

Population Dynamics and Economic Growth in Indonesia

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ABSTRACT

Indonesia's population growth rate has a declining trend. The Data from interim population census on 2015 show that the largest population decline occurred during 1990 to 2015, population growth reached 1.43 percent. Meanwhile, economic growth during this period fluctuated but was relatively stable, ranging from 3 to 6 percent, except for the 1998-1999 monetary crisis period. Besides, process transition from high fertility and mortality to low fertility and mortality rates undertook rapidly. There is no consensus and inconsistent findings on how population growth affect economic growth. Based on production function approach this research examines the effect of Indonesian dynamic population and the other factor of production such as capital formation, net export, and human capital to Indonesian economic growth during 1991-2015. The data used from World Bank Development Indicator and using Error Correction Model to analyze data. This result show negative effect of increase in fertility and positive effect of decrease in mortality to economic growth in the short run and long run period. In the short run and long run, foreign direct investment, net export, and primary school enrollment indicate positive effect on economic growth. These findings confirm that high economic growth in Indonesia during 1991-2015 contributed both of economic variable and Indonesian dynamic population.

Keyword : Economic growth, population dynamic, production function, error correction model

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