The Indonesia Economic Transformation: Lessons for Nigeria

Adebile, Oluwaseyi Paul[1]

Abstract

Drawing lessons from the past is one of the core values of historical inquiry. This paper tows this line by engaging an historical evaluation of Asian Indonesia with particular attention to its economic transformation process in a bid to address the lingering challenge of economic underdevelopment in Nigeria. While Nigeria's economy appears blossoming econometrically particularly to the outside world, its actual state of development can be modestly defined by the domestic conditions and economic realities within her borders. However, popular justifications for this condition of economic backwardness in received literature have been anchored on her colonial history, socio-political diversity and increasing massive population. Even though such narrative context may appear correct, this current research beams its light of inquiry to a clime that is 'un-African' and submits that Nigeria's historical and socio-cultural experience is common. Hence, this study, through secondary sources of history and the comparative approach in historical scholarship, identifies the commonality of Indonesia's historical experience within the context of its contemporary economic transformation since 1945 to derive realistic clues toward Nigeria's economic development.

Keywords: economic history, political economy, development, international economic relations

Introduction

Indonesia is the world's fourth most populous country after China, India and the United States. According to data from the 2020 Indonesia's census,

1 Department of History, Adeyemi Federal University of Education, Ondo. opadebile@gmail.com

the country has a population numbering over 270.2 million people (Indonesia's Population Census, 2020). It is situated in the island of Southeast Asia, occupying most of the Malay Archipelago, which is the largest organisation of island groups in the world (Whitten, Soeriaatmadja & Suraya, 1996). A nation-state comprises over 100 ethnic groups with most of them inhabiting Java, which houses Jakarta, Indonesia's capital city. Just like most of the Asian and African contemporary states, Republic of Indonesia is a conglomeration of former traditional ethnic states in the island between the Asian and Australian continental plates, made a colonial state by foreign powers, metamorphosed into an independent nation-state in 1945.

The theme of Indonesia's economy has largely attracted academic interest since the mid- twentieth century, especially in the field of history and economics. This has been due to the country's sporadic growth and economic development of the country since its independence in 1945. The concern with Indonesia's economy has been more prominently observed in the academia, because of the consideration within certain economic and financial quarters to upgrade her from the MINT economic category, perhaps to the BRIC (now BRICS) countries (Durotoye, 2014). MINT is an acronym coined by Fidelity Investments, a Boston, US-based asset management firm in description of the economies of Mexico, Indonesia, Nigeria, and Turkey; countries considered to have low level of development with great potentials and prospects for economic development in the near future (Ian Fraser, n.d.). Further, the alignment of Indonesia with the G-20 barely within seven decades is a proof of its actual transformation from an agrarian economy to an industrial one.

This study investigates and analyses the economic transformation of Indonesia since 1945. It identifies certain reforms, schemes and structure that have aided such rapid development of Indonesia's economy over the past half a century. The work also takes advantage of comparative approach in historical scholarship to develop schemes of reforms from Indonesia's experience by handing down workable recommendations that could transform Nigeria's lingering challenge of economic underdevelopment.

A Historical Glimpse of Indonesia Before 1945

History has it that the ancestors of the existing Papuans, Malays, Javanese and other Malayo-Polynesian groups were the earliest to settle in modern Indonesia up to the fourth millennium BC *(Brown, 2003).* These settlers engaged in trade relations with their neighbours—India, China and a substantial part of Southeast Asia. The contact gave room for cultural diffusion and in-flow of external influence into Indonesia. Prominent among these influences are those from the Indian Muslim traders. They started impressing the Islamic creed in the area during the 8th and 9th centuries AD when their trade contact attained a height. The eventual spread of the religion across the archipelago region and its dominance in Indonesia today is evident in general recognition of Indonesia as the largest Islamic nation of the world (Michael Buehler, 2009).

Early in the 15th century, Portuguese merchants were attracted to Malacca - a strategic trading port in the archipelago where such spices as nutmeg, mace, cloves and ginger were exchanged for gold. The spices (aromatic plants) were important to the Portuguese for its potency in the cure of sexual infections which was a challenge to healthy living in certain European enclaves (De Wet, Nzama and Vuuren, 2012).

