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Middle Class and Democracy: An Assessment on the 2014 Indonesian's Presidential Election

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Abstract

This paper aims to assess the role of middle class in Indonesia's democracy, with the particular focus of the last Indonesian Presidential election. This study uses econometric analyses to assess preferences of middle class in presidential election by exploring data at district/city and provincial. The main finding in this study strongly suggests that religious and personality are still important elements under the race of Indonesia president. This study also found that different group of middle class has different attitudes in selecting the presidential candidate and the upper group of middle class is more likely to select Joko Widodo. Finally, a fragile middle class and a relatively high number of abstainers could be a barrier toward more substantive democracy.

Keywords: Middle Class; Democracy; Presidential Election; Indonesia

Abstrak

Makalah ini bertujuan untuk menganalisis peran kelompok kelas menengah dalam proses demokrasi di Indonesia, secara khusus peran mereka difokuskan pada hasil pemilihan presiden yang terakhir. Studi ini menggunakan pendekatan ekonometrik untuk menganalisis preferensi kelompok kelas menengah dalam memilih calon presiden, dengan melakukan eksplorasi data pada tingkat kabupaten/kota dan provinsi. Hasil studi menunjukkan, agama dan personalitas calon presiden menjadi faktor penting dalam pertarungan pemilihan presiden. Studi ini juga menunjukkan, berbagai kelompok dalam kelas menengah memiliki preferensi yang berbeda dalam memilih kandidat presiden dan kelompok kelas menengah atas cenderung memilih Joko Widodo. Akhirnya, kelas menengah yang rentan dan tingginya kelompok yang abstain, akan menjadi hambatan untuk menuju demokrasi yang lebih substantif.

Kata kunci: Kelas Menengah; Demokrasi; Pemilihan Presiden; Indonesia

JEL classifications: A12, C33

1. Introduction

Sumner & Edward (2014), argued that Indonesia could become a high income country by 2030 with Gross National Income (GNI) per capita (Atlas method) would across US\$12,000 between 2025 and 2030¹. Rising income per capita will elevate the

number of middle class (people earning or spending US\$10–US\$100 a day – 2005 purchasing power parity) from about 18.1% of population or 45.7 million in 2013 to about 41.4% or 121.4 million in 2030 (Figure 1). It is also believed that Indonesia's middle class (another terminology such as new consumer class²) is as driver of economic growth. However, this level of welfare cannot be achieved if the nature

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¹This is very optimistic scenario with economic growth at 6.7% per year; atlas method means that it is adjusted for fluctua-

tion in prices and exchange rate.

²In the Mckinsey Global Institute (MGI) (2012) used consumer class. Consuming class defined as individuals with an annual net income of above US\$3,600 at 2005 purchasing power parity (PPP). Under the 5–6% annual GDP growth, in 2030 the consuming class will increase from 45 million in 2010 to about 135 million in 2030, but with 7% GDP growth, the consumer class will reach 170 million in 2030 (MGI 2012).

of economic development are characterized by job-less growth, declining competitiveness, and rising inequality (Harvard Kennedy School 2013).

The sustainable growth of strong middle class has become of one economic development agenda (Asian Development Bank/ADB 2010). Promoting this group is believed can bring more domestic oriented economic growth and broad base economic growth. This can help the country to obtain the national resilient. Economists also believed that promoting the middle class will not disturb or hurt the poor, even it can create more stable and efficient poverty reduction and economic development (ADB 2010).

Pursuing market economy has become the underlying rapid growth of middle class. Market economy has been linked to political transition from authoritarian government to democracy. In terms of market economy and democracy indicator, Indonesia is categorized as functional flaws and defective democracy³. Over the 129 countries, Indonesia was ranked 45 for the market economy status (at the ASEAN level, Indonesia was the fifth rank after Singapore, Malaysia, Thailand, and Philippines) and 38 for democracy status (the highest rank among ASEAN countries). Further, as seen from Figure 2, in terms GDP per capita, Indonesia ranked 66 (over 115 countries) or among the ASEAN countries, Indonesia was ranked fourth after Singapore, Malaysia, and Thailand. This implies that although the democracy status in Indonesia is much higher than other ASEAN countries, the level of GDP per capita was lower than countries with lower status of democracy.

Boediono (2008) said that the level of economic development is one of key determinants for sustainability of democracy. He argued that the level of income per capita determines the lifespan of democracy. At US\$6,000 income per capita and above (Purchasing Power Parity, based 2001) or at US\$6,600 income per capita and above (Purchasing Power Parity, based 2006), democracy can stay much longer and the probability of its failure is very low (1/500). However, the Indonesian State Intelligence Agency or BIN mentioned that to bring Indonesia to full democracy, Indonesia needs welfare

³Freedom House pointed out that Indonesia's score was 3 (partly democracy), it was similar with year 2014. (<https://freedomhouse.org/report/freedom-world/2015/indonesia>).

stability and Indonesia needs to achieve US\$6,000 income per capita (Hikam 2014). Thus, it seems that there is a level of income per capita that is necessary to achieve for stable democracy. Currently, Indonesia GDP per capita, PPP was US\$4,955.9 that was still lower than the level for stable democracy.

While in terms of GDP, Indonesia may need longer term to reach stable democracy, the victory of Joko Widodo over Prabowo in the 2014 presidential, under the peaceful election process has bring new hope for the future of democracy in Indonesia. According to Aspinall & Mietzner (2014), the choice between Joko Widodo dan Prabowo Subianto are represented two options: (i) maintaining the existing democratic polity (this refer to Joko Widodo); and (ii) pursuing a populist experimentation and neo-authoritarian regression (this refer to Prabowo Subianto). Further, one of reputable election surveys such as *Indikator Politik Indonesia* (2014) conducted the exit pool survey, on the day of the presidential election on 9 July 2014. The survey indicated that the two presidential candidates shared different supporting voters⁴. Prabowo Subianto's voters were more likely in urban area and university graduate. They also have higher income than Jokowi's voters. This implies that Prabowo's voters is more likely to share a middle class characteristics than the Jokowi's voters. Thus, it may be right when Ünalı et al. (2014, p. 7) said that it is too soon to write off the Asian middle classes as agents of political change.

