



Indonesia—Facing another financial storm

Politics and economy

By Janet Lin

Indonesia, with a population of 195 million inhabitants, is the fourth most populous country in the world. It is the world's largest archipelagic state and home to the world's largest Muslim population.

According to the CIA-The World Factbook, Indonesia reached a historic peace agreement with armed separatists in Aceh in 2005. The agreement led to democratic elections in December the following year. Indonesia continues to face a low intensity separatist movement in Papua.

The president is both the chief of state and head of government. President and vice president were elected for five-year terms by direct vote of the citizenry, the CIA Factbook says.

Indonesia's economic growth rate is estimated to reach 6 percent this year (2008) in order to maintain national stability but is estimated to reduce to 4.8 percent next year, according to the Yazhou Zhoukan, a Chinese-language weekly magazine.

The Indonesian economy was the hardest hit by the Asian Financial Crisis, and recovery has been slow. Like the rest of the world, the current global financial crisis is expected to have a tremendous impact on the country. According to just-style.com, declines in exports to the US have been driving Indonesian textile and garment exports into difficulties—hitting its target of US\$10 billion in turnover for this year.

Economists generally believe that Indonesia's economic growth rate is likely to reach at least 6 percent this year, lowering the unemployment rate and maintaining national stability. At present, the unemployment rate is about 10 percent, and analysts predict that the economic slowdown is bound to worsen the situation.

While the external demand has been weak, the country now turns to increase the domestic demand. To fund the construction projects of infrastructure, Indonesia has begun to borrow money.

Indonesia's overall environment is also a cause for concern. Indonesian anti-money laundering agencies recently warned that they need to intensify the crackdown effort to prevent white-collar crimes committed during next year's general election.

According to a report of the Indonesian Financial Transaction Reports Analysis Center, there are Congress members suspected of accepting bribes.

Indonesian President Susilo Bambang Yudhoyono has initiated significant economic reforms. He has vowed to crack down on government corruption and misconduct, but the relations between the interests of the government and businesses are deep-rooted and difficult to eradicate.

Yudhoyono, who has his re-election to worry, is likely to make all-out effort to improve the economy to help him win the re-election bid.

Ten years ago, the Asian financial crisis led to the fall of the Suharto regime. Now the storm has come back, and it remains to be seen how the Indonesian government tackles the crisis this time around.

Indonesia-many, yet one

History, culture and people

By Momo Chen

Indonesia's national motto, "Bhinneka tunggal ika" ("Unity in Diversity" literally, or "many, yet one"), fully reflects the diversity in history, cultures, religions and languages that shapes the world's largest archipelagic state.

Indonesia has a far and long history. According to the Wikipedia, the Indonesian archipelago was inhabited about 2 million to 500,000 years ago. In the late 13th century, the Hindu Majapahit kingdom was founded in eastern Java. This period is often referred to as a "Golden Age" in Indonesian history.

In 1511, the Portuguese came to Indonesia but did not have a powerful dominion. The Portuguese traders only wanted to use their natural resources and made profits. Then Dutch and British traders followed, says the Wikipedia.

The Dutch colonized Indonesia for about 300 years before the Japanese occupied Indonesia during World War II.

Finally, on Aug. 17, 1945 Indonesia declared independent. The Dutchman, however, wanted to colonize Indonesia again. With international intervention, the Dutch finally recognized Indonesian independence and Indonesia became a UN member state in 1950.

There are many ethnic groups in Indonesia, with different cultures and languages, says Countries and Their Cultures. The population of Indonesia is 203 million and there are some 200 to 300 ethnic groups with their own languages and dialects. However, there is only one official language : Bahasa Indonesia, a dialect of Malay. The major ethnic groups include Java, Sumatra, Kalimantan, Sulawesi, the Moluccas and Chinese.

The two largest—Javanese (45 percent) and Sundanese (14 percent)—living on the island of Java, says Encyclopedia of the Nations. One of the most densely populated places in the world, Java, is about the size of New York State and is home to more than 110 million people. Other ethnic groups include Madurese and coastal Malays, who each make up 7.5 percent of the population, and numerous other ethnic groups accounting for 26 percent.

Indonesia has the largest Muslim population of any nation. There is also a well-educated and influential Christian minority. Muslim-Christian relations have been tense since the colonial era. Legislation discourages marriage between members of different religious communities.

According to Encyclopedia of the Nations, Indonesia has five officially recognized religions: Muslim (88 percent), Protestant (5 percent), Roman Catholic (3 percent), Hindu (2 percent), and Buddhist (1 percent), as well as numerous traditional religions.

The archipelago has 17,508 islands, with 6,000 inhabited, according to the CIA-The World Factbook. Indonesia shares land borders with Malaysia, Papua New Guinea and East Timor. It also shares borders with Singapore, Malaysia, and the Philippines to the north and Australia to the south across narrow straits of water. The capital, Jakarta, is on Java and is the nation's largest city.

There are more than 100 active volcanoes in Indonesia, says infoplease, an on-line encyclopedia. All the larger islands have a central volcanic mountainous area flanked by coastal plains. Earthquakes are frequent and, although not usually severe, can sometimes cause devastation. The islands of W Indonesia are subject to heavy rains during the rainy season, which runs from December to March the following year. It often causes flooding and landslides, says infoplease.