

# PERSPECTIVE

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## **Perceptions of Inequality in Indonesia: A Matter of Partisan Politics?**

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### **EXECUTIVE SUMMARY**

- Socioeconomic inequality is a contentious issue in Indonesia, one that gets mobilised in election campaigns. Yet we know very little about how Indonesians actually feel about income and wealth distribution.
- This paper draws upon data from an original, nationally representative survey to understand Indonesians' perceptions of income inequality.
- We find that Indonesians generally feel better about inequality now than they did five years ago at the end of President Yudhoyono's decade in office.
- However, we also find that people's perceptions of inequality are closely associated with their political preferences and are divided along partisan lines.

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## INTRODUCTION

Indonesia is a highly unequal country. According to Oxfam, the richest one percent of Indonesians controls 49 percent of the country's wealth.<sup>1</sup> Such disparity is a contentious political issue in a country where corruption scandals are routine, and where a large slice of the wealthiest citizens are from the minority ethnic Chinese community. During President Jokowi's first term in office, levels of inequality improved incrementally. Yet his political adversary and rival in the 2019 presidential elections, Prabowo Subianto, continues to resurrect rhetorical tropes about economic disparities that he has used for almost a decade, which paint Indonesia as a nation of poor, downtrodden slaves exploited by a wealthy elite.

In this article, we first look at the state and trajectory of inequality in Indonesia. Next, we reflect on political narratives about economic injustice and inequality in the context of recent election campaigns, and particularly the 2019 presidential election. We then draw on recent survey about how Indonesians themselves feel about inequality, and to consider whether problems of income disparity matter to voters, and whether they matter more to particular constituencies.

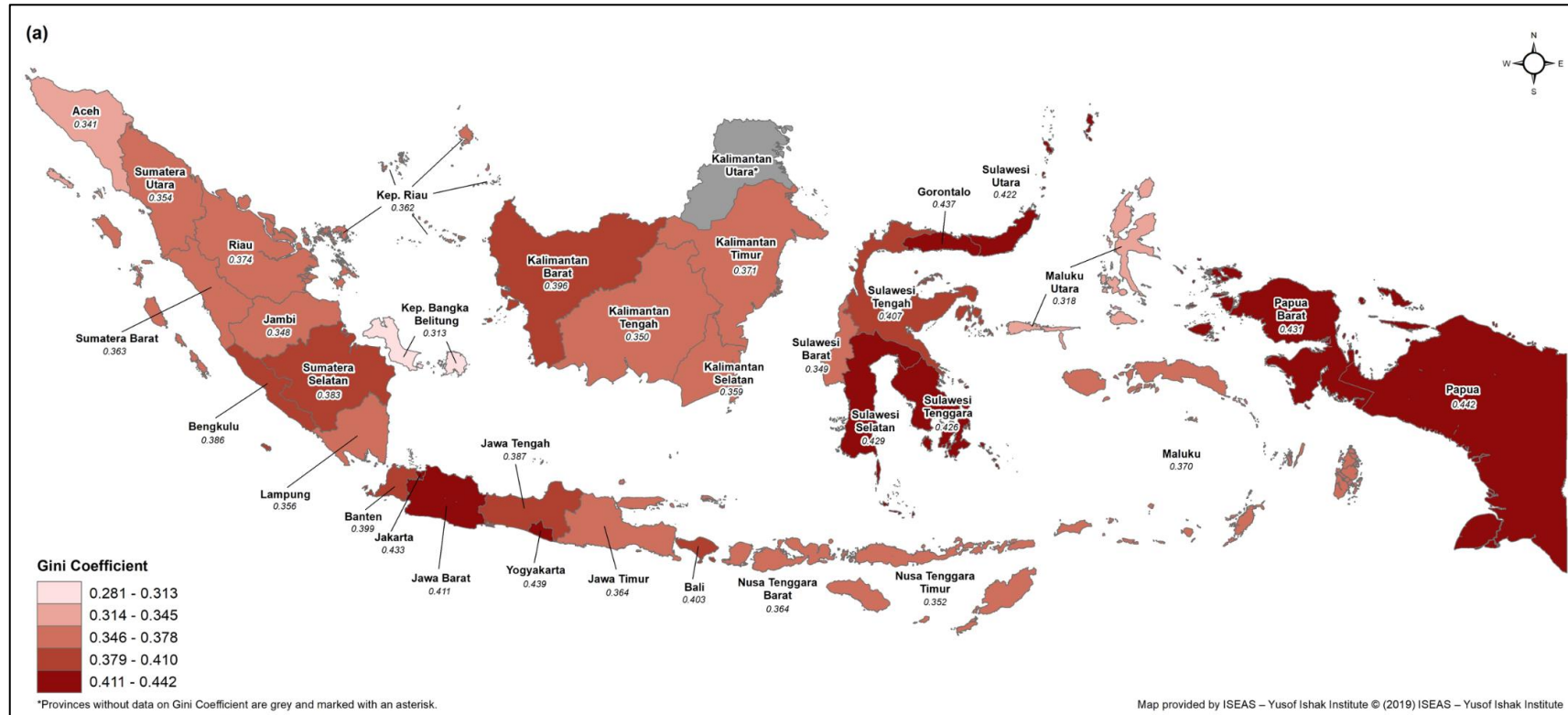
We find that Indonesians generally feel better about inequality now than they did five years ago at the end of President Yudhoyono's decade in office. We also find that people's perceptions of inequality are tied intimately to their political preferences, and are polarised along partisan lines: people who support the president believe income distribution is fair, while those who oppose him are far more likely to feel that distribution is unfair. These partisan sentiments appear to be more strongly associated with beliefs about inequality than voters' own economic situation.

## THE STATE OF INEQUALITY IN INDONESIA

The Jokowi administration has a relatively positive record when it comes to inequality. Data from the Central Statistics Agency (BPS) show that Indonesia's Gini coefficient improved from 0.41 in 2013 to 0.389 in March 2018, which is lower than in neighbouring Malaysia, Thailand and Philippines. Most economists attribute this to the drop in commodity prices since 2013. The resource boom made many Indonesians very rich very quickly. But once the boom was over, income disparities moderated in response. The slight reduction in the Gini was felt across most of the country, as Maps 1 and 2 illustrate, with some of the most dramatic drops being felt in the mining and palm oil-dependent provinces on Kalimantan and Sumatra.

