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2020 MEGATRENDS AND INDONESIA

This column is the first of two parts, the second will appear in the May issue.

Living in a modern society involves risks and some are bigger than others. In 2020, the world shall encounter an important milestone: make it or break it. According to economist Thierry Malleret, by that year the six global megatrends will be engendering worldwide instability: unfavorable demographics, resource scarcity, climate change, geopolitical rebalancing, indebtedness and fiscal issues, and rising inequalities.

The world population is aging. In developed and certain Asian countries, the birth rate is falling. Of course, Indonesia isn't included, which is both a pro and a con. Approximately 4 million are born in Indonesia annually, which is almost the size of Singapore. Singapore itself is losing population rapidly, which it attempts to offset with encouraging immigration policies and supportive "pro baby" taxation provisions.

Japan's labor force started to shrink in the 1980s, while South Korea and Taiwan will be losing population within 15 years. If Indonesia can manage its population well with meaningful social and vocational developments, it has an unprecedented opportunity to penetrate various job markets in Asia and, even, worldwide. The trend of elite "national plus" bilingual and trilingual K-12 schools is a good start in cultivating young leaders with an international attitude. The Philippines and India have been capitalizing on



this trend. The former is now multinational corporations' favorite destination for offshore call centers, while the latter is for offshore IT desks.

Resource scarcity is another serious issue to tackle. As more stresses are placed on the globe's megacities,

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resource scarcity will be more prevalent. Increased demand for food, water, energy, land and natural resources has been exponentially amplified in an unprecedented manner. Since 2002, technological advancement and human inventiveness is fighting a losing battle with the law of diminishing returns.

According to forecasts by the IMF and the World Bank, Asia's economic output will be sixfold of today's, from \$30 trillion to \$230 trillion by 2050. Such an increase in GDP per capita

would impose more stress on global resources due to intense consumer consumption. The U.S. Food and Agriculture Organization also predicts a 40% deficit between water supply and demand by 2030.

The third trend is the extreme climate change that results in a negative impact on many planetary conditions, including ocean chemistry, air quality and climate. The oceans are being acidified with the nitrogen and phosphorus elements in food fertilizers leaking into bodies of water. Increased number of automobiles results in increased air pollutants. By 2050, there will be 3 billion cars worldwide.

Recent worldwide severe winter storms, for instance, might be caused by Arctic warming that has shifted

wind patterns. Extreme climate changes would cause increased food prices and conflicts as communities and countries battle for access to shifting areas of arable land.

Many economists believe that the world economy isn't a zero-sum game because the total sum is much greater than its parts. However, it is more realistic to calculate not merely the present measurable production, but also the social debts incurring in the future. 