ECONOMIC-DEMOGRAPHIC PERSPECTIVE OF COVID-19: INDONESIA

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NEW AND COMPLEX ISSUE

- This presentation is only a small part of the issue
- It focuses on Indonesia, though it may be applicable to other countries
- It discusses a mission of BKKBN: family development
- It examines a trendy topic in population discussions in Indonesia: demographic bonus/ dividend.

OUTLINE (1)

1. Any Trade-off between Health and Economy?

   * We can have a win-win solution. New Normals (*plural*)

2. How to Build Family Economic Resilience?

   * Some practical recommendations to be healthy and able to earn income for families

3. Demographic Dividend.

   * An alternative view

OUTLINE (2)

4. What Should BKKBN Do?

- Contraceptive:
  - Understanding that contraceptive is one of people's basic needs and human rights.
  - Creating awareness among couples that they, especially women, have the right not to have children, or to determine how many children they want and when
  - Fulfilling unmet need of contraceptive use
  - Promoting long-term contraceptive
- Population Mobility:
  - Understanding rights to move and not to move
- Ageing Population:
  - Understanding rights to live decently at old ages (this is benefiting people of all ages because everybody will eventually become old)

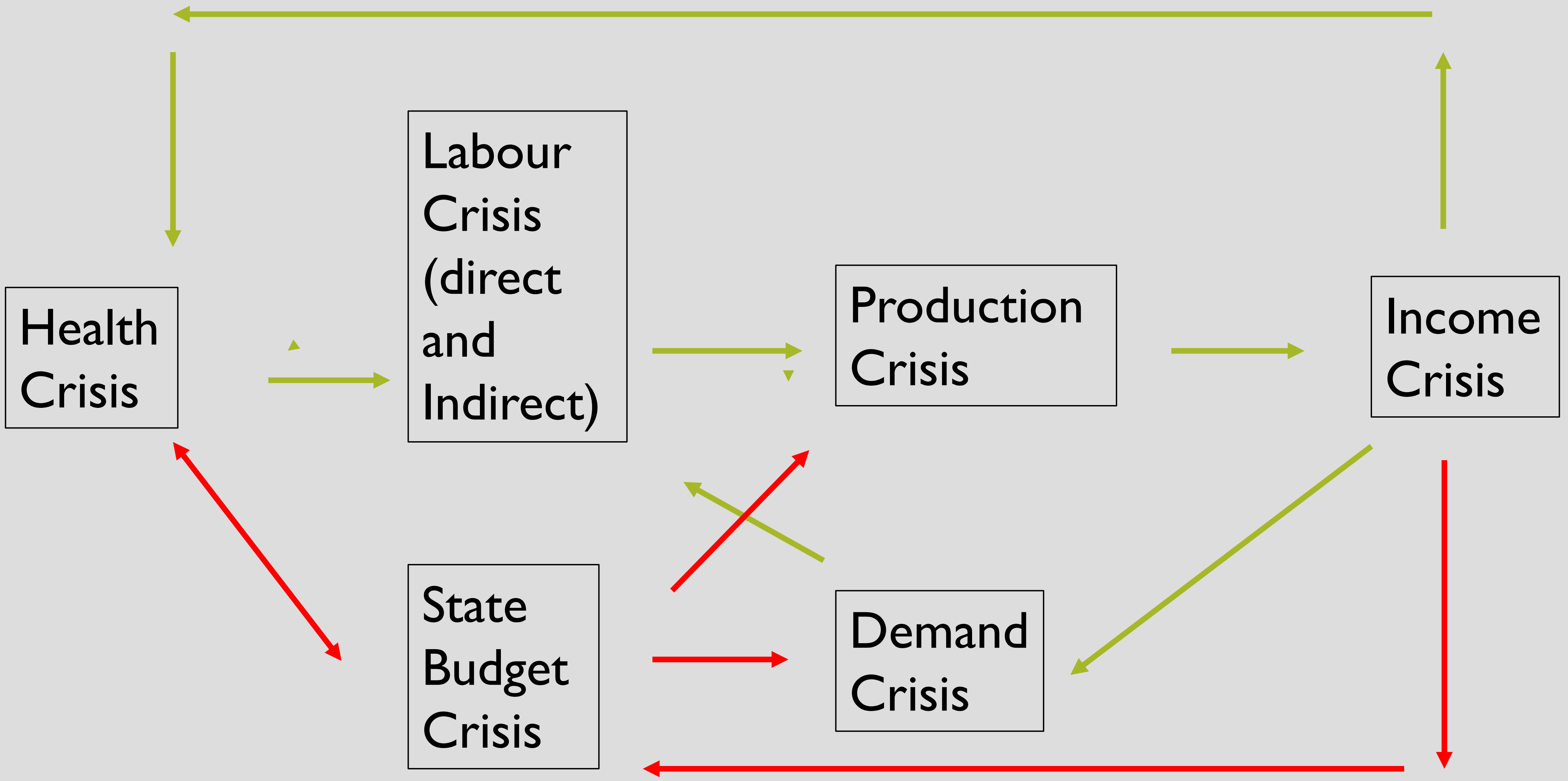
ANY TRADE-OFF BETWEEN HEALTH AND ECONOMY/ BUSINESS?