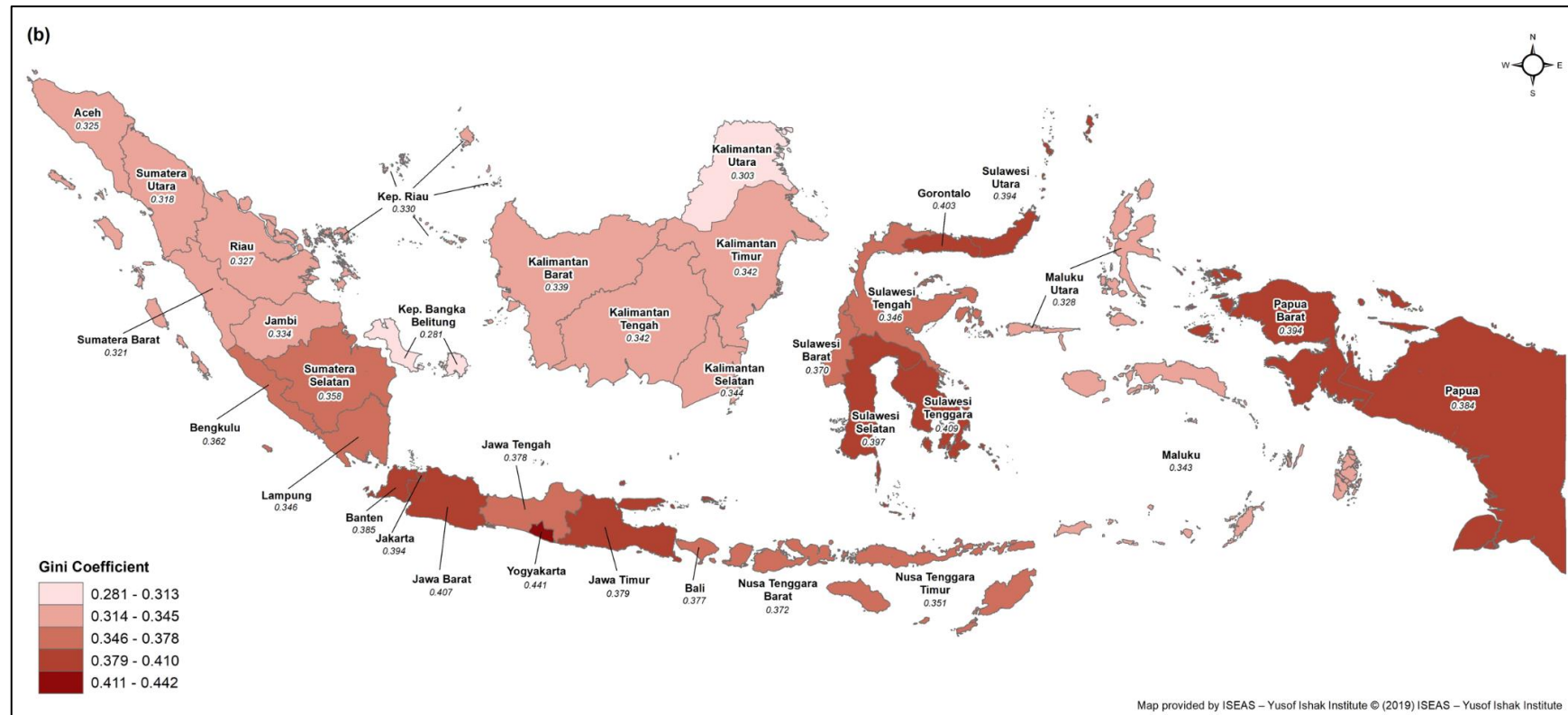
Still, income disparity remains a serious challenge. Despite recent improvements, when measured using net income differences after taxes and transfers, Indonesia's Gini for 2018 reaches over 0.45 according the World Economic Forum, making it one of the highest in the region.<sup>2</sup> And when it comes to wealth disparity – measured in terms of property and assets – Indonesia ranks the sixth worst in the world.<sup>3</sup>

Map 1: Gini Coefficient at the provincial level 2013



Source: Gini data from BPS (Indonesia's Central Statistics Agency), map created by ISEAS Yusof-Ishak Institute

Map 2: Gini Coefficient at the provincial level 2018



Source: Gini data from BPS (Indonesia's Central Statistics Agency), map created by ISEAS Yusof-Ishak Institute

## INEQUALITY AND ELECTORAL POLITICS

The Jokowi administration has made explicit efforts to address inequality. Welfare cards, land certification schemes for rural Indonesians, the ‘Cash For Work’ programme (which provides wages for under- or unemployed citizens in return for low-skilled labour), are all designed to increase the assets and purchasing power of poorer Indonesians, and are framed by the government as a means of reducing wealth and income inequalities.<sup>4</sup>

This concern for inequality emerged only recently, however, with a perceptible pivot in the government’s rhetoric and policy focus taking place in 2017. The pivot was a response to Jokowi’s political opponents – primarily conservative Islamic groups – who claimed that Jokowi was unable, or even unwilling, to address the gap between Indonesia’s poor Muslim majority and the wealthy, predominantly non-Muslim (or Chinese Christian) elite. This was one of the narratives put forward by those who campaigned against Jakarta’s Christian Chinese Governor and Jokowi ally, Basuki Tjahaja Purnama (Ahok), back in late 2016 and early 2017.<sup>5</sup> The protest movement, which became known as the Gerakan 212 (212 Movement), was led by Front Pembela Islam (FPI), a radical Islamic group, but also enjoyed sponsorship from mainstream national elites, including Prabowo and Susilo Bambang Yudhoyono. While the primary target was Ahok and his alleged blasphemy, a second target was Ahok’s main ally – President Jokowi. Since that time, the president has gone to great lengths to ensure that he attends specifically to the material needs of influential Islamic figures, community organisations and boarding schools.<sup>6</sup>

Despite Jokowi’s efforts, Prabowo and his running mate, Sandiaga Uno, continue to make inequality a central feature of their campaign. Prabowo’s narrative is almost precisely the same as it was in 2014: inequality in Indonesia is the result of a corrupt, oligarchic political system that creates wealth for the rich and exploits the poor. In his speeches, Prabowo argues (in the most general terms) for a “big push strategy” in three arenas – energy, food, and water – as a mean to achieve self-sufficiency, and to make the country a more equal and prosperous nation.<sup>7</sup> Prabowo’s running mate, Sandiaga Uno, meanwhile, talks regularly about the high and unstable price of staple goods, which he argues hurts the poorest while the wealthiest continue to prosper. The pair’s campaign theme is captured by their choice of slogan: ‘Adil Makmur’ or ‘Fair and Prosperous’.

