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SUYANTO, Koji Kotani, PhD
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ABSTRACT OF THESIS

Population Growth and Economic Growth:

The Case Study of Indonesia

By

Suyanto

Master of Arts in International Relations

International University of Japan 2008

Professor Koji Kotani, Supervisor

This paper examines correlation between population growth and economic growth in Indonesia by adding lagged fertility and net-migrants as potential explanatory variables. In this way, we differentiate the short run and long run effects of population growth on economic growth. Since extensive migration policies have been taken nationwide in Indonesia, we hypothesize that adding net migrants in the regression as a new control could significantly affect the correlation between the two variables. The results suggest that lagged fertility does not affect the two-variable analysis. Once net-migrants are incorporated into a regression model, we obtain the significance of negative correlation between population growth and economic growth. The results not only support both Malthusian and Non-Malthusian schools of thought but also suggest that net migrants are key determinants to be controlled to analyze economic growth in Indonesia.

Key Words: Economic Growth, Population Growth, Lagged Fertility, Net-Migrants Growth