By considering both economic and political dimension of presidential election, this paper aims to address two main questions. *First*, can the existence of middle class explain the victory of Joko Widodo? *Second*, can Indonesia Democracy Index (IDI) explain the victory of Joko Widodo? The two questions are interrelated. According to Boediono (2008), there are two types of middle class with respect to democracy orientation. First is a consumer middle class with formal democracy orientation. This group may not have commitment to guard democracy. Especially if this group grows from corruption, collusion and nepotism environment. The

⁴*Indikator Politik Indonesia* conducted an exit pool survey on 9 July 2014. There were selected randomly and proportionally 2,000 polling stations (TPS) in all provinces. The respondents were randomly assign between 7.00–9.00 am. The total number of respondents who were interviewed 1,904 people (95.2%), the margin of error was $\pm 2.2\%$ at 95% confidence level.

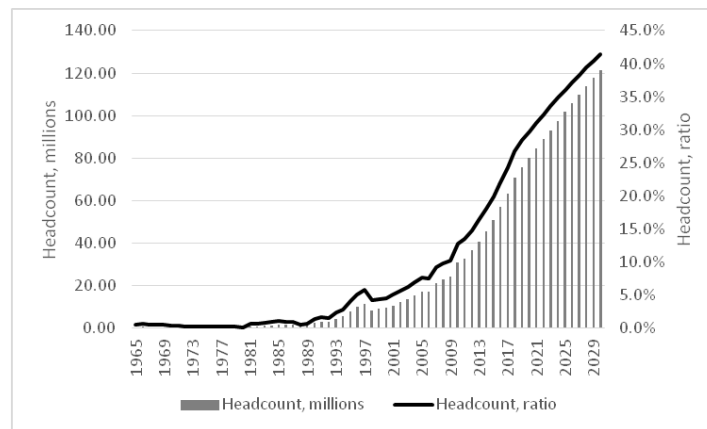


Figure 1: Middle Class in Indonesia

Note: Middle Class variables estimate and provide forecasts of the number of people living in households earning or spending between 10 USD and 100 USD per person per day (2005 PPP USD), and the consumption expenditure of this group; Headcount ratio, which measures the percent of the population in the middle class; up dated August 2013

Source: Kaufmann, Kharas and Penciakova (2012)

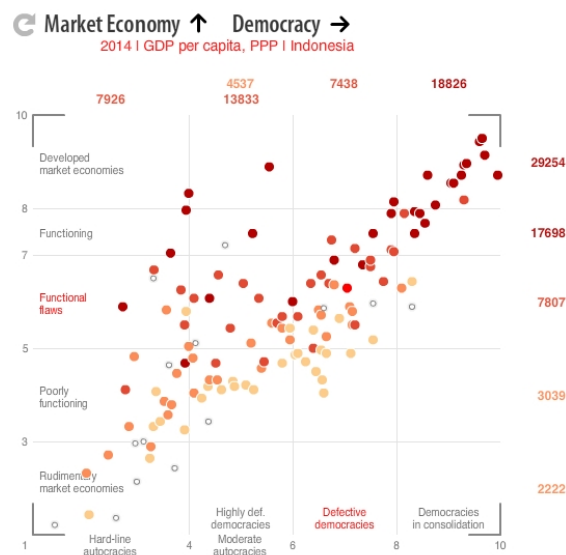


Figure 2: Market Economy and Democracy Index 2014 (Third Indicator GDP Per Capita, PPP)

Note: the red circle indicates Indonesia; the size of circle indicates population size; 7438 indicates 39 defective democracies show an average GDP per capita of US\$7,438; 4357 indicates 14 highly defective democracies show an average GDP per capita of US\$4,537; Indonesia GDP per capita, PPP was US\$4,955.9

Source: <http://www.bti-project.org/bti-home/> (Accessed 17 February 2015)

middle class group who nurture under this condition can create a high economic growth but it is not sustainable because it is lack in strengthening democracy, good governance, and law certainty. This group of middle class create a rent seeker or ersatz capitalism. The second group is a 'true middle class'. This group of middle class is driven by fair competition environment. This group of middle class aims to pursue the essence or substantive democracy rather than a formal mechanism democracy.

We applied two different methods to assess the connection between middle class, democracy, and presidential election. *First*, we utilised the presidential election results from the district level, and combined it with the expenditure by decile of households. *Second*, we used the Indonesia Democracy Index at provincial level and corresponded it with the presidential election data. We organised the paper into five sections. After introduction we explored the characteristic of Indonesia's middle class with comparison to other ASEAN countries. In section three, we brought a literature review in understanding between middle class and democracy. Section four described the methodology from the three approaches. Section five provided empirical results and analysis. Finally section six consisted of conclusions and policy implications.

2. Literature Review

2.1. Middle Class in Indonesia

ADB (2010) said that more than a half of Asia's population were considered part of middle class, but the majority was classified lower middle class (consuming US\$2–US\$4 per person per day)⁵. Thus, at that level they are highly vulnerable to slipping back into poverty due to economic shocks (ADB 2010). For example, the survey before and after the 1997/98 Asian Financial Crisis in Indonesia, indicated that the number of middle class individuals (US\$2–US\$20 per day) fell by 4.8 million or roughly 10% of the middle class population (ADB 2010).

⁵ADB (2010) divided the middle class into three groups: (i) the lower-middle class-consuming US\$2–US\$4 per person per day; (ii) the middle-middle class at US\$4–US\$10 per person per day; and (iii) the upper middle class US\$10–US\$20 per person per day.

As seen from Table 1, the size of middle in the ASEAN countries are varies, and Malaysia and Thailand has the biggest size of middle class. Indonesia with the highest number of population, the size of middle class was about 46.6% of population. Most of Indonesia middle class is lower middle and the size of upper middle was about 2.55 million that was lower than Malaysia, Thailand and Philippines. The table also indicates that Thailand had the big size of 'supper' middle class (above US\$20).

Table 2 shows the size of middle class in Indonesia between 1999 and 2009 both in urban and rural area. Between 1999 and 2009, the size of middle class increased from 25% to 43%. The size of middle class increased both in the rural and urban area, but the size of middle class in urban area was double size compare to rural area. Further, by comparing the size gap between 1999 and 2009, we conclude that the size of urban middle class grew faster than the in the rural area. Although, the largest increase of lower-middle class was in rural, the vertical mobility to the higher class was mostly happened in urban area. This indicates that urban area can provide more opportunity to graduate to the upper level than in rural area.

