

I N D O N E S I A

R E P O R T

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AN «AMAZING» GROWTH

The economic growth in Indonesia in the last 25 years has been moderate, achieving an average of 6.8% a year. Seen in terms of GDP per capita, there has been a significant increase, from US\$ 70/capita in 1969 to US\$ 594/capita in 1990. In 1995, the economic growth increased by 8.7% and the GDP per capita rose to US\$ 1.023 (see table 1). So, Indonesian proudly «claimed» that the country is not one of the poorest countries in the world anymore.

for the people: how the people benefit from the progress, or in other words equal distribution.»

The success of national development to reduce the number of population living under the poverty line is proudly announced by government officials. It is often said that Indonesian national development has successfully reduced the number of people living under the poverty line from 60% in 1970 to 15.08% in 1990 and 13.67% in 1993 (see table 2).

TABLE 1.

Growth of GDP & GNP per capita, 1990–1995 Price market (US\$)		
Year	GDP/capita	GNP/capita
1990	594	565 (560)
1991	643	612 (610)
1992	694	660 (670)
1993	824	810 (720)
1994	920	886
1995	1.023	978

Source: *Bisnis news*, No. 5846 (19/4/1946).

Note: Figure in brackets based on World Bank.

Following that, it is also claimed that the physical standard of welfare, measured with the Physical Quality of Life Index (PQLI), increased in all provinces. Using the 1970 PQLI standard, the average index is 45 in 1971, increased to 57 in 1980 and 73 in 1990, or 65 compared to the 1990 standard.

Everywhere in the world national economic growth is claimed in many ways as the effort to improve welfare and social justice. In Indonesia, this ideal is included in the 1945 Constitution. Article 27 (2) of the Constitution declares that every citizen has the right to work and proper living. On 16 August 1996, the President, speaking in front of members of the House or Representatives, insisted that:

Despite the success story of economic growth, there are things that call for concern. First, although the number of poor population falls every year, the rate of decline also tends to fall. In three years (1990–1993) development has only managed to raise 1.3 million from under poverty line or 1.41% (see table 3). It is far from the 7% growth of the GDP during the same year. Second, using the 1970 standard, the average growth of PQLI in 1971–1990 only increased by 2.6 year, and much less if measured by the 1990 standard. At the same time it is claimed that the average growth of the GDP is 6.8% a year. Third, the number of people living with an income of Rp 100,000/month is 7.2% while only 1.1% people are living with an income of Rp 200,000/month in 1993 (see figure 4). If the GNP per capita in the same year is US\$810 (exchange rate US\$1 = RP 2,100), the gap in Indonesia is obvious.

«Growth is not the ultimate aim of economic development. Growth is a way that we have to pave in order to create welfare for the people. The figures of growth show that the progress achieved by our economy is not the only measurement to assess the success of development. Neither does the figure of income per capita.

There is another important measurement, even more important if we regard development as a struggle to achieve social justice

Without neglecting the progress made by the numerous attempts, poverty and asymmetry are still major problems in Indonesia today. Data provided by the Susenas (National Socio-Economic Survey) show that the rate of household consumption expenses of 40% people with the lowest income during 1984–1993 is only 3.8% a year, while the rate at the national level during the same period is 4.8% a year.

Available statistics show that national economic growth is not followed by a significant improvement for the living condition of the Indonesian population. This implies that the national development strategy in the last 25 years does not inherently contain efforts to solve problems of poverty as claimed by government officials.

POVERTY AND ASYMMETRY

With 192,543,000 people, Indonesia has the fourth largest population in the world. The Ministry of Population and Central Bureau of Statistics estimates that the population will rise to 2000 million people in February 1997. The Family Planning Program (Keluarga Berencana – KB), the population growth could be reduced between 1990 and 1995 to 1.71%. There is almost no change in the composition of the population, where women were 50.14% of the total population in 1990 and 50.10% in 1995. It is claimed that 13.67% of the total female population in 1993 were living under the poverty line.

TABLE 2.