Towards the end of the 16th century, the Dutch had hijacked the spice trade from the Portuguese traders. In fact, by the 17th century, Dutch influence had been so profound that its authorities established a monopoly on the cultivation of exports crops on Java in what has been termed *cultuur stelsel*, translated as the *cultivation system* (Fasseur, 1992). The 'new agro-economic system' gave the Dutch opportunity to maximize the economic potential of the region for their pecuniary gains; they commenced sugarcane and coffee plantations on the Java to raise fund in support of the Dutch kingdom's budget (Fasseur, 1992). The imperial Dutch United East India Company (Vereenigde Oost-Indische Compagnie, abridged as VOC) became the instrument to enforce Dutch colonial activities in the region which continued till the 18th century when the British showed up on Java.

Rivalry between the VOC and the English East India Company was stirred with the emergence of the British on Java in the course of 18th century. The VOC which has at the time been ensnared in corruption and administrative decadence could not weather the challenges posed by the British. This cumulated in the gradual decline of the VOC toward the end of the 18th century. More importantly, the French occupation of Holland between 1806 and 1815 was of benefit to British occupation of the archipelago as it created avenue for the British to further consolidate her dominance in the area. However, following the fall of Napoleon Bonaparte at Waterloo, it was agreed upon that most of the territories in the archipelago region should return to the Dutch.

The late 19th century and early 20th century came with political integration of Java and the outer islands into a single colonial polity (Howard Dick et al., 2000). In the same way, the period occasioned the emergence of Indonesian nationalism striving against the oppressive structure of colonialism and challenging Dutch presence in Indonesia. Nationalist agitation in Indonesia was anchored on the quest for emancipation, which started with the establishment of a group called *budi utomo* under the control of Batavia students in 1908 (Howard Dick et al., 2000). This was fuelled by other organized Communo-Islamic influences to arouse the needed nationalist consciousness in Indonesians. The growing confrontational expression of nationalism by the Indonesians made the Dutch colonial authorities to adopt subversive measures to cripple the struggle by arresting and exiling nationalist leaders among who were Sukarno and Hatta who later became the first president and vice president of independent Indonesia respectively.

The Japanese invasion of Dutch Indies in 1942 seems beneficial to the actualization of Indonesia's dream. Their presence largely repressed Dutch influence in the area and empowered the native people through formal education, military training and socio-political re-orientation that would lay the strong foundation for the institution and sustenance of a sovereign Indonesian state. Thus, few days after the bombing of Hiroshima and Nagasaki in Japan, on August 17, 1945, Sukarno declared Indonesia's independence in Jakarta (http://www.entoen.nu/indonesie/en).

The Dutch tried to regain their control over Indonesia even after the proclamation of its republic but all its effort proved abortive. The Dutch eventually gave up its mission under domestic and international discontent and accepted the sovereign status of Indonesia on the 27th of December, 1949. It is pertinent to state here that the four years between 1945 and 1949 when Indonesia's independence was proclaimed and when it was recognized by the Dutch was characterized with struggles to preserve the sovereignty of the new nation. This has made the period to be considered as an era of independence war (Hellwig & Tagliacozzo, 2009).

Political Economy of Indonesia since 1945

The Sukarno's leadership between 1945 and 1949 was a new opportunity for the nation to define its influence and explore its potentials as a sovereign state (Crouch, 2019). The fate of Indonesia would henceforth be determined by its own government and nationals. The Republic of Indonesia under President Sukarno was concerned about the economy, unlike his African counterparts, particularly President Kwame Nkrumah of Ghana, who at the wake of independence, canvassed for Africa's political fusion (Nkrumah, 1970).

It however took Indonesia two decades for its economy to truly find its feet. The challenge towards the development of an Indonesian national economy seems influenced by the legacies of colonial economic system and orientation that enforced servitude and exploitation above self-esteem and social development. In addition, at this time, the revolutionary Indonesian nationalism that started in the early twentieth century appears to have taken effect on economic development by instigating labour radicalism. These consequently dampened the people's morale to work, such that the problem of low productivity of labour, parasitic function of the indigenous entrepreneur, and the high level of state control over those with intellectual and developmental skills became the challenges of Indonesian's economic development in the early post-colonial era (van der Kroef, 1956).

More importantly, the leadership of President Sukarno and Vice president Hatta has also been criticized for its complicity in the underdevelopment of Indonesia during their administration by not being able to craft a new economic developmental model outside the colonial one.