Thus, we can conclude that middle class in Indonesia has low size in relative terms compare to other ASEAN countries, even for the upper middle class, the absolute number is lower than Malaysia, Thailand, and Philippines. Then, we also observed that middle class is an urban phenomenon, but there is a rising of lower middle class in the rural area. Finally, with the size middle of class under the lower middle category, the Indonesia middle class is more vulnerable to economic shocks.

The growing middle class is paralleled by increasing expenditure inequality (gini ratio⁶) and declining in the percentage of poor people (Figure 3). Economic crisis in 1997/98 increased the percentage of poor people, but the crisis reduced gini ratio in 1999. This implies that the non-poor group was hardest hit by the crisis compared to the poor group. Study indicated that increasing income inequality has a negative and statistically significant impact on medium-term economic growth⁷. There are three

⁶Gini ratio is a measurement of income inequality. The index has a value between 0 and 1. 0 indicates perfect equality and 1 indicates perfect inequality. In the case of Indonesia, BPS measures Gini ratio based on expenditure data.

⁷'Focus on Inequality and Growth', *OECD Decem-*

Table 1: Size of Middle Class (Base on Household Survey Means, in 2005 PPP\$)

Country	Survey Year	% of population					Total population (million)				
		\$2-\$4	\$4-\$10	\$10-\$20	Total	\$20+	\$2-\$4	\$4-\$10	\$10-\$20	Total	\$20+
Malaysia	2004	27.05	48.10	14.13	89.28	3.44	6.81	12.12	3.56	22.49	0.87
Thailand	2004	33.50	41.69	10.63	85.82	3.46	21.87	27.21	6.94	56.02	2.26
Philippines	2006	31.49	19.65	3.80	54.94	0.70	27.43	17.11	3.31	47.85	0.61
Viet Nam	2006	35.53	14.81	1.93	52.27	0.15	29.89	12.46	1.62	43.97	0.13
Indonesia	2005	34.96	10.46	1.16	46.58	0.26	77.10	23.07	2.55	102.72	0.58
Cambodia	2004	24.7	7.41	0.91	33.04	0.33	3.39	1.02	0.12	4.53	0.05
Lao PDR	2002	19.6	3.88	0.41	23.89	0.02	1.10	0.22	0.02	1.34	0.00

Source: ADB (2010)

Table 2: Population Distribution (%) by Expenditure per Person per Day (2005 \$ PPP) in Indonesia)

Per Capita Expenditure	National		Urban		Rural	
	1999	2009	1999	2009	1999	2009
<\$1.25	42.2	24.6	23.4	12.2	53.5	33.7
\$1.25-\$2	32.8	32.4	32.4	25.5	32.9	37.5
\$2-\$4	20.1	30.9	33.0	40	12.4	24.3
\$4-\$6	3.5	7.5	7.6	13.2	0.9	3.3
\$6-\$10	1.2	3.3	2.8	6.5	0.2	0.9
\$10-\$20	0.3	1.1	0.6	2.2	0.0	0.3
>\$20	0.0	0.2	0.1	0.3	0.0	0.1
Total	100	100	100	100	100	100
\$2-\$20	25	42.7	44	62	13.6	28.7

Source: ADB (2010)

channels to understand the connection⁸: (i) undermines educational opportunity for disadvantaged individuals; (ii) lowering social mobility; and (iii) hampering skills development.

As seen from Table 3, between 2006 and 2010, the share of the lowest 40% of expenditure group both in rural and urban was about 17%⁹. This indicates the low level of inequality. In rural area, the expenditure distribution has low inequality for the whole years, while in urban area, between 2011 and 2014, the expenditure distribution became moderately inequality. In contrast, at the national level, between 2011 and 2013, the distribution of expenditure was moderate inequality, but it reached low inequality in 2014.

During the period 2006 and 2011, the share of 20% upper expenditure group, increased rapidly both in

urban and rural area (Table 3). Then the share is relatively stable after that year. This indicates that the 20% upper expenditure group is fairly stable especially in urban area. However, the upper 20% in rural area, declined while the 40 bottom and middle tend to grow. The result similar with BPS (2014a) that indicated between 2011 and 2014, the expenditure inequality (Gini ratio) in urban area increased while in rural area it tends to decline. The Theil index that showed expenditure inequality among the rich showed that between 2011 and 2014, it declined (BPS 2014a). This indicates that currently, expenditure inequality among the rich became smaller. In contrast, the L-index that measure inequality among the poor especially in the urban area, tends to increase (BPS 2014a). This indicates that expenditure inequality among the poor in urban area is more serious than in rural area.

Growing middle class in Indonesia has been driven by increasing availability of formal job¹⁰. In 2007, the share of formal job to the total available job

ber 2014, Directorate for Employment, Labour and Social Affairs - Organisation for Economic Co-operation and Development. <http://www.oecd.org/els/soc/Focus-Inequality-and-Growth-2014.pdf>

⁸ibid

⁹According to the World Bank, the low inequality of the share of the lowest 40% is above 17%; middle inequality if it is between 12%–17%; and high inequality if it is less than 12%.

¹⁰There are two category of jobs, formal and informal job. According to BPS, formal job refers to employee and employer assisted by permanent workers; while informal job covers: (i) own account workers; (ii) employer assisted by temporary work-

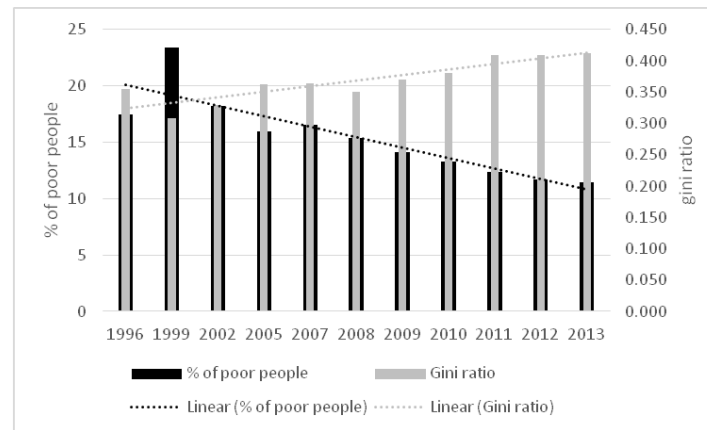


Figure 3: Percentage of Poor People and Gini Ratio in Indonesia 1996–2013

Source: Calculated from BPS (2014a)

