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# **Indonesia**

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# **DEMOGRAPHIC AND POPULATION MOBILITY TRANSITIONS IN INDONESIA**

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## **Abstract**

More than six decades after Indonesia's independence in 1945, the number of population has tripled from 73.3 million in 1945 to 218.1 million in 2005. Within this period, Indonesia has transformed its economy, politics and society. The economy shifted from a controlled economy to a market driven economy in 1966. The changes from the Old to New-Order eras created a historical foundation towards the process of the demographic transition, a change from pro-natal policies during the Old Order era to anti-natal policies during New Order era. As a result, Indonesia, one of the largest economies in Asia Pacific, has experienced relatively fast demographic transition (referring to changes in fertility and mortality).

Following developed economies, Indonesia has just finished its first demographic transition and currently undergone its second demographic transition. In the meantime, Indonesia has also experienced a complex population mobility transition. This

chapter examines in details the demographic transition in Indonesia and attempts to show some of its implications on population mobility (internal and international mobility). Because the extent of economic integration within a very large economy like Indonesia is very important for the success of the regional economic integration, this chapter also examines internal population mobility, which is very important to understand international migration from and to Indonesia.

This chapter concludes that international migration should be managed from three approaches. One is through the creation of good governance in both workers-sending and receiving economies. Second is through change of the economic and household structures of the receiving economies so that it reduces the demand for low skilled workers. Third is through co-operation with the business sectors, to avoid the oligopolistic nature of the migration industry and to embed the cost of protection and promotion of the rights of the workers into their production cost.

## INTRODUCTION

Demographic transition actually refers to the changes in the demographic components, namely, fertility, mortality and migration, which result in the changes in number, composition and distribution of population. However, the discussions on demographic transition are often limited to changes in both fertility and mortality only. Therefore, the “theory” of demographic transition examines the transition from high fertility and mortality rates to low fertility and mortality rates, without any discussion on migration, as a result of the process of modernization.

However, Zelinsky (1971), followed by Skeldon (1990), had attempted to put population mobility into the demographic transition. They introduced the terms “vital transition” or “vital changes” when the discussions are limited to the changes in fertility

and mortality. According to them, demographic transition should consist of both vital and population mobility transitions. Yet, until now, the majority of demographic literatures still follow the use of “demographic transition” in the absence of migration transition. Because of the tradition to separate “demographic” or “vital” transition from mobility transition, there is still a limited discussion on the causal relationship between fertility and mortality changes on one hand and mobility changes on the other hand. In this chapter, we follow the tradition of separating migration from the demographic transition.

This chapter aims to contribute a better understanding on the demographic and population mobility transitions in Indonesia. It describes the relatively fast demographic transition and the accompanying change in migration pattern in Indonesia, a multiethnic and multi-religious country<sup>1</sup>, in the changing economic-political landscape. The discussion on mobility transition includes both mobility within the country and mobility crossing the national borders (thereafter each refers to internal and international migrations). Meanwhile, the discussion on the stages of the demographic transition is not limited to the “first demographic transition”, but also includes the “second demographic transition”. The first demographic transition refers to the historical declines in the fertility and mortality of several European countries as witnessed from the 18<sup>th</sup> century onward and followed by the present situation in most developing economies. The end of this transition is completed when the population reaches replacement level of fertility, usually with TFR (total fertility rate) about 2.2 and IMR (infant mortality rate) less than 30 per 1,000 live births.

Van de Kaa (1987) coined the terms “second demographic transition” when the population is already below replacement level of fertility. There is a disconnection

between marriage and procreation, resulting in a sustained below replacement level. As a result, the population would face a declining size if not compensated by the significant influx of migration. The shift to the second demographic transition also indicates a shift from the dominant role of community to that of individual behavior and decision. It brings new social challenges such as issues on ageing and integration of immigrants into “locals”. In other words, in the stage of second demographic transition, the migration plays an increasingly important role in the economy.

The “theory” of population mobility is much less clear and less discussed compared to that of demographic transition. One of the problems with analysis on population mobility transition is the difficulty in its measurement. Most of the statistical data refers to the “migration”--the relatively “permanent” nature of population mobility. Generally, the statistics on “non-permanent” mobility are unavailable. Even if available, the statistics on “non-permanent” population mobility are usually very limited in its geographic scope. Another problem is that the path of mobility transition is less predictable than that of demographic transition. The direction and magnitude of population mobility, even the more restricted migration, can change very quickly, very sensitive to social, economic, and political situations. Yet, because fertility and mortality changes affects in the age-structure of the population and migration is age-specific behavior, there can be some relationships between changes in fertility and mortality on one hand and changes in migration on the other hand.

In a large economy such as Indonesia, the extent of an economic integration within a national economy may become an important determinant on reaping the benefit from cross-border economic integration for all economies involved. For such an economy,

migration or population mobility means both internal (within the economy) and international (from and to) the economy and therefore the relationship between internal population mobility and international mobility should be given adequate attention in any policy decision regarding cross-border economic integration.

Furthermore, for the case of Indonesia, who has implemented a new policy of regional autonomy since 2001, which gave the district much larger power, economic integration within Indonesia will have much implication for the cross-border economic integration. Consequently, to make effective policies on international migration, internal migration should be adequately examined too. What happen to internal migration in Indonesia will significantly affect both international migration and the benefit of the ASEAN economic integration by 2015.

With these backgrounds, the chapter starts by assessing the first and second demographic transitions. Indonesia as a whole just entered the second demographic transition. At the same time it opened the demographic window of opportunity in 2005 and is supposed to end in between 2035 and 2040 (Ananta, Arifin, Bahktiar 2005). In this period, the saving potential is great.

It then discusses mobility transitions covering both internal and international migrations. It concludes that there have been the unprecedented changes in size, pattern and direction of population mobility in Indonesia. It also concludes that Indonesia has been in the relatively late stages of mobility transition. In the context of internal migration, for example, this chapter discusses the changes and continuity of migration patterns among provinces in Indonesia, whether they are workers-sending or receiving provinces. The discussion on international migration includes an examination on the

nature of the newly created national agency dealing with placement and protection of Indonesian overseas workers. It also provides discussions on new emerging issues of international migrants in Indonesia. This chapter finally ends with concluding remarks and recommendations for managing international migration.

## FIRST AND SECOND DEMOGRAPHIC TRANSITIONS

### **Aging and Demographic Window of Opportunity**

More than six decades after Indonesia's independence in 1945, the number of population has tripled from 73.3 million in 1945 to 218.1 million in 2005. Within this period, Indonesia has dramatically transformed its economy, politics and society. The economy shifted from a controlled economy to a market driven economy in 1966. The economic growth continued to increase from as low as 2.0 per cent per year in the first half of 1960s to around 7.0 per cent per year in the first Five-Year Plan (1969-1973) and remained around 7.0 per cent per year before finally Indonesia fell into a deep crisis in 1997. The growth dropped into minus 13.1 per cent in 1998 and soon recovered in 1999 at 0.8 per cent. (Badan Pusat Statistik, 2005) Thereafter, the economy steadily grew, approaching the pre-crisis rate, at 6.3 per cent in 2007.<sup>2</sup>

After independence in 1945, Indonesia was under the so-called Old-Order era, led by the Soekarno, until 1966. It was then turned into the New-Order era under Soeharto

for more than three decades. Since 1998, Indonesia has then been in the Reform era, attributed to a process of democratizing Indonesia.

The changes from the Old to New-Order eras had a historical foundation towards the process of the demographic transition. The Old-Order era believed on pro-natal policy, while the New-Order era turned this policy into anti-natal policy. In the late 1960s, the beginning of the New-Order era, Indonesia was still characterized with high fertility (TFR at 5.6 per woman) and high mortality (IMR at 145.2 per 1,000 live births). Not surprisingly, in 1971, Indonesia's population had reached above 100 million (119.2 million) and the population pyramid had a wide base. It was considered a young population with a high total dependency ratio of 0.87, indicating that every 100 working age population (15-64) has to shoulder 87 non-working age population (those aged below 15 years old and those aged 65 years old and over). The high total dependency ratio was mostly attributable to the young dependency ratio (0.82). The young has consumed a lot, but has not produced. Therefore, the saving potential was very low.

Indonesia officially started the family planning program in 1968. Since then, coupled with the success of economic development, fertility and mortality rates declined relatively very quickly. By the year 2000, the TFR was already about 2.3; and IMR, at about 46 per 1,000 live births. Indonesia reached replacement level of fertility in 2000-2005, finishing the first demographic transition. (Ananta, Arifin, and Bahktiar, 2005).<sup>3</sup>

Indonesia is now below replacement level of fertility, enjoying the second demographic transition. Some provinces have experienced it earlier than Indonesia as a whole. As shown in Table 1, Jakarta, Yogyakarta, East Java, and Bali have been below replacement level of fertility since early 1990s. On the other hand, some provinces are



still far above this level. North Sumatra, West Nusa Tenggara and East Nusa Tenggara had TFR above 3.0 in the end of 1990s. In other words, there is still a wide gap among provinces in regards to fertility level and, therefore, there is a large variation on age-structure of the provinces. This large variation in age-structure may contribute to larger inter-provincial migration, compared to the intra-provincial migration, as longer distant migration is more likely to be age sensitive.

Table 1 is about here

In 2005, Indonesia's total age dependency ratio was already as low as 0.50, hinting that every 100 working-age population had to finance only about 50 non-working age population.<sup>4</sup> The decline in young-age dependency ratio has been larger than the increase in old-age dependency ratio. The total dependency ratio is predicted to continue declining, but it will start to rise again after 2020 and will probably pass 0.50 as early as in 2035<sup>5</sup>.

Following Robine (2004), we define a period to be the demographic window of opportunity when total dependency ratio is below 0.50, where the potential saving is still relatively great. During this period, the number of working age population is at least double than that of the dependent population (those below 15 years old population and 65 years old and above). This is a once in a lifetime golden opportunity. It will not return after it is gone. With this definition, the period of 2005-2035 is the demographic window of opportunity in Indonesia. This is the time when Indonesia has not been severely burdened with financing the dependent population. The current rising financial and non-

financial contribution of the migrants (mostly Indonesian overseas workers), who are all young population, will eventually decline and later disappear as the window is closing.

It should be noted, however, that the timing of the opening of the demographic window of opportunity also varies across provinces because of the variation of the age-structure resulting from the demographic transition. Some provinces may take a longer time to open it (shown in Table 2). Nevertheless, in 2010, at least half of the provinces will have opened their demographic window of opportunity.

Table 2 is about here

The variation in age-structure also results in variation of aging proportion in Indonesia. In 2000, the aging proportion ranged from 8.5 per cent in Yogyakarta to as low as 1.0 per cent in Papua, Eastern Indonesia. At the district level, the aging proportion can be even higher. The regency of Gunung Kidul, in the province of Yogyakarta, had an aging proportion of 10.5 per cent in 2000. Two other examples of regencies with high aging proportion were Pacitan and Magetan, in the province of East Java. In addition to relatively low fertility, the relatively high aging proportions in these regencies were also attributable to the high outflow of migration from these regencies. They migrated to urban areas, large cities, and even other national economies. These regencies are relatively poor and important sources of overseas workers. The phenomenon of out-migration, including overseas migration, from these rural regencies may have worsened the dependency ratio in these rural poor areas.

### **Accentuation of Individual Autonomy and Self-Actualization**

The accentuation of individual autonomy and self-actualization is the most distinguishing feature of the second demographic transition, occurring when fertility is already below replacement level. At the same time, there also exists greater tolerance for libertine culture and alternative life styles as well as greater demand for democracy and individual freedom of expression. A more rational individual at the second demographic transition is also much less influenced by social and institutional norms. In the first demographic transition, a government can have heavy intervention on the course of fertility transition—as with the family planning program. However, in the second demographic transition, the government has little power to influence the direction of individual behavior including those related to marriage, childbearing and family relationship.

