Widodo plans to move Indonesian capital to Borneo

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Indonesian President Joko Widodo announced last month that the national capital will move from Jakarta to a newly-built capital city in the East Kalimantan province on the island of Borneo. If the plan is approved by parliament, construction of the new city will commence by the end of 2020. The full relocation is due to take place in phases from 2024 onwards.

The proposed site in Borneo is a forested area of around 180,000 hectares of government-owned land, in the North Penajam Paser and Kutai Kartanegara regencies. Once the infrastructure is developed, an estimated 800,000 civil servants will be forced to move there.

The decision was prompted by the rapid expansion of Jakarta which has become a huge, overcrowded city beset by congestion, pollution, and flooding. Jakarta's traffic jams cost an estimated 100 trillion rupiah ($US7 billion) a year in lost productivity, while tens of thousands of cars are added to the roads every year, accounting for 75 percent of the city's air pollution.

Jakarta, which is effectively built on mudflats, is also one of the fastest-sinking cities in the world. Two-fifths of the city currently lie below sea level and parts are dropping at a rate of 20 centimetres a year. Depletion of the city's underground water wells has led to land subsidence. Coupled with rising sea levels caused by climate change, this could mean that by 2050 large areas of Jakarta will be completely submerged.

Above all, the fast urbanization and growing population are generating fears in ruling circles over the potential for social upheaval. Greater Jakarta, home to more than 30 million people, is set to soon overtake Tokyo as the world's most populous city. As the city has grown, social tensions have intensified.

The government claims the relocation is to ease pressure on Jakarta and spread economic activity outside Java, which accounts for 54 percent of Indonesia's 270 million people and contributes about 58 percent of its gross domestic product (GDP). On the other hand, Kalimantan—the Indonesian part of Borneo—accounts for just 5.8 percent of the population and contributes 8.2 percent of the GDP.

President Widodo has declared that the move will help address income disparity, justifying it as a "realisation of economic equality and justice." In reality, the plan will do nothing to address the class divide in Indonesia, which has only deepened since the collapse of the Suharto dictatorship in 1998. Today, an estimated 1 percent of the Indonesian population owns 50 percent of national wealth, and the richest 10 percent possesses 77 percent.

The choice of East Kalimantan, Widodo claimed, was "very strategic," placing the new capital at the country's geographical centre and supposedly protected from natural disasters. The capital will be located between two cities, Balikpapan and Samarinda, both of which have international airports, toll roads, and operating seaports.

The real "strategic" reason behind the relocation is to place the capital away from one of the largest working classes in the world amid rising social tensions and a resurgence of the class struggle internationally. As well as Jakarta, most of the nation's major cities are located on Java.

The last five years have seen increased strikes across Java. In 2014 around 50,000 workers in Jakarta went on strike demanding wage increases. Numerous general strikes have led the government to work more closely with unions in order to repress social unrest. The most recent major strikes were carried by copper miners in Papua and paper mill workers in South Sumatra.

The decision to shift the capital came in the wake of

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the May 21 protests in Jakarta, in which thousands protested in the streets against the presidential election result. More than 30,000 troops were deployed throughout the city to shut down the protests. Eight people died and more than 600 were injured, in one of the most violent political events in two decades. Widodo said afterwards of the protests, “We will not give room for rioters who will ruin our country.”

The initial construction of the city is scheduled to conclude by 2024—the last year of Widodo’s second and final term as president. He is pitching the new “smart and green city” as a part of his legacy, a national showcase.

Government officials have repeatedly claimed that the new capital will have no significant impact on the environment. However, the cost of the city on an already depleted natural habitat will be enormous. Massive land clearing on the site, predominantly jungle, could lead to flooding similar to that in Jakarta.

A study published last January by scientific journal *Nature* concluded that road-building projects in Kalimantan will lead to further fragmentation of rainforests and a drastic reduction of habitat accessible to wildlife. Borneo possesses some of the world’s oldest tropical rainforests. Bukit Soeharto, the national park at the projected city’s centre, is inhabited by threatened species including Bornean orangutans, sun bears, and pangolins.

Development costs for the new city are estimated at 466 trillion rupiah ($US33 billion). The Indonesian government will cover only 19 percent of the costs, while the remainder will be paid by private companies, state-owned enterprises, and private-public partnerships. Private corporations will undoubtedly reap substantial profits.

A day after Widodo announced the city’s location, real-estate developers began to scramble for land. The shares of major property developers PP Properti and Bumi Serpong Dumai are now rising sharply. Investment opportunities have also opened up for financiers in Singapore and in the Malaysian states of Sarawak and Sabah, which are also located on Borneo.

The *Nikkei Asian Review* wrote that several experts have questioned the involvement of the private sector, citing concerns over rising debt and the potential for government corruption and cronyism, for which Indonesia is notorious.

As Widodo’s coalition holds a strong majority in parliament, the proposal is likely to be approved. The government hopes to have completed a regulatory framework and structural design for the city by the end of this year.

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