> ...Its origins lie in the inability of this national leadership to adjust itself to a new situation after the attainment of independence, to realize that the world in which we have now conquered our place is a different one than the one which presented itself to us from our narrow nationalist view in the period of our struggle against the Dutch power, and makes different demands...And herein lies the failure of the old leadership which has guided us to the gateway of independence that it is unable to disengage itself from the mental outlook which brought the first phase to a successful end but does not have the ability to adjust itself to the demands of the second [phase]. The character of the struggle in the first phase was narrowly political, directed against Dutch authority, and therefore antithetical. The demand of the present is a creative one (Sudjatmoko, 1955 cited in Justus M. van der Kroef, 1959, p.120).

Sukarno's administration suffered from lack of direction with regards to what was necessary for the economic development of Indonesia. What would be best described as the contribution of the era was the preservation of the sovereignty and unity of the new state. However, his often despotic approach to governance would result to the communist party-led revolt claiming the lives of some military officers. The event led Sukarno to appoint (Ret.) General Soeharto in 1965 to restore order. Soeharto was later appointed as acting president in 1966, thus easing Sukarno from power.

Indeed, the period from 1966 marked a watershed in the economic development of Indonesia. The emergence of President Soeharto and his perspective of economic growth and development has made the period significant and widely regarded as one of a 'new order'- a period that occasioned the beginning of Indonesia's economic transformation. When Soeharto assumed the reins of power on March 1966, Indonesia was in an economic mess, owing to contradictions and imbalances in economic policies. In description of Indonesia's economy before Soeharto's era, Woo and Nasution (1989) note that:

> The economy had grown unsteadily at an annual average rate of 1.8 percent between 1960 and 1965. Since the annual population growth rate was 2.5 percent, per capita income declined over this period. The inflation rate was also accelerating. It was 128 percent in 1963, 135 percent in 1964, and 595 percent in 1965…An exchange rate that was overvalued for a prolonged period of time had caused the decline of the export industries, the most productive sector of the economy. The import-competing industries, kept alive by high tariffs, were notoriously inefficient. Extensive price controls which discouraged production, a complex tax system with high marginal rates, and a corrupt administrative structure also helped to cripple economic growth (Woo & Nasution, 1989, p. 58).

A mixed economy having its various sectors of production both in the hands of the government and private owners was faced with the challenge of restructuring the system to give room for economic development after its experience of colonial exploitation and the economic doldrums of the first two post-independence decades. Nothing else was the preoccupation of the Soeharto's government in the 60s than to remedy the economy and position it for development in the coming years (Touwen, 2006). In doing this, the government enacted economic policies that would improve the quality of labour and increase production. Since agriculture (forestry, fishing and hunting) seems to make major contribution to Indonesia's domestic income and export-commodities, commercial agriculture was encouraged among land owners in some places in Java, Sulawesi and Sumatra to change the subsistence orientation in the economy.

Further, in the 1970s, Indonesia experienced breakthrough in its mining sector. The period featured two oil booms (1973/74 and 1978/79) which expanded Indonesia's exports such that it became a member of the OPEC (Organization of Petroleum Exporting Countries). This event was indeed a turnaround for Indonesia's economy, contributing largely to national development. Revenue from exploration of the oil and gas sub-sectors were strictly managed and used for the sustenance of the unitary political structure, infrastructural development, health care and education (Hill, 1992). The mining sector apart from oil and gas also has coal as one of its major exports which also contributed substantially to the national income.

The general decline of oil prices in the world market in the 1980s gave rise to the consideration for a diversified economy. Indonesia's government would now prefer an economy where other ready-made commodities apart from oil products could be manufactured and promoted in the global market. Thus, the gradual approach to the development of the industrial sector (food processing, textile and technology) had to begin to meet the exigency of the moment. Industrialization and urbanization became accelerated to make up for the falling oil exports along with manufactured exports (Goeltom, 2007). Consequent upon the new development in the manufacturing sector, from the mid-1980s, trade barriers were reduced and the Indonesian economy became more globally integrated (Elias & Noone, 2011).

Indonesia has been actively involved in the world economic market since the 1980s such that its GDP (Gross Domestic Product) increased considerably. What began in the 1970s with oil exports had attained immense value in the 1980s with the development of the industrial sector following the fall in global oil prices. Indonesia developed her external economic relations within the Asian continent, specifically with Australia. Neighbouring Australia had established strong economic ties with Indonesia, making her a major trade partner to Indonesia (Elias & Noone, 2011). Indonesia's government's openness to foreign investment also attracted a number of external investors specifically in the tourist and travel subsectors of the service sector contributing to the national economy.