Percentage of poor population and poverty line in Indonesia, 1976–1993					
Year	Poverty Line (Rp)		Poor Population		
	Urban	Rural	Urban	Rural	Urban+Rural
1976	4,522	2,849	10.0 (38.79)	44.2 (40.37)	54.2 (40.08)
1980	6,831	4,449	9.5 (29.04)	32.8 (28.42)	42.3 (28.56)
1987	17,381	10,294	9.7 (20.14)	20.3 (16.44)	30.0 (17.42)
1990	20,614	13,295	9.4 (16.75)	17.8 (14.33)	27.2 (15.08)
1993	27,905	18,244	8.7 (13.45)	17.2 (13.79)	25.9 (13.67)

Source: Central Bureau of Statistics, *Welfare Indicators 1995*.

The government–run Central Bureau of Statistics (Biro Pusat Statistik – BPS), determines the poverty line based on the expenses to obtain 21.00 Kcal for each person a day, and the fulfillment of basic minimum needs such as housing, gas/oil, clothing, education, sanitation/healthcare and transportation. Using the 1990 National Socio–Economic Survey, the Bureau determines the lowest monthly income Rp 13,295/capita and Rp 20,614/capita in the rural and urban areas respectively as being on the poverty line (exchange rate US\$1 = Rp 1,901 in 1990). By this measurement the Bureau went on to claim that in 1990 there were only 27.22 million people or 15.08% out of 179.38 million people living in poverty. Three years later the measurement was revised and the lowest monthly income becomes Rp 18,244 and Rp 27,905 in the rural and urban areas respectively (exchange rate US\$1 = Rp 2,100 in 1993). By this standard the number of poor people has been even reduced to 25.9 million or 13.67% of the whole population.

The question is what can be obtained with Rp 18,244/month in the rural areas and Rp 27,905/month in the urban areas. If the price of rice in 1993 (in 29 major cities) is Rp 640.65/Kg what can one get with such a low income? Moreover, how can people survive and obtain other basic needs?

Generally speaking, if the poverty line is raised and rounded off to Rp 40,000/month for both urban and rural areas, then the number of the poor population will increase to 49.69% of the total population in 1993. If rounded off to Rp 60,000/month (which means Rp 2,000/day), then number of the poor population will climb to 76.45%.

Using other official indicators issued by the government, many people above the poverty line are still grouped as «near poor». Based on the decision issued by the Department of Manpower (Department Tenaga Kerja – Depnaker), the amount of the monthly average minimum physical requirement of an unmarried man a month in 1994 was Rp 96,968. That increased to Rp 104,490 in 1995. If we regard this as an indicator of poverty then 90% of the population in Indonesia are living in poverty.

TABLE 3.

Percentage of population by expenditure group, monthly expenditure per capita and expenditure by food and non foods groups, 1993 (Rp)				
	%	Food	non-Food	Rate
<Rp10.000	0.08	–	–	–
Rp10.000-Rp14.999	1.01	–	–	–
Rp15.000-Rp19.999	4.34	14,194	4,653	18,847
Rp20.000-Rp29.999	21.17	15,339	11,344	26,683
Rp30.000-Rp39.999	23.09	19,504	15,983	35,487
Rp40.000-Rp59.999	26.76	26,353	23,908	50,261
Rp60.000-Rp79.999	11.14	34,796	34,836	69,632
Rp80.000-Rp99.999	5.22	42,930	45,841	88,771
Rp100.000-Rp149.999	4.72	54,214	65,984	120,198
Rp150.000-Rp199.999	1.38	63,968	106,980	170,948
>Rp200.000	1.10	88,740	195,820	284,560
Total	100.00			

Source: Badan Pusat Statistik, SUSENAS 1993.

Notes: exchange rate US\$1 = Rp2.212,00.

The gap between rich and poor people in Indonesia has been admitted. The Vice–Governor of the National Resilience Institute (Lembaha Pertahanan Nasional – Lemhanas), Dr. Juwono Sudarsono mentioned that the number of established people in terms of having sufficient food and clothes is less than 2.5 million (Kompas, 12 December 1996). President Echearte emphasised the gap by saying that there are 4.553 individuals who earn more than Rp 100 billion a year (*Jakarta Post*, 20 December 1996).

