Post-Suharto’s Jabotabek Region: New Issues of demographic and socio-economic change in Western Java

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Abstract

The future development of Western Java is intimately linked to the growth of its metropolitan region Jabotabek, the mega-urban agglomeration around Indonesia’s capital Jakarta. This article deals with the interdependence of economic, spatial and demographic change within Metro-Jakarta, South-East Asia’s most densely populated urban region. Focus has been put on aspects of urban living conditions and the dynamic city-development of the late 1990s, which has been politically pushed since the beginning of Suharto’s pro-western ‘New Order’ in the late 1960s. The deregulation packages of the past decade have resulted in enormous international capital influx, the creation of new towns and an increasing transformation of sectoral employment, which cannot be controlled successfully by regional and local authorities. This is due to the dominance of private, partly international developers, whose interest in globalizing low-wage Jabotabek is footloose in character and at present limited due to Indonesia’s economic and political turmoil. All this will postpone Jabotabek’s rise to the stature of a global region.

Keywords: deregulation, global region, metropolitan region, Southeast Asia, urban agglomeration, urban transformation

Introduction: Javanese urbanization and economy

Today, Java is the world’s most densely populated island. 60% of Indonesia’s multi-ethnic population of almost 210 million people live on only 6% of the land. The speed of Indonesia’s urbanization is striking, with most of it focusing on Java. In the mid-1980s, 43% of the rapidly growing urban population (urban shares of Indonesia’s total population: 14.8% (1961), 22.4% (1980) and 30.9% (1990)) concentrated on only two provinces in the west of Java, Java Barat and Daerah Khusus Ibukota Jakarta (= DKIJ). Another decade later, Java’s share of Indonesia’s urban population was 62% (Tjiptoherijanto, 1996: 6), with the agglomeration Jabotabek - which will be used synonymously with the term Metro-Jakarta in this article - being the focus of concentration.

Jabotabek is the common term for an urban agglomeration in Western Java, which spreads at about 6,160 km². This agglomeration consists of the province of DKI Jakarta (DKIJ), which is the core city of the region, and the neighbouring kabubaten (districts) with their respective capitals BOgor (south), Tangerang (west) and und BEKasi (east), which belong to the province of Western Java (Java Barat). The concept of Jabotabek was established as a planning strategy at the beginning of the second five-year-plan (Repelita II) in 1972. Consequently, the term Botabek refers to the suburban regions of Bogor, Tangerang and Bekasi only and does not include DKIJ.

Undoubtedly, there is a close interdependence between Indonesia’s national economic policy and urban development. Urban areas tend to act as a destination for national and policy
international investment, which makes them crucial for city planning: “... city development is not a goal in itself but rather a tool to achieve the wider aims of social and economic development” (Firman, 1991: 18).

Figure 1. The JABOTABEK Region

The increasing transregional economic relations of the past three decades necessitated planning strategies beyond the scope of single regions. The industrial globalization speeded up the physical growth of the cities in general and Jabotabek’s development in particular, which makes aspects of urban landuse most essential. No matter whether ecology or society is concerned, the growing international market of goods, money and information seems to reduce the administrative distinction into urban and rural areas to a rather synthetical and statistical variable.

This article deals with aspects of economic and social transformation in Java’s urban agglomeration Jabotabek, which has been facing a multidimensional change of landuse and employment due to massive deregulation measures for a decade now. After a discussion of recent demographic and economic trends, the analysis focuses on the development of suburban employment and housing in the period of economic globalization since the late 1980s, when Indonesia featured annual growth rates of 7 to 8% until Southeast Asia’s economic crisis (Korff, 1996).

