

Discussions on  
The Demography of Indonesia  
in Comparative Perspective  
(Peter McDonald)

Elan Satriawan  
Dept of Economics UGM

# Paper Summary

- Relatively concise paper, yet cover deep discussions on main demography issues of Indonesia and provide comparison of Indonesia with some neighboring countries in the region
- Comes at the right time... addressing current and relevant concerns on Indonesia population
  - Issue in data quality leading to uncertainty
  - Alternative measurements –its advantages and disadvantages
  - concern on ‘population explosion’
- Offers alternative perspective on Indonesia’s slow demographic transition and slow decline of fertility
- The link with the economy and policy when discussing about, ‘demographic bonus’ and others, and what to do to materialize it
- Conclude with some messages:
  - Importance of quality demographic data and its measurement
  - Ensuring the fertility decline...but not too fast, not too much.
  - Importance of education and skilling the working age

# Quality of Data

- Problem in census data, particularly of 2000, and indicators' measurement have created uncertainty on which Indonesia demographic figures and forecast to believe
- Causing: Misled formulation in population policy and 'Disproportionate' concern on population size
- How to solve the problem in data quality? Directly not much discussed in the paper.
- But PM shows how to deal with it: comparing the measurement results using alternative methods and data
- Important agenda is to do the knowledge capacity building for statistical agency staffs and enumerators.



# Population size, reversed population growth, slowing in fertility rate: blessings in disguised?

- PM offers less alarming, if not more optimistic, stand on large population size, reversed population growth and slowing fertility rate
- What happen in other countries explain it: some efforts 'reverse' the population growth and fertility rate –some through migration policy– over concerns on negative population growth and ageing population.
- Can be blessings in disguised for Indonesia....so not yet time to be panic
- But still those may lead to real problem if education sector can not serve all and employment sector does not provide jobs for the working age groups

# It's not in labor supply, rather in labor productivity.....

- Given current demographic situation, definitely we do not have problem with labor supply
  - Current age structure shows that our productive-age group is growing
  - Open unemployment rate 7.39
- Rather the issues is on the distribution and low productivity of labor supply
- While in most sectors, labor productivity has improved gradually, but growth of productivity has been slowing
  - Data from Sakernas shows labor productivity has been decline from 3.8% to 3.3% during period of 2000-2005 and 2006-2011
- Internationally, Indonesia labor productivity and competitiveness has been lagging behind
  - WDR 2013 shows Indonesia is behind China, Thailand and Malaysia.

# Demographic Bonus.....or Burden?

- What is called demographic bonus seems to be just the potential....need the right policies to materialize the bonus and so that benefit the economy
- Issue 1: quality of workers –while job skills are increasing, most of labor force still only has basic education. Improving access to secondary and higher education is a must as well as improving quality of worker through job training.
- Issue 2: mis-match demand and supply in labor market – while the employers find it hard to find semi-skilled workers, a significant share of senior secondary and higher graduates are employed in unskilled jobs.
- Issue 3: jobless growth –Indonesia need improve the quality of growth, strengthening industrial structures and promoting labor-absorbing sectors.
- Let the three issues unresolved would lead the potential bonus to become the economic and social burden

Thank You

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