McDonald (1994) provided another way to see the second demographic transition. It is a shift from a social system emphasizing the well-being of the family as “a whole” to the one on the well-being of the individual members of the family. The well-being of the family as “a whole” is meant as the well-being of those holding the power or status, including the relatives, the reference groups, and the religion on the individuals. During the first demographic transition, particularly during the initial stage, the family as “a whole” has an absolute power to the behavior of the couple/ individuals. On contrast, during the second demographic transition, the influence of the “whole family” is disappearing fast. Family matters are the business of the couple only, rather than the “whole family” and even the society. In other words, the key aspect of the second demographic transition is a change from parenthood to partnership in marriage.

Change in family values have also occurred in Indonesia along side with the completion of the first demographic transition. It may have occurred earlier, particularly in some provinces which had finished the first demographic transition earlier. McNicoll (1997) argued that family values would change everywhere in Indonesia in the long run because of the pressure of urban life and high-consumption lifestyles. Patriarchal attitudes and behavior would decline further. Individualism would be on the rise—the respective couple, rather than the extended family or even larger family, would make the final decision on family matters. Hull (2003) asserted that many Indonesian women already left the officially recognized social norms on family.

Remaining single or delaying marriage has emerged to become a new trend (Arifin, 2005; Situmorang, 2007; Jones, 2007). Unlike in the first demographic transition, when decline in fertility is mostly because of the interest in enhancing the welfare of the family—parents and children, change in fertility during the second demographic transition is more motivated by individual rights and self-fulfillment. Marriage becomes fragile—if it does not result in enrichment, it is likely to break up.

The arrival of the second demographic transition may also bring changes in values on migration. People may have become more willing to take adventure by working overseas. They may also become increasingly knowledgeable on their rights as workers, including the rights of equal treatment regardless whether they work as low, medium, or high skilled foreign workers. It is also interesting to observe whether the people have also been more open in receiving “visitors”, migrants, from other districts, provinces, and even foreigners, with different cultural and religious backgrounds. Do the local people feel threatened by the inflow of migrants? Do the local people envy the migrants? Are

those leaving the regions to other regions within Indonesia or outside Indonesia seen as “traitor” to the region, or “hero” to the region? Is it seen as “brain drain” or “brain gain”?

## INTERNAL MIGRATION

As an analogy to the early stage of the first demographic transition, Zeligsky (1971) and Skeldon (1990) argued that, in general, at the initial stage of development, most population mobility was in the form of non-permanent mobility. People never settle and keep on moving. The distance traveled can be short or long. Later, along with the advance of development, people start settling after moving. They move to urban areas. The availability of convenient transportation and rising income facilitate the relatively more permanent population mobility.

At a later stage, the rising rural to urban population mobility is accompanied by the agglomeration of urban areas. They may not go directly to big cities or mega cities, but first move to smaller cities. Migration out of the country also rises. This results in the faster increase in urbanization rate (percentage of population living in urban areas.) In turn, the rising urbanization helps speeding up the creation of smaller cities and mega cities. Hence, population mobility is rising with the booming of cities, including smaller cities, and openness to work in other countries. This is what Skeldon called as the stage of “late transitional society”.

Further, in the stage of “early advanced society”, urbanization rate is already above 50.0 per cent. People start moving from large cities to the sub-urban areas. The

movement is mostly gender balanced. Non-permanent migration, including commuting, particularly among the male population, increases.

At the next stage, the “late advanced society”, there is a continued rural-urban migration, rising migration from economies that are still in the stage of “late transitional society”, massive commuting, and more balanced sex-composition of the migrants.

Finally, in the stage of “super advanced society”, following Zellinsky, the advanced transportation technology may make the world much smaller. “Non-permanent” mobility may return and rise. At the same time, the advance of communication may make the world smaller in a different direction—it may make people to stay more and contact the world from one place. On the other hand, the development of telecommunication may also mean that people can travel everywhere and still keep in touch with everybody else in the world—a modern global nomad.

It should also be noted that the patterns described above is not necessarily sequential. Some of the sequences may occur at the same time. The process of the first demographic transition may also contribute to the rising population mobility. With a smaller number of children, parents have more money and time to travel. Each child can have better health and education, and therefore, they are more likely to be more mobile in seeking for further education or entering the geographically wider labor market.

Indonesia may have been in the relatively late stage of mobility transition due to the regional variations in demographic transition and economic changes within Indonesia. In addition, the vast development in information, transportation and communication may have greatly facilitated the rising mobility of Indonesians. The implementation of

regional autonomy, which is mentioned in the early part of this chapter, may have further raised the regional variation and, hence, enhanced population mobility in Indonesia.

The greater integration of Indonesian economy to the world economy may have also contributed to the rising migration out from Indonesia to seek for better jobs, study, or live overseas. People do not have to follow the “step by step” path outlined by Skeldon, that people move from rural areas to small towns, to cities, to big cities, and mega-cities. They now can “jump”, migrating from rural areas directly to mega cities and even cities in other economies. The next section is mainly focused on this rapidly rising out-migration from Indonesia. The following discussion assesses the mobility within Indonesia as responses to various social, economic, and political factors.

Table 3 shows that longer distance mobility, measured with inter-provincial migration, has continued rising from 1975 to 2000. The population censuses conducted in 1980, 1990 and 2000 show that the number of recent in-migrants rose from 3.7 million in 1975-1980 to 5.2 million in 1985-1990 and further increased to 5.5 million in 1995-2000.<sup>6</sup> However, the 2005 Intercensal Population Survey data set indicates that the number declined to 3.9 million in 2000-2005. The decline is seen in all provinces in Indonesia, except in East Java, Gorontalo, and South Sulawesi. It should be noted that this survey did not cover Aceh as it has its own census for the same year. However, even if Aceh is included, the number of migrants in 2000-2005 will still be smaller than that in 1995-2000. The unexpected trend might probably be attributable to the nature of the data; it is a survey, not a census. Further studies need to be done to explain this unexpected trend.

Table 3 is about here

The 5.5 million “inter-provincial migrants” in 1995-2000 consists of only 3.06 per cent of the whole Indonesian population aged 5 years old and over. This percentage includes 0.05 per cent of the population who was migrants from overseas. It is not clear, however, whether they are foreigners or return migrants. More discussions on this issue are referred to the next section.

As shown in Table 4, in addition to inter-provincial migration, there were 5.2 million intra-provincial migrants during 1995-2000. Unfortunately, there was no statistics on intra-provincial migrants for other periods, and hence there is no way to know whether the number of intra-provincial migrants had increased or decreased. Yet, from the limited information, we can say that Indonesia has been in the stage of “late transitional society” or at least in the “intermediate transitional society”. During the period of 1995-2000, the number of longer distant migrants (inter-provincial migrants) was larger than that of shorter-distant migrant (intra-provincial migrants). Furthermore, in more than half of the provinces, the longer distant migrants dominated the overall migrants.

Table 4 is about here

Measured with migration to other countries, Indonesia may have been at least in the “late transitional society”. However, there is no statistics describing international migration from Indonesia who do not follow the government-promoted “export of workers”.

Anecdotal evidence, nevertheless, hints that there has been an increasing number of Indonesian working overseas, including skilled and professional workers, without going through government channels. On the other hand, the number of foreigners working in



Indonesia has also been on the rise. Discussions on the issues of migration from and to Indonesia are referred to the next section.

From the indicator of urbanization, Indonesia may have been in the “early advanced society”. The urbanization has continued rising from 17.3 per cent in 1971 to 43.1 per cent in 2005. Indonesia as a whole has not arrived at the stage of “early advanced society”. However, the story varies at provincial level. The province of Jakarta has been completely urbanized since 1990s. In 2005, six provinces have been in the stage of “early advanced society”, with urbanization rates greater than 50.0 per cent.

Another hint that Indonesia may have been in the “early advanced society” is the rising tempo of commuting and circular migration. The less permanent mobility may have been increasing during 2000-2005 partly because of the impact of technological advances and reduced air fare on the ease of moving within Indonesia. Table 5 indicates that the mobility within Indonesia through domestic flight was increasing tremendously. The number of either arriving or outgoing passengers increased from about 8.6 million in 2001 to 25.0 million in 2005. The number of aircrafts nearly doubles for the same period. Latest statistics show that the increasing trend continued with 28.7 million in 2006 and 31.2 million in 2007.<sup>7</sup> This phenomenon may also indicate the rising integration within Indonesian economy, particularly seen from population mobility.

Table 5 is about here

There have been changes and continuity of migration patterns among provinces in Indonesia. Some, such as Lampung and Jakarta, used to be workers-receiving provinces

but they had become workers-sending provinces in 2000. Provinces such as Bali and West Nusa Tenggara have shifted from workers-sending provinces to workers-receiving ones. Some provinces such as North Sumatra and South Sulawesi remained to be workers-sending provinces. The provinces of Central Java and East Java, which contributed a lot of overseas workers, were also in this category: a continuity to be workers sending provinces. The rest, including provinces such as Jambi and East Kalimantan, remains workers-receiving provinces.

In conclusion, internal mobility in Indonesia has changed significantly, becomes more complex, larger in size and more advanced. Indonesian economy has been more integrated. This phenomenon may contribute significantly to the benefit of cross-border economic integration, including cross-border migration.

## INTERNATIONAL MIGRATION

As a modification of the labor surplus theory by Lewis (1954), the “theory” of international migration usually describes the condition of an economy from a workers-sending economy to a workers-receiving economy. As with internal population mobility, the sequences do not have to occur sequentially. Some stages may occur simultaneously, particularly in a large, heterogeneous economy such as Indonesia.

Tsai and Tsay (2004) argued that the transition from a workers-sending economy to a workers-receiving economy is parallel with the transition of capital movement, from a capital-receiving economy to a capital-sending economy. This transition moves along

with economic development. This theory may not describe the development path accurately, but it can provide a general picture of the transition path of international migration.

At the very low level of economic development, an economy usually has an unlimited number of low skilled labors, parallel with an early stage of demographic transition characterized by high fertility and mortality rates. The economy is so poor that it has no saving and, therefore, there is no investment to help the economy growing. One means to solve the saving gap is to reduce fertility and mortality. Another way is to bring capital from other economies, the so called FDI (foreign direct investment). In other words, during early stages of development, an economy usually receives FDI and does not send capital overseas.

With the contribution of the FDI and family planning program, the economy grows and workers have higher income. The workers can save and afford to move in a long distance, including working overseas. This stage may correspond to the stage of “late transitional society” discussed in the preceding section. Tsai and Tsay (2004) asserted that this stage is usually observed when per capita income is below US\$500, measured at 1995 US dollar.<sup>8</sup>

At the next stage, migration from other economies starts to rise. The migrants are usually the skilled workers accompanying the FDI. The economy may even start exporting their own capital. A turning point is reached when there are about the same amounts of in- and out- migrations as well as in- and out-movement of capital. Tsai and Tsay argued that this turning point is reached at per capita income between US\$1,500 and US\$2,000.

At the next higher stage, as the surplus of low skilled workers dries up, the economy becomes a net “importer” of migrants, that there are more in-migrants than out-migrants. The migrants are not limited to the skilled workers, but they include low skilled workers. At the same time, it becomes a net exporter of capital; it sends more capital abroad than receiving foreign capital. Tsai and Tsay stated that the turning point is about US\$5,000.

Though the magnitude of per capita income as mentioned by Tsai and Tsay may need to be revised, the general trend may still be valid. Furthermore, another stage may also be reached when an economy again sends more workers (this time skilled workers) despite that it receives workers at the same time. The same thing happens for investment. Free capital movement will make an economy receives and sends capital at the same time.

With the per capita income of US\$1,946 in 2007,<sup>9</sup> or about US\$1,393 measured at 1995 US dollar,<sup>10</sup> Indonesia seems to have been moving toward the turning point of having a larger number of international migrants than number of Indonesians migrating overseas. As discussed later, the number of international migrants in Indonesia has risen though it was still relatively small, particularly as compared to the rising number of Indonesians migrating overseas. It should be noted that Indonesia’s investments to other economies has also been emerging. Adiningsih (2007) showed that during and after the 1997 financial crisis Indonesia experienced a negative net FDI to Indonesia until 2003, with the bottom in 2002. The positive net FDI reached its maximum in 2005 before it declined until 2007, indicating a rising amount of capital sent out from Indonesia.