Not Necessarily

With New Normals we can improve both health and economy

Simplified Health-Economy Circular Relationship

A closed economy without monetary sector



Economic and Health Recovery

CREATING NEW NORMALS, LIVING WITH COVID-19

The Arrival of Disruption Era
Has been Accelerated

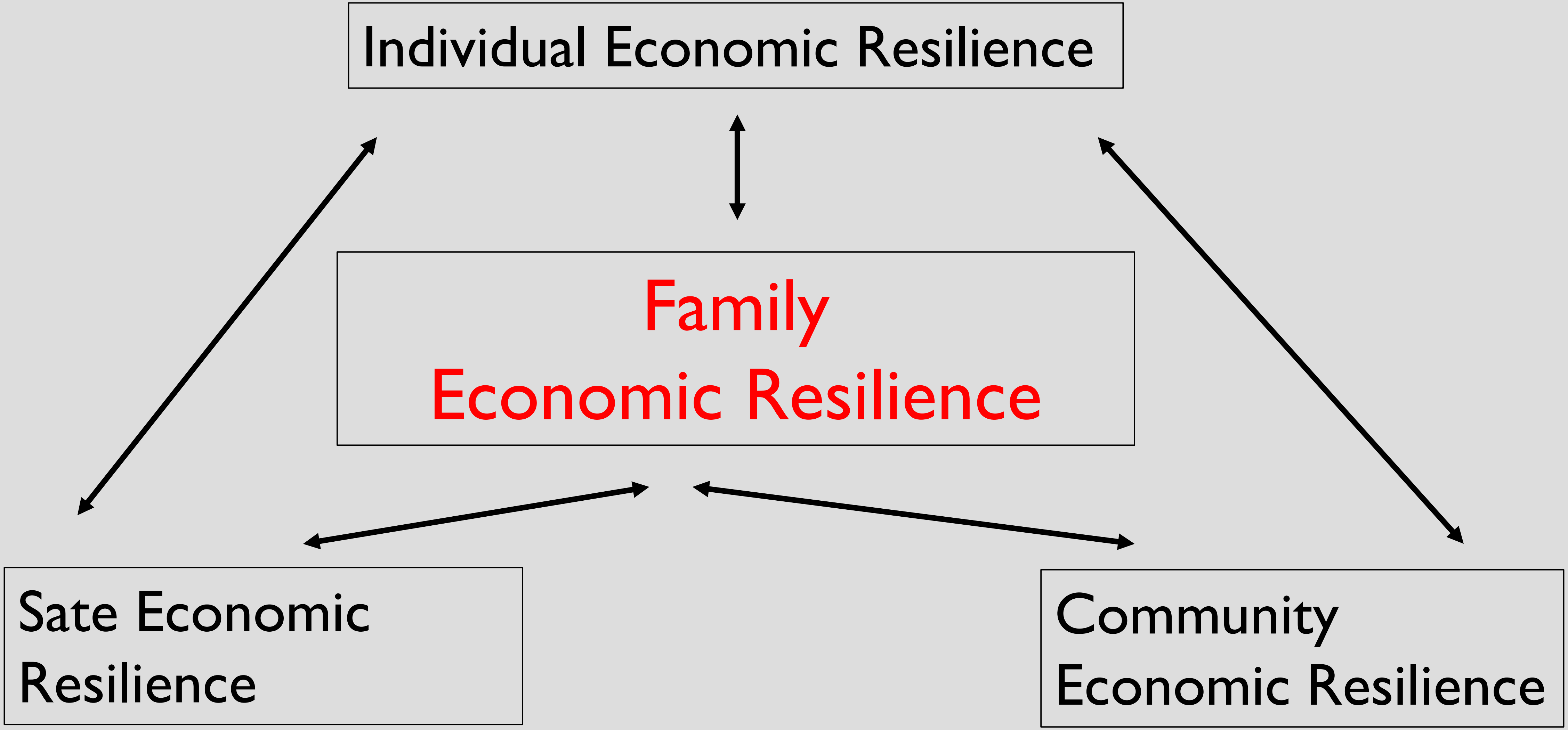
NEW NORMALS

- Be aware that Covid-19 can be around us for a long time
- Do not expect/ wait for the return of the Old Normals
- Live with the New Normals
- Innovate. Create new jobs and behaviour which are safe from Covid-19
- Generate healthy and environmentally friendly lifestyles
- Create more effective screening tools to enter public places

HOW TO BUILD FAMILY ECONOMIC RESILIENCE?

It Is Also Related to Community and State Economic Resilience

But, here we focus on family economic resilience


Individual Economic Resilience
Family
Economic Resilience
Sate Economic
Resilience
Community
Economic Resilience

RESILIENCE

- Ability to bounce back
- How fast can we bounce back?
- Will we return to our earlier status, worse, or better?
- Sustainability

FAMILY ECONOMIC RESILIENCE: PRACTICAL RECOMMENDATIONS

- Be healthy. Being sick means more expenditure. Being healthy means we can create innovative economic opportunities
- Apply healthy and environmentally friendly life styles.
- Create jobs that can protect our own health, including working from home
- Be digitally literate

IF YOU HAVE TO GO OUT TO EARN MONEY

Protect yourself from the virus

IF YOU LOST YOUR JOB, YOU SUFFER FROM INCOME CUT, OR YOUR PROSPECT IS UNCERTAIN

- Minimize unnecessary spending. Buy only basic needs
- Reduce buying durable goods
- Choose cheap and healthy foods and drinks.
- Cut consuming fried foods, sweet and salty foods.
- Cut smoking, cut consuming meat, increase consuming fruits and vegetables.
- Drink plain water, and reduce drinking canned, sweet, drink.