This time around, Prabowo’s messaging on inequality - and his 2019 campaign in general - lacks the energy and passion of 2014. Still, the political opposition appears to believe that a focus on economic justice and socio-economic inequality will resonate with voters. But how concerned are Indonesians about inequality, and which segments of the population are most likely to hold critical views about income distribution?

## HOW DO INDONESIANS FEEL ABOUT INEQUALITY?

For all the political attention paid to income and wealth disparities, we know very little about how Indonesians perceive inequality, whether they believe current levels are acceptable, and whether their beliefs about inequality are associated with particular political preferences. To shed light on these matters, we draw upon data from an original, nationally representative survey that was conducted by Indikator Politik Indonesia, one of Indonesia’s independent public opinion research institutes.<sup>8</sup>

First, we want to know whether Indonesians even care about inequality. In many parts of the world, inequality is viewed as a natural and necessary part of a capitalist economy. So, we took a question from the World Values Survey, which was asked back in 2001 and 2006, on whether incomes should be made more equal, or whether inequality was necessary in order to motivate people to work hard. Respondents were given a scale of one to ten, where one represents ‘made more equal’ and ten represents ‘inequality is necessary’. The results for 2001, 2006 and 2018 are shown below in Figures 1 and 2.

Figure 1: Should incomes be made more equal? (1)

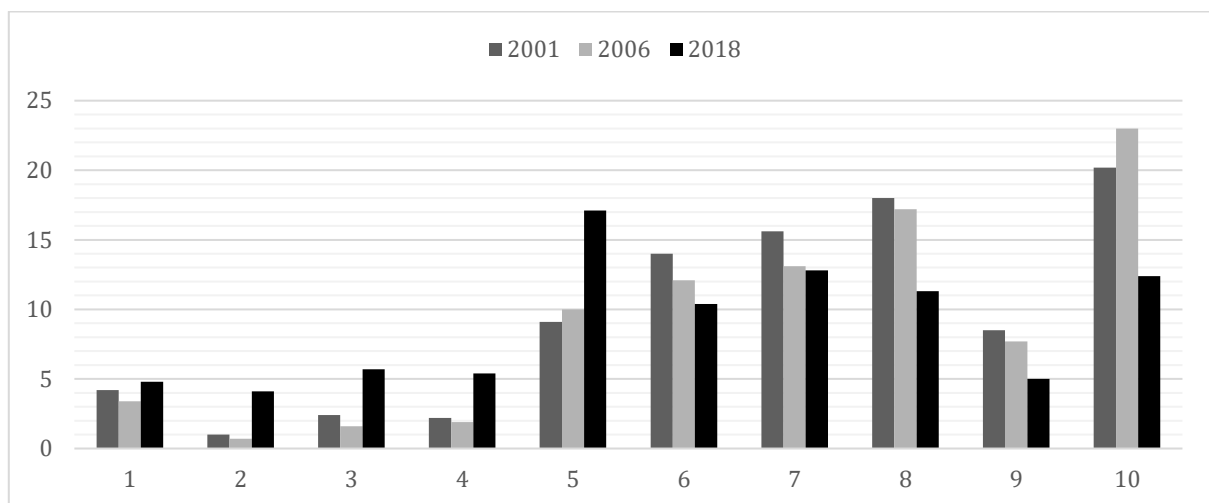
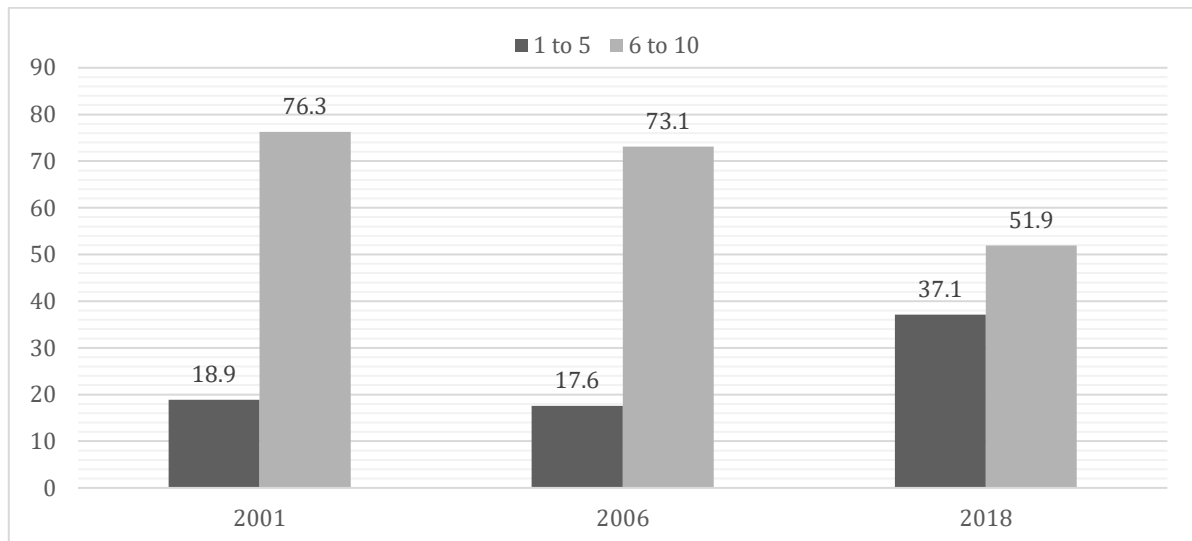