This section assesses the phenomena of international migration. It includes the discussions on Indonesians moving abroad, returnees and foreign workers in Indonesia.

Anecdotal evidence indicates that Indonesians can now be found in many parts of the world. At the same time, more foreigners can be seen in Indonesia, not only as tourists, but also as workers or retirees seeking for the “final home”.

However, the statistics on international migration from and to Indonesia is more difficult to find and rely on, because it involves many economies of destinations and origins. The statistics on migration out from Indonesia relies heavily on those supplied by the Minister of Manpower, Republic of Indonesia. It reflects more issues related to low skilled workers rather than the skilled workers who are mostly unmonitored. On the other hand, statistics on migrants from overseas can also be found in censuses or surveys. Though the statistics are far from perfect, some general pictures can be made on international migration from and to Indonesia.

## **Indonesians Migrating Overseas**

### ***Rising trend of overseas workers***

The previous section shows that internal migration in more than half of the provinces has been dominated by longer distant migration rather than shorter distant migration.

Economic integration within Indonesia has helped people migrate directly from rural areas to mega cities and even other countries. Furthermore, the government of Indonesia has actively promoted Indonesians to work overseas.

Indonesian labor migration is not a new phenomenon in its history. It has been in evidence since the Dutch colonial time. Thousands of Javanese, the largest ethnic group in Indonesia, were sent to Surinam to fulfill the need of cheap labor, working as coolies at the plantations. These Javanese were one of the largest ethnic groups, forming

approximately 20 per cent of the population of Surinam (Dutch Guiana) (van der Kroef, 1951). The labor migration continued as a spontaneous movement after Indonesia gained its independence in 1945. Under the New Order era, the government of Indonesia announced regulations to administer overseas labor recruitment in 1970. In 1979, the government started to actively encourage the sending of labor migrants overseas. The government active intervention has contributed significantly to the rising trend of Indonesian working overseas.

Indonesia has become one of the nine major global workers-sending economies in Asia<sup>11</sup> to fill job opportunities in other economies for a limited period of contract. As in many Asian countries, international labor migration from Indonesia occurs through various regulated and unregulated agencies. These agencies play an important role in recruiting, transporting and placing the prospective Indonesian workers overseas, as well as arranging the return of the workers. However, not all agencies provide good services, some create problems. On the other side, some of the workers also produce problems. Therefore, it is not surprising to hear many stories of abuse and extortion of the workers during all stages of working abroad. The problems reported by the Indonesians workers are not unique for Indonesians, as other workers from many other Asian economies face the same cases. Unpaid salary, communication cut, becoming sick, dismissal, and torturing are some common complaints.

Despite many gloomy stories on overseas Indonesian workers, the annual number of workers sent abroad kept increasing, from 338,992 in 2001 to 646,548 in 2006. It fell to 593,024 in 2007. The drop is seen in all Asian destinations, except Hong Kong and Japan. On the other hand, the overall number of workers going to Middle East and Africa

continued to grow. At the time of the writing of this chapter, it is still not clear why the number fell in 2007--whether the number really becomes smaller, there are more undocumented migrants, or there are problems with the statistics. Further studies should be carried out on this trend.

It can be mentioned here that migration, particularly long-distant migration, is a costly journey. Hence, the rising number of Indonesians working abroad can partly be because of the decline in poverty, smaller number of children per woman, and rising education of Indonesians. In March 2007, the poverty rate was already as low as 16.58 per cent in Indonesia.<sup>12</sup>

However, fluctuation in the deployment of Indonesian workers is also observed, depending on the situation and policies in both destination economies and Indonesia. In 2002, for example, there have been a number of crackdowns on the Indonesian workers in Malaysia when Malaysia introduced harder penalties for irregular migrants and their employers. Among them, the majority were Indonesian workers. Since the tragedy, the government of Indonesia also tightened the process of sending labor migration not only to Malaysia but also to other economies. As a result, the deployment of workers in 2003 dropped to 293 thousand persons from 480 thousand persons in 2002. Since then, the number rose and continued to increase until 2006 and then declined to 593,024 in 2007.

As shown in Table 6, Malaysia is the most likely destination among Asian economies with an increase from 110,490 in 2001 to 207,426 in 2006, before it declined to 151,998 in 2007. The number of workers sent to Malaysia annually has always been much larger than those to other Asia Pacific economies. Among all destination economies, Malaysia is the second to Saudi Arabia, except in 2001 and 2005 when Saudi

Arabia was the second to Malaysia. Cumulatively, according to the Government of Malaysia's statistics, there had been around 2.0 million Indonesian workers in Malaysia, constituting 1.2 million with work permit and 0.8 million without documentation.<sup>13</sup>

Table 6 is about here

Sending workers to Middle Eastern economies began between 1980s and 1990s when the two economies (Indonesia and Saudi Arabia) shaped the way for the Indonesian workers to migrate and work in Saudi Arabia (Silvey, 2004). The policies have led to a rapid, large-scale increase in the number of the workers sent annually. As seen in Table 6, the annual deployment of Indonesian workers sent to Saudi Arabia had been more than double, from 103 thousands in 2001 to 268 thousands in 2006. Kuwait became an emerging destination for Indonesian workers, the second destination after Saudi Arabia among Middle Eastern economies, with a tremendous increase from 3.3 thousand workers sent in 2001 to 22.6 thousand workers in 2006. Another emerging destination economy is Jordan, a home to 60,000 domestic helpers,<sup>14</sup> mostly from Indonesia, Sri Lanka and the Philippines.

Not only has the number of Indonesian overseas workers increased rapidly, the number of destination economy has also expanded to more than 15 economies. As reported by the Minister of Manpower, in total (cumulative), there were 2.7 million Indonesian overseas workers with official permission. This number represents 2.8 per cent of the total national workforce (Hugo, 2007). However, the actual number of Indonesians working overseas can be much bigger as there can be many irregular



overseas workers. The exhausting and expensive bureaucratic process the workers must follow is one of the reasons of this irregularity.

The sharp increase in the number of Indonesian workers overseas is accompanied by a phenomenon of rising feminization of the workers. Most female overseas workers preferred to work in the Middle Eastern countries. However, around 1990, the destination economies for Indonesian female workers expanded to Southeast Asia and the Asia Pacific region. As indicated in Table 7, women constituted the major portion of the Indonesian workers sent to Singapore, Brunei, Hong Kong, Taiwan, Saudi Arabia, United Arab Emirate and Kuwait. The rising trend of female overseas workers was a response to the stronger global demand for workers to work in domestic and entertainment sectors, reflecting changing demographic and economic conditions in the receiving economies. On the other hand, Indonesian males dominated the flows to South Korea and Japan under the so-called trainee programs in that country (Hugo, 2007), providing cheap labor to boost Japanese and Korean economies. In 2005, about 89.21 per cent of the workers sent to South Korea were male, an increase from 82.98 per cent in 2001.

Table 7 is about here

### ***Non-oil export commodity and value of the business***

One of the economic benefits of sending workers abroad can be seen from the remittances the workers sent back home. As previously discussed, the number of Indonesian workers overseas continues to increase and, the resulting remittances keep rising. The amount of remittances from overseas workers was steadily increasing at

below 1.0 billion in the 1980s and early 1990s, but it has been accelerating sharply in the late 1990s. The remittances sent to Indonesia were US\$1.2 billion per year between 1998 and 1999 and doubled to US\$2.5 billion in 2003. It then reached almost US\$3.0 billion in 2005. The remittances sent from countries in the Middle East and Africa accounted for 63.3 per cent of the total remittances in 2005 and most of the remittances (about 71.0 per cent) came from migrant workers working in the informal sector (Raharto, 2007).

With this encouraging trend, the Government of Indonesia really expected a large contribution from the remittances. In 2006, the President of Republic of Indonesia announced that Indonesia targeted to send 3.9 million overseas workers with remittances at about US\$20.75 billion in 2009.<sup>15</sup> In August 2006, the Ministry of Manpower and Transmigration stressed that overseas workers were a promising non-oil export commodity, that the remittances were expected to reduce unemployment.<sup>16</sup> In other words, the government officials mentioned that the benefit from exporting workers was derived from remittances and the multiplier effect resulting from the use of the remittances in Indonesia. The government of Indonesia has seen Indonesian workers as one of the most important non-oil export commodities, expected to help boosting Indonesian economy. The workers are said to have become the heroines of Indonesian economy, by producing and sending the remittances.

However, the amount of remittances until the third quarter of 2007 was still about US\$4.31 billion, an increase from US\$4.14 billion in the third quarter of 2006. Though the amount of remittances has kept rising, the Government of Indonesia has to work very hard to reach the target of US\$20.75 billion of remittances in 2009, just two years on the way. It should be born in minds, the remittances presented above can be underestimated

as many workers sent their money through informal channels and other returning migrants.

To further strengthen the contribution of overseas workers as non-oil export commodity, a new agency—the National Agency for the Placement and Protection of Indonesian Overseas Workers—was created on 8 March 2007, directly responsible to the President of Republic of Indonesia. The new agency is created as a business entity with recruitment and protection of the workers as the commodity. Along with its associated institutions, it has emerged as a lucrative business on Indonesian overseas workers. Domestically, it sells its services to the captive market of Indonesian overseas workers in all of their migration stages—pre departure, during employment, and returning.<sup>17</sup>

However, it is worth noting that previous studies have shown the insignificant contribution of the remittances to the Indonesia's GDP. The contribution of remittances to the GDP was still low (Sukamdi, Satriawan and Haris, 2004; Raharto, 2007). Sukamdi, Satriawan and Haris (2004) showed that during the period of 1983-2000, the percentage of remittances to the Indonesia GDP was always less than 0.50 per cent, except in 1998 when it reached the peak of 1.15 per cent. The percentage increased to 1.57 per cent in 2003. On the other hand, though also small, the contribution of remittances to export had risen more significantly. It was 4.50 per cent of the total export or 5.80 per cent of the non-oil export in 2003 (Ananta and Arifin, 2007).<sup>18</sup>

Perceiving the important contribution of remittances to non-oil export, the Government of Indonesia expanded the “commodity”, to include recruiting and sending semi-skilled and skilled workers. The Indonesian President emphasized the expected great contribution in the form remittances from exporting skilled and semi-skilled

workers. The State Minister of Culture and Tourism, Jero Wacik, planned to boost the remittances from skilled workers working in tourism industries world wide. The Minister stated that on average 1,000 Indonesians went abroad to work in tourism businesses.<sup>19</sup> There would be more middle and high skilled Indonesian overseas workers, working as beauty therapist in Canada, sailors in Portugal, and energy experts in Qatar.<sup>20</sup> Under a bilateral economic partnership agreement (EPA) signed by Japan and Indonesia in August 2007, Japan will accept 1,000 Indonesian care workers over a two-year period.<sup>21</sup>

Nevertheless, the industry, which produces readily employed overseas trained workers from the newly recruited workers, is interested in the remittances only as long as they can sell remittance-related services to the workers. The industry is interested in continuously raising the number of workers exported because there will be an increasingly larger number of workers and employers paying their fees for the recruitment, placement, and protection of the workers. In other words, the industry generates profit from the money paid by the workers and employers, as well as returnees, rather than from the remittances. The business itself is very lucrative, with a conservative estimate to the value of the business at about US\$193.5 million in 2003.<sup>22</sup>

### ***Vulnerability of the workers***

The business of exporting Indonesian workers is conducted through a complex and costly multi-stage process involving agents, sponsors, middlemen and government officials. The business in Indonesia is conducted by collaborating with their counterparts in the receiving economies. However, the workers suffer from asymmetric information—they do not possess the correct and appropriate information. Legally, they may not be well

protected. Often, the prospective overseas workers had to make long and time consuming journeys to go through all these processes. Embarkations and disembarkations are the points where these workers have the least protection. In 2005, there were 14 cities of embarkations throughout the country for those leaving to work in the Asian economies and seven for those leaving to Middle East and Africa.