The restructuring of the various sectors and subsectors of the Indonesia's economy starting from the late 1960s was sustained for a period of three decades. During this period, the nation went through a period of transformation that reformed a passive economy to an active and vibrant one in Southeast Asia and rehabilitated it from an agrarian economy to an emerging industrialized economy in the world. In fact, the World Bank in one of its reports on the economic development in East Asia included Indonesia as part of the World Bank's category of Highly Performing Asian Economies (HPAEs) based on per-capita GDP, capital accumulation and exports (World Bank, 1993).

Economic growth in Indonesia, 1965–1996

	Average annual growth rate (%)		
	1965/1980	1980/1990	1990/1996
GDP	7.0	6.1	7.7
Agriculture	4.3	3.4	2.8
Industry	11.9	6.9	10.2
Manufacturing	12.0	12.6	11.1
Services	7.3	7.0	7.4

Source: H.W. Dick, Emergence of National Economy (2001)

The table above shows the average economic growth and GDP of in Indonesia between 1965 and 1996. In short, the various sectors and sub-sectors of Indonesia's economy recorded modest stability and growth during the period captured. However, this success story became interrupted in the mid-1990s with the Asian Economic Crisis (Andrew Berg, 1999). By the mid-1997 the crisis had extended to Indonesia, resulting in economic downturn in the country. At the peak of the depression, Rupiah - Indonesian currency, suffered immense decline in value against the US dollar to the tune of 80 percent and inflation to about 50 percent, such that the country had to depend on external aid to survive (Howard Dick, et. al., 2001). Given this situation, the Soeharto's government commenced consultations to develop new economic models that would salvage Indonesia's economy from collapse. It came to a head when President Soeharto had to sign an agreement with the International Monetary Fund (IMF) to ensure macroeconomic stabilization and abolition of the country's detrimental economic policies such as the National Car Programme and the clove monopoly, both on basis of political patronage and essentially involving family members of President Soeharto (Crouch, 2019). In spite of this effort, the Indonesian Rupiah remained undervalued.

The intense hardship of the period resulted in large-scale domestic socio-political insurrections leading to the forced resignation of President Soeharto in May 1998, after 32 years in government, just as President Sukarno was pressed to hand-over power in 1966. B.J. Habibie, Soeharto's Vice Presiedent temporarily took over the reins of power till October 1999 after the first national election that produced Abdurrachman Wahid as the first Indonesia's democratic president. Thus, the New Order government, which had emerged from the economic challenges of Sukarno's government, ended discreditably in a more severe economic and political crisis from which it was unable to rescue itself (Howard Dick, et. al., 2001).

Indonesia's economy did not bounce back until 2006 despite the various structural reforms by the IMF and the Wahid government. The emergence of President Susilo Bambang Yudhoyono following the 2004 elections came with assured optimism of a new epoch of reformation. This expectation started attaining realities in 2006 when economic growth accelerated considerably to 5.6 percent from 5.1 percent which it was in 2004. However, the economic growth during this period was driven chiefly by domestic consumption which was at the time three-fourth of Indonesia's GDP and the Jakarta Stock exchange which was then the best performing in Asia Capital Market (The Jakarta Post, 2007).

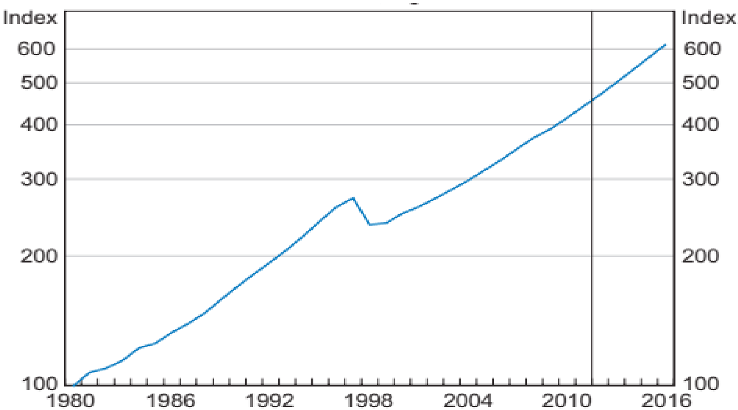
The succeeding Indonesia's administrations focused on the development of the agricultural sector and the manufacturing sector. Infrastructural development has also been held in high esteem in order to make the Indonesian economy measure up to others in Southeast Asia and in the world. It is pertinent to underscore that Indonesia's political economy over the years has also been adversely affected by some domestic anomaly, which have continued to limit economic growth such as low level of foreign investment as well as political and bureaucratic corruption resulting to the loss of about 1.4 percent annually (The Jakarta Post, 2007).