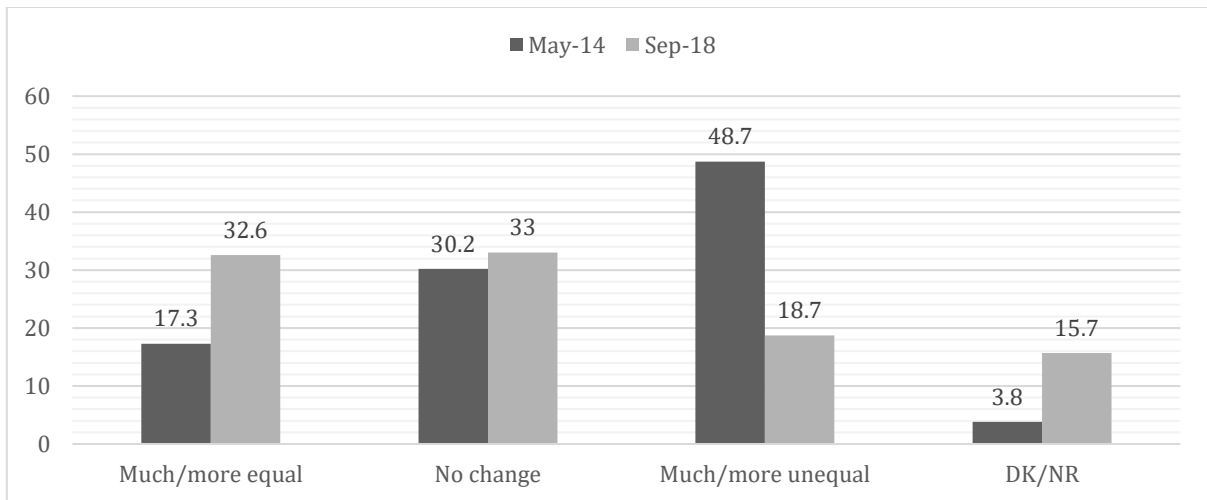
Figure 2: Should incomes be made more equal? (2)



Between 2001 and 2018, the public mood appears to have shifted dramatically. In the early 2000s, a strong majority of Indonesians were more likely to see inequality as something that was acceptable. A decade later, that majority had greatly reduced, and many more Indonesians now see inequality as a problem the government must address.

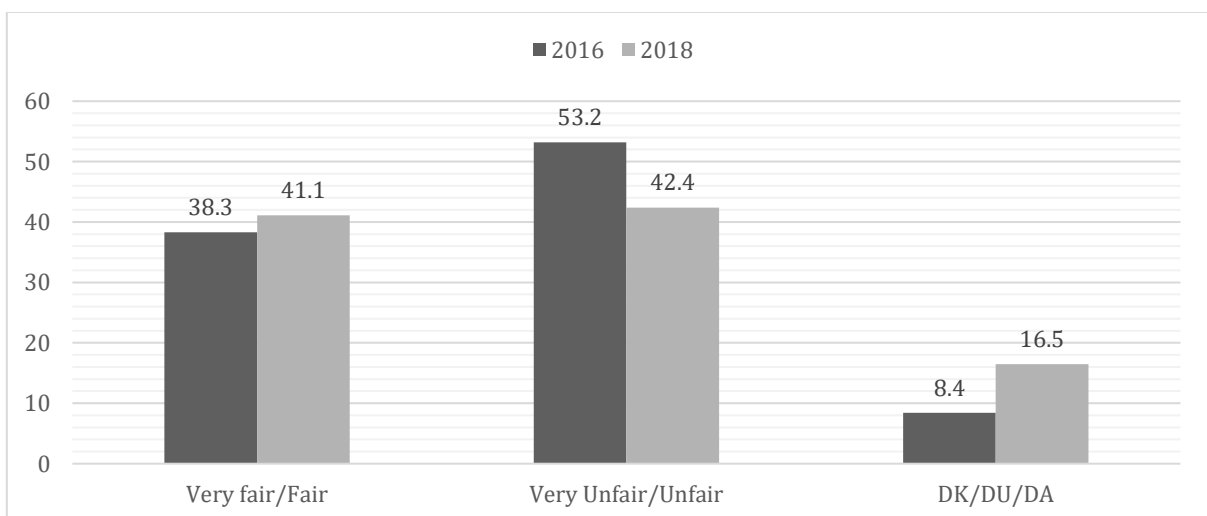
The second question we asked participants was, ‘How has income distribution changed over the last five years?’, with answers ranging from: ‘much more equal, more equal, no change, more unequal, much more unequal, and don’t know, don’t understand or didn’t answer.’ This question was asked previously (and for the first time) in 2014 as part of a World Bank and Australian government survey.<sup>9</sup> We found that Indonesians have a wide range of views when it comes to assessing changes in income distribution (Figure 3). However, assessments were more positive in 2018 than they were in 2014. When this question was first asked in 2014, President Susilo Bambang Yudhoyono’s decade in office was coming to a close. It is unsurprising that when asked to reflect on the preceding five years, a large proportion of Indonesians responded negatively. Yudhoyono had indeed overseen a period of deepening inequality, and there was a general feeling of dissatisfaction and disappointment with his leadership in the final years of his presidency.<sup>10</sup> In 2018, on the other hand, Indonesians were looking back at President Jokowi’s first term in office, and overall were more likely to feel income distribution was improving or staying the same.

Figure 3: How has income distribution changed over the past 5 years?



We were most interested, however, in examining how Indonesians felt about the *fairness* of income distribution. We asked respondents: ‘How fair or unfair is income distribution in Indonesia today?’ with answers ranging from, ‘very fair, fair, unfair, very unfair, and don’t know, don’t understand or didn’t answer’. This is a question asked regularly in the Global Barometer Surveys, and in 2016 the Asia Barometer survey asked it for the first time in Indonesia. We use the 2016 data to gauge changes in attitudes over time. Figure 4 illustrates how those responses have changed. In January 2016, a majority of Indonesians felt income distribution was unfair (53.2%). Then, two and a half years later, in September 2018, they were almost equally divided on this question, and many more did not know or did not want to answer the question.