WOMEN AND CHILDREN

According to the 1994 Susenas, the percentage of working women (46.55% of the whole female population) is smaller than working men (81.15% of the whole male population). 25.7% of women are working in the formal sectors while the 74.3% others

are working in the informal sector. Their percentage of women working in the urban areas is also smaller (36.68%) than women in rural areas (52.00%). However, the opportunity for women in the urban areas to have an education is three times bigger than women in the rural areas. There is only a weak correlation between education and the opportunity to do non domestic jobs.

Wage differences between women and men are significant and show gender discrimination. The ratio wages between male and female junior high-school graduates is 2:1, representing the ratio of the majority who only have an elementary education. The situation is even worse where 38.6% of working women are domestic unpaid workers.

This composition is mainly formed by the status of women in the society who are not regarded as the main source of income in the family. The employers take advantage of the unequal position of women in the society by keeping low wages for women workers.

TABLE 4.

Average of wage/salary per month by educational attainment and sex, 1993		
Education Attainment	Female	Male
(1)	(2)	(3)
Never/Not Yet Attended School	44,555	89,789
Not Completed Primary School	45,889	91,431
Primary School	60,001	118,966
General Junior High School	92,454	183,069
Vocational Junior High School	131,220	164,933
General Senior High School	168,551	209,967
Vocational Senior High School	173,158	217,791
Diploma I/II	194,362	253,219
Academy/Diloma III	230,757	343,148
University/ Diploma IV	262,323	388,863

Source: Central Bureau of Statistics, Statistical Profile of Women, Mothers and Children in Indonesia 1994.

The 1994 Susenas shows that 36.7% of women older than 15 years are housewives, while only 0.40% men are in the same position. As house-keepers women do not work at all and do not have wage-earning activities. Domestic work are not considered as wage-earning jobs, thus not included in the GDP or GNP. Although the state ideology respects the role of housewives, it is obvious that women are discriminated in wage-earning jobs. It is women who are economically dependent on men (husband/father).

Poverty has become part of family-life in Indonesia. To meet the needs and to ease the economic burden of the family, children of poor families are selling their labour-power. According to official records, there are 2.4 million or 10.07% children aged 10–14 years working in Indonesia. 234,698 are working in the industrial sector (*Sinar Indonesia Baru*, 29 July 1993), and more than a half are female (*Tempo*, 8 June 1991). Most researchers regard this estimate as conservative, since Department of Edu-

cation and Culture suggested that 6.5 million 7–15 years old children do not attend school.

A survey conducted by ILO in 1992–1993 on child workers in Bandung, West Java, with 4,000–5,000 household and 200 factories as samples, pointed out their children contributed about 20% of their total income. Almost 25% of all households allowed their children to work in order to increase family income and one-third said that their economy will ruin if the children do not go to work.

Both in the rural and urban areas, the percentage of working girls is bigger than that of boys. In the manufacturing industry, the ratio is 50:15, while boys receive more than girls in terms of wages.

SOME WELFARE INDICATORS

The uneven distribution of the population has been a major problem since the colonial times. It is mainly concentrated in Java, with 814 persons/km² in 1990 and 868 persons/km² in 1995. The highest concentration occurred in Jakarta with 12,495 persons/km² in 1990. In 1995, about 58.88% of the total population is living in Java, which is only 6.89% of the total area. One of the main attractions of Java, particularly Jakarta, is the concentration of industries and its active economic life. It is usually thought that the big cities in Java provide bigger job opportunities than other areas.

As a consequence, the fulfillment of basic services such as housing, clean water, sanitation, electricity, and transportation is also a major problem in Indonesia (see Table 5).