Spatial aspects of urban transformation and political crisis

Demographic change in Metro-Jakarta

Unplanned metropolitan growth was an urban phenomenon already observed in Dutch colonial times until the mid 1940s, which intensified during Sukarno’s era of national consolidation until 1965. However, only Suharto’s ‘New Order’-regime started to take measures to control the continued massive population pressure, which cumulated in Jakarta. The young nation’s capital had become the symbol of Indonesia’s ‘unity in diversity’, which attracted large numbers of migrants from all over Indonesia due to increasing employment prospects. In 1971, 60% of Jakarta’s residents were born outside Jakarta. From 1976 to 1996, the population grew another 80.4%, which raised the average population density to 12,295 people per km² in 1990 (1971:
The annual growth of the three districts surrounding DKIJ has averaged between 3.6% and 4.5% since the beginning of Suharto’s emphasis on international industrialization. By the implementation of the model of ‘bundled concentration’, which was based on the Dutch Randstad-approach, the promotion of suburban growth poles was started. The concept of ‘ribbon development’, a linear growth strategy, which seemed to be least expensive on the one hand and to provide green space between the built-up areas on the other, was finally applied (Giebels, 1986: 113). Today, two main axes can be distinguished: a 120 km east-west corridor connects Bekasi and Tangerang, whereas a 200 km north-south corridor already goes beyond the Jabotabek boundaries towards Bandung, which is Java’s second largest agglomeration. „This has created intense rural-urban linkages, blurring the rural-urban distinction and making for a distinctive settlement pattern“ (Dharmapatni & Firman, 1995: 299).

The latest trends show the absolute necessity of coordinated urbanization within the Botabek region. Between 1980 and 1990, Botabek’s population grew by 3.5 Mio, which means a total increase of 336% and an average increase of 16% annually. The rate of urbanization was beyond 50% in 1990, compared to 20% in 1980. Spatial disparities are obvious, and so is a temporal shift (table 1). Whereas the southern region of Bogor constituted the migration pole in the early 1980s, the western (Tangerang) and eastern (Bekasi) regions faced an increasing migration boom not before the 1990s, when their population tripled to more than 1 Mio each. DKIJ’s residents have doubled from 2.9 Mio (1961) to 6.5 Mio (1981), and increased well beyond 12 Mio in 2000. The suburban area of Botabek is expected to triple its population to 17 Mio (Cernea, 1993: 34). Prognoses for total Jabotabek suggest a population increase from 17.1 Mio in 1990 - among them 13.1 Mio people considered urban - to 30 Mio in 2010 (Biro Pusat Statistik, 1996).

### Table 1. Population growth in Jabotabek

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<td>Bogor</td>
<td>1.86</td>
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<td>2.74</td>
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<td>Bekasi &amp; Tangerang</td>
<td>1.90</td>
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<td>Jabotabek (total)</td>
<td>8.33</td>
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**Sources:** McGee 1995: 12 (Censuses 1970-1990); Kusbiantoro 1996: 61 (Prognosis 2010)

The growth of the core city is at 2.4% p.a. (1995) low compared to 3.8% in the early 1970s. In an increasing number of inner-city areas the population even declines, which is reported to be due to a variety of factors. On the one hand, there is the transformation of huge housing areas into industrial and business areas; on the other the policy of de-concentration of densely populated housing areas contributes to this development as well (Leaf, 1994: 68). In general, DKIJ’s share of the total Jabotabek population decreased from 55% (1980) to 48% (1990), which was also supported by remarkable building activities in Jakarta’s fringe areas. 6% (38,000 ha) of the total Botabek area were assigned a fixed future use by permits issued by the National Housing Agency, which are designed for housing purposes (86%) and industrial projects (14%). Firman (1999) points out that the steady out-migration to the fringe areas of the agglomeration has accelerated since the beginning of the political turmoil in 1997. Additionally, DKIJ - the core of Jabotabek - is undergoing great physical changes with many residential areas being invaded by business activities, amusement centres and the like, thus the depopulation of the city cannot be neglected. Recent studies reveal that the economic crisis has revived an appreciation for land in the rural areas, not only as a means for food security but as an asset (Suhendar, 1998: 60). According to the SUPAS (Intercensal Population Survey, 1995), there are more women among Jabotabek’s in-migrants from all over Indonesia and relatively more (unskilled) men among...
those leaving Jakarta: This “gender transition of migration” (Gugler, 1996) seems to be driven by the growth of the urban service sector itself.

Living in a primate city: Living standards on the rise?