Figure 4: How fair is income distribution in Indonesia right now?





One way of interpreting this finding is simply that Indonesians are responding to objective changes in inequality. As discussed earlier, the income gap has indeed improved over the last five years. It may also be that Jokowi’s marketing of his pro-poor and distributive policies has helped to change perceptions of the trajectory of inequality. Still, despite this shift, Indonesians are clearly very divided in terms of how they perceive inequality, and a majority think either that there has been little or no change in economic distribution, or that current patterns are unfair.

What might explain this variation? Intuitively we might expect individuals’ socioeconomic situation to account for their divergent views about income inequality. But the results show little difference between income groups when it comes to views about income distribution (Figures 5 and 6). Both the poorest and those in the middle-income group are most likely to say income distribution is unfair. But the differences between income groups are not dramatic.

Figure 5: Perceptions of income distribution by income group in 2018

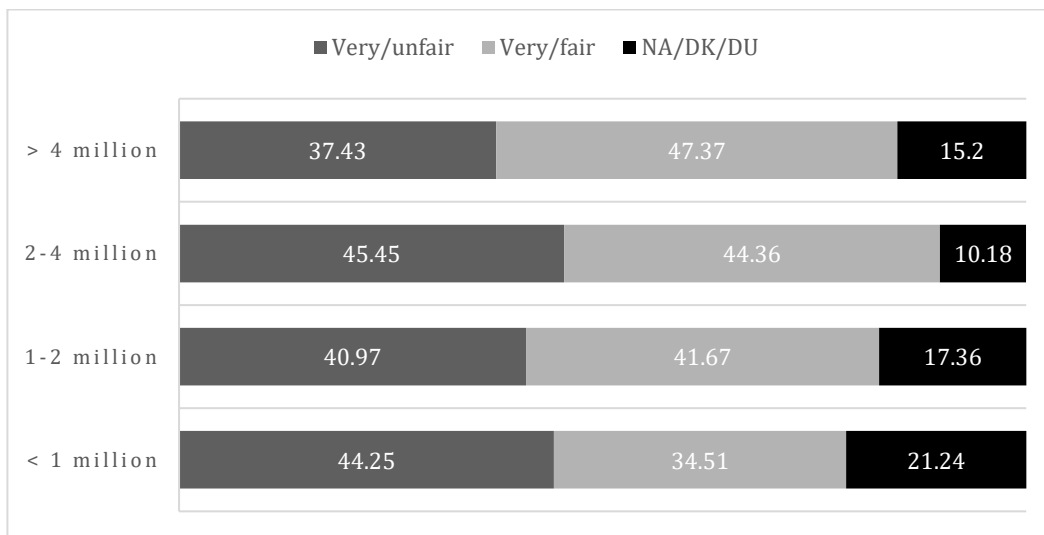
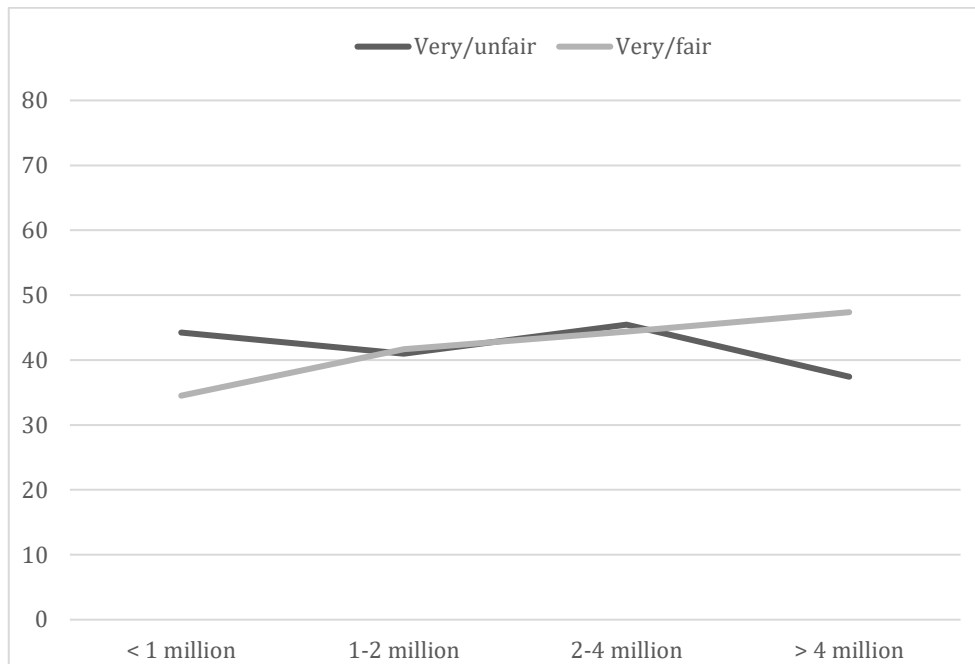


Figure 6: Perceptions of income distribution by income group in 2018 (2)



However, often it is not people’s *actual* income that predicts how they feel about economic distribution; rather, it is their sense of where they sit in the socioeconomic hierarchy relative to others, and how they feel their own financial situation compares to people in their social networks or neighbourhood. To try to capture this complexity, we use another question from the World Bank survey, which asks respondents to place themselves in one of five groups, where the highest group represents those with the largest income in society, and the lowest group represents those who earn the least. The answers to this question, as Figure 7 shows, have a clearer linear association with people’s beliefs about the fairness of income distribution. But, again, the differences are relatively small.

