

Singapore Management University

Institutional Knowledge at Singapore Management University

Perspectives@SMU

Centre for Management Practice

2-2013

'Educating Indonesia' and the Minister Who's Making It Happen

Singapore Management University

Follow this and additional works at: <https://ink.library.smu.edu.sg/pers>



Part of the [Education Commons](#), [Growth and Development Commons](#), and the [International Economics Commons](#)

Citation

Singapore Management University. 'Educating Indonesia' and the Minister Who's Making It Happen. (2013).

Available at: <https://ink.library.smu.edu.sg/pers/27>

This Journal Article is brought to you for free and open access by the Centre for Management Practice at Institutional Knowledge at Singapore Management University. It has been accepted for inclusion in Perspectives@SMU by an authorized administrator of Institutional Knowledge at Singapore Management University. For more information, please email cherylds@smu.edu.sg.

‘Educating Indonesia’ and the Minister Who’s Making It Happen

Published: 27 Feb 2013



Energy and optimism were highlights of the recent speech given by Indonesia’s Trade Minister Gita Wirjawan during the SMU Presidential Distinguished Lecturer Series. While the optimism may be rooted deeply in the potential of Indonesia’s current demographic — more than 30 percent of its population is aged between 19 and 24, and more than 50 percent is under 29, making it one of the youngest productive populations in the world — its economic success story is fact, reflected in its G-20 membership, where it is the second fastest growing economy.

Yet much remains to be done to unleash the full potential of this segment, says Wirjawan. Youth unemployment in Indonesia, for example, is five times higher than the global average, due in part to a lack of education.

Even so, he sees a positive future ahead. Indonesia’s gross domestic product per capita has almost quadrupled to around US\$4,000 since 2004, and if its growth trajectory is allowed to progress, he estimates that the government will likely spend up to US\$2.4 trillion on education. The key to growth is the development of human capital, which he considers is critical for the country’s progress.

“We have the opportunity to ‘educate Indonesia,’” says the minister, who is passionate about education. And he has walked the talk. When he entered public life as the chairman of the Indonesia

Investment Coordinating Board in 2009, he immediately set about reforming the Board. In one controversial move, he decided that new employees needed to have a minimum GPA score of 3.5 and a TOEFL score of 600. "We are in an environment where we have got to be able to communicate with the rest of the world. And if we are to negotiate trade and investment, how can we do that if we cannot speak English?" he argues.

Two years later, he introduced the same policy at the Ministry of Trade.

Wirjawan who graduated from Harvard's Kennedy School of Government with a Masters in Public Administration, went on to hold executive positions in JP Morgan, and establish a private equity firm, before being tapped by President Yudhoyono to take up the challenge of leading the Board, just as the economy started to take off.

More challenges ahead

There's more to his optimism than investment in human capital.

Wirjawan is convinced that the two key drivers of Indonesia's economic growth - domestic consumption and investment - are likely to continue a high level of growth in the near future.

Last year, for example, Indonesia attracted a record US\$24.6 billion (S\$30.2 billion) in foreign investment — up from 23 percent in 2011. What is probably even more encouraging, he adds, is that investment is now flowing from Java to the less-developed provinces, which received 46 percent of all investments made last year, a steep rise from 19 percent in 2009.

Despite the impressive statistics, he's quick to point out that there are still challenges ahead.

These include its "hopelessly antiquated infrastructure", a reference to its famously-jammed roads, the vehicles that use them, and transportation systems that link the major islands of Java and Sumatra with Indonesia's remaining 17,000-plus islands.

Another area for improvement is the rule of law. "We get hammered all the time for not being able to deliver legal certainty," he says. "Yes, there have been imperfections and we must make sure they get fixed."

And while Jakarta's infamous traffic jams are quite possibly the biggest frustration that visitors to Jakarta will experience, they're also a sign of the times and a positive one at that, says Wirjawan, because they highlight the extent of the archipelago's economic growth.