Their vulnerability is aggravated by their social and cultural backgrounds. This vulnerability may make them easy prey of other forms of vulnerability. Because of their lack of information and bargaining power, they may work as “undocumented” workers. Because they could not pay most or all of the cost of sending them to the economies of destination, they may become illegal workers. Their illegal status may make them more vulnerable and easily abused. (Asian Migrant Centre, 2005).

The weak position in the destination countries may also make them vulnerable to abuse—it can be physical, mental, and/ or financial. As reported in 2005, about 34.0 per cent of the problems faced by the Indonesians workers overseas was unpaid salary (Ananta and Arifin, 2007). For example, Minister of Manpower, Republic of Singapore, found more than S\$270,000 unpaid salaries from 276 domestic workers in 2007. A source from Indonesian Embassy in Singapore mentioned that there were about 15 cases of unpaid salaries every month. Singapore court just ordered a couple to pay S\$19,398 they owed to their maid for the six years working without any salary.<sup>23</sup> Cultural differences had also made an Indonesian overseas worker in Saudi Arabia sent to a jail.<sup>24</sup>

Another illustration is the case of Indonesian workers in Malaysia. The Malaysian economy needs the Indonesian workers very much but the Malaysian often look the workers down and blame the workers for crimes and other social ills in Malaysia. When

the economy is booming, the recruitment is increasing and the Malaysians do not care about “social problems” and “breach of law”. However, when the Malaysian economy is down, the irregular workers are called as *haram* (illegal) and they are punished, caned and deported, though the output produced by these *haram* workers is still enjoyed by the economy. The issue has remained for years. There will not be any fundamental change in the management of international migration, as long as there is no fundamental change in the Malaysian economic and household structures.<sup>25</sup>

Worse, the migration business works in an oligopolistic market, where the workers have a very limited choice of suppliers of the services. The mushrooming suppliers of service to the workers may look independent to each other, but they are all coordinated by the government. It is very difficult, if not almost impossible, for an individual to find an overseas job without going through the government coordinated business of exporting workers.

The workers pay the industry’s services in two ways. First is through giving their six to eight month salaries to the foreign placement agencies which had earlier paid the business in Indonesia. Second is through the extra legal and illegal payments made during all migration stages.

Internationally, it sells the services of the Indonesian overseas workers to international market. Unlike in the domestic market, it faces an international competition from other overseas workers, particularly the Philippines. The market does not have to buy the services of the Indonesian overseas workers; they can choose other overseas workers. This market structure is often argued and cited as a reason why Indonesian workers are paid at lower wages than the Philippines. However, the wages are mostly

determined as a result of negotiation between the Government of Indonesia and the Governments of the receiving economies.

The issues of vulnerability and the exploitation of the workers have been well understood in Indonesia. In addition to the scholars and labor activists, high government officials in Indonesia have also been aware of all of these complex issues of sending and protecting the overseas workers as well as recognizing the workers' rights. On 13 July 2006, the President of the Republic of Indonesia even complained to law enforcement officials that there had been so many brokers "helping" the departing and returning overseas workers that had resulted in vulnerability and discomfort to the overseas workers. For instance, there had been many cases of falsification of documents, too high fees, illegal fees, and illegal placement of overseas workers. The President ordered the law enforcement officials to stop all these practices immediately from the time he said,<sup>26</sup> though he was aware that more efforts were needed to manage the issues.

Furthermore, on 12 January 2007 Minister of Manpower and Transmigration admitted the very poor protection of the overseas workers.<sup>27</sup> The Head of the National Agency for the Placement and Protection of Indonesian Overseas Workers recognized that poor training was the key reason for the abuse and said that the agency has been working to improve the training.<sup>28</sup>

It should be noted, however, that there have also been many success stories of Indonesian overseas workers, able to raise the welfare of their families back in Indonesia and/ or they themselves enjoy better life in the economies of destination.

### *Possible U-turn policy*

As stated earlier, the new agency (National Agency for Placement and Protection of Indonesian Overseas Workers) is tasked as a business institution, to recruit, send, and protect Indonesian workers. It works in an environment of high cost economy-- corruption, extortion, illegal fees, and frequent changes in regulations--observed in Indonesia in general. Therefore, reduction, or elimination, of high cost economy will make the business, including that of the new agency, more competitive. It will also make the workers more convenient and happier. In turn, there will be more Indonesians willing to work overseas and the business will reap much bigger profit. Furthermore, to make the workers benefiting more from the business, they should be exempted from paying most of or all the cost needed in all migration stages.

Market oriented agency is not necessarily harmful to provide public service. Indeed, market oriented programs can be more efficient. Market oriented management can be applied to the new agency, whose mission is to provide public services in the form of protecting and promoting the rights of the workers. If the protection and promotion of the rights can be fully integrated to the business, everybody, including the workers, will be happy. It will be a win-win solution.

In this kind of business --marketization of public services—the cost of the delivery of the public service can be internalized as the cost charged to the industry. Hence, all cost relating to the placement and protection of the workers can be internalized in the cost-benefit analysis of the firms. Because the product of the industry is public service, most, if not all, of the costs cannot be charged to the overseas workers. The industry should make it part of the price the employers or the industry must pay.



The industry must also apply good governance. It must ensure transparency, accountability, and participation from the society at large. The third element of good governance—the participation from the society—includes the important role of civil society. Dwiyanto et al (2003), for example, argued that empowering civil society is very crucial in enhancing the quality of governance in Indonesia.

The more crucial issue to decide is whether the new agency and all of its associations continue to be profit-making institutions while improving the promotion and protection of the rights of the Indonesian overseas workers. Alternatively, the agency and the Government of Indonesia can make a U-turn, to change the agency into a social institution to maximize the promotion and protection of the rights of the workers, applying market oriented management.

It is not an easy decision to make and it involves conflicting social, economic, political interests. To take a U-turn in its policies, Law No.39/2004, the legal basis for the creation of the new agency, should be changed, to make “protecting and promoting the rights of the Indonesian overseas workers” a social task, not a business endeavor. Furthermore, and more importantly, along with all segments of the society, including the members of parliament and the Government, the new agency can take an initiative to discuss what its missions should be, including the possibility of revising the existing laws and regulations.

Finally, the Government of Indonesia has been relatively more pro-active in protecting their overseas workers, along with the rising participation of civil society in helping the overseas workers. As a consequence, the agency shoulders an enormous responsibility and expectation. Sending Indonesian overseas workers should not be seen

as an emerging non-oil export commodity. Furthermore, it should be managed with the principle of good governance. Business interest is fine as long as the prime mission is promoting and protecting the rights of the Indonesian overseas workers, rather than maximizing the profit.

## **Entering Indonesia**

Not only have Indonesians worked overseas, Indonesia has also received migrants from overseas.<sup>29</sup> Although the number of migrants from overseas is still small, it will increase and is expected to keep increasing. Measured by life time migrants,<sup>30</sup> only 0.41 per cent of the migrants in 2005 were born in other countries. They can be foreign citizens and/or foreign born Indonesians. However, measured by recent migrants,<sup>31</sup> 2.48 per cent of the migrants did not live in Indonesia in 2000. Yet, it is still not clear whether the recent migrants from other economies were foreigners or returned migrants (Indonesians who were abroad in 2000). However, a proxy can be made to have some light on return migrants. The number of international recent migrants can be compared with that of international life time migrants, as shown in Table 8. Return migrants can be roughly indicated by the number of foreign recent migrants minus foreign life time migrants.

As presented in Table 8, all provinces in Java were the destinations for many international recent migrants. More than 10 thousand recent migrants from overseas went to West Java, Central Java and East Java. Interestingly, South Sulawesi was the only outside Java province receiving more than 10 thousand recent migrants from overseas. It

was the fourth destination after East Java, West Java and Central Java. On the other hand, a different pattern can be seen for foreign born migrants. The island of Java was not the destination for the foreign born migrants in Indonesia. East Nusa Tenggara and South Sulawesi were the most likely destinations. Nearly 30.0 per cent of the foreign born migrants were located in East Nusa Tenggara, and nearly one fourth in South Sulawesi. The foreign born migrants in East Nusa Tenggara accounted for 24.21 per cent of the total life-time migrants.

Table 8 is about here

Furthermore, with the above proxy, almost half of the provinces received return migrants. They are North Sumatra, West Sumatra, Riau, South Sumatra, Bengkulu, West Java, Central Java, East Java, Yogyakarta, West Nusa Tenggara, East Kalimantan, North Sulawesi, Southeast Sulawesi, and Papua. Among these provinces, East Java was the home for the return Indonesians migrants receiving more than 15 thousand migrants. Return migrants to West Java and Central Java were smaller in size than to East Java but still above 10 thousand migrants. The statistics may indicate a relatively large inflow of return migrants to these provinces. There may be important impact of these returning migrants on the social and economic conditions of the sending provinces.

The remaining provinces received more foreign born migrants. The number of foreign born migrants in East Nusa Tenggara was much larger than that of overseas recent migrants. It is very likely that the large number of foreign born migrants in the province of East Nusa Tenggara were citizens of Timor Letse, an economy bordering with the province of East Nusa Tenggara—they have similar culture and religion. Timor

Letse is formerly the province of East Timor, belonging to the Republic of Indonesia. In 1999 it separated from Indonesia, preceded with bloody riot. It is possible that the East Timor born migrants in East Nusa Tenggara became foreign born migrants after the independence of Timor Letse. It is also possible that they were refugees from Timor Letse, after the riot. However, further studies should be conducted to find out who the foreigners in East Nusa Tenggara were.

The presence of non-Indonesian migrants can also be seen in four provinces in Sumatra Island (Jambi, Lampung, Bengkulu and Riau Archipelago); two in Java-Bali (Jakarta and Bali); two in Kalimantan (West Kalimantan and South Kalimantan); two in Sulawesi (Central Sulawesi and South Sulawesi); and two Maluku (Maluku and North Maluku). It is interesting to note that Maluku and North Maluku, two former conflict areas in Eastern Indonesia, have no recorded statistics on international recent migration, but they had international life-time migrants. Rumor has circulated that outsiders, including foreigners, have ignited the bloody communal conflict in Maluku and North Maluku during 1999-2002.

According to the statistics from the Minister of Manpower, Republic of Indonesia, the number of foreign workers dropped sharply from 25,713 in 2002 to 18,138 in 2003. In absolute term, the largest declines were seen in Jakarta and the neighboring province of West Java—two provinces with the largest numbers of foreign workers in Indonesia. The October 2002 shocking suicide bomb in Bali, targeting Westerners, might have scared foreigners away from Indonesia in 2003. Nevertheless, some other suicide bombs occurring until 2005 did not seem to deter foreigners to work in Indonesia. Indeed, the

number of foreign workers has kept rising from 18,138 in 2003 to 16,902 in 2006. The rise is seen in all provinces. Few provinces had fluctuating numbers with a rising trend.

As the capital city of the country, Jakarta, where many foreign companies and institutions located, has become a home to most foreign workers. Nearly 70.0 per cent of the total foreign workers in 2001 lived in the capital city. Over time, the percentage tended to decline and reached close to 50.0 per cent in 2006. The absolute number fluctuated with a rising trend from 16.8 thousand in 2001 to 31.4 thousand in 2006. The decline in the concentration of foreign workers in Jakarta may reflect the implementation of regional autonomy since 2001, where districts were given much larger power in making decision in their own districts. Investment may have spread to the region and therefore foreign workers followed the investment.