Figure 7: Perceptions of inequality by self-categorised class group 2018

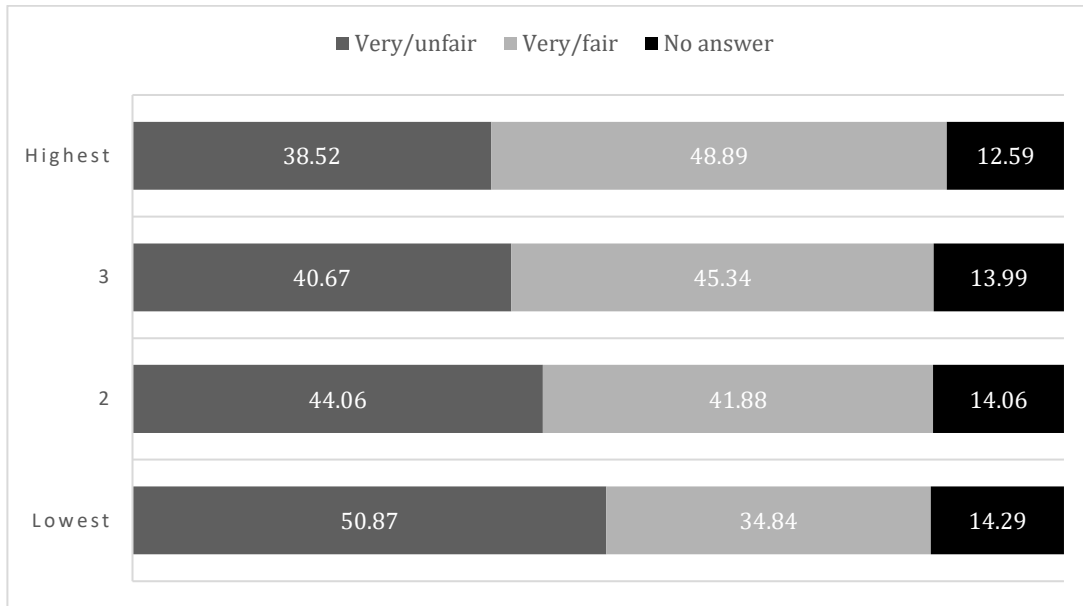
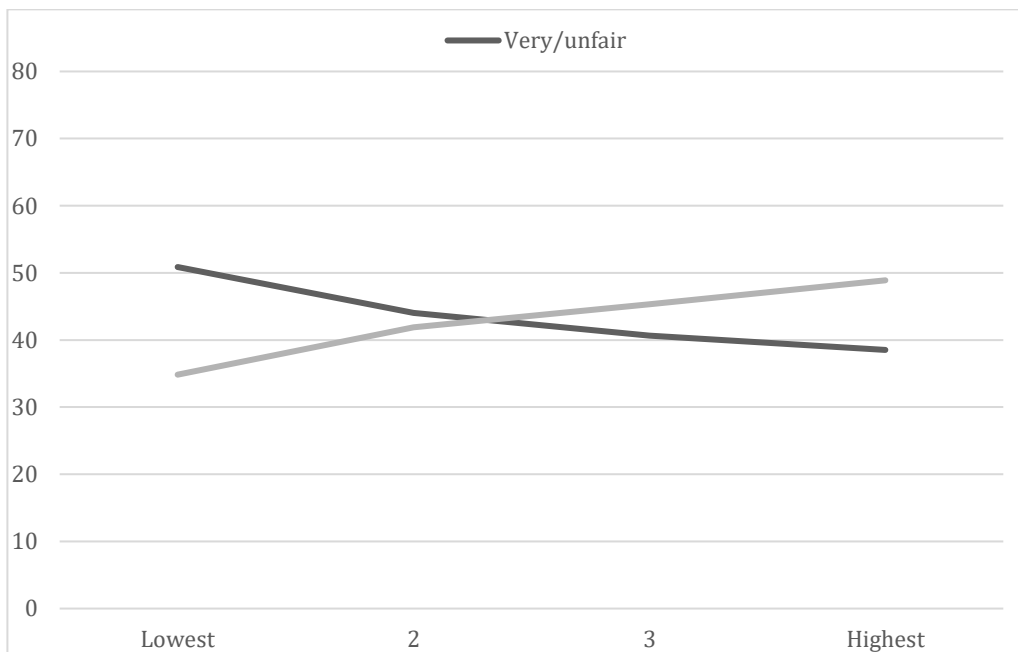


Figure 8: Perceptions of inequality by self-categorised class group 2018 (2)



**DOES POLITICS MATTER?**

The data so far indicate that Indonesians hold a wide variety of views about income inequality, and there appears to be a relatively weak class dimension to that variation. So, we instead explore the relationship between people’s perceptions of income inequality and their political preferences. We examine responses to two different questions: 1) presidential ticket choice for the April 2019 elections; and 2) support for the Islamist-inspired ‘212 Movement’. As described earlier, this movement was an expression of sectarian political sentiment aimed at a politician from a minority ethno-religious group; but central figures in 212 also mobilised a narrative about Muslim economic grievance and the disproportionate wealth of Indonesia’s ethnic Chinese minority. Our goal is to examine whether people’s beliefs about the fairness of income inequality are associated more with their political affiliations and positions than with their objective or perceived socioeconomic situation.

The results are striking. People who would vote for Prabowo in the 2019 presidential elections (around 32 percent of the population) were far more likely to be dissatisfied with the income gap (Figure 9). The relationship is the same when it comes to the question of how income distribution has changed over the past five years (Figure 10). The association between individuals’ presidential preferences and perception of inequality is, at least in the cross-tabulations, stronger and more coherent than individuals’ actual income, and their perceived position within the socioeconomic hierarchy.