According to the National Census, the need of housing in 1990 reached 790,000 unit. For the Sixth Pelita (1994–99), the Ministry of Peoples' Housing (Menteri Perumahan Rakyat – Menpera) states that the need of houses will reach 5 million units. For low incomes, the government launched the «Modest House» and the «Very Modest House» Program. It is targeted that in the Sixth Pelita the government will build 500,000–600,000 units. The government, through its National Housing Corporation will build 250,000 units. The cooperatives will build 50,000 units while members of the Real Estate Indonesia (REI) will build 250,000–300,000 units. In order to ensure that poor have access to those houses, the government determines a minimum price or Rp 4.9 millions. Although the government has invited private-owned developers, the «Modest House» business does not attract members of the REI.

Table 5 also shows limited access of the people to other basic services. Access to electricity increased from 46.8% in 1990 to 60.9% in 1994. The National Electric Company can only provide less than 50% of the total need. The relative success to improve electric facilities is also uneven with the ongoing need of health services, such as clean water, toilets and septic tanks. In the last five years (1990–94) the number of households with clean water facilities only increased by 3.3%, while the number of houses with toilets and septic-tanks increased by 4.1%.

TABLE 5.

Some welfare indicators		
INDICATORS	YEAR	
	1990	1994
% of households facilitated with electricity	46.8	60.9
% of households owning private septic tank toilet	17.9	22.0
% of households facilitated with pipe drinking water	12.9	16.2
% of under 5 children w/good nutritional status	53.6	55.5
Infant mortality rate (IMR)	71.0	55.0
Under 5 mortality rate (<5 MR)	103.0	û
% of births given with obstetric assistance	û	43.61
Literacy rate (%)	84.1	87.25
Hospitals per (millions) people	51.0	51.0
Public health center per (millions)	32.0	33.0
Supporting public health center per (millions)	99.0	98.0
Doctors per (millions)	137.0	163.0
Nurses per (millions)	443.0	585.0
Non nurses paramedics per (millions)	385.0	436.0
GDP per capita	640.702	1.841.534
GDP growth rate (%)	7.24	7.34
Ratio of the lowest 40% and highest 20% expenditure	50.8	33.4
Share of the lowest 40% to expenditure	21.3	20.5
Inflation (%)	9.53	9.24
Population under poverty line (%)	15.08	13.67
Male-Female Ratio		
Life expectancy rate at birth	94.5	94.2
Literacy rate	111.1	107.6
Labor force	78.3	156.43

Source: Central Bureau of Statistics, Welfare Indicator 1995.

EDUCATION

The majority of the population only received primary education. A certain number of people are still illiterate. The Department of Manpower even predicted that the level of education will be improved significantly during Repelita X (2020) (Table 6).

In 1990, 84.1% of the population was literate and this increased to 87.3% in 1994. The ratio of literate men and women in 1990 is 111,1, and this figure has been improved to 107.6 in 1994. The Minister of Women Affairs (Menteri Negara Urusan Peranan Wanita – UPW) Mien Sugandhi, stated that most women only have a low level education, and eight million are still illiterate (Suarea Pembaruan, 18 August 1995).

While the attempts of literacy campaigns for women steadily increased, the opportunity of women to gain primary education is still limited. The society tends to barrier women from attaining higher education because of their status explained above.

This tendency is clearly indicated in figure 6 and 7, where it is shown that women are the majority of people who do not have any education or do not finish primary education. Consequently, wom-

TABLE 6.

Percentage of population 10 years of age and over by educational attainment, type of area and sex, 1994						
Educational level	Urban		Rural		Urban+Rural	
	Female	Male	Female	Male	Female	Male
(1)	(2)	(3)	(4)	(5)	(6)	(7)
No schooling	2,118,760	756,051	8,738,488	4,145,129	10,857,248	4,901,180
Not yet completed primary school	5,480,212	4,704,314	15,842,205	14,840,263	21,322,417	19,544,577
Primary school	8,160,255	7,327,397	17,457,430	18,505,108	25,617,685	25,832,505
General junior high school	4,340,971	4,471,729	3,494,771	4,664,132	7,835,742	9,135,861
Vocational junior high school	410,093	479,854	502,631	638,628	912,724	1,118,482
General senior high school	3,453,678	4,487,719	1,189,130	1,965,827	4,642,808	6,453,546
Vocational senior high school	1,730,829	2,253,334	1,097,821	1,615,935	2,828,650	3,889,209
Academy/ Diploma I/II	126,769	142,485	70,033	81,898	196,802	227,383
Academy/ Diploma III	395,024	604,794	79,019	146,342	474,043	751,136
University/ Diploma IV	375,581	682,399	74,399	152,878	443,980	835,277
TOTAL	26,592,172	25,910,076	48,545,927	46,759,140	75,138,099	72,669,216