Table 3: Distribution of Expenditure Based on Expenditure Group

Expenditure group	2006	2007	2008	2009	2010	2011	2012	2013	2014
Urban									
40% bottom	19.79	19.08	18.55	18.50	17.57	16.10	16.00	15.40	15.62
40% middle	36.90	37.13	37.00	36.58	36.99	34.77	35.53	34.83	34.88
20% upper	43.33	43.80	44.45	44.92	45.44	49.13	49.48	49.77	49.50
Rural									
40% bottom	23.42	22.00	22.06	22.45	20.98	19.97	20.60	21.03	20.94
40% middle	39.04	37.94	38.58	38.45	38.78	37.47	37.57	37.96	38.40
20% upper	37.53	40.05	39.36	39.11	40.24	42.55	41.82	41.00	40.65
Urban & rural									
40% bottom	21.42	18.74	18.72	18.96	18.05	16.86	16.98	16.87	17.12
40% middle	37.65	36.51	36.43	36.14	36.48	34.73	34.41	34.09	34.60
20% upper	41.26	44.75	44.86	44.90	45.47	48.41	48.61	49.04	48.28

Source: BPS (2014a)

was about 31%, and in 2014, it was about 41%¹¹. Although almost 60% of employee works in the informal sector, with better social security program that employee in informal sector can have better access on health, education, and other insurances. Further, Nazara (2010) proposed to protect worker's families in informal sector, government needs to create flexibility in the labour market with providing better social protection to the workers and his/her families. Second, government needs to redesign industrialisation strategy for creating more job opportunity while government also needs to pursue macroeconomic stability, political stability, and law certainty.

2.2. Middle Class and Democracy

There are many studies that attempted to link between economy and democracy. Lipset (1959) argued that there is a strong and positive correlation between income per capita and democracy in a global cross section nations. Similarly Barro (1999, p. 160) said that "Increases in various measures of the standard of living forecast a gradual rise in democracy. In contrast, democracies that arise without prior economic development ... tend not to last."

Acemoglu et al. (2008) found that they were failed to find causal effect between income and democracy, although income and democracy are positively correlated. Further, by collecting data from 104 countries from period 1970–2007, Fayad, Bates and Hoeffler (2012) model could not show direct causality from income causes democracy and vice versa. However, Fayad, Bates and Hoeffler (2012, p. 17) pointed out that "countries that receive little or no income from resources the relationship between democracy and income is positive and significant." Thus countries that do not have problem with "rentier state" and "resource curse" will be able to achieve better democracy¹².

ers/unpaid worker; (iii) casual worker in agriculture; (iv) casual worker not in agriculture; and (v) unpaid worker.

¹¹It is author's calculation from *Penduduk 15 Tahun Ke Atas Menurut Status Pekerjaan Utama 1986–2015*, BPS. <http://www.bps.go.id/linkTabelStatis/view/id/971>.

¹²According to Ross (2001), "rentier state" indicates that government with huge revenue from natural resource (such as oil) aims to pursue low tax and high levels spending on public policy. This can reduce level of political discontent. Similarly, government will also spend more money to support internal security.

The debate between economy and democracy come from two major sources. *First*, the methodological issue has not been settled. Acemoglu et al. (2008) pointed two issues¹³: (1) there is possibility for reserve causality and perhaps democracy causes income rather than the other way round; and (2) there is the potential for omitting variable bias. *Second*, the attitude of middle class toward democracy is in challenge. There is internal diversity in middle class group toward the political change.

The role of middle class for democracy has been divided into two arguments (Ünaldi et al. 2014). *First*, a conservative middle class can prevent democratization from happening by capitalizing their number and political clout. *Second*, middle class can bring about political liberalization. Boediono (2008) emphasizes on the important of quality of middle class. Boediono (2008, p. 6) also argued that economic growth can create good quality of middle class if it can fulfil two conditions: (i) economic growth needs to be broad based; (ii) it is driven by human resources due to productivity, creative thinking, ingenuity of people, instead of exploitation of natural resources.

However, the Indonesian middle class tends to hesitant in expressing their political aspiration. The survey that was conducted by Saiful Muljani between 30 June and 3 July 2014, indicates that it is difficult to predict who will become the winner of this election¹⁴. Although Joko Widodo won about 2.7% from the survey, it was about 7.5% of respondents

This can mitigate the formation of political organizations that demand on more political rights. Similarly, Ross also argue that growth that is driven by resource boom will lead democracy fall if the benefits cannot boost the level of higher education and occupational specialization.

¹³Then to measure the problems, Acemoglu et al. (2008) applied two strategies of estimation. *First*, it is necessary to control for country-specific factors affecting both income and democracy by including country fixed effects. Thus, the fixed effect adopts interpretation from Lipset (1959) that said individual countries should become more democratic if they are richer, not simply that rich countries should be democratic. Alternatively, Acemoglu et al. (2008) said that the fixed effect allow us to interpret that countries is more likely to become (relatively) democratic as it becomes (relatively) richer. In the *second* strategy, Acemoglu et al. (2008) used instrumental variables (IV) regressions to estimate the impact of income on democracy. They experimented with two potential instruments: (i) past saving rates and (ii) changes in the incomes of trading partners. They argued that variations in the past savings rates affect income per capita but should have no direct impact on democracy.

¹⁴*Survei Nasional Pemilihan Presiden–Wakil Presiden, 30 Juni–3 Juli 2014*. Saiful Mujani Research and Con-

has not decided to whom they will vote. If all the undecided voters choose Prabowo, then Prabowo will become the 7th Indonesia President. Further, the survey also indicates that even for 14% of respondents who have their own candidate, they were still uncertain. Thus the day between 4 and 9 July 2014, will be a critical time for both of candidate to gain voters.

Then, a Saiful Muljani's survey also indicates that the trend of Prabowo's electability also increased from 33.2% in April 2014 to about 44.9% in 3rd July 2014, while the electability of Joko Widodo declined from 50.8% to about 47.6 for the same period of time¹⁵. However, due to a marginal decrease electability level, Aspinal and Mietzner (2014) said that Joko Widodo could build on a much stronger support base of loyal, long term voters than Prabowo. Ünalı et al. (2014) argued that it is needed for greater solidarity and democratic governance to convince the "Tyranny of the Old Middle".