As shown in Table 9, provinces in the island of Sumatra have shown their specific attractiveness. The province of “Riau” attracted foreign workers to stay and work there. In 2006, around 10.0 per cent of the foreign workers resided in Riau, a dramatic jump from about 2.0 per cent in 2001. This sudden rise in percentage has placed this province as the second largest province having foreign workers in Indonesia. The Government policies in creating the districts of Batam, Bintan, and Karimun as “Special Economic Zones” may have attracted foreign investment and foreign workers. It should be noted that the province of Riau split into provinces of Riau and Riau Archipelago in 2003, with Batam, Bintan, and Karimun included in Riau Archipelago. However, the data in Table 9 still used “Riau” as covering both the provinces of Riau and Riau Archipelago.

Table 9 is about here

After tsunami in December 2004, Aceh is no longer an isolated area. It opens to everybody, including foreigners, especially those who work for reconstruction and rehabilitation projects in the province. It is now also open to foreign direct investment. The sharp increase in the number of foreign workers can be observed after 2004. The size jumped from 155 in 2004 to 393 in 2005 and 815 in 2006.

The province of North Sumatra, bordering with Aceh, may receive some spill over from the sudden openness of Aceh. It enjoyed the benefit of recovery and reconstruction program in Aceh. The number of foreign workers was already 10 times that in 2001. Medan, the capital city of the province, which is also the third largest city in Indonesia, has perhaps taken over the attractiveness of Surabaya in East Java. For a comparison, in 2006 the foreign workers in North Sumatra numbered 2.6 thousand, compared to 2.3 thousand in East Java.

Outside the Islands of Sumatra and Java, the provinces of Bali and East Kalimantan also house many foreign workers. After 2002, Bali was again attacked by deadly suicide bomb in October 2005. As what happened in Indonesia as a whole, the first attack reduced the number of foreign workers in Bali but the second attack did not prevent the number from continuously rising. In 2002, foreign workers numbered 729 and became more than double in size (1,512) in 2006, indicating high confidence among foreign workers in Bali—a sharp contrast to the lost of confidence among foreign tourist in 2003 and early 2004.

The number of foreign workers also rose quickly in East Kalimantan, a natural-resource rich province, from only 315 in 2001 to the peak of 1,597 in 2005, larger than that in Bali. However, it declined to 1,415 in 2006. Political conflict might have caused

the decline. The continuing clash between two top officials in the province of East Kalimantan, Suwarna (the governor of the province) versus Syaukani (the regent of the Kutai Kartanegara regency, who attempts to develop the status of the regency to that of Brunei), and the arrest of the two for corruption, may have clouded the investment climate in the province in 2006.<sup>32</sup>

Foreign workers entering Indonesia are dominated by workers from East Asian economies in particular the Japanese and South Koreans. The Japanese accounted for 15.2 per cent of the total foreign workers staying in Indonesia in 2001, and the percentage increased to 17.3 in 2004. Meanwhile, the percentage of South Koreans tended to decline from 10.1 per cent in 2001 to 9.5 per cent in 2004. Furthermore, the percentage of foreign workers from Asia as a whole rose from 52.7 per cent in 2001 to 60.4 per cent in 2004. On the other hand, the percentage of Western foreigners dropped. For example, the percentage of the United States of America workers declined from 10.14 per cent in 2001 to 7.90 per cent in 2004; Australian foreigners, from 9.28 per cent to 8.07 per cent; and United Kingdom foreigners, from 9.08 per cent to 6.77 per cent. An exception is German. Though small, the percentage rose from 2.30 per cent in 2001 to 2.69 per cent in 2004.

Table 10 is about here

The majority (58.27 per cent) of the foreign workers worked as professional in 2004. The percentage of those who work as professional rose from 2001 to 2003, and declined in 2004. The absolute number even declined since 2003. The second largest number worked as managers, increasing from 2003 to 2004, but the number in 2004 is

still smaller than in 2001 or 2002. Yet, there is an emerging trend of occupations filled by the foreigners. There have been an increasing number of foreigners taking relatively lower occupation—the supervisor and especially technicians/ operators in contrast to manager and professional. The number of supervisors almost doubled during 2001-2004; while the number of technicians/ operators jumped from only 23 in 2001 to 253 in 2003, and then almost double in one year, in 2004. Anecdotal evidence also shows that they include smugglers, drug traffickers, and illegal workers such as teaching English without license. Nevertheless, despite the change, the foreign workers may still have better education than Indonesian workers working abroad.

Table 11 is about here

## CONCLUDING REMARKS AND RECOMMENDATIONS

The term demographic changes refer to changes in number and composition of the population because of changes in fertility, mortality, and migration. However, most discussions refer to the demographic changes in the narrow sense, limited to the changes in fertility and mortality. In this chapter, we follow this tradition of using demographic changes to refer to fertility and mortality changes only. However, we also realize that this “separation” has been one of the sources of difficulties in linking the two issues—fertility and mortality on one hand and migration on the other hand. Despite the difficulty,



we have attempted to examine the broad demographic and migration changes in Indonesia.

Indonesia has experienced a relatively fast (first) demographic transition. It finished the first demographic transition in 2000-2005, when its fertility already reached replacement level. Indonesia is currently in the second demographic transition, where fertility is already below replacement level. During the early stage of the first demographic transition, people behavior is mostly determined by social and institutional norms. In the second demographic transition, people behavior is more individualistic, less depending on social and institutional norms. Individuals, rather than their family or society at large, decide their own behavior and are responsible on their own actions. Need for democratic society is also emerging.

The process of the completion of the first demographic transition has been transforming Indonesian age structure of the population from a young population (having a large proportion of population under 15 years old) toward an old population (having a large proportion of population 65 years old and over). Indonesia has been moving away from the era of low potential saving due to the explosion of the number of population under 15 years old toward an era of another low potential saving because of the swelling number of population aged 65 years old and over. We predict that Indonesia will enter the era of low potential saving again after around 2035. In between, from 2005-2035, Indonesia will experience a favorable age structure of population, with a relatively small total dependency ratio—the young dependency ratio is declining fast and yet the old dependency ratio has not been rising rapidly. This favorable era is often called as the “demographic window of opportunity”. Indonesia experiences the demographic window

of opportunity almost at the same time as it enters the second demographic transition, which involves changes in individual and family norms and values.

However, Indonesia is a very large economy. The variation of the speed of demographic transition within Indonesia is also relatively large. Some provinces or districts have been relatively long in the second demographic transition and/or demographic window of opportunity. Some others still lag behind. These differential stages of demographic transition, coupled with regional economic variation, may have resulted in changing migration patterns among provinces in Indonesia and from/ to Indonesia. Some provinces shifted from receiving to sending provinces; some from sending to receiving provinces; some continued being sending provinces: and others continued being receiving provinces.

Indonesians have been highly mobile, both internally and internationally, too. Their labor market is no longer restricted by their districts or provinces, but has been expanding to the entire world. The rising mobility is partly because of rising income (declining poverty), higher education, changing norms toward more self accentuation, better transportation and communication system, and rising national and international demand for Indonesian workers.

At the same time, Indonesia has been receiving foreigners, including foreign workers. The foreign workers used to be mostly top level workers, such as managers and professionals, in contrast to the Indonesians working abroad who mostly consist of low skilled workers. However, the current trend shows that there has been a rising percentage of relatively lower skilled foreign workers. The number and percentage of foreigners working as supervisors and, particularly, technicians/ operators, have increased. The

number may still be small, but it may become difficult issues if not managed properly from now. For example, the presence of the foreigners has also been often related to unpleasant social activities such as drug trafficking and night club dancers—they can be undocumented, entering the Indonesia with social visa or their employment visa have expired. These issues should receive adequate attention when considering multi- or bi-lateral co-operations.

On the other hand, the number of workers with better education working abroad may have also been increasing, though there is no solid statistical data on this issue. It is not clear whether the estimated rising number of better educated Indonesians working abroad can be associated with the flow of Indonesian capital abroad. Further studies should be carried out on this issue.

In general, Indonesians have been ready to go and work everywhere in the world, reaping the economic benefit created by globalization. At the same time, Indonesians may have to be prepared to face an increasing number of foreigners working in Indonesia. The experience of internal migration, including that in Indonesia, has shown that high flow of internal migration may result in social and political tensions in the areas of destination, because the migrants have won the economic and political competitions with the locals. The migrants win mostly because migrants, by nature, come from the “selected few” of their society of origin. Therefore, inflow of international migrants, with distinct social and cultural backgrounds, may result in more fragile social and political conditions.

Furthermore, in a large economy such as Indonesia, internal economic integration can be an important factor to enhance regional benefit from cross border economic integration. This is particularly true for the case of Indonesia, who launched regional

autonomy program, where the districts have acquired much greater power, in 2001. Therefore, it is important to examine the possible close relationship between internal population mobility and international population mobility. Any effort to manage international migration should also consider the possible interaction between international population mobility and internal population mobility.

In short, this chapter deals with the issues of low and semi-skilled workers. The sending countries send the workers to increase the sending economies' income and raise the welfare of the workers. The receiving economies need the workers for their households and productions, to find cheap labor to boost their productivity at both the household and market. Therefore, migration is not a problem. The problem is in the “side effect” of the interaction of supply and demand. Migration should be managed. It is an issue for the public at large in both sending and receiving economies, covering all stages of migration—recruitment, employment, and post-employment.

We recommend three approaches to manage the international migration. First is through the establishment of good governance in managing international migration. Second is through the market mechanism, the force of supply of and demand for the workers. Third is through the business point of view.

### **Good Governance**

All efforts of recruitment, employment, and post-employment must follow the principles of good governance. For instance, all activities must be accountable, transparent, and subject to public monitoring. The public at large, and NGOs, must be allowed to know what have been happening in the process of recruitment, employment, and post

employment. The establishment of good governance includes the production and full implementation of laws that protect and promote the rights of the workers.

Good governance also means corruption free economies, though it is not easy to recommend ways to eradicate corruption in economies such as Indonesia. One way to help reduce corruption is by promoting cheap and easy access of information on the migration business, so that the business can be accountable and transparent. Cooperation among governments and business can be created to provide this information.

With the accountable and transparent agencies, the workers can be ensured, for example, to have to the rights to hold their own passports and tickets. They should have the rights to have off-days. The passport they use should be the same as the passports issued to non-workers from their own economies. The passport should allow them to travel to other countries during their off-days. Moreover, people should not be denied visa to an economy simply because they were former overseas low skilled workers in the economy.

The Government of Indonesia has been trying many bilateral agreements, particularly on sending workers overseas, such as the economic partnership agreement with Japan which involves sending Indonesian workers to Japan. Many important steps have also been taken to protect and promote the rights of the Indonesian overseas workers. However, it is still a very long way to fully protect and promote the rights of the Indonesian overseas workers. For instance, the government should reconsider the use of Terminal 3, at the Jakarta international airport, as a special terminal for the returning migrants. The low skilled overseas workers should have equal treatment as the ordinary

passengers. They should allow researchers, mass media, and NGOs to know what happen at Terminal 3.

Close collaborations among government, mass media, members of parliaments, scholars, and NGOs among both sending and receiving economies must be promoted.

Freedom of expression, including freedom of press, should be promoted.

## **Market Mechanism**

### ***Supply***

Efforts must be made at the sending economies to ensure that only those needed at the desired qualities and prices go abroad. This will reduce the possibility that the workers do not get what they anticipated and the employers do not find the workers they needed.

Therefore, better management of recruiting and post employment in the sending economies will reduce the likelihood of abuse and manipulation on the workers by those who are involved in the process of migration (recruitment, employment, and post-employment). The workers must be empowered with the necessary information. They should know to whom they should voice their complaints. Perhaps, the workers should be allowed to form their own unions.

Creating more economic opportunities in the sending economies must be continued. However, it should be stressed here, that rising income may also mean rising supply of workers. Working overseas is not cheap. Workers usually spend a lot of money to work overseas. Only those having relatively higher income/ asset can work overseas. In other words, creating more economic opportunities in the sending economies may

even trigger a rising number of persons working abroad. The rising domestic economic opportunities must be sufficiently high that it surpasses the earning from abroad plus the non-financial rewards of being abroad.