Composition of GDP in Indonesia, 1967-2009 (Sector share of GDP, percent)

	1967	1982	1996	1999	2009
Agriculture	51	23	17	20	16
Construction	na[(a)]	10	10	8	11
Manufacturing	8	13	26	26	27
Mining & utilities	na[(a)]	17	8	9	11
Services	36	37	40	37	35

(a) In 1967 the combined share of construction and mining & utilities was 5 per cent
Sources: CEIC; RBA; World Bank; United Nations

Indonesia's Real GDP (1980-2016)



* IMF forecast from 2011
Source: IMF

The tables above show that Indonesia experienced a remarkable economic growth from the 80s up to the second decade of the 21st century. On the whole, Indonesia's economic transformation was largely shaped by government policies towards the development of the various sectors and sub-sectors of the economy, the natural resources of the country and its active and developing labour force. In addition, its wide-ranging export economy increased foreign investments and the emergence of a productive industrial sector consolidated Indonesia over the past five decades.

Strategic Reforms in Indonesia's Economic Transformation

Indonesia has become increasingly globally integrated over the past half century, with its ratio of trade to GDP rising from 30 percent in 1970 to 60 percent in the 2000s (Stephen Elias & Clare Noone, 2011). It is interesting to note that such Indonesia's economic transformation was a product of astute leadership that fronted workable economic plan and policies. Essentially, Indonesia's rapid economic growth was influenced by certain reforms that steered the economy from its malady and gloom to economic prosperity and development. At this juncture, the paper turns to analyse the strategic reforms in Indonesia's economic triumph within the context of macroeconomic variables.

The first noticeable reform is the stabilization and rehabilitation programme introduced in 1966 which took effect from 1976. This plan was to put paid to currency print to finance government budget deficit and run routine expenditure of the state. By this, government expenditure can only be determined by domestic revenue and foreign loans; the government would no longer engage in undertakings that are beyond the financial ability of the state. Thus, the state fund will be subjected to strict management and supervision to meet the exigencies of the state, making the chances for corruption slim.

This reform, to a large extent, opened the economy to be determined by market forces. In this way, the allocation of resources within the Indonesia state was to be influenced by key trade elements rather than non-economic extraneous factors. The effect of this was to be felt in the development of an agricultural subsistence system to a commercial driven one with the expansion of the labour force and increased agricultural production. The growing agricultural sector thus contributed above 40 percent of employment in Indonesia, just like the case of Thailand and China (Elias & Noone, 2011).

Another key reform in the transformation process of Indonesia's economy was the adoption of a financing programme following the oil boom of the 1970s. This programme was to ensure the prudent use of the oil revenue to accelerate social development. Importantly, the policy focused more on financing education and health; in fact, it was intended under this agenda that finance should be directed to the building of primary schools and community health centres in all rural settlement in Indonesia (Goeltom & Nazara). This was a step toward capacity building and development of human resources across the nation.

Trade liberalisation is a major policy that fostered the economic transformation of Indonesia. It had to do with the country's openness to foreign investment, imports and exports (Hollinger, 1996). A policy of this nature was to get the country more integrated within the gamut of global economy. This brought about the attraction of foreign investors and trade partners to Indonesia economy, such countries as neighbouring Australia and other countries in Southeast Asia including some western countries like America traded with Indonesia. This fostered growth in the nations GDP and equilibrium in balance of payment.

Further, the Indonesian state introduced a family planning programme (World Bank, 1990). This policy was put in place to downsize the swelling population in order to develop a balanced population that would be equivalent to the nation's resources. The popular slogan during the 1970s in favour of this policy was; "two children is [are] enough—boys or girls are equal." Obviously the result was a reduced birth rate in Indonesia from an average of 2.4 percent in the period 1965–1980 to an average of 1.8 percent in 1980–1996. In addition, should the 1960s population growth rate continue without review, the population in the 2000s would have added above 80 million more nationals (World Bank, 1992 & 1998).