Source: BPS, SUSENAS 1994 and Central Bureau of Statistics, Social Indicators on Women in Indonesia.

en become more dependent on men. Having problems in doing wage-earning jobs and bond by a male-dominated culture, women are pushed aside and placed in a disadvantageous position.

The situation may become worse for the female labour force,

TABLE 7.

Percentage of population 15 years of age and over by educational attainment and house keeping activity, 1993	
	House Keeping
(1)	(2)
Not completed primary school	35.17
Primary school	40.37
General junior high school	11.02
Vocational junior high school	1.92
General senior high school	6.32
Vocational senior high school	4.26
Diploma I/II	0.16
Academy/Diploma III	0.38
University/Diploma IV	0.38
Total	100.00

Source: Central Bureau of Statistics, Statistical Profile of Women, Mothers and Children in Indonesia 1994.

as the Indonesian government along with other states in the Asian Pacific region, has paved the way of economic liberalization in

2020. In the flow of capital, goods and labour–power that are freed from political boundaries, Indonesian high–school graduates will have to compete with foreign workers.

HEALTH

The most serious threat for women in Indonesia is the high maternal mortality rate (MMRatio). In a coverage of the «Mother's Movement» the daily Kompas mentioned that in 1994, the mortality rate of pregnant women was 450/100,000. In the report The «Progress of Nation» published by the UNICEF, the number is even higher, 650/100,000. This figure, regarded as one of the main indicators of welfare, is four times higher than the average of other ANSEA countries. The MMRatio in Indonesia is 65 times higher than in Singapore, eight times higher than in Malaysia, and even two times higher than the average of other developing countries.

There has been no significant change of the MMRatio during 1984–1994. Most childbirths are helped by midwives (60%), one-third by nurses, and only a small number (3%) by medical doctors.

The survey shows that most deaths (80%) of pregnant mothers are caused by three factors: bleeding (40%–60%), infection (20%–30%) and toxemia (20%–30%), that are tightly connected to nutrition, hygiene, sanitation, health awareness, and the lack of healthcare in the society.

All these factors also determine the high rate of infant mortality (IMR). In 1990 the number was 71, reduced to 55 in 1994, while the children under five years of age mortality rate (<5MR) decreased from 103 in 1990 to 78.1 in 1993. Although there was a significant decrease of infants between 2 and 12 months of age, the rate of neonates (infants less than 28 days) is 70% of the total IMR in Indonesia.

FOOD–NUTRITION

From 1990 to 1993, the average consumption of energy and protein in urban areas slightly increased, but still below 21,000 Ccal/capital/day. In the rural areas, the picture is even worse where the average rate of consumption tends to decrease.

According to official statistics in 1993, the composition of expenses for food in the rural areas reached 63.59%, and 39.81%. Almost 50% of monthly expenses are used to buy food.

The 1993 Agricultural Census shows that in the last 10 years (1983–1993) the number of rice areas decreased as much as 480,000 hectares in Indonesia, with 425,000 (88.54%) in Java. The implication of the reduction of rice areas affected the food supply and the income of farmers.

EMPLOYMENT, INCOME AND ACCESS TO RESOURCES

70% of the Indonesian people live in the rural areas, and 51% of the work–force have jobs in the agricultural sector. There are indications that the agricultural sector is worsening and the life of

rural population is being threatened. In the last 20 years the contribution of the agricultural sector to the GDP decreased drastically. In 1973 the contribution of this sector was 34%, in 1985 only 24% and 16.1% in 1995.

