

# Indonesian government attacks wages through phony public housing scheme

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The Indonesian government under out-going president Joko Widodo is expanding its Public Housing Savings program, known as Tapera, a scheme ostensibly meant to alleviate the country's growing housing crisis. While the program is already in effect for civil servants, participation will become mandatory for almost all workers by 2027.

Under the Tapera program, workers will be forced to contribute 2.5 percent of their salaries that will be automatically deducted, while employers must supply only an additional 0.5 percent. Self-employed people are also being required to participate, contributing the full 3 percent on their own. Workers will then supposedly be able to use the fund for financial assistance when buying or renovating a house in the form of reduced interest rates on loans.

In other words, money is being funnelled from the working class to boost government finances and the banks in return for limited financial help. Supposedly, workers will receive a lump sum after reaching the retirement age of 58, but there is no guarantee this will take place amid growing financial instability internationally.

There is a serious shortage of housing in Indonesia, which has the fourth largest population in the world, with 280 million people. Approximately 26 million houses in the country do not meet standards for habitation and there is a backlog of almost 10 million dwellings that need to be built. The Indonesian government would need to construct about 800,000 homes annually to meet the needs of the population. Yet only 229,000 homes were built using state funds in 2023 and the figure is set to be even lower this year at fewer than 200,000.

The Widodo administration claims that the cause of this shortage is financial constraint, and that the

expansion of the Tapera program will lessen the severity of the housing shortage by gathering funds from a greater proportion of workers.

However, the staggering wealth of the Indonesian elite would be more than enough to fund social housing to match the country's needs. In the last year, ten of the largest companies and banks in Indonesia accumulated combined profits of over \$US28 billion, or about 463 trillion rupiah. In comparison, the amount of money put towards subsidizing housing in 2024 is projected to be approximately 9 trillion rupiah (\$US550 million), or about one fiftieth of these massive profits. The government is forcing the working class to pay to fix the housing crisis, while the wealth of the financial elite will only be enhanced.

Indonesian workers, like their class brothers and sisters internationally, are finding the rising costs of living intolerable. The minimum monthly wage in Indonesia varies widely, from about 2 million rupiah (\$US123) to as high as 5 million rupiah (\$US306), depending on the province. The average salary also falls within these amounts, at about 3 million rupiah (\$US183). The Tapera program will be a significant cut to workers' real wages.

Housing is also costly. In the capital of Jakarta, the monthly rent for a one-bedroom apartment can range from 3 to 9 million rupiah. The monthly cost of living for an average household can range from 10 to 15 million rupiah (\$US611 to \$US917) in metropolitan areas.

Workers, particularly youth, are also struggling to find work. The official unemployment rate in Indonesia was 5.3 percent in 2023, totalling 7.9 million people. The real scale of unemployment in the country is undoubtedly higher, as this figure does not include people who are in insecure work, underemployed, or

counted as “not actively looking for work.” For young people aged 15 to 24, the unemployment rate was 19.4 percent last year.

Now, through the Tapera program, the Indonesian elite is demanding that more money be squeezed from workers facing these crippling financial conditions and having difficulty finding and holding on to employment. Despite claims to the contrary, the real reason for the government to enforce this measure is that the fund would serve as increased state revenue.

Saiful Islam, a member of the Ministry of Finance, stated that the Tapera fund would not be included in the state budget and would be used solely and directly to subsidize housing prices and interest rates. However, the Center for Economics and Law Studies in Jakarta cast doubt on this claim, saying Tapera “won’t only be used to fund housing, but also government programs from the new capital city [being built in Nusantara] to the free lunch program in the future.