Provide Facilities to This Behaviour Such
That It Becomes
More Enjoyable and Beneficial to
Sustainable Development?

ENJOY A NEW INDONESIA:

Indonesians Will Become More Ubiquitous in the World. A Rising Number of Ethnic Groups Will Meet More Frequently Within Indonesia. Indonesians Will See a Rising Number of Other People, Including Foreigners, Around Them. Many of Them Will Be Older Persons.

A TRIPLE-WIN SOLUTION: AN ILLUSTRATION OF THE USE OF DEMOGRAPHIC DATA

1. Create Electricity from Solar Panel
2. Involve Local People. Make the project as part of Local People's Livelihood
3. Create a Surplus of Electricity and Make It Attractive to Business



Use of Demographic Data to Understand
Potential Consumer and Producers

THANK YOU VERY MUCH