The Politics of Poverty: Issues, Ideas and Actors

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Introduction

- We now know far more about Indonesian poverty than ever before.

- But ‘knowing’ is not enough. A serious commitment and a concerted effort are both required.

- Democracy, political freedom and decentralization offer both opportunities and challenges to poverty alleviation.

- The scope of this presentation
Tackling poverty: the evolution of policy

- **New Order:**
  - Most efforts were not directly targeted towards the poor

- **Crisis:**
  - Targeted but reactive measures under the JPS umbrella

- **After the crisis:**
  - Reduction of fuel subsidies, expansion of targeted assistance, the introduction of conditional cash transfers and efforts to build social protections/insurance

Perdana and Maxwell, The Politics of Poverty
The politics of poverty today

- Democracy, political openness
  - Open discussion on poverty

- More ‘voice’, more scrutiny
  - The poverty number controversy
  - Poverty during the 2009 election

- More ‘noise’
  - Populism and fuel price issues
  - ‘Dana aspirasi’ and ‘dana desa’
The expanded role of district governments

- Poverty varies greatly across and within region
  - Local-specific challenges, no uniform approach

- Regional autonomy will be important: service delivery
  - But the results so far has been patchy
  - Leadership, not system, still matters more

- Infrastructure development spending
  - Bg amount of resources is now under the district governments
  - Rural roads: a case where development hasn’t worked well
Agency and coordination at the central level

- Some poverty alleviation efforts are still best managed at the central level

- Who should do that? Which agency?
  - A new ‘Team’ chaired by VP Boediono (TNP2K)
What proportion of government expenditure is being allocated to poverty alleviation?

Central govt spending (Rp trillion)

- **Fuel & electricity subsidies**
- **Social assistance**
- **Non-energy subsidies**
- **Other central govt exp**
- **Transfers to region**

*Source: Ministry of finance*
Concluding remarks

- “Much about poverty is obvious enough” (Sen 1981).
  - The main question: what are the best strategies?

- Approaches to poverty have evolved over time. The government is moving towards more targeted and longer-term social assistance measures.

- Politics and political institutions under a more democratic and decentralized Indonesia provide opportunities as well as constraints.