However, the political participation on in 2014 presidential election was lower than the legislative election. The participation rate during the legislative election was 75.1% (BPS 2014b). As seen from Table 4, during the presidential election, about 30.4% number of voters did not use their rights in the presidential election (*golput*). The number is vary across the region. At the national level, Sumatera region has the highest of *golput* while Papua region has the lowest rate. The percentage of *golput* in foreign pool is very substantial or about 66%. Further, it is not necessary when voter used their right, it can be valid. Table 10 indicates that more than 1.3 million or 1% of voter that use their right cannot be counted due to various reasons. The large number of *golput* caused inefficiency in election funds. If KPU said that the approximate cost for logistics (voter paper, ink, filling form, and vote template) was about Rp46.7 billion¹⁶ and with total number of voters about 194 million, thus the logistic cost for one vote was approximately Rp241. Thus, if we consider voters that do not use their right or use their right with the wrong ways, the total cost was about Rp14.5 billion or it was about 31% from the total

logistic cost¹⁷. We may argue that high inefficiency due to high number of *golput* and people that do not use their right properly, is the cost of democracy. In the future, it is important to reduce the efficiency because the money can be reallocated for other purposes that can benefit people. By making good planning and improving people awareness to use their political vote properly, inefficiency in election budget can be minimized. Thus, although the demand on democratic polity is strong, but it is still not strong enough (declining voters turnout).

3. Method

3.1. Unit of Analysis

Due to data availability problem, we divided the method to assess the relationship between middle class, democracy and presidential election into two parts. In the first part, we focus on the data at the district level. We investigated the middle class and their political behaviour toward the presidential election. We define middle class as a group of households with monthly expenditure above the 40% decile. We select 40% as a cut point because anti-poverty program is designed for household below the 40% decile. The group of household below 40% decile is classified as poor and near poor family. This group of family has right to obtain social assistance programmes such as social assistance card, family welfare cards, family welfare depostis, rice for the poor (*Raskin*), family hope program, cash transfers for poor students/smart Indonesia card, premium assistance beneficiaries form National Health Insurance/Health Indonesia Card. This implies that families above 40% decile have independent choice on their own consumption, social assistance, and economic activity. This group of family is also relatively comparable with lowest cut point that was proposed by ADB (consuming US\$2 per person per day)¹⁸.

Because we focus on Jokowi's victory as the dependent variable, we apply a binary outcomes tech-

sulting (SMRC). <http://www.slideshare.net/joaquimrohi/surnas-pilpres-juli-2014>.

¹⁵ibid

¹⁶Total Biaya Surat Suara Pilpres Rp24,2 Miliar, Kompas.com, Rabu, 4 Juni 2014. <http://nasional.kompas.com/read/2014/06/04/2101093/Total.Biaya.Surat.Suara.Pilpres.Rp.24.2.Miliar>.

¹⁷We calculate Rp241 x 60.3 million of voters

¹⁸ADB (2010) divided the middle class into three groups: (i) the lower-middle class-consuming US\$2–US\$4 per person per day; (ii) the middle-middle class at US\$4–US\$10 per person per day; and (iii) the upper middle class US\$10–US\$20 per person per day.

Table 4: Presidential Election Result 2014

Region	Number of voters	Number of voters that use their right	Number of voters that use their right		Number of voters that do not use their rights
			Valid vote	In-valid vote	
Sumatera	39,775,327	26,228,598	26,014,678	213,92	13,546,729 (34.1)
Java	110,926,943	79,181,233	78,280,208	901,028	31,745,710 (28.6)
Kalimantan	11,353,294	7,609,001	7,529,323	79,678	3,744,293 (33.0)
Sulawesi	13,878,935	9,400,311	9,350,789	49,522	4,478,624 (32.3)
Maluku	2,097,784	1,447,418	1,440,414	7,004	650,366 (31.0)
Papua	4,001,266	3,369,515	3,328,774	40,741	631,751 (15.8)
Bali-NTB-NTT	9,809,113	7,011,297	6,952,234	59,063	2,797,816 (28.5)
Foreign pool	2,101,538	706,591	677,857	28,734	1,394,947 (66.4)
National	193,944,200	134,953,964	133,574,277	1,379,690	58,990,236 (30.4)

Note: number in italic indicates its share to total number of voters

Source: calculated from *Hasil Penghitungan Perolehan Suara dari Setiap Provinsi dan Luar Negeri dalam Pemilu Presiden dan Wakil Presiden Tahun 2014: diisi berdasarkan Formulir Model DC PPWP dan Sertifikat Luar Negeri*. http://kpu.go.id/koleksigambar/PPWP_-_Nasional_Rekapitulasi_2014_-_New_-_Final_2014_07_22.pdf, accessed 30 January 2015

nique. There are two types of binary outcomes model that widely use the probit and the logit model. Because the two models are similar and the parameter can easily be compared, for simplicity purpose, we focus on probit model¹⁹. The general expression of probit model as follow:

$$Prob[Z_i = 1] = P(\omega_i, \gamma) = \frac{e^{\omega_i' \gamma}}{1 + e^{\omega_i' \gamma}} \quad (1)$$

Let Z_i denote outcome 1 if Joko Widodo won the election and 0 if Joko Widodo lose the election. As we describe before, in the first method we focus on district level and we have 497 district. With this situation, we can be more flexible in selecting independent variables, where for ω_i we included education, formal job, internet access, PDRB, and expenditure group.

In the second part, we focused the analysis at the provincial level. We used the Indonesian Democracy Index (IDI) and treat it as explanatory variable for the president election. The initiative to prepare Indonesia Democracy Index, has been prepared since 2007. The National Development Planning Board (*Badan Perencanaan Pembangunan Nasional, Bappenas*) and UNDP has been involved since the early stage of preparation²⁰. Both quantitative and qualitative approaches has been used to measure IDI. Quantitative approach includes newspaper and

documents (local regulations) coding, while qualitative approach covers focus group discussion and in-depth interview. IDI has ranking between 0 and 100 (the higher the better for democracy). IDI has three main components: (i) civil liberty; (ii) political rights; and (iii) institution of democracy. The components are divided into several variables and indicators. The IDI covers 28 indicators. The Central Statistics Agency (*Badan Pusat Statistik/BPS*), collect data at provincial level, then it is proceed at the national level. Expert panel and other stakeholders such as Office of the Coordinating Political, Legal and Security Affairs (*KEMENKOPOLHUKAM*) and Minister of Home Affairs are verified the data and information.

In the second method, we apply a formula as equation 1. Because, we only have 33 provinces, thus we have limitation to select independent variable to ensure we have enough degree of freedom. Thus in the second, method, we selected Indonesia Democracy Index (IDI)²¹ and Human Development Index (HDI) as independent variables²².