### ***Demand***

The workers will keep coming as long as the demand exists. The demand exists as long as the price is right. Therefore, one way to avoid, or reduce, “excess” of foreign workers is to change the structures of production and household activities in the receiving economies. The activities of the production and household should be changed into those requiring a smaller number of low skilled and semi-skilled workers. The economy and the households should no longer depend on cheap labor to increase their productivity. Another means is to raise the price of the foreign workers. Without the changes in the structure of the economy and the household as well as the price of foreign workers, the demand for low and semi skilled workers will remain and even continue to rise.

One classic example is the frequent deportation and re-recruitment of Indonesian workers in Malaysia. Indonesian workers, particularly the irregular Indonesian migrants, are sources of cheap labor to boost Malaysian economy. When the economy is bad, however, they are deported. As long the demand exists, the workers will keep coming.

### ***Information***

The structure of the market must be close to that of perfect competition, and away from oligopolistic competition—in the “recruitment market” to get the workers, in the “selling market” to get the employers, and in the “post-employment market” when the workers

return to Indonesia. One way to make the market closer to the perfect competition is the provision of information. Both the workers and employers should be empowered with easy and cheap access to the relevant information (including how to get relevant and cheap legal help). One possible solution is the provision of easy and affordable IT. IT can also be utilized to change the culture, politics, and business of overseas workers.

In term of government commitment, the campaign on the empowerment of both the workers and employers can follow those previously carried out by the national family planning program in Indonesia. The campaign had been very intensive and involved almost all segments of societies.

## **Business**

The “migration industry”—the business involving recruitment, employment, and post employment of the overseas workers-- is a very lucrative business in both sending and receiving economies. This has driven people to enter into this business. Government officials may also be involved in this business. Furthermore, some economies, such as Indonesia, have used the workers as their strategic exporting commodity. The main motivation is maximization of profit, rather than maximization of the protection and promotion of the rights of the overseas workers.

It should be recommended that no country uses workers as one of their non-oil export commodities. No economy should use workers as cheap inputs of productions—both productions at the households and markets. Therefore, as recommended by the ILO, we should not use the words “labor exporting and labor importing economies”. Rather,



we should use “labor-sending and labor receiving economies”. “Export” and “import” explicitly refer to foreign workers as a commodity and input of production. The use of the words of “export” and “import” may lead to the exploitation and abuse on the workers.

The question is how to make the business considers that the protection and promotion of the rights of the workers will enhance their profit. In this case, the social mission should be “embedded” in the important inputs of the production. Without this input, the industry will not obtain high profit. This is different from taxation or charity. A robber can get a lot of money and then give a certain percentage of the wealth for charity or to help religious activities. Therefore, the social mission must be embedded as one of the important inputs of the production.

To help the business persons using the social mission as an important means to maximize their profit, the government and the people at large must have laws that support this effort. For example, Indonesia must revise Laws no.39/2004 which explicitly stipulates that the effort of recruitment, employment, and post employment of overseas workers are business entities. The law must be revised to mention that the process of recruitment, employment, and post employment of the workers is a social mission, not a business entity. The process can be run with business principles, but the main motivation should be the full protection and promotion of the rights of the workers, rather than the maximization of the profit of the agencies.

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**TABLE 1**  
**Trend in Total Fertility Rate by Province:**  
**Indonesia, 1966-2002**

<i>Province</i>	(1966-1970)	(1970-1975)	(1975-1979)	(1980-1984)	(1985-1989)	(1990-1994)	(1995-1999)	(1998-2002)
Indonesia	5.61	5.20	4.68	4.05	3.33	2.80	2.34	2.27
Nanggroe Aceh Darussalam	6.26	5.00	5.24	4.79	4.37	3.29	2.81	2.44
North Sumatera	7.20	6.72	5.93	5.12	4.29	3.53	3.10	2.84
West Sumatera	6.18	5.97	5.75	4.80	3.89	3.35	3.06	2.95
R i a u	5.94	6.06	5.43	4.71	4.09	3.25	2.77	2.45
J a m b i	6.39	5.91	5.57	4.62	3.76	3.11	2.67	2.37
South Sumatera	6.33	5.55	5.58	4.78	4.22	3.14	2.88	2.33
B e n g k u l u	6.71	6.57	6.20	5.13	3.97	3.19	2.68	2.49
L a m p u n g	6.36	6.46	5.75	4.79	4.05	3.29	2.65	2.42
Bangka Belitung	na	na	na	na	na	na	2.60	2.53
Jakarta	5.17	4.78	3.99	3.25	2.33	1.93	1.63	1.66
West Java	6.33	5.64	5.07	4.30	3.47	2.87	2.51	2.28
Central Java	5.33	4.92	4.37	3.82	3.05	2.58	2.06	2.14
Yogyakarta	4.75	4.47	3.42	2.93	2.08	2.00	1.44	1.79
East Java	4.72	4.32	3.56	3.20	2.46	2.27	1.71	1.87
Banten	na	na	na	na	na	na	2.72	2.37
B a l i	5.96	5.23	3.97	3.09	2.27	2.01	1.89	2.03
West Nusa Tenggara	6.66	5.75	6.49	5.74	4.97	3.68	2.92	2.69
East Nusa Tenggara	5.96	na	5.54	5.12	4.61	4.01	3.37	3.46
West Kalimantan	6.26	5.54	5.52	4.98	4.44	3.47	2.99	2.62
Central Kalimantan	6.83	6.49	5.87	4.76	4.03	3.16	2.74	2.21
South Kalimantan	5.42	5.26	4.59	3.74	3.24	3.09	2.33	2.30
East Kalimantan	5.41	5.69	4.99	4.16	3.27	2.96	2.50	2.32
North Sulawesi	6.79	6.16	4.91	3.58	2.69	2.66	2.12	2.10
central Sulawesi	6.53	6.29	5.90	4.86	3.85	3.28	2.75	2.81
South Sulawesi	5.71	5.71	4.88	4.12	3.54	3.04	2.56	2.55
Southeast Sulawesi	6.45	6.82	5.82	5.66	4.91	3.69	3.31	3.14
Gorontalo	na	na	na	na	na	na	2.70	2.63
Maluku	6.88	na	6.16	5.61	4.59	3.68	3.39	3.29
North Maluku	na	na	na	na	na	na	3.17	3.04
Papua	7.20	na	5.35	4.83	4.70	3.78	3.28	2.38

Notes: na = not available. The unavailability of TFR for provinces of Bangka Belitung, Banten, Gorontalo and North Maluku, was due to the development in regional autonomy policy which made these provinces independent. Bangka Belitung was a part of South Sumatra, Banten belonged to West Java, Gorontalo to North Sulawesi, and North Maluku to Maluku.

Source: [http://www.datastatistik-indonesia.com/component/option.com\\_tabel/kat,4/idtabel,126/Itemid,166/](http://www.datastatistik-indonesia.com/component/option.com_tabel/kat,4/idtabel,126/Itemid,166/), downloaded on 14 February 2008.

**TABLE 2**  
**Dependency Ratios by Province:**  
**Indonesia, 2000 – 2005**

Province	Young		Old		Total	
	2000	2005	2000	2005	2000	2005
<b>Java-Bali</b>						
Jakarta	32.22	33.53	2.91	3.70	35.13	37.22
West Java	47.45	44.47	6.68	6.61	54.13	51.08
Central Java	44.40	40.65	9.02	9.94	53.41	50.59
Yogyakarta	32.38	30.66	12.27	13.11	44.65	43.77
East Java	37.23	35.50	8.65	9.31	45.87	44.81
Banten	54.67	48.53	4.23	3.85	58.90	52.38
Bali	37.21	38.03	8.33	8.78	45.54	46.81
<b>Outer Java-Bali</b>						
Nanggroe Aceh Darussalam	54.15	51.12	4.17	5.89	58.32	57.01
North Sumatra	57.86	53.49	5.60	5.32	63.46	58.81
West Sumatra	55.23	51.41	8.63	8.42	63.86	59.83
Riau	50.90	50.50	3.27	3.45	54.17	53.95
Jambi	51.36	47.23	4.32	4.09	55.68	51.32
South Sumatra	56.02	45.51	5.06	4.99	61.09	50.50
Bengkulu	53.95	48.76	4.83	4.58	58.79	53.34
Lampung	51.63	46.51	5.79	6.62	57.42	53.13
Bangka-Belitung	50.30	44.04	5.59	5.52	55.88	49.56
Riau Archipelago	-	38.27	-	2.65	-	40.92
West Nusa Tenggara	57.43	53.01	5.62	6.00	63.05	59.01
East Nusa Tenggara	63.10	64.43	7.19	7.24	70.29	71.67
West Kalimantan	55.01	49.09	4.39	4.43	59.41	53.52
Central Kalimantan	51.96	50.31	3.58	3.33	55.55	53.64
South Kalimantan	47.37	44.81	4.81	4.79	52.18	49.60
East Kalimantan	47.01	45.50	3.06	2.91	50.07	48.42
North Sulawesi	41.04	40.78	7.30	8.54	48.34	49.32
Central Sulawesi	53.04	52.04	4.68	4.30	57.72	56.34
South Sulawesi	52.01	49.60	6.95	7.01	58.96	56.61
Southeast Sulawesi	63.38	57.56	4.77	4.42	68.15	61.98
Gorontalo	50.72	52.39	4.92	4.65	55.64	57.04
Maluku	63.81	55.14	6.72	5.92	70.53	61.06
North Maluku	63.36	57.53	4.58	3.90	67.94	61.44
Papua	59.86	55.76	1.66	1.26	61.52	57.01
<b>TOTAL</b>	<b>46.82</b>	<b>43.80</b>	<b>6.77</b>	<b>7.02</b>	<b>53.59</b>	<b>50.81</b>

Notes: Riau Archipelago is a new province, which was separated from Riau in 2003. Nanggroe Aceh Darussalam was not included in the 2005 inter-censal population survey as it has its own census for the same year (Badan Pusat Statistik, 2005).

Sources: Compiled and calculated from Badan Pusat Statistik (2001) for the 2000 and Badan Pusat Statistik (2006a) for the 2005.