Indonesia adopted the transmigration programme which was to avoid unequal socio-economic development in the various regions making up the country. The plan relocated people from high density areas in Java to other regions with less population and socio-economic activities. Java and Sumatra are inhabited by over 50 and about 20 percent of the Indonesian population respectively. People in these areas were encouraged to move to other areas of the country with some incentives ranging from landed properties to monthly live support for certain period of time. Although, this programme was criticized as the process of "javanization" (Java cultural assimilation) in Indonesia, it resulted in cultural diffusion among certain ethnic groups and in other areas engendered inter-ethnic clashes (Thornton, L. David, 1972).

Connected to the above is the policy of poverty alleviation. According to World Bank records, Indonesia was quite successful in the reduction of absolute poverty (World Bank, 1990).The broad-based rural development really alleviated poverty. This development process did not in any way render the people poor because of the increasing availability of off-farm employment opportunities for rural households (Dick, et al., 2001). Thus, they were living, working and earning their wages. In addition, the increase in agricultural production has led to the creation of new jobs in food processing, transportation and others associated with the manufacturing and mining sectors. All these largely reduced poverty and increased per capital income in Indonesia (Booth, 1992).

Therefore, the economic transformation of Indonesia was piloted by functional economic plans and policies crafted to facilitate development in the past decades. It is necessary to point out here that the economic development of any country would be largely determined by the quality of economic plans and programmes that guides it and the adherence to such economic plans.

Lessons for Nigeria

The challenge of economic underdevelopment in Nigeria is not a recent issue. It has been a popular theme of discourse among scholars and intellectuals across various fields. What remains in the aching aspect of the issue is how a country with abundant endowment of natural resources will linger in economic instability for over half of a century. While several factors such as historical bend, external interventionism and internal discomfiture have been considered as clogs in the wheel of Nigeria's economic development, it is evident that no significant progress has been recorded towards Nigeria's economic development in the past few decades; rather it appear things are getting grim at the passing of each day. While it would be incorrect to present that Nigeria lacks strategic economic plans and policies, the leadership predicament of the Nigerian state is one that has hindered the development programmes of the nation. In short, the bane to Nigeria's economic development within this context is that economic plans and programmes have been more of rhetoric than transformative action.

This section, taking cognizance of the success story of Indonesia which has engaged our attention this far, proposes steps that should be considered in the task of Nigeria's economic development. First, the government should engage not just seasoned technocrats but painstakingly take inventory of the Nigerian socio-cultural and economic environment in order to design and enact functional and workable economic plans and policies that will organize the labour force and give structure to production. The Nigerian state may claim to have an organized labour sector, but what exists in the country is far from a functional organized labour force. The Nigerian situation is such that majority in the labour force are not registered and known to government, keep no record of their earnings and are probably not taxed, unlike the organized labour that are recognized and taxed by the government. The point is that, the Nigerian state cannot account for the entirety of its labour force because they are not well organized; this is evident in the maladministration of the Nigerian labour force. An organized labour force within certain economic plans would expectedly result in effective and high productivity of labour.

On economic liberalisation, the Nigerian state has been, perhaps, flexible in this regard, but it must be handled more strategically in the interest of the anticipated economic development. Indeed, there are several foreign companies in the Nigerian mining and communication sectors, these companies are instituted as agents of exploitation rather than development partners (Ahazuem & Falola, 1987). Thus, beyond wooing and opening up to foreign investments, the country must have laid down its economic programmes that would regulate the commercial practices of such foreign firms to the country's benefit and its overall development. The Nigerian business environment should no longer be such "where anything goes".

Second, the nature of the global economy should determine the domestic economic policies of the nation. It must be stressed here that economic policies are to be reviewed from time to time in view of the prevailing situation in the global market. This will enhance economic profits and reduce losses as well as sustain the economy of the nation. Making allusion from Indonesia, the development of the industrial sector became necessary following the fall of oil prices in the 1980s. It therefore becomes imperative that political leaders and technocrats should understand the times and seasons in order to salvage the economy from recession cycles.

Third, diversification of the economy should not in any way be undervalued. The economy of the Nigerian state remained a mono-culture and single export oriented one. The neglect and decline of the nation's agricultural sector since the late 1960s has not facilitated the economy to forge ahead, notwithstanding the new found international gold (oil) in the 1970s. The oil wealth has only left the nation in a paradox of blessings and banes at the same time. Essentially, Indonesia's oil boom in the 1970s did not result in the abandonment of their agricultural sector, rather it was sustained such that it contributed largely to employment and by far, the country's GDP which have ranked the nation prosperous in the world. Therefore, the Nigerian state must channel all efforts to the resuscitation of the agricultural sector and the development of other sectors too in order to increase export commodities and power the anticipated economic transformation of the nation.