¹⁹To make the logit and probit slope estimates comparable, we can multiply the logit estimate by 0.625 (Wooldridge 2002).

²⁰Four of panel experts involved in the early preparation of IDI such as Professor Maswadi Rauf, Saiful Mujani, Abdul Malik Gismar, and Syarif Hidayat.

²¹The average index between 2009 and 2013.

²²In Indonesia HDI consist of four main components such as life expectancy (years), literacy, average year in the school, and purchasing power. Thus, by including the HDI, we can capture both social and economic dimension.

4. Results and Analysis

4.1. Statistic Descriptive Analysis for the First Method

We collect the data for 497 district/city, and the summary of data can be seen in Table 5. As seen from the table, Joko Widodo – M. Jusuf Kalla won in 329 district/city or it was about 66.2% of the total district/city. The average regional domestic product (PDRB) at district/city was about Rp4,6 trillion. The lowest PDRB was in Tambrauw district, West Papua Province while the highest PDRB was in Central Jakarta, DKI Jakarta Province. The average number of people with higher education degree was about 22,597, the lowest number was in Nduga district, in Papua province and the highest number was in East Jakarta, DKI Jakarta Province. On average, about 13% of household had access on internet. The highest share was in Banda Aceh city, Aceh Province, while in Tambrauw district, there was no internet access. On average, about 32.2% of employee had a formal job, the lowest share was in Nduga and the highest share was in Batam city, Kepulauan Riau Province. The average share of expenditure on middle group was about 37%, the lowest was in Asmat district, Papua Province, and the highest percentage was in Intan Jaya district, Papua Province. Finally the average of upper group expenditure was about 43.3%, the lowest share was in Nduga district, and the highest share was in Asmat district.

Before proceed to further analysis, we investigate linear correlation among variables (Table 6). If we assume there is a linear relationship among variables, we obtained negative correlation between the victory of Joko Widodo and characteristics of middle class (except for upper-expenditure group)²³. We observed that education has positive correlation with internet access, formal job, and upper-expenditure group. Then, there is also positive correlation between formal job and internet access. We do not obtain strong correlation between middle-expenditure group and education, internet access and formal job, even we had negative sign. In the case of upper-expenditure group, we obtained positive correlation with education, internet access and

²³Our result is similar with the survey from the *Indikator Politik Indonesia* (2014)

formal job. There is negative and strong correlation between middle-expenditure and upper-expenditure group. This is because, the indicator is connected one and another. As we mention before, the sum of expenditure group is 100%, thus be a part of one decile group means cancel out join other group.

A linear correlation does not mean causation. The next step, we developed a regression model, to investigate the causality among the attribute of middle class such as education, formal job, and internet access with the middle and upper expenditure group. The model we presents as follows (where i represent for district/city):

$$\text{expenditure}_{e_i} = \beta_1 \text{education}_i + \beta_2 \text{formal_job}_i + \beta_3 \text{internet_access}_i + \epsilon_i$$

4.2. Statistic Descriptive Analysis for the Second Method

As seen from Figure 4, Joko Widodo – M. Jusuf Kalla won in 23 provinces. The five provinces that dominated by Joko Widodo – M. Jusuf Kalla were West Sulawesi, Papua, South Sulawesi, Bali, and West Papua; while the five provinces that Prabowo Subianto – Hatta Rajasa won substantially were West Sumatera, West Nusa Tenggara, Gorontalo, West Java, and Banten. In the foreign pool, Joko Widodo obtained higher number of vote than Prabowo. In terms number of voters, Central Java contributed significantly to the victory of Joko Widodo. Similarly, the victory of Joko Widodo in East Java was more than enough to offset his lose in West Sumatera.

As seen from Figure 5, there is positive correlation between the average of democracy index and the share of Jokowi's voters over Prabowo. This indicates that in province with higher level of democracy index, voters that choose Jokowi relatively higher than to Prabowo. However, we cannot conclude that it is causation. However, as seen from Figure 6, only six provinces that showed increasing democracy index between 2009 and 2013, while other provinces indicated a negative sign. Provinces that showed improvement in democracy index were DI Yogyakarta, North Sulawesi, South Sulawesi, Bali, East Nusa Tenggara, Banten, and Bangka Belitung. Thus Jokowi won in all the provinces that showed increasing index in democracy (except in Banten).

Table 5: Statistic Descriptive*

No	Variable	Mean	Std. Dev	Min.	Max.
1	Jokowi won	0.6619	0.473	0	1
2	PDRB (in billion Rp)	4,645	11,4	35	117
3	Education	22,597	41,745	25	334,993
4	Internet access	13.07	9.47	0	61
5	Formal job	32.22	17.1	0.09	76.8
6	Middle-expenditure group	36.95	2.04	27.20	44.06
7	Upper-expenditure group	43.26	4.12	28.20	58.90

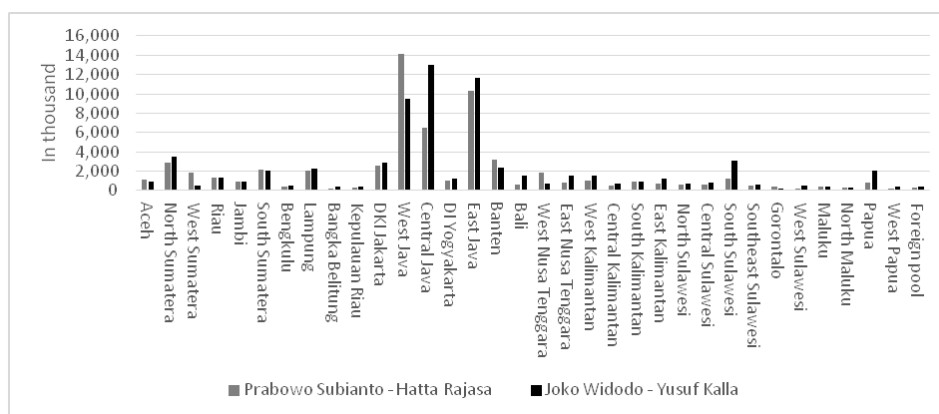
Note: Please refer to appendix for data source and definition (Table 10)