- This will make us healthier and having more financial reserve for the uncertain time

MONETARY POLICIES FOR HOUSEHOLD AND INDIVIDUAL ECONOMIC RESILIENCE

- Reduce or cut administration fee for small account holders
- Raise interest rate for small deposits
- Erase tax on interest for small account holders

STATE EMPLOYEES WITH FIXED SALARY

- Those with fixed salary from the government should also be prepared for the worst. How long will the government be able to pay the fixed salary?

DEMOGRAPHIC DIVIDEND

An Alternative View

DEMOGRAPHIC DIVIDEND, DEMOGRAPHIC BONUS, OR WINDOW OF OPPORTUNITY?

Interchangeably,
though some people
attempt to distinguish them

AN OLD DEBATE IN A NEW PACKAGE

Which one is better,
big or small numbers
of population?

Strengthening Family Planning,
Improving Education and Health,
Creating Productive Employment Opportunities,
Opening Trade,
Good Governance etc

POLICY IMPLICATION OF EXISTENCE OF DEMOGRAPHIC DIVIDEND

The question is "If we do not have demographic dividend, should we make those policies?"
The answer is of course "Yes "

There is nothing new in the policy implication. We should produce the same policies even when there is no demographic dividend/ bonus.

NOTHING NEW

DEMOGRAPHIC DIVIDEND: MEASUREMENT PROBLEMS

The measurement depends on the concept of dependency ratio (DR)

DR = (< 15 + > 64)/ (15-64)

< 15 : unproductive, burden. Why 15? Why not 25? People now want their children to finish tertiary education. Children can be a source of joy to the parents and enhance parents' productivity

> 64: unproductive, burden. Why 64? Why not 60, the definition of older people in Indonesia? Having surviving older parents can be a source of happiness. Older persons can also take care of the grand-children

15-64: productive, asset. How is their quality– health status, education/ skill, and income?