Figure 9: Perceptions of inequality by presidential ticket choice – 2018

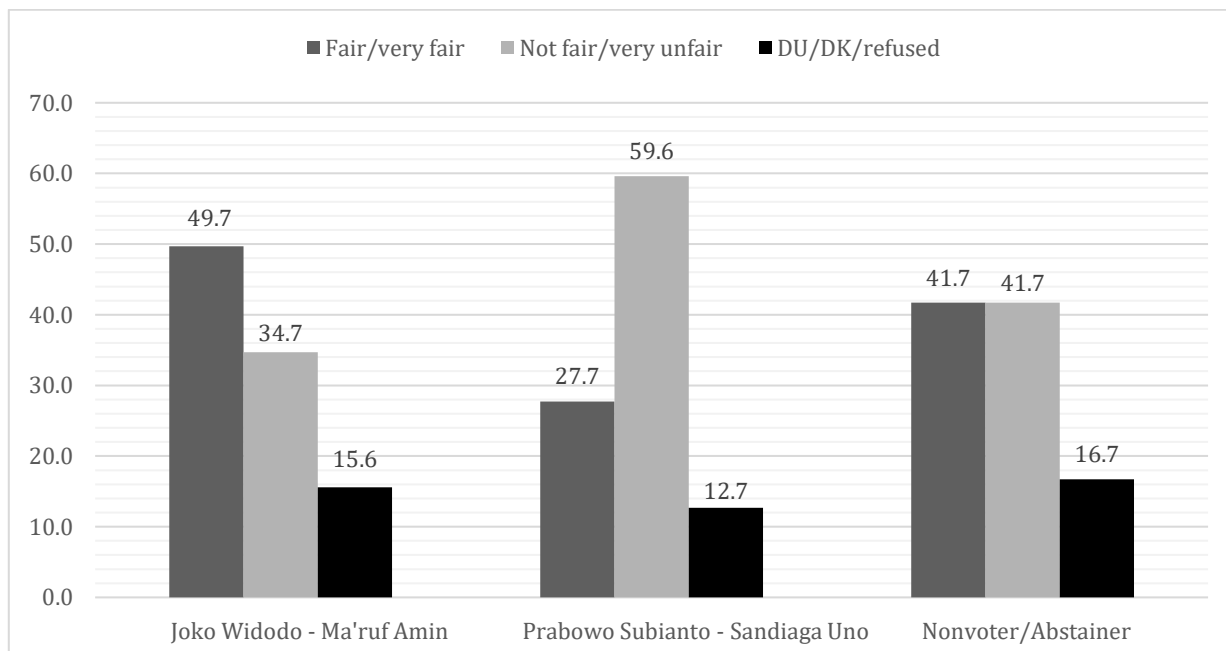
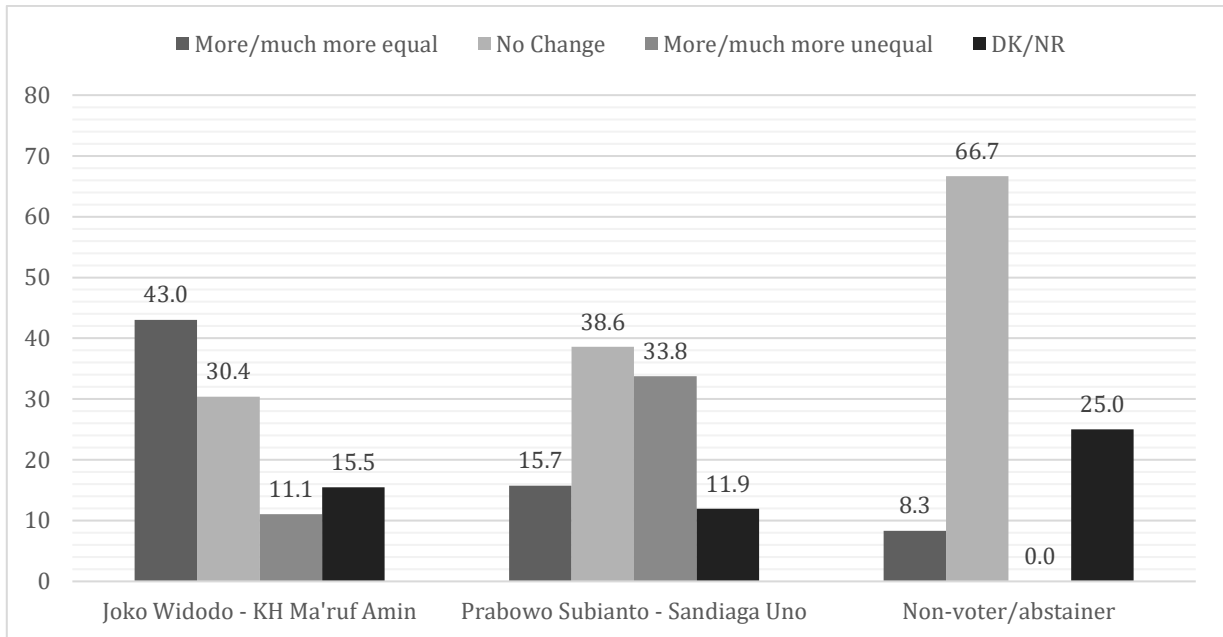
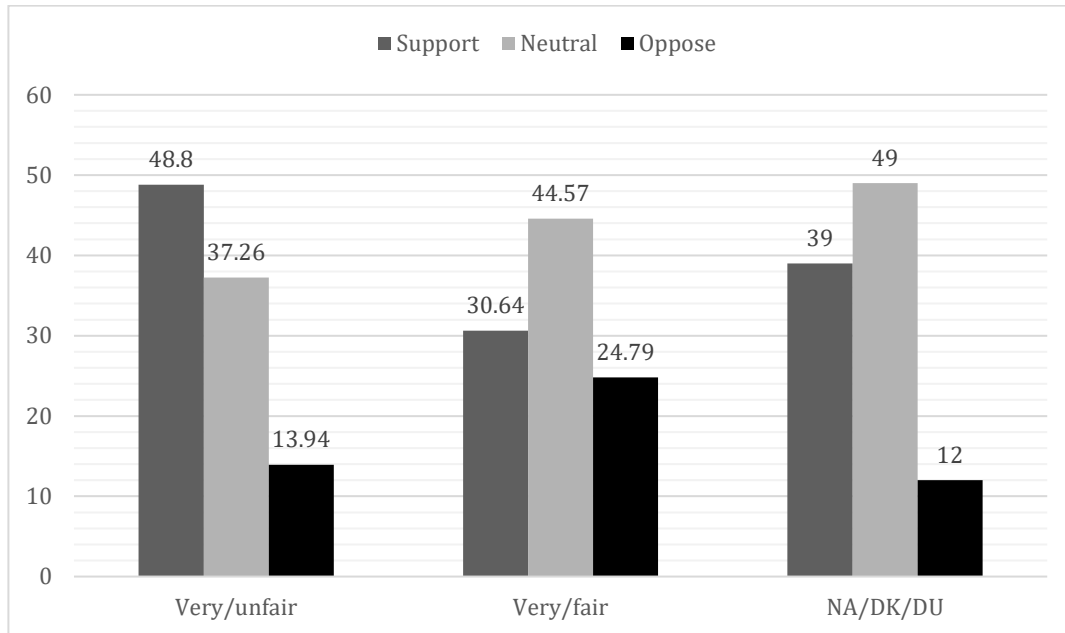


Figure 10: Perceptions of changes in inequality over 5 years by presidential ticket choice



Of those respondents who had heard of the 212 Movement (just over 70 percent), we asked whether they agreed with it, felt neutral, or opposed it. We cross-tabulated these results with people's perceptions of income distribution in Figure 11. The results illustrate that Indonesians who feel income distribution is unfair are more likely to support the Islamist movement compared to those who feel income distribution is fair.