Jakarta is supposed to be the world’s eleventh largest city, being one of sixteen megacities in developing countries, or one of twenty-one in the world. Ist annual population growth rate is nearly twice that of the nation as a whole. Before the 1998 crash, the Gross Domestic Product of the city was 3 percent higher than national rates with the key areas of production being construction, utilities, trade and services, and finance (Japan External Trade Organization, 1994). Jakarta as the nation’s capital is also the seat of government and is the dominant centre of investment, being the residence of Indonesia’s largest banks and corporations and the site of many multinational company branch headquarters. The locational advantages of the ‘Triple Primate City’ Jakarta were enormous: Whereas in the first five years of Suharto’s ‘New Order’ (1967-1972) 50% of all international investment was aimed at Jakarta (Giebels ,1983: 14), this share increased to 70% in the first decade (Yeremias & Mantra, 1988: 31), and averaged at 66% from 1967 to 1991. At the same time, 45% of all domestic investment was aimed at Metro-Jakarta, compared to only 18% until 1985 (FEER, 5 May 1995: 53). Eighty per cent of all international industrial investment has culminated in Bandung and Botabek during Suharto’s ‘New Order’ and still concentrates there irrespective of the standstill of the former economic boom.

Regardless of the present multi-layered crisis, Metro-Jakarta seems to keep on prospering for a variety of reasons:

- DKIJ was (and still is) the administrative, political, economic, social and cultural centre of the fourth largest state on earth.
- Both skilled workers and unskilled workers are readily available.
- The comparatively high wage level still provides an outlet for a variety of products.
- An increasing number of industrial plants in Jabotabek speed up synergy effects.
- The regional planning guidelines (period 1985-2005) provide DKIJ with legal support for economic expansion.

Whilst rapid growth will always have its attendant problems most of these demographic and economic factors might be seen as positive signs of progressive development. That is, until one examines the infrastructure, planning and environmental dimensions of life in Jakarta. Eighty five percent of new housing stock is informal, the home-made housing of the urban poor. The master plan for greater Jakarta (Jakarta, 2005) is a conceptually fine blueprint but is ineffective, non-functioning and without a long-term development goal (Sari & Susantono 1998). Hogan & Houston (2002, forthcoming) argue that there seems to be little political will to implement even the minimal key objective of the Jakarta Structure Plan 1985-2005, which is to ensure for Jakarta “a basic system for formulating policies for landuse, sectoral activities and preparation of the more detailed plans” (1991: 4). Both before and after Suharto, the priorities of governing the nation have overwhelmed the planning needs of the nation’s primate city.

Thus road traffic congestion is chronic and the rail system still reflects historic needs of colonial regional development rather than the intra-urban needs of the contemporary population. There is a lack of a proper hierarchy of transportation arterial roads and networks and a haphazard dependence on cars and trucks with only 10 percent of traffic in the megacity given over to rail (Kenworthy et al.,1999). Jakarta is the only major city in Southeast Asia that still lacks a rapid light rail transit system of any kind. Sprawl is largely unregulated and land speculation on the fringes of Jakarta is rife. The land registry is notoriously incomplete. The provision of an universal, efficient and reliable urban infrastructure of such essential utilities as telecommunications, electricity and gas, potable water and sewerage systems seems still to be a utopian fantasy instead of everyday reality of and for Jakarta’s citizenry. In fact, there is no water supply and sewerage system in Jakarta, but each building or group of buildings has a well and a
septic tank; some, unfortunately, have none (United Nations Centre for Human Settlement, 1996).

Quality of life indicators for Jakarta reveal a city in crisis, and even more so since the economic and political turmoil of 1998. The increase in the level of riots, looting and arson during this period is significant, but increasing crime rates also represent an endemic problem and a long term trend correlating to mass poverty and increased polarisation between the very rich and the rest of Jakarta’s population (Asra, 2000). A recent survey ranks Jakarta as the 35th best Asian city a long way behind its nearest regional competitors: Singapore (4th), Kuala Lumpur (9th), Beijing (10th), Metro Manila (14th) and Bangkok (26th) (Sieu in Firman, 1999: 460).

