The problem of internal and international migration is still faced by Indonesian government until the recent year. The internal migration problem is related to the concentration of migration in Java as a destination region, even though this region has high population and unemployment. The problem of international migration is caused by the high demand of professional migrant of the destination country. Some of internal and international migration policies have been regulated by the government to handle the problem.

The main purpose of internal and international migration policies in Indonesia is to solve population distribution and labor market problem and improve economic condition in Indonesia. The objectives of this research are: (1) to describe the pattern of internal and international migration, labor market and Indonesian economy, (2) to analyze the factors that influence internal and international migration in Indonesia, and (3) to forecast the ex-ante (2009-2012) impact of some alternatives internal and international migration policies on labor market and Indonesian economy.

To reach these objectives, a simultaneous equations model containing 58 structural equations and 30 identities equations are constructed. The analysis use time series 1985-2006 data. Model was estimated by 2SLS method and the SYSLIN procedure. Forecasting simulation used the Newton method and the SIMNLIN procedure.

The results of the research indicate that the pattern of internal migration is still concentrated in Java, and the pattern of international migration in every island in Indonesian is concentrated in Malaysia, excluding Java, is in Arab Saudi.

Factors influence the internal migration from other islands to Java is the amount of migrant from the previous period, on the contrary from Java to the other islands is influenced by the wages in Java and the demand for labor in destination regions. The factors influence international migration are the wages and the demand for labor in destination country.

Generally, the impacts of internal migration policies on population distribution can decrease the amount of immigration to Java. The policies, except minimum wage policy, can solve labor market problem through decreasing unemployment in each island, then the policies are also able to increase investment and consumption in each island, so that GRDP in each island is also increasing. The impacts of combination internal and international migration policies on labor market and Indonesian economy in each island are better than the impacts of single internal migration policy. The combination of depreciation, decreasing interest rate, and increasing infrastructure government expenditure can solve population distribution problem, labor market problem and those can increase Indonesian economy (2009-2012).

**Keywords:** internal and international migration, labor market, Indonesian economy