IN INDONESIA

Working-age population is population aged 15 and over.

No upper limit of working-age population.

Recognition that being old is not necessarily a burden

Thank you, Statistics-Indonesia (Badan Pusat Statistik)

WHEN DR IS <0.50

- When DR is below 0.50, it is said that 100 "productive" persons need to support only less than 50 "unproductive" persons.
- This is the so called demographic dividend/ bonus. The dividend is said to disappear after the DR reaches above 0.5
- It is not clear why the threshold is 0.5. Why not 0.6, 0.4, or others? A different threshold will result in a different result.
- Sometimes people define demographic dividend starting from the lowest DR below 0.5. It is neither clear why it starts from the lowest DR.

DEMOGRAPHIC WINDOW OF OPPORTUNITY

- Some argue that this opportunity happens when the percentage of population aged <15 is $< 30\%$ and percentage of population aged > 64 is $< 15\%$
- Others mention that this opportunity happens when median age of population is between 26 and 41

Therefore, a different measurement will produce a different result

WHEN DR IS <0.50

- The model says that when the percentage of the dependents is small, people can save more. With more saving, people can do more investment. More investment means more economic growth.
- This model is too supply oriented. It forgets that a large number of children can mean a large household consumption which increases aggregate demand and therefore promotes economic growth.
- The model also forgets that investment does not have to depend on saving. People can borrow money to invest.

PROBLEMS WITH DEMOGRAPHIC DIVIDEND: DEVELOPMENT GOAL

- The concept is oriented to economic growth.
- But now we have the goals for sustainable development, which is beyond economic growth. Sustainable development includes broader social and environmental aspects, including health and environment.
- Problem with the concept of productive. Productive is assumed to be only related to age. However, productivity depends on many other things, not only age. Productivity depends on health, education, ability to move, and freedom from fear as well as social political and economic environments.

AN ALTERNATIVE VIEW OF DEMOGRAPHIC WINDOW OF OPPORTUNITY, DEMOGRAPHIC DIVIDEND/ BONUS

- This window is open when people have:
  - quality education, excellent health,
  - ability to move and not to move
  - freedom from fear,
  - decent employment,
  - ***regardless of age and sex,***
  - ***regardless of the number of population***

WHAT SHOULD BKKBN DO TO MANAGE CONTRACEPTIVE USE DURING AND POST- COVID-19?

Return the Non-Covid-19 Services

Contraceptive is one of basic needs and human rights

It is people's right to have access to contraceptive

Focus on Unmet Need

Give Priority to Long-term Contraceptive

MORE RECOMMENDATIONS FOR POPULATION POLICIES

- Give more attention to the service of contraceptive use as this helps fulfilling people's human rights.
- Utilize the Covid-19 as a momentum to build family economic resilience by having healthy and environmentally friendly life styles, including having reliable and affordable access to contraceptive
- Build people's readiness to create and follow New Normals. BKKBN may also help promoting social responsibility to prevent the spread of the virus.
- **It may be uncomfortable. But this is the only choice to strengthen family economic resilience and stopping the spread of the Covid-19**.

A LIFE-COURSE APPROACH

- BKKB continues to use a life-course approach, since people are still in the womb until they are in the tomb.
- This approach includes attention to
  - rights to move and not to move
  - rights to have decent life at older ages:
    - Should people work for money until they die?

SUMMARY

SUMMARY (1)

1. Any Trade-off between Health and Economy?
   - We can have a win-win solution. New Normals (*plural*)
2. How to Build Family Economic Resilience?
   - During this uncertain time, spend only on basic needs.
   - Work to earn money by protecting ourselves from the virus.
3. Demographic Dividend.
   - The same policies can be produced with or without the existence of demographic dividend
   - Measurement and substantive problems on the concept of demographic dividend

SUMMARY (2)

4. What Should BKKBN Do?

- Contraceptive:
  - Contraceptive is one of people's basic needs and human rights.
  - Continue creating awareness among couples that they, especially women, have the right not to have children, or to determine how many children they want and when
  - Fulfilling unmet need of contraceptive use
  - Promoting long-term contraceptive
- Population Mobility:
  - Fulfilling rights to move and not to move
- Ageing Population:
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THANK YOU