The main sources of ill health amongst the city’s citizens, however, are as much environmental as socio-economic. Closely tied to rapid industrialization and automobile dependence, pollution levels – air, water and land – are well beyond United Nations standard threshold levels and will continue to increase at rising rates into the foreseeable future. The vast majority of wastewater is discharged without treatment. The annual cost of air pollution alone to Jakarta is estimated to be almost one billion US dollars per annum and it is estimated that air pollutants and biochemical oxygen demand substances are increasing two to three times faster than the economy (Douglass & Ling, 2000: 4f.). The major source of air pollution is motor vehicles. If not addressed with some urgency, Jakarta’s already heavy dependence on private road transport and the problem of air pollution will become chronic over the next two decades. Environmental degradation of the coastal plain hinterland has caused severe water shortages in the dry seasons and flooding in the wet seasons. Although there is almost no monitoring of ground pollution in Jakarta, a relatively unregulated and rapidly developing industrialisation process is resulting in indiscriminate dumping of solid and toxic waste disposal on public land and into the river delta system. Yet the government allocates less than 0.5 per cent of the GDP to cleaning up the urban environment (Douglass & Ling, 2000: 13).

Superblocks and new towns: Metropolitan development and regulation concepts

The original idea to extend existing housing units into hierarchically structured growth poles and to dispense with new towns to avoid interregional migration, turned out to be not realistic. However, the nucleus idea of sub-centres, which are designed to be self-sustainable in terms of employment and service facilities, is still the basis of future city planning. All scenarios for Jabotabek’s development are based on the concept of ‘superblocks’, which was given legal status by the Jakarta governor’s Keppres-Decree 678/1994. Superblocks are defined as multifunctional areas with a minimum size of 20,000 m², which are served by at least two high-capacity roads and are located in urban town improvement areas and/or low-density regions. Ahmad (1996), head of the city planning agency Dinas Tata Kota, perceives the following goals of future development: Minimizing of transport costs, creation of housing space, prevention of concentration and the reduction of the costs of infrastructural development.

However, the spatial planning concepts of Java Barat (province of Western Java) for Botabek show a clash of interests between (traditional) agrarian and (increasing) industrial use, which is favoured by the settlement of large- and medium-scale industries. The problem of commuting, one of the main factors responsible for inner-city traffic congestions, shall be tackled by a concentric growth of housing areas. According to theoretical planning, 75% of potential commuters should live in an inner circle at a distance of not more than 15 to 20 kilometres from the city limits of DKIJ, 25% farther out. However, reality shows that development in the very vicinity of the core city is beyond control. The availability of cheap land resulted in the influx of private, often international, investment and the creation of growth-poles, which were frequently counter productive to regional planning.

The spillover effects of increasing suburban landuse resulted in enormous building activities, which were first restricted to the boundaries of DKIJ and then continued into Botabek. The steady expansion into former prime agrarian land and its transformation into urban housing and industrial units is regarded as a characteristic feature of South-East Asia’s mega-urbanization (McGee, 1995). However, this general transformation has a feature, which is specific for Java:
due to often disputed landowning, most land transformation in Jabotabek is performed by the speculation of private developers, who monopolistically fix prices below the market level (Firman, 1997: 1029).

In 1993, 95% of all new houses in Jabotabek (total: 246,000) were built in Botabek, but only 5% in DKIJ, where 48% of all new houses were built in 1981. According to Soegijoko (1995: 20f.), the availability of comparatively cheap land, the improvement of metropolitan infrastructure (transport facilities, telecommunication) and the provision of employment by economic deregulation measures were responsible for this development.

The strategy of creating counter-magnets to DKIJ has been enforced for a decade now. In order to face migration and commuting, special focus was put on the formation of self-sufficient ‘new towns’. Before the crisis, more than 30 private land developing companies were planning large-scale satellite towns of up to 10,000 ha. Most of them were planned within 60 km out of the DKIJ boundaries and offer secondary and tertiary employment on a total area of 43,000 ha (Kusbiantoro, 1996: 61). Only a few of these projects still prosper, as the examples of Lippo Karawaci and Lippo Cikarang reveal (Hogan & Houston, 2002 forthcoming): Featuring super-malls, golf-clubs, five-star-hotels, office towers and the like, the Chinese based Lippo Group appears to have two goals: first, to make both short and long term profits in speculative real estate developments; and second, to express its own utopian hopes for designing a multifunctional polis that can act as “both model and provocation for emulation and extension to Jakarta as a whole and to other megacities in the region” (Benton, 2000) – regardless of the unaffordability of such housing for the majority of Jabotabeks’s inhabitants.