Fourth, the issue of population must be considered seriously. The population of Nigeria swells by the day without any policy to control it. This alone is capable of placing the economy in jeopardy and makes it difficult to measure the economic progress of the country. Thus, it is suggested that population control measures such as a family size and planning programme should be adopted and implemented. In addition, effort must be made to ensure equal socio-economic development across the country as well as reduce the population density in some areas. Certain areas should not be over populated while others are almost deserted. For instance, rural-urban migration has remained a common trend in Nigeria, chiefly because of the lack of socio-economic development in the rural areas. People migrate to urban cities where opportunities are believed to abound. This results in the overpopulation of the urban centres and struggle for survival between the urban dwellers and rural-urban migrants. Just like the situation was salvaged in Indonesia, Nigeria should facilitate a broad based rural development and then consider a transmigration programme peculiar to its socio-cultural milieu to spread the population and enhance equal socio-economic development across the country.

One issue that must not be glossed over in the steps toward Nigeria's economic development is corruption. Corruption has remained a major challenge to Nigeria economic development and must be reduced, if it is not totally removed. Nigeria, in spite of its economic exertion, still loses billions of dollars to corruption annually. The point that must be stressed here is that Nigeria must engage a more forthright approach and fight against all odds to nail the coffin of corruption. This could be better handled by declaring corruption a national malaise attracting stringent punishments on culprits regardless of ethnic or religious affiliation, social status and group.

Conclusion

In examining the economic transformation of Indonesia since 1945, the paper started by creating a background upon which the study derived its premise by illustrating Indonesia's history before 1945, when it gained independence from Dutch colonialism. In this way, it showed that

European interest in the Archipelago region dates back to the early 15th century with the establishment of trade relations between the Portuguese merchants and the traditional dwellers of the region. The presence of the Dutch in the 16th century and the British much later inducted and established a colonial state in the region. The development of Indonesian nationalism in the late 19th century and its relentless struggle through the first half of the 20th century coupled with the Japanese invasion resulted in the eventual declaration of Independence in August 17, 1945.

Since then, Indonesia has been faced with the challenge of its economic development. The onset of the 'New Order Era' in the late 1960s with the emergence of President Suharto, following the period of Sukarno's instability brought great hopes for Indonesia's economy. In fact, the period was markedly recognized to have occasioned the economic transformation of Indonesia. This was however possible by the several reforms that were put in place, ranging from the rehabilitation and stabilization programme to the family planning and transmigration programme which among others facilitated the rapid development of Indonesia's economy within three decades.

Considering the imperativeness of connecting historical knowledge to the generality of contemporary realities, the paper adopted the Indonesia's economic success story in addressing Nigeria's protracted challenge of economic backwardness. Therefore, the problem of economic underdevelopment in Nigeria would be largely addressed if government would design and implement workable economic policies, control population explosion, pursue equal regional socio-economic development and reduce or if possible remove corruption. The application of this set of propositions among others made herein is capable of transforming Nigeria from a debased and unstable economy to a viable and progressive one as the case of Indonesia.

REFERENCES

Ahazuem, J.O. & Falola, T. (1987). Production for the Metropolis: Agriculture and Forest Products. Falola, T. (Ed.), *Britain and Nigeria. Exploitation or Development?* London: Zed Books.

Berg, A. (1999). The Asia Crisis: Causes, Policy Response, and Outcomes. *Asia and Pacific Department,* IMF Working Paper WP/99/138. https://www.google.com/url?esrc=s&q=&rct=j&sa=U&url=https://www.imf.org/external/pub...

Booth, A. (1992). Review Article: The World Bank and rural poverty. *Journal of International Development,* 24.

BPS-Statistics. 2020. *Indonesia Released the Results of the 2020 Population Census.* https://www.bps.go.id/website/materi_eng/materiBrsEng-20210121151046.pdf.

Brown, C. (2003). *A Short History of Indonesia.* Crows Nest, New South Wales: Allen & Unwin.

Crouch, H. (2019). *The army and politics in Indonesia*. Cornell UP.

De Wet, H., Nzama, V.H. & Vuuren, S.F. 2012. Medicinal plants used for the treatment of sexually transmitted infections by lay people in northern Maputaland, KwaZulu–Natal Province, South Africa. *South Africa Journal of Botany*. Vol. 78. 12-22. https://www.sciencedirect.com/science/article/pii/S0254629911000512#bi0005

Dick, H., Houben, V.J.H., Lindblad, J. T. & Kian Wie, T. (2001). *The Emergence of a National Economy: An economic history of Indonesia, 1800–2000*. Honolulu: University of Hawai Press.