**TABLE 3**  
**Recent Inter-Provincial In- and Out-Migrants:**  
**Indonesia, 1975 - 2005 (in thousands)**

Province	In-migrants				Out-migrants			
	1975-1980 <sup>a</sup>	1985-1990 <sup>a</sup>	1995-2000 <sup>b</sup>	2000-2005 <sup>c</sup>	1975-1980 <sup>a</sup>	1985-1990 <sup>a</sup>	1995-2000 <sup>b</sup>	2000-2005 <sup>c</sup>
Nanggroe Aceh Darussalam	51.2	56.3	15.4	na	28.2	49.4	161.6	na
North Sumatera	95.6	107.9	139.9	107.3	177.3	277.6	358.5	201.9
West Sumatera	93.1	129.0	109.0	108.3	153.2	173.2	233.9	128.8
Riau	98.7	245.5	526.7	213.9	53.8	92.9	91.3	98.8
Jambi	107.3	136.4	109.5	66.3	36.2	64.0	83.3	51.4
South Sumatera	221.2	212.2	163.3	66.0	132.0	198.8	152.0	106.8
Bangka Belitung	-	-	36.5	19.9	-	-	33.8	17.8
Bengkulu	66.9	82.8	68.8	32.7	15.9	28.6	35.8	30.0
Lampung	507.8	212.3	149.0	91.9	45.6	135.9	149.3	110.9
Riau Archipelago	-	-	-	154.3	-	-	-	8.6
Jakarta	766.4	833.0	702.2	575.2	382.3	993.4	850.3	734.6
West Java	552.0	1,350.6	1,097.0	730.9	468.4	495.7	631.8	443.0
Banten	-	-	620.3	290.9	-	-	207.4	132.9
Central Java	183.8	384.8	354.2	327.6	908.3	1,159.7	1,017.5	662.2
Yogyakarta	98.9	161.7	196.6	189.9	72.9	120.8	129.5	87.7
East Java	203.2	328.6	186.0	250.2	570.6	647.3	529.0	344.3
Bali	37.3	66.0	87.2	76.6	52.4	56.1	47.4	39.0
West Nusa Tenggara	26.2	37.4	60.0	26.9	39.0	36.9	50.7	32.3
East Nusa Tenggara	26.0	27.1	69.9	33.3	34.7	45.6	55.0	30.2
West Kalimantan	39.4	43.8	49.2	16.4	28.4	44.7	45.7	33.0
Central Kalimantan	49.7	78.8	124.4	31.5	16.0	37.0	24.9	47.3
South Kalimantan	61.7	98.3	89.3	62.6	46.1	76.4	62.6	41.8
East Kalimantan	112.6	194.5	155.5	149.3	20.3	68.2	42.8	47.5
North Sulawesi	45.5	34.7	54.5	28.9	38.3	51.3	38.8	31.8
Gorontalo	-	-	9.3	11.1	-	-	33.4	15.6
Central Sulawesi	83.6	70.0	75.3	52.3	17.3	28.0	30.6	27.5
South Sulawesi	65.2	119.5	79.8	103.2	147.9	161.1	169.7	139.3
Southeast Sulawesi	51.0	71.1	110.3	40.7	29.6	36.7	22.3	30.7
Maluku	46.9	68.7	18.7	9.6	27.0	38.9	92.8	30.4
North Maluku	-	-	14.8	10.4	-	-	28.5	16.5
Papua	33.4	73.8	63.8	51.6	16.2	31.6	30.2	33.9
Total	3,724.6	5,224.8	5,536.3	3,929.6	3,557.9	5,149.8	5,440.2	3,756.3

Source: a Compiled from Muhidin (2002), Table 2.21.

b. Compiled and calculated from Badan Pusat Statistik, (2001), Table 12a.9.

c. Compiled and calculated from Badan Pusat Statistik (2006a).

**TABLE 4**  
**Types of Recent Migrants by Province:**  
**Indonesia, 1995-2000**

<i>Province</i>	Number of Migrants			Percentage		
	<i>Inter province</i>	<i>Intra-provincial</i>	<i>Total Migrants</i>	<i>Inter province</i>	<i>Intra-provincial</i>	<i>Total Migrants</i>
Nanggroe Aceh Darussalam	15,369	47,741	63,110	24.35	75.65	100.00
North Sumatra	139,887	388,329	528,216	26.48	73.52	100.00
West Sumatra	109,016	103,800	212,816	51.23	48.77	100.00
Riau	526,711	333,001	859,712	61.27	38.73	100.00
Jambi	109,534	74,510	184,044	59.52	40.48	100.00
South Sumatra	163,250	136,807	300,057	54.41	45.59	100.00
Bengkulu	68,832	27,568	96,400	71.40	28.60	100.00
Lampung	149,013	278,907	427,920	34.82	65.18	100.00
Bangka Belitung	36,536	5,938	42,474	86.02	13.98	100.00
Jakarta	702,202	173,924	876,126	80.15	19.85	100.00
West Java	1,097,021	979,997	2,077,018	52.82	47.18	100.00
Central Java	354,204	673,355	1,027,559	34.47	65.53	100.00
Yogyakarta	196,586	67,019	263,605	74.58	25.42	100.00
East Java	185,966	597,411	783,377	23.74	76.26	100.00
Banten	620,299	89,513	709,812	87.39	12.61	100.00
Bali	87,225	96,957	184,182	47.36	52.64	100.00
West Nusa Tenggara	59,964	56,858	116,822	51.33	48.67	100.00
East Nusa Tenggara	69,910	77,656	147,566	47.38	52.62	100.00
West Kalimantan	49,202	106,428	155,630	31.61	68.39	100.00
Central Kalimantan	124,387	24,855	149,242	83.35	16.65	100.00
South Kalimantan	89,320	93,576	182,896	48.84	51.16	100.00
East Kalimantan	155,498	92,382	247,880	62.73	37.27	100.00
North Sulawesi	54,504	43,602	98,106	55.56	44.44	100.00
Central Sulawesi	75,328	87,028	162,356	46.40	53.60	100.00
South Sulawesi	79,757	297,675	377,432	21.13	78.87	100.00
Southeast Sulawesi	110,289	30,852	141,141	78.14	21.86	100.00
Gorontalo	9,257	61,557	70,814	13.07	86.93	100.00
Maluku	18,657	37,094	55,751	33.46	66.54	100.00
North Maluku	14,764	42,871	57,635	25.62	74.38	100.00
Papua	63,829	39,501	103,330	61.77	38.23	100.00
<b>TOTAL</b>	<b>5,536,317</b>	<b>5,166,712</b>	<b>10,703,029</b>	<b>51.73</b>	<b>48.27</b>	<b>100.00</b>

Source: Ananta, Arifin, and Suryadinata (2004)

**TABLE 5**  
**Domestic Air Traffic:**  
**Indonesia 2000 – 2005**

<b>Description</b>	<b>Unit</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>1. Aircraft</b>							
Departures	Unit	235,687	233,045	218,378	219,832	241,092	443,520
Arrival	Unit	211,131	232,975	218,192	216,041	239,841	441,755
<b>2. Passenger</b>							
Departures	Person	8,654,181	10,394,330	12,686,932	17,459,523	22,838,638	25,329,817
Arrivals	Person	8,549,556	10,530,229	13,356,661	18,059,995	21,945,109	25,157,921
Transit	Person	1,333,528	916,405	1,968,578	2,446,684	2,742,690	1,012,504

Source : <http://www.bps.go.id/sector/transpor/air/yearly/table1.shtml>, downloaded on 22 January 2008.

**TABLE 6****Annual Indonesian Workers Sent Overseas by Destination Economy:****Indonesia, 2001-2007**

No.	Economy of Destination	2001a	2002a	2003a	2004a	2005a	2006b	2007c
<b>I.</b>	<b>Asia</b>							
1	Brunei Darussalam	5,773	8,502	1,146	6,503	4,978	7,431	4,321
2	Singapore	34,295	16,071	6,103	9,131	25,087	28,545	23,613
3	Hong Kong	23,929	20,431	3,509	14,183	12,143	19,211	21,282
4	Taiwan	38,119	35,922	1,930	969	48,576	40,923	35,222
5	Malaysia	110,490	152,680	89,439	127,175	201,887	207,426	151,998
6	South Korea	3,391	4,273	7,495	2,924	4,506	5,959	2,175
7	Thailand	6	1	0	0	0	0	0
8	Srilanka	9	0	0	0	0	0	0
9	Macau	na	na	na	na	na	na	102
	<b>Total</b>	<b>216,012</b>	<b>237,880</b>	<b>109,622</b>	<b>160,885</b>	<b>297,177</b>	<b>309,495</b>	<b>238,713</b>
<b>II.</b>	<b>Middle East and Africa</b>							
1	Saudi Arabia	103,235	213,603	169,038	196,342	150,235	268,202	na
2	Uni Emirate Arab	11,027	7,779	1,475	7,237	5,622	22,190	na
3	Kuwait	3,343	16,418	12,268	15,989	16,842	22,630	na
4	Bahrain	1,558	666	88	0	21	639	na
5	Qatar	1,029	916	180	62	1,002	7,546	na
6	Jordan	379	1,233	226	68	2,081	10,352	na
7	Others*	609	1,346	495	1	1,216	4,962	na
	<b>Total</b>	<b>121,180</b>	<b>241,961</b>	<b>183,770</b>	<b>219,699</b>	<b>177,019</b>	<b>336,521</b>	<b>353,264</b>
<b>III.</b>	<b>Japan/Europe/USA</b>	1,800	552	302	106	114	532	910
	<b>Others</b>	na	na	na	na	na	na	137
	<b>Total</b>	<b>338,992</b>	<b>480,393</b>	<b>293,694</b>	<b>380,690</b>	<b>474,310</b>	<b>646,548</b>	<b>593,024</b>

Notes: a = Ananta and Arifin, 2007

b = downloaded on 12 Nov 2007;

c = downloaded on 12 February 2008

\* Others consists of those sent to Oman, Tunisia, Turkey etc.

Source : Compiled and calculated from Depnakertrans, Ditjen PPTKLN,  
[http://www.nakertrans.go.id/pusdatinnaker/tki/index\\_tki.php](http://www.nakertrans.go.id/pusdatinnaker/tki/index_tki.php)

**TABLE 7****Annual Indonesian Workers Sent Overseas****by Destination Economy and Sex: 2001 and 2005**

No.	Economy of Destination	2001		2005	
		Male	Female	Male	Female
<b>I.</b>	<b>Asia</b>				
1	Malaysia	44,260	66,230	126,706	75,181
2	Singapore	3,397	30,898	0	25087
3	Brunei Darussalam	1,582	4,191	2412	2566
4	Hong Kong	2	23,927	2	12141
5	Taiwan	2,418	35,701	4050	44526
6	South Korea	2,814	577	4020	486
7	Thailand	6	0	0	0
8	Sri Lanka	9	0	0	0
	<b>Sub-Total</b>	<b>54,488</b>	<b>161,524</b>	<b>137,190</b>	<b>159,987</b>
<b>II.</b>	<b>Middle East &amp; Africa</b>				
1	Saudi Arabia	9,817	93,418	11,367	138,868
2	United Arab Emirate	268	10,759	101	5,521
3	Kuwait	125	3,218	25	16,817
4	Bahrain	2	1,556	5	16
5	Qatar	28	1,001	154	848
6	Jordan	29	350	0	2,081
7	Others (Oman, Turkey, etc)	22	587	321	895
	<b>Sub-Total</b>	<b>10,291</b>	<b>110,889</b>	<b>11,973</b>	<b>165,046</b>
	Japan/Europe/USA	1,785	15	102	12
	<b>Total</b>	<b>66,564</b>	<b>272,428</b>	<b>149,265</b>	<b>325,045</b>

*Source* : Compiled and calculated from Depnakertrans, Ditjen PPTKLN,  
[http://www.nakertrans.go.id/pusdatinnaker/tki/index\\_tki.php](http://www.nakertrans.go.id/pusdatinnaker/tki/index_tki.php), downloaded on 26 March 2006.

**TABLE 8**  
**Overseas Migrants by Provinces:**  
**Indonesia, 2005**

PROPINSI	Overseas Recent Migrants	Percentage to the total migrants	Geographical Distribution	Overseas Lifetime Migrants	Percentage to the total migrants	Geographical Distribution
North Sumatra	1,517	1.41	1.55	854	0.19	0.99
West Sumatra	1,577	1.46	1.62	1,195	0.40	1.39
Riau	708	0.33	0.73	191	0.01	0.22
Jambi	252	0.38	0.26	451	0.08	0.52
South Sumatra	521	0.79	0.53	253	0.03	0.29
Bengkulu	173	0.53	0.18	0	0.00	0.00
Lampung	253	0.28	0.26	1,739	0.11	2.02
Bangka Belitung	0	0.00	0.00	244	0.26	0.28
Riau Archipelago	786	0.51	0.81	3,529	0.65	4.09
Jakarta	4,486	0.78	4.59	9,151	0.27	10.61
West Java	15,870	2.17	16.25	2,595	0.07	3.01
Central Java	14,411	4.40	14.76	714	0.10	0.83
Yogyakarta	1,237	0.65	1.27	755	0.16	0.88
East Java	21,781	8.71	22.31	5,243	0.79	6.08
Banten	1,222	0.42	1.25	1,279	0.07	1.48
Bali	756	0.99	0.77	2,333	0.93	2.70
West Nusa Tenggara	3,997	14.83	4.09	757	0.75	0.88
East Nusa Tenggara	7,399	22.19	7.58	24,747	24.21	28.69
West Kalimantan	229	1.39	0.23	345	0.13	0.40
Central Kalimantan	0	0.00	0.00	0	0.00	0.00
South Kalimantan	667	1.07	0.68	2,496	0.62	2.89
East Kalimantan	4,588	3.07	4.70	3,460	0.35	4.01
North Sulawesi	110	0.38	0.11	62	0.04	0.07
Central Sulawesi	213	0.41	0.22	955	0.27	1.11
South Sulawesi	12,166	11.79	12.46	20,681	6.05	23.98
Southeast Sulawesi	2,537	6.23	2.60	1,771	0.52	2.05
Gorontalo	0	0.00	0.00	0	0.00	0.00
Maluku	0	0.00	0.00	69	0.09	0.08
North Maluku	0	0.00	0.00	278	0.44	0.32
Papua	181	0.35	0.19	105	0.02	0.12
<b>INDONESIA</b>	<b>97,637</b>	<b>2.48</b>	<b>100.00</b>	<b>86,252</b>	<b>0.41</b>	<b>100.00</b>

Source: calculated from Badan Pusat Statistik, (2006a).