However, the short-term ease of the tense housing market for middle-income customers will soon be replaced by a dramatic increase of regional traffic flows. Recent scenarios for Bumi Serpong Damai, a ‘new town’ in Tangerang district, whose completion was projected for a total number of about 650,000 residents in 2015, predict a 2.958% traffic increase on secondary roads and a 2.270% growth on artery toll roads. „Given that all new towns and industrial estates developed along the toll road corridor are expected as ... BSD ..., the impact of this rapid development will be devastating“ (Kusbiantoro, 1996: 63).

Henderson et al (1996: 78) emphasize the lack of long-term planning, which is characteristic of the majority of these models. In order to reduce costs, suburban development tends to focus on so-called ‘pockets’ along existing tollroad corridors, without any kind of roots in internal traffic concept at all. The lack of proper coordination among the various developers leads to insufficient infrastructure development and a boom of projects, that are planned and constructed side by side, often in close proximity to each other, and without realistic concepts of demand and costs.

**The socio-economic change of the metropolis**

From 1980 to 1990, the economically active population in Jabotabek increased by 69% up to 2,3 Mio. Out of this total number, DKIJ’s share was one million people (an increase of 52%), whereas Botabek’s share was 1,3 Mio people, which meant a growth of 90%. However, this development did not occur uniformly, and huge disparities are obvious. The increase of employment in the so-called ‘Inner Ring’, which borders DKIJ, peaked at 425%, compared to only 36% in the ‘Outer Ring’. The latter figure corresponds to the natural growth of the labour market (Jones & Mamas 1996: 56). The absorption capacity of the core city turns out to be slightly higher than in the outer fringe areas of Botabek. Thus, the economic take-off in terms of employment has been taking place right out of DKIJ for almost two decades, with serious consequences for infrastructure development, local transport and daily commuting, whose size and structure are beyond proper analysis due to lack of sufficient statistical data.

Both the elimination of women from the labour-intensive process of rice harvesting in favour of small groups of male contract workers and the growing mechanization of rice production have led to a transformation of both production and working conditions. Only thirty years ago, harvesting was done by up to 500 (mostly female) workers per one ha, which is harvested by only ten to twenty people today. The share of landless people is steadily growing, which seems to be due to increasing, mostly speculative, interest of private developers in suburban land. This
trend resulted in a further release of rural labour force, which put further pressure on the urban labour market.

Additionally, the improvement of transport facilities in Java increased spatial mobility. The building and widening of secondary roads, as well as the increased use of minibuses, facilitated both the access to rural villages and to Jakarta. Henceforth, time and distance did not hinder seasonal or temporary search for urban employment any more, which further pushed migration to Jabotabek. On the other hand, the improvement of transport facilities in Java also enabled the penetration of rural markets with goods produced in urban medium- or large-scale enterprises. These urban-made groceries and clothes, which were generally cheap and of good quality, entailed professional changes (such as tailors becoming clothes retailers) and speeded up rural unemployment, which worked as another incentive for an increase of informal activities in Metro-Jakarta.

**Tertiary activities on the rise: DKIJ as a “Service City”?**

Undoubtedly, the continuous rise of Jakarta’s CBD (‘Golden Triangle’) in the central Jalan Thamrin and Jalan Sudirman area has become most obvious in the past decade, which has had an enormous impact on the physical appearance of the core city per se. A completely new skyline of international business towers and condominiums is under construction, which has resulted in an exodus of an unknown number of kampung residents living there before. 35% of all communal and social employment facilities in DKIJ are located in Central Jakarta (Jakarta Pusat) now, whereas 34% of all metropolitan jobs in trade and tourism are located in South Jakarta (Jakarta Selatan). Both shares are equivalent to a quarter of total Jabotabek’s employment facilities (Henderson et al, 1996: 91).

The international rise to a global-style world of information became obvious by the increasing demand for office space since the early 1990s. The increase in space of about 185.000 m² annually in the 1990s, which peaked in 1995 with 350.000 m² ‘Grade-A-Space’, was among the highest in Asia, with the demand in Singapore and Hongkong ranking far below. The most dynamic demand was recognizable in the fields of telecommunication and finance. In the middle of 1997, 3.42 Mio m² of office space were available in Jabotabek. However, if the number of vacancies at the end of the year was actually below the expected 10% (EIU, 1997: 21), must be doubted with regard to the country’s economic breakdown in early 1998. From 1985 to 1994, the number of office space outside the ‘Golden Triangle’ increased by 400%, compared to 170% inside (FEER, 18 May 1995: 66). In urban Bekasi, the eastern stronghold of Metro-Jakarta, the prices for industrial land (up to 250 US$/m²) are still three times higher than in its rural hinterland (FEER, 22 May 1997: 57).

