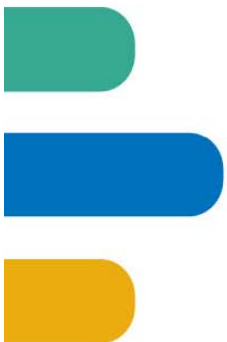


The Impact of Inequality to Prosperity and Security

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Research Sharing Event 2014-2015
Jakarta, 31 March 2015





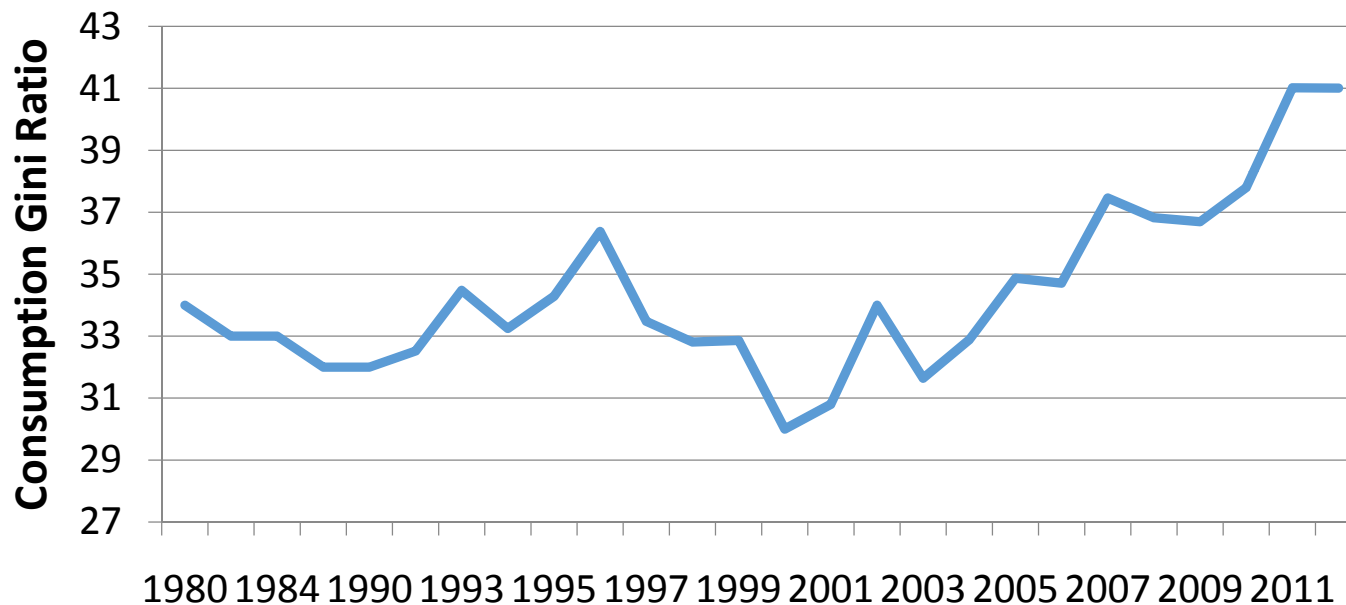
Outline

- Background
- Objective and study design
- Inequality and prosperity
- Inequality and security
- Policy implication



Background

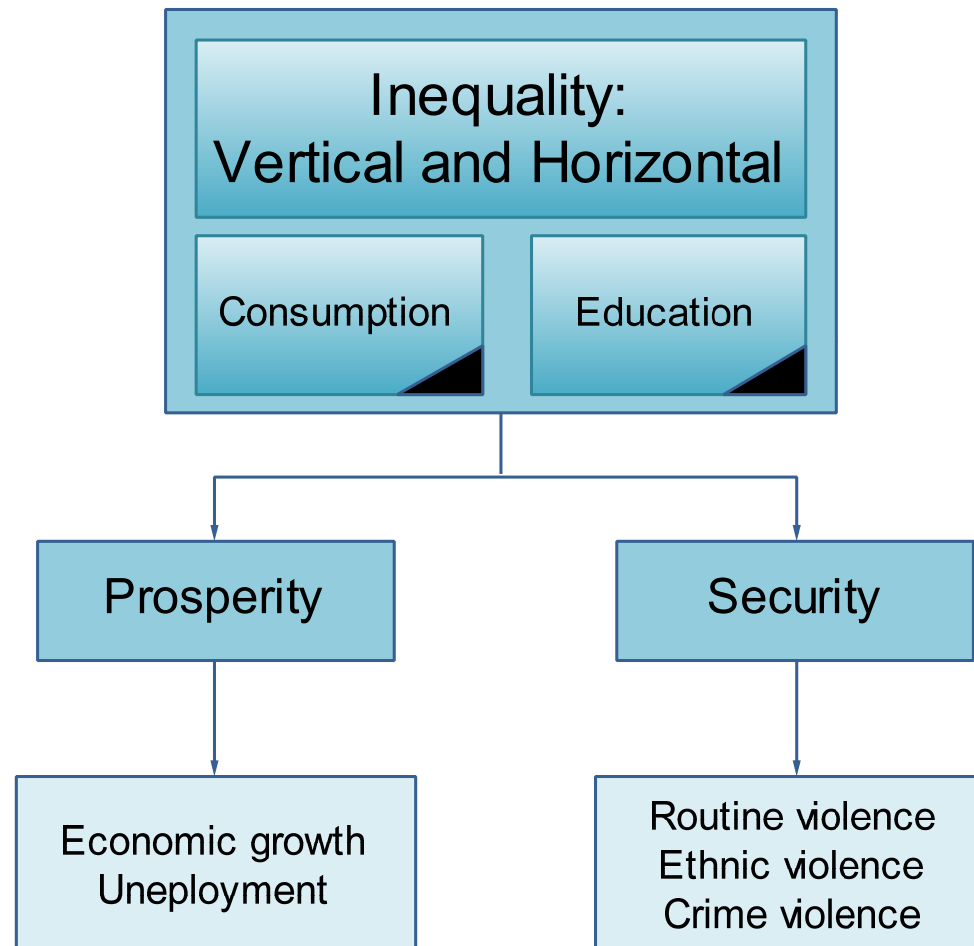
- Consumption inequality in Indonesia is on the rise during the last decade



- However, there is **NO consensus** on whether the impact of higher inequality is detrimental or not



Objective and Design of Study





Objective and Design of Study

- Employ a **district-level panel data** set from 2000-2012.
- The data were used:
 - SUSENAS
 - PODES
 - SENSUS Penduduk
 - Sistem Nasional Pemantauan Kekerasan (SPNK)



Key Findings on Inequality – Prosperity Nexus

- Economic growth
 - Consumption vertical inequality
 - The relationship is the inverted “U” Shape
 - Education horizontal inequality in ethnic
 - The relationship is the “U” shape
- Unemployment
 - Education vertical inequality
 - The relationship is the “U” shape
 - Education horizontal inequality in religion
 - The relationship is the inverted “U” Shape



Key Findings on Inequality – Stability Nexus

- Routine violence & crime
 - Consumption vertical inequality
 - Routine violence increase the effect of inequality → Positive
 - Routine violence has the inverted “U” shape relationship with income
- Ethnic violence
 - Consumption vertical inequality → same relationship like the other violence types
 - Horizontal inequality (ethnic and religion)
 - Have greater impact

- Increasing inequality is a growing concern in many parts of the world, including Indonesia.
- The rising of inequality poses a significant risk for both the economy and human development.
- Therefore, it is crucial to put in place policies to tackling inequality as an explicit focus in the government's development agenda.

THANK YOU



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