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TOWARD INDONESIAN TENSION :
**DOES DIVERSITY OR
INEQUALITY MATTER
FOR CONFLICT?**



TOWARD INDONESIAN TENSION : DOES DIVERSITY OR INEQUALITY MATTER FOR CONFLICT?

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BACKGROUNDS



Upward trend of **Global and Indonesian Tension**, there are many studies about conflict, but the results are divergent. **Ethnic Diversity or Income Gap?**

Indonesia has **high intensity of conflict** (more than 30 conflicts); **high level of ethnic diversity** (EFI* 0.81) and **high income gap** (average income ratio is 7.4)

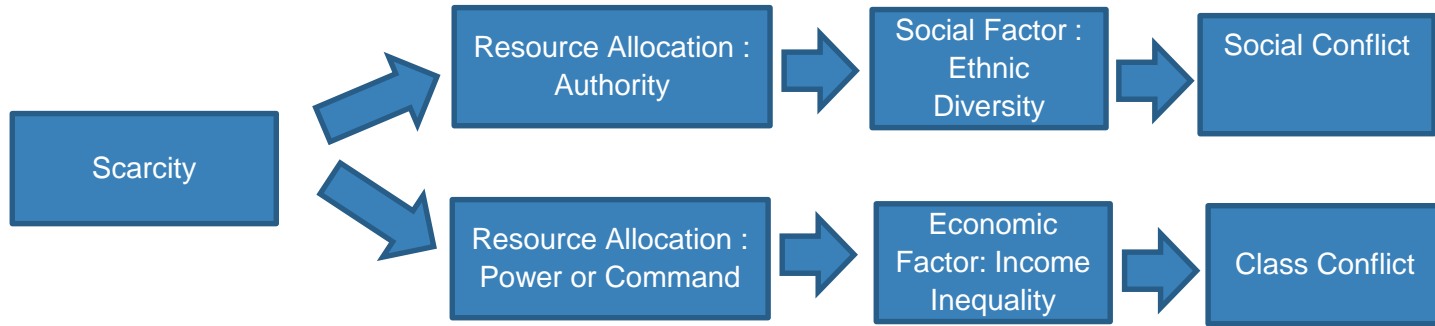
*EFI: Ethnic Fractionalized Index

Keywords: Conflict, ethnic diversity, income inequality.

ECONOMIC THEORIZING OF CONFLICT

Conflict can be defined as the use of resources for creating or defending against appropriation. Within each of these areas, **economic agents allocate resources** toward the **defense and coercive appropriation of assets**. Moreover, such resource allocations generally reshape key economic variables such as **welfare, and security of property**

-Anderton (2003)



METHODOLOGY : MODEL SPECIFICATION

$$Conflict_{ij} = \beta_0 + \beta_1 EFI + \beta_2 EFI^2 + \beta_3 Income\ Gap + \beta_m Social\ Factors_{mj} + \beta_n Economic\ Factors_{nj} + \varepsilon_i$$



Conflict :

1. Total Conflicts
2. Civil Groups
3. Village
4. Ethnic Groups

Source: Podes 2011

Ethnic Fractionalized Index (EFI)

$$EFI_j = 1 - HHI = 1 - \sum_{i=1}^n s_{ij}^2$$

Source: Population Census 2010

Ratio of the income share of the top 10% to that of the bottom 10%

Social Factors :

1. Social Institutions
2. Elected Village Council (BPD)

Source: Podes 2011

Economic Factors :

1. HDI
2. Poverty Rate
3. Electricity Rate
4. Pop. 15-64 y.o.
5. Slum
6. Unemployed People
7. Formal Sector Workers
8. Alcohol Consumption
9. Dummy District/City
10. Land Diverts

Source: Related Sources

RESULT AND DISCUSSION

U-Shaped Relationship between **EFI** and intensity of conflict; **Positive Relationship** between **Income Gap** and intensity of conflict; **Economic aspects** more influenced than social aspects

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High	<ul style="list-style-type: none">• Central Java• East Java	<ul style="list-style-type: none">• Maluku• North Maluku• Papua• West Papua
Low	<ul style="list-style-type: none">• Yogyakarta• West Sumatera• Bali• Gorontalo	<ul style="list-style-type: none">• Riau Archipelago• West Sulawesi• Bengkulu• South Kalimantan
	Low	High

EFI

Source: Author's Compilation

Figure 4.1-1 Diagram of Distribution the Intensity of Conflict and EFI at Provinces Level

CONCLUDING REMARKS

- **Heritage, Don't Resist but Accept it**

Ethnic Diversity is significant determinant of the intensity of conflict, Strengthen Indonesian Motto "Bhinneka Tunggal Ika" Because Ethnic Diversity is Heritage and cannot changed.

- **Make Unequal Things Equal**

Income Inequality/Gap is significant determinant of the intensity of conflict , Reducing Income Inequality/Gap is solution to reduce the intensity of conflict in Indonesia

- **Ease on Access and Opportunities**

More basic infrastructure, more job opportunities



THANKS!