The centrifugal dispersion of a large number of (multinational) companies at the periphery of the metro-region was influenced by this development to a large extent, which corresponds to the decentralized ‘superblock’-strategy of the government. The rapid expansion of wholesale enterprises at the fringe of DKIJ was due to similar factors: 40% of the present trading space of 1,79 Mio m² is younger than five years, and 60% came into existence not before 1992. This development can be seen as an indication for the existence of a growing middle-class, that is financially strong and estimated at about 20% of the total urban population. In the suburban areas, the global players fulfill a key function as so-called ‘anchor tenants’. The attraction of international brand names, that are made more and more popular by CNN or MTV commercials, facilitated the invasion of Japanese (Seibu, Sogo) and US (J.C.Penney, Walmart) shopping-malls and supermarkets. In the Lippo Karawaci Supermal for example, a 94.000 m² mega-centre in Tangerang, at least before the crisis more than half of the 300 tenants were franchise entrepreneurs of international chain-stores (FEER, 16 May 1996: 52).

The phenomenon of population decline in the core city is intimately linked with the suburbanization of Jabotabek. DKIJ’s share of the total population of Jabotabek has declined from 54,8% in 1980 to 43,2% in 1990, which - even in consideration of an obvious lack of statistical accuracy - is bound to cause both demographic and economic change. Ahmad (1996) points out the necessities of rendering DKIJ into a service city: On the one hand, there are steadily increasing land prices, which accelerate the move of traditional industries into suburban areas; this fact, on the other hand, supports the planning strategies of the (core) city government,
which attempts to both spread and relocate (polluting) industries plus their workers into the suburban hinterland in order to reduce traffic congestions. Additionally, these measures are intended to improve the living and working standards of the middle- and upper-class inhabitants of the new high-rise downtown, which is being newly constructed according to international standards. Already in the early 1990s, 70% of DKIJ’s total revenue was based on service activities (CCJ 1994: 37): “...a „service city“ ... is not an ambitious manner, but it is a must” (Ahmad, 1996: 1).

Conclusions and future prospects: The economic and political crises as new factors of city development?

The dynamic urbanization of Metro-Jakarta is due to demographic and economic factors and, last not least, a consequence of pro-western politics since the late 1960s. Suharto’s ‘New Order’ measures included tremendous liberalization and deregulation, which transformed the spatial and socio-economic background and accelerated the sectoral change of local employment (Spreitzhofer & Heintel, 2000). This fact necessitated spatial strategies of relocating urban housing and employment from DKIJ to suburban Botabek, which have been implemented with varying ambition and success. However, essential aspects of this transformation have not been dealt with in this article, such as the transformation of the Indonesian society, urban poverty, or ecological change, which would be worth integrating in future research.

The social unrest in the course of increasing search for democracy has dramatically reduced potential investment since 1996. Thus the economic boom of the mid 1990s seemed to have slowed down even before Indonesia’s monetary crisis in early 1998, whose consequences for Metro-Jakarta’s spatial and sectoral development are still open to speculation: the majority of new town projects might be delayed or cancelled, DKIJ’s new high-rise CBD might remain unfinished; the interruption of building activities might increase the number of unemployed workers dramatically.

Additionally, due to the prevalence of low-skill and low-wage production, a shift of investor interest to Indochina and PR China seems to be quite a probable scenario, since both regions are ready to produce even cheaper on the one hand and are regarded as politically more stable than present Indonesia. Recent development suggests that at least the economic turmoil seems to be under control: The appreciation of the rupiah and the restructuring of the banking system have substantially reduced both the inflation rate (1998: 46%, 1999: 29%) and the interest rates (Nasution, 2000: 159f). If Indonesia can manage to solve its political problems and rebuild its social system peacefully, at least economic strength might easily be regained (Soesastro, 2000). However, whether Metro-Jakarta’s take-off to the status of a ‘Global City’ is just postponed or cancelled at all, thus remains to be seen.

References