Figure 11: Perceptions of inequality by support for the 212 Movement



The results suggest that Indonesians’ political preferences are associated with their views about the fairness of the income gap. While it is beyond the scope of this paper to investigate the strength of this association, it appears that people who believe income distribution is unfair are much more likely to support Prabowo over President Jokowi, and to express support for the Islamist 212 Movement, which not only opposed Jakarta’s Christian Chinese governor, but also took aim at Ahok’s ally – president Jokowi.

## CONCLUSION

Over the last five years, there has been a rise in the number of Indonesians who feel income distribution is becoming fairer. This could in part be a response to objective changes – levels of inequality have indeed improved. Still, many Indonesians continue to see current patterns of distribution as unfair. And those who believe that income distribution is unfair, and that inequality is getting worse, are more likely to support Prabowo and the 212 Movement that brought down Jakarta’s former governor.

Of course, the analysis presented here offers only associations between different variables, as illustrated through cross-tabulations. We do not know the size of the effect on people’s perceptions of inequality, and we do not know the direction of the effect or which way the causal arrow points. For example, is it the case that people’s inherent dissatisfaction with distribution leads them to be unhappy with the Jokowi government, and motivates them to support Prabowo? Or, is it that people who are attracted to Prabowo or to Islamist politics for other reasons, buy into their narratives about economic injustice and income distribution? More broadly, are people’s partisan political affiliations affecting their beliefs

about inequality, or are people's beliefs about inequality shaping their political choices and preferences?

It is beyond the scope of this paper to try and disentangle the issue of causation. What this (preliminary) analysis indicates, however, is that we should not just be thinking about inequality and economic justice as a socioeconomic problem. These data suggest that people's political preferences are intimately tied to their beliefs about the fairness of income distribution, and for many Indonesians this is an issue viewed through a partisan lens.

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<sup>1</sup> Luke Gibson, 'Towards a More Equal Indonesia' (Oxfam, February 2017),

<https://www.oxfam.org/en/research/towards-more-equal-indonesia>.

<sup>2</sup> World Economic Forum Development Index 2018:

[http://www3.weforum.org/docs/WEF\\_Forum\\_IncGrwth\\_2018.pdf](http://www3.weforum.org/docs/WEF_Forum_IncGrwth_2018.pdf)

<sup>3</sup> Oxfam 'On how to calculate towards a more equal Indonesia' 2016,

<https://oxfamblogs.org/indonesia/on-how-to-calculate-towards-a-more-equal-indonesia-2/>

<sup>4</sup> Hendra Kusuma, 'Program Padat Karya Cash Jokowi Dimulai Januari 2018', *Detikfinance*, 3 November 2017, <https://finance.detik.com/read/2017/11/03/193049/3712785/4/program-padat-karya-cash-jokowi-dimulai-januari-2018>; Fedina Sundaryani and Ina Parlina, 'Jokowi Pledges to Close Inequality Gap in 2017', *The Jakarta Post*, 5 January 2017, <http://www.thejakartapost.com/news/2017/01/05/jokowi-pledges-to-close-inequality-gap-in-2017.html>.

<sup>5</sup> Marcus Mietzner, 'Fighting Illiberalism with Illiberalism: Islamist Populism and Democratic Deconsolidation in Indonesia' 91, no. 2 (2018): 261–82. Eve Warburton and Liam Gammon, 'Class Dismissed? Economic Fairness and Identity Politics in Indonesia', *New Mandala* (blog), 5 May 2017, <http://www.newmandala.org/economic-injustice-identity-politics-indonesia/>.

<sup>6</sup> For example, the government has established microcredit banks, Bank Wakaf Mikro, in 33 Islamic boarding houses in Indonesia with up to USD \$560,000 funds per institution.

<sup>7</sup> Prabowo's speech at Indonesia Economy Forum 2018, Linda Yulisman, Indonesian presidential candidate Prabowo reveals big ideas to boost economy, *The Straits Times*, 21 November 2018, <https://www.straitstimes.com/asia/se-asia/indonesian-presidential-candidate-prabowo-reveals-big-ideas-to-boost-economy>

<sup>8</sup> Field observations were carried out simultaneously in all regions on 1-6 September 2018. The population of this survey was all Indonesian citizens with the right to vote in elections, 17 years old and above, or already married when the survey was conducted. Using a questionnaire, the interviews were conducted face-to-face by our interviewers on a random sample of 1,210 voting-age adults, who were selected with multistage random sampling, proportionally distributed over the 34 provinces. Based on this sample size, the estimated margin of error is  $\pm 2.9$  percent at 95 percent confidence level, assuming a simple random sampling design.

<sup>9</sup> Taufik Ramadhan Indrakesuma, Edgar Janz, and Matthew Grant Wai-Poi, 'A Perceived Divide : How Indonesians Perceive Inequality and What They Want Done about It' (The World Bank, 1 November 2015), <http://documents.worldbank.org/curated/en/310491467987873894/A-perceived-divide-how-Indonesians-perceive-inequality-and-what-they-want-done-about-it>.

<sup>10</sup> Edward Aspinall, Marcus Mietzner, and Dirk Tomsa, *The Yudhoyono Presidency: Indonesia's Decade of Stability and Stagnation* (Institute of Southeast Asian Studies, 2015).

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