Durotoye, A. (2014). The MINT countries as emerging economic power bloc: prospects and challenges. *Developing Country Studies*, 4/5: 99-106.

Elias, S. & Noone, C. (2011). The Growth and Development of the Indonesian Economy. *Bulletin Reserve Bank of Australia*. 37. http://www.rba.gov.au/publications/bulletin/2011/dec/pdf/bu-1211-4.pdf (Accessed on June 13, 2021).

Elson, R.E. (2008). *The idea of Indonesia: A history.* Cambridge University Press.

Fasseur, C. (1992). *The Politics of Colonial Exploitation: Java, the Dutch and the Cultivation System*. Ithaca, New York: Southeast Asia Program, Cornel University Press.

Fraser, I. (nd.). Fidelity is confident its MINTs won't suck. http://www.qfinance.com/blogs/ian-fraser/2011/05/10/fidelity-is-confident-its-mints-wont-suck-emerging-economies.

Goeltom, M. & Nazara, S. (nd.). Four decades of Indonesian development: a critical assessment. *Indonesia Historical Review.*

Goeltom, M.S. (2007). Economic and fiscal reforms: the experience of Indonesia, 1980–1996. *Essays in Macroeconomic Policy: The Indonesian Experience.* PT Gramedia Pustaka, Jakarta. 489–506.

Hellwig, T. & Tagliacozzo, E. (2009). *The Indonesia Reader: History, Culture, Politics*. Duke University Press. https://doi.org/10.2307/j.ctv11315rf.

Higgins, B. (1956). Indonesia's development plans and problems. *Pacific Affairs*. 29/2: 107-125. http://www.jstor.org/stable/2752601.

Hill, H. (1992). Regional development in a boom and bust petroleum economy: Indonesia since 1970. *Economic Development and Cultural Change*. 40/2: 351-379. http://www.jstor.org/stable/1154201.

Hollinger, W.C. (1996). *Economic Policy under President Soeharto: Indonesia's Twenty-Five Years Record*. Washington: United States Indonesia Society.

Indonesia: A colony fights for freedom, obtained from: http://www.entoen.nu/indonesie/en.

Indonesia's Population Census 2020.

Jakarta Post (2007). http://www.thejakartapost.com, cited in Wikipedia- https://en.wikipedia.org/wiki/Economy_of_Indonesia.

Nkrumah, K. 1970. *Consciencism: Philosophy and Ideology for Decolonization*. New York: Monthly Review Press.

Sudjatmoko, (1955). De Crisis in de Indonesische Cultuur. *De Nieuwe Stem*. Vol. 10. 328-329.

Thornton, L. D. (1972). The Javanization of Indonesian Politics. M.A. thesis, University of British Columbia.

Touwen, J. (2006). The economic history of Indonesia. *EH.net Encyclopedia.* Leiden University, Netherlands.

U.S. Department of Commerce Economics and Statistics Administration. (1992). *Population Trends: Indonesia*. Bureau of the Census, Center for International Research, August.

van der Kroef, J.M. (1956). Economic Development in Indonesia: Some Social and Cultural Impediments. *Economic Development and Cultural Change*, 4/2: 116. http://www.jstor.org/stable/1151897.

Whitten, T., Soeriaatmadja, R.E., Suraya, A.A. (1996). *The Ecology of Java and Bali*. Hong Kong: Periplus Editions.

Woo, W.T. & Nasution, A. (1989). The political economy factors in policymaking. Sachs, J.D. & Collins, SM. (eds). *Developing Country Debt and Economic Performance*, Vol. 3: Country Studies - Indonesia, Korea, Philippines, Turkey. Chicago: University of Chicago Press.

World Bank. (1990). *Indonesia Family Planning Perspectives in the 1990s*. Washington D.C.

World Bank. (1990). *World Development Report 1990: Poverty*. New York: Oxford University Press.

World Bank. (1992). *World Development Report 1992*. New York: Oxford University Press.

World Bank. (1993). *The East Asian Miracle: Economic Growth and Public Policy*. Washington, D.C.: Oxford University Press.

World Bank. (1998). *Indonesia in Crisis: A Macroeconomic Update*. Washington.