The average growth of the GDP in 1985–1995 reached 7.7% while the agricultural sector in the same period only reached 3.52%. In the first two years of Repelita VI (1994–1995) the agricultural sector only grew by 3.52% while the average growth of the total economy was 7.88%. Agricultural food production only grows by 1.17%, lower than the population growth.

People in the rural areas live in a bad condition. Using BPS data in 1994, the number of small farmers who own less than 0.5 hectares increased from 9.53 million households in 1983 to 10.94 households in 1993. These numbers implied that the poverty reduction program does not work successfully in the rural areas.

The terms of trade between agricultural and non–agricultural products is another cause of poverty in the agricultural sector. From 1991 to 1994, the Farmers Exchange Rate has been under 100, which means that the prices of non–agricultural consumption goods rose faster than the prices of agricultural goods. The Farmers standard of living also continued to deteriorate. Many farmers are driven away from the agricultural sector while the industrial sector that receives more government attention only provides 11% jobs of the total work–force. This because the credit allocation to the agricultural sector also decrease every year (see table 8).

According to a 1994 BPS survey, 33.4 million or 98.8% of total 33.5 million household ventures have a turnover of less than Rp 1 billion a year. 52.3% of this number are small ventures with less than a Rp 1 million turnover. Middle and big ventures are only 2% or 66,428 units. The small and household ventures are labour–intensive ventures that absorb the majority of the Indonesian working population. Although able to provide more job opportunities, this sector only contributes 38.9% to the GDP. There has been no serious attempt to expand this sector to achieve a just and sustainable economic development.

The increase of wages for industrial workers is also a serious problem. The Regional Minimum Wage always stands below the Minimum Physical Requirements (MPR) determined by the government, and only meets 78.6% of the MPR of an unmarried worker.

TABLE 8.

It is indeed improper that while the income per capita is

Ratio of regional minimum wage to minimum physical requirement in Indonesia, 1988–1993							
	1988	1989	1990	1991	1992	1993	1994
Rates	41.5	38.1	48.5	54.9	57.2	63.6	78.6

Source: Department of Manpower.

US\$1,023, the wage of Indonesian workers only reaches US\$ 0.24/hour. In Vietnam, the income per capita only reaches US\$ 170, while the average wage of workers is US\$ 0.22/hour, while in Chi-

na where the income per capita is US\$ 450, the average wage is US\$ 0.58/hour. Compared to these two countries, the ratio of wages to the income per capita is extremely unbalanced.

INPRES DESA TERTINGGAL (IDT) PROGRAM

The government has an ambitious program for reducing poverty further in the Repelita VI. In April 1994, it launched the Inpres Desa Tertinggal (lit. Presidential Instruction on Backward Villages) Program, replacing the Integrated Area Development Program (Pengembangan Kawasan Terpadu – PKT). The PKT is said to be a «try-out» programme of poverty alleviation where the districts are the working units. The PKT program reached 850 districts (23% of 3,680 districts) during Repelita V. The budget allocated reached Rp 469 billion, meaning Rp 552 million for each region/district or Rp 114 million for each village, bigger than the budget provided by the Village Support which is only Rp 5.5 million for each village. The results of these programmes have been described above.

The IDT program is more aimed to a rapid reduction of poverty by providing assistance to poor villages, and not individuals. The

scope of its activities is the poor population in villages. The standard used to determine «poor villages» came from the «List of 27 Variables and Indicators of Poverty» from the 1990 Population Census Village Potentials. Out of 65,554 villages, 20,663 are classified as «poor villages» in 1994. In 1995, using a higher standard of measurement, the number increased to 22,094.

Each village receives Rp 20 million to solve problems of poverty. The subsidy for such poor villages reaches Rp 397 billion in 1994 and Rp 485 billion in 1995. Along with other assistance projects, the total budget allocated to poor villages reaches Rp 3 trillion. The program has been conducted, and we have to wait for several years to see the results.

- Kalyanamitra was founded in 1984 as a women resource center, aimed to create gender equity in Indonesia. It is an active member of the International NGOs Forum on Indonesian Development (INFID).