Source: Author's calculation from primary data

Table 6: Linear Correlation

	Jokowi won	PDRB	Education	Internet access	Formal job	Middle-expenditure	Upper-expenditure
Jokowi won	1						
PDRB	-0.135	1					
Education	-0.141	0.449	1				
Internet access	-0.084	0.796	0.512	1			
Formal job	-0.094	0.404	0.648	0.519	1		
Middle-expenditure group	-0.009	-0.072	-0.130	-0.049	-0.131	1	
Upper-expenditure group	0.019	0.323	0.227	0.271	0.171	-0.805	1

Source: Author's calculation from primary data

**Figure 4: Presidential Election Result by Province and Foreign Pool**

Source: Author's calculation from primary data

Then, we may also argue that the victory of Jokowi is related to the coalition parties. We consider this variable in the econometric analysis. We calculated the number of sit in the DPR from each province. Then we divided it according to the coalition both from Jokowi and Prabowo. The Jokowi's coalition consist of PDI-P, Nasdem, PKB, and Hanura, while the Prabowo's coalition consist of Gerindra, PKS, PPP, Demokrat, Golkar, and PAN. We calculated the correlation between the Jokowi's victory and the share of parliament seat that pro to Jokowi's coalition. The coefficient correlation is 0.165 (positive). This indicates that in the province where Jokowi's coalition tend to have higher number of parliament seat than Prabowo's coalition, Jokowi has tendency to win.

4.3. Empirical Results

As seen from Table 7, we developed 8 models to illustrate relationship between the victory of Jokowi and representative group of middle class. All the models confirm that education has negative sign and it is statistically significant. This implies that the probability of Jokowi to win in the district with relatively high number of people with higher educational background is low. This implies that educated people is more likely to choose Prabowo as a president holding others factor constant. In terms of internet access, the result also showed that the higher share of society in the district/city has internet access, is less likely to choose Joko Widodo. Thus, in the district/city that relatively large number of people with educational attainment and also in the district/city with large portion of families have internet access, it is less likely that Joko Widodo to be win.

The results also indicates that for the middle expenditure group (decile 5 to 8), we do not obtain strong evidence to argue that Joko Widodo tended to win in district/city with relatively large share of middle expenditure group, even after we decomposed the group (model 3). However, it seems that Jokowi tend to win in the upper expenditure group (decile 9 to 10), and by decomposing the upper expenditure group, we obtain that the top decile (decile 10) is more likely to vote for Joko Widodo. Thus, it seems that there is still lack in evidence to argue that Joko Widodo tended to win vote among the middle class (in terms of its characteristic and expenditure group), except at the highest expenditure

level.

Then what variable that can explain the victory of Joko Widodo. Ananta, Arifin and Suryadinata (2004), investigated the role of religious (the number of Muslims in a ditrict) to the number of votes of the seven parties in a district in the 1999 elections. Ananta, Arifin and Suryadinata (2004) argued that there is exist of religious loyalties in the 1999 election. We found that during the presidential election, religious issue has been used to attack other presidential candidate. Considering the massive black campaign during the presidential election, we argue that a religious dimension become of the key element and Joko Widodo went to Makkah for Umroh three days before the presidential election. This indicates that 'religious expression' is important for Jokowi to overcome black campaign. To investigate how important religious, we consider the share of Muslim in each district/city as one of the explanatory variables. As seen from Table 8, Jokowi is less likely to be win a district with larger share of Muslims. Our results supported the fact that most of Muslim parties supported Prabowo except PKB.

As seen from Table 9, we do not obtain convincing results to conclude that increasing the democracy index, increase probability of Jokowi win the respective province. Similarly with Human Development Index and share of Jokowi's coalition parties in the parliament, although the three variable have positive sign. Thus, there may be other factors can explain better the victory of Jokowi based on the provincial level data set.

5. Conclusion

In investigating the role of middle class and democracy during the 2014 presidential election, we found that probability of Jokowi to win in the district with relatively high number of educated person and good access on internet tend to be lower than Prabowo. However, our results indicates that province with relatively high share of decile 9 and 10 (super rich) is more likely to elect Jokowi. This indicates that different level of middle classes spending have difference political preferences. Data showed that the proportion of the top 20% upper expenditure was stable, especially in urban area between 2011 and 2014 (see Table 3). This group of expenditure has higher preference on democratic polity.

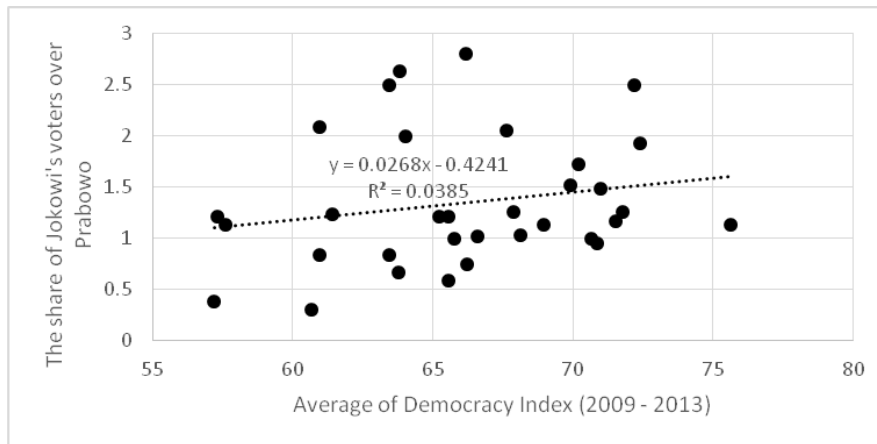


Figure 5: Average Index of Democracy and Jokowi's Victory (Provincial Data, 2009–2013)

Source: Author's calculation from primary data

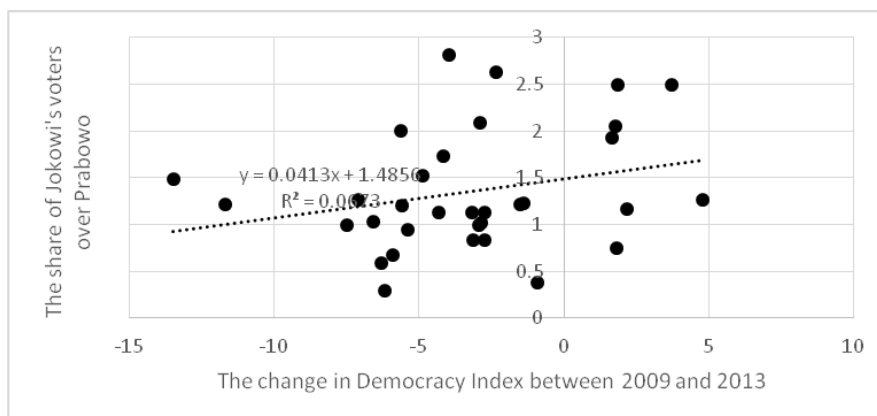


Figure 6: Change in Index of Democracy and Jokowi's Victory (Provincial Data, 2009–2013)