**TABLE 9**  
**Number of Foreign Workers by Province:**  
**Indonesia, 2001-2006**

<b>Location</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Nanggroe Aceh Darussalam	52	17	122	155	393	815
North Sumatra	266	217	491	681	2,032	2,619
West Sumatra	27	29	93	90	143	283
Riau	498	435	863	1008	4,052	6,213
Jambi	42	11	179	306	657	455
South Sumatra	68	77	172	279	748	899
Bangka Belitung	2	3	7	72	192	111
Bengkulu	23	5	12	19	50	86
Lampung	24	24	99	142	289	597
Banten	362	938	646	592	2,366	2,385
Jakarta	16,751	17,035	11,086	11417	26,510	31,434
West Java	2,199	2,713	1,772	2144	4,708	5,572
Central Java	295	408	302	493	830	941
Yogyakarta	91	66	56	52	155	146
East Java	892	1,112	705	764	2,310	2,348
Bali	701	729	407	415	1,056	1,512
West Nusa Tenggara	202	245	77	63	152	307
East Nusa Tenggara	91	103	73	60	116	157
West Kalimantan	82	70	65	79	199	268
Central Kalimantan	34	34	34	61	108	225
South Kalimantan	34	27	46	33	112	143
East Kalimantan	315	561	276	381	1,597	1,415
North Sulawesi	313	102	26	19	160	114
Central Sulawesi	24	32	22	13	32	37
South Sulawesi	95	89	56	58	232	216
Southeast Sulawesi	32	15	5	5	40	32
Gorontalo	0	2	5	3	4	5
Maluku	229	214	46	49	142	161
North Maluku	2	1	3	11	25	24
Papua	460	399	284	305	734	403
More Than 2 Provinces	113	na	na	na	na	na
Java Sea and Off Shore	na	na	32	74	na	na
All over Indonesia	na	na	76	165	759	979
<b>Total</b>	<b>24,319</b>	<b>25,713</b>	<b>18,138</b>	<b>20,008</b>	<b>50,903</b>	<b>60,902</b>

**Source :** Ministry of Manpower & Transmigration, DG of Employment Training Development  
<http://www.nakertrans.go.id/ENGLISHVERSION/expatriate.php>, downloaded on 12 Feb 2008.

**TABLE 10****Foreign Workers by Citizenship:****Indonesia, 2001-2004**

	Country of Citizenship	Number				Percentage			
		2001	2002	2003	2004	2001	2002	2003	2004
1	America	2,465	2,476	1,606	1,580	10.14	9.63	8.85	7.90
2	Australia	2,258	2,500	1,533	1,614	9.28	9.72	8.45	8.07
3	Netherlands	541	494	350	344	2.22	1.92	1.93	1.72
4	Hong Kong	128	108	71	36	0.53	0.42	0.39	0.18
5	India	1,664	1,944	1,278	1,426	6.84	7.56	7.05	7.13
6	United Kingdom	2,209	2,392	1,367	1,354	9.08	9.30	7.54	6.77
7	Japan	3,700	3,640	2,644	3,451	15.21	14.16	14.58	17.25
8	German	560	534	479	539	2.30	2.08	2.64	2.69
9	South Korea	2,465	2,461	1,729	1,903	10.14	9.57	9.53	9.51
10	Canada	786	877	532	429	3.23	3.41	2.93	2.14
11	Malaysia	968	1,076	894	1,361	3.98	4.18	4.93	6.80
12	Thailand	253	275	230	376	1.04	1.07	1.27	1.88
13	France	684	782	516	460	2.81	3.04	2.84	2.30
14	Philippine	949	1,011	817	860	3.90	3.93	4.50	4.30
15	New Zealand	417	422	236	254	1.71	1.64	1.30	1.27
16	Singapore	570	646	509	578	2.34	2.51	2.81	2.89
17	Taiwan	1,090	1,056	677	750	4.48	4.11	3.73	3.75
18	China	1,030	1,303	1,167	1,340	4.24	5.07	6.43	6.70
	Others	1,582	1,716	1,503	1,353	6.51	6.67	8.29	6.76
	<b>Total</b>	24,319	25,713	18,138	20,008	100.00	100.00	100.00	100.00

**Source :** Ministry of Manpower & Transmigration, DG of Employment Training Development  
<http://www.nakertrans.go.id/ENGLISHVERSION/expatriate.php>, downloaded on 12 Feb 2008.



**TABLE 11****Foreign Workers by Occupation:****Indonesia, 2001-2004**

<b>Occupation</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
	<b>Number</b>			
Manager	8,875	7,889	4,463	6,551
Professional	12,105	15,925	13,042	11,658
Supervisor	699	680	179	1,207
Technician/Operator	23	20	253	495
Others	2,617	1,199	201	97
Total	24,319	25,713	18,138	20,008
	<b>Percentage</b>			
Manager	36.49	30.68	24.61	32.74
Professional	49.78	61.93	71.90	58.27
Supervisor	2.87	2.64	0.99	6.03
Technician/Operator	0.09	0.08	1.39	2.47
Others	10.76	4.66	1.11	0.48
Total	100.00	100.00	100.00	100.00

Source : Ministry of Manpower & Transmigration, DG of Employment Training Development  
<http://www.nakertrans.go.id/ENGLISHVERSION/expatriate.php>, downloaded on 12 Feb 2008.

**NOTES**

<sup>1</sup> As discussed in Suryadinata, Arifin and Ananta (2003), Indonesia accommodates more than 1,000 ethnic and sub-ethnic group as well as six official religions, each with its own various sects or *aliran*.

<sup>2</sup> Badan Pusat Statistik, *Berita Resmi Statistik*. No.10/02/Tn. XI. 15 February, 2008a.

<sup>3</sup> The latest available data show the TFR was 2.26 during 2001-2004, as cited from Badan Pusat Statistik (2006b).

<sup>4</sup> In this chapter, working age population refers to population aged 15-64.

<sup>5</sup> Table 4 of Ananta, Arifin and Bakhtiar (2005) provides two scenarios of population projection with two different scenarios of fertility decline-- Scenario 1, fast fertility decline scenario, and Scenario 2, slower decline in fertility. The first scenario produces the lowest total dependency ratio at 0.43 between 2020 and 2025 and will reach above 0.50 after 2040. The second scenario produces the lowest total dependency ratio at 0.45 in 2020 and will pass 0.50 in 2035.

<sup>6</sup> A recent migrant is a person who did not live in the current residence five years earlier.

<sup>7</sup> Badan Pusat Statistik. *Berita Resmi Statistik*. No.08/02/Tn XI. 2008b.

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- <sup>8</sup> The other two turning points discussed later also refer to the 1995 US dollar.
- <sup>9</sup> Badan Pusat Statistik. *Berita Resmi Statistik*. No.10/02/Tn. XI. 15 February, 2008a.
- <sup>10</sup> The value at 1995 US dollar is calculated based on USA CPI for all urban consumers at 150.3 in January 1995 and 210.036 in December 2007.
- <sup>11</sup> The economies are Bangladesh, China, India, Indonesia, Myanmar, Pakistan, the Philippines, Sri Lanka and Thailand.
- <sup>12</sup> Badan Pusat Statistik. *Berita Resmi Statistik*, No. 38/07/Th. X, 2 July 2007.
- <sup>13</sup> The Jakarta Post, 13 January 2008 “Migrants struggle to meet expectations”
- <sup>14</sup> <http://www.irinnews.org/report.aspx?reportid=27015>
- <sup>15</sup> He mentioned the target during a national coordinating meeting (*rakornas*) on “Reforming the System of Placement and Protection of Indonesian Overseas Workers”, conducted by the Ministry of Manpower and Transmigration on 13 July 2006.
- <sup>16</sup> Ridawan Max Sijabat, *The Jakarta Post*, August 15, 2006. “Migrant workers to get quicker documentation”.
- <sup>17</sup> For a detailed discussion on this new agency, read Aris Ananta and Evi Nurvidya Arifin “National Agency for Placement and Protection of Indonesian Overseas Workers: marketization of public services”, paper presented at Regional Symposium on “Managing Labour Migration in East Asia: Policies and Outcomes”. Singapore: the ILO and Wee Kim Wee Centre of Singapore Management University, 16-18 May 2007.
- <sup>18</sup> The estimated remittances in 2003 were approximately US\$ 2.75 billion. Based on the data published by Badan Pusat Statistik, the total export was US\$ 61.1 billion, the exports of non-oil and gas was US\$ 47.4 billion and the Indonesia’s GDP was US\$ 175.5 billion in 2003 (Badan Pusat Statistik, 2005).
- <sup>19</sup> *The Jakarta Post*, April 20, 2007, “40 Tourism Graduates to Work Abroad”.
- <sup>20</sup> *The Jakarta Post*, March 05, 2008, “Creative workers sought to fill overseas vacancies”.
- <sup>21</sup> Daily Yomiuri Online, May 22, 2008 “Indonesian care workers face many obstacles” accessed on 11 June 2008.
- <sup>22</sup> This is a conservative estimate because it has not included extra legal and illegal fees the workers must pay during all migration stages, including the stage of returning home until their homes. It has neither included the commission paid by the employers to the placement agents in the destinations country. The estimate is also underestimated because it has not included the money from the Government of Indonesia allocated for this business, including the provision of the building, infrastructure and salaries of government officers working in this industry. Finally, this figure has neither included the possible large multiplier effects in Indonesia. A more detailed discussion is referred to Ananta and Arifin (2007).
- <sup>23</sup> “What a mad had to endure: NO pay for 6 years, NO days off, NO visits home” and “MOM recovers \$270k in maids’ pay”, *The Straits Times*, 19 February 2008.
- <sup>24</sup> Read the details in “More training needed to prevent workers abuse”, the Jakarta Post, 10 March 2008.

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<sup>25</sup> See, for example, Ananta and Arifin (2005) and Tirtosudarmo (2004) for some readings on Indonesian workers in Malaysia.

<sup>26</sup> *Kompas*, 14 July 2006. “Pengurusan TKI Menjadi 11 Meja. Presiden: Calo Sering Menimbulkan Kerawanan”.

<sup>27</sup> Detikcom, 12 January 2007. “Urusi TKI, Depnakertrans Bentuk BNP2TKI”

<sup>28</sup> AFP. “For Indonesia’s migrant workers, abuse often begins at home”, 19 March 2008, downloaded from [//afp.google.com/article/ALeqM5gBOjm8KaBJWHARhSf2SWvOty6skA](http://afp.google.com/article/ALeqM5gBOjm8KaBJWHARhSf2SWvOty6skA) on 10 June 2008.

<sup>29</sup> The statistics in this paragraphs are calculated from Badan Pusat Statistik (2006a)

<sup>30</sup> A life-time migrant is a person who was not born in the province of current residence.

<sup>31</sup> A recent migrant is a person who did not live in the province of current residence five years earlier.

<sup>32</sup> *Tempo*, No. 43/ VI, 27 June – 3 July 2006.