Source: Author's calculation from primary data

Table 7: Regression Results I (Middle Class and Victory of Jokowi)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Education	-0.488 (0.189)*	-0.506 (0.19)*	-0.518 (0.189)*	-0.525 (0.189)*	-0.525 (0.189)*	-0.522 (0.188)*	-0.511 (0.189)*
Formal job	0.0112 (0.0102)	0.0118 (0.0102)	0.009 (0.010)	0.0113 (0.0102)	0.011 (0.0103)	0.009 (0.010)	0.01 (0.0103)
Internet access	-0.0255 (0.0177)	-0.026 (0.0177)	-0.0303 (0.018)***	-0.0311 (0.018)***	-0.0314 (0.018)***	-0.035 (0.018)***	-0.0355 (0.0184)***
PDRB	0.25 (0.167)	0.251 (0.167)	0.282 (0.168)***	0.267 (0.137)	0.276 (0.168)	0.282 (0.167)	0.266 (0.169)
Middle-expenditure group (5-8)	-	-0.045 (0.049)	-	-	-	0.106 (0.091)	-
Middle-exp.group share 5	-	-	-0.153 (0.372)	-	-	-	0.616 (0.595)
Middle-exp.group share 6	-	-	-0.105 (0.458)	-	-	-	-0.0004 (0.47)
Middle-exp.group share 7	-	-	-0.042 (0.381)	-	-	-	-0.025 (0.388)
Middle-exp.group share 8	-	-	0.1458 (0.252)	-	-	-	0.295 (0.336)
Upper-exp.group share (9-10)	-	-	-	0.048 (0.0262)***	-	0.095 (0.047)**	-
Upper-exp.group share 9	-	-	-	-	0.085 (0.105)	-	0.097 (0.202)
Upper-exp.group share 10	-	-	-	-	0.045 (0.027)	-	0.156 (0.088)***
Number of obs	497	497	497	497	497	497	497
Pseudo R2	0.0291	0.0305	0.0333	0.0347	0.0349	0.0369	0.0385

Note: Standard error in parentheses; * = significant at 1%; ** significant at 5%; *** significant at 10%

Source: Author's calculation from primary data

Table 8: Regression Results II (Religious and Victory of Jokowi)

	Model 1	Model 2	Model 3
Education	-0.346 (0.213)	-0.337 (0.212)	-0.347 (0.212)
Formal job	0.0107 (0.0106)	0.0112 (0.0107)	0.0105 (0.0107)
Internet access	-0.0277 (0.0192)	-0.0242 (0.0188)	-0.0283 (0.0195)
PDRB	0.367 (0.184)**	0.3558 (0.184)***	0.369 (0.185)**
Upper-exp.group share (9-10)	0.0353 (0.0279)	-	0.043 (0.0537)
Middle-expenditure group (5-8)	-	-0.053 (0.053)	0.0171 (0.103)
Religion	-0.032 (0.005)*	-0.032 (0.005)*	-0.0319 (0.005)*
Number of obs.	497	497	497
Pseudo R2	0.126	0.1256	0.1226

Note: Standard error in parentheses; * = significant at 1%; ** significant at 5%; *** significant at 10%

Source: Author's calculation from primary data

Table 9: Regression Result III (Democracy and Victory of Jokowi)

Independent variable	Parameter
Human Development Index (HDI)	0.025 (0.096)
Indonesia Democracy Index (IDI)	0.057 (0.061)
Share of Jokowi's coalition in the parliament	1.098 (1.471)
Number of obs.	33
Pseudo R2	0.063

Note: Standard error in parentheses; *= significant at 1%;
** significant at 5%; *** significant at 10%

Source: Author's calculation from primary data

Table 10: Appendix: Variables, Description and Data Source

No	Variables	Description and source
1	Result on presidential election	We collected data from Kawal Pemilu (www.kawalpemilu.org) at district/city level. Then we change the data into 0 and 1 format, that 0 represents Jokowi lose (Prabowo won) and 1 represent Jokowi won (Prabowo lose).
2	Regional Domestic Product (PDRB) at district/city level	We collected data from BPS (Badan Pusat Statistik). We used PDRB without oil and gas (at constant price 2000).
3	Internet access	We collected data from Sensus 2010 (Up dated 4 May 2012). It represents the share of household (C1) – landed house and C2-apartment that has internet access in the last three month. This include the access through personal computer (PC) and mobile phone.
4	Education	We collected data from Sensus 2010 (Up dated 4 May 2012). This indicates the number of people with higher degree of education (it starts from Diploma to Doctoral degree)
5	Formal job	We collected data from Sensus 2010. It represent the share of people who obtain monthly or fix income.
6	Middle-expenditure group	Group of household with expenditure above 40 decile and below 80 decile. We used data from SUSENAS 2012.
7	Upper-expenditure group	Group of household with expenditure above 80 decile. We used data from SUSENAS 2012.

Source: Author's calculation from primary data

Further, we found that Jokowi was less likely to win in the district with relatively high percentage of Muslim. At the provincial level, we also did not obtain convincing results to argue that provinces with relatively high index of democracy will lead to higher probability Jokowi to be the winner. However, Jokowi won in four out of five provinces that indicated an increase in democracy index between 2009 and 2013. Similarly, the party's coalition, are less likely to supported Jokowi's victory.

Thus by connecting the three elements (middle class, democracy, and presidential election), this paper comes with three main implications. *First*, a fragile middle class would be a barrier to move from formal democracy orientation to substantial democracy. Because the middle class is vulnerable to the

economic shocks, government needs to develop more inclusive growth strategy and expanding social security programs. *Second*, low level of turnout voters bring huge opportunity cost not only in terms of money inefficiency, but also gaining supports to swift transition for more substantive democracy. This implies that parties not only need to develop ideology platform, but also to promote cadres based on meritocracy system. *Third*, personality politics is still important in Indonesian presidential race. Charismatic and religious leaders may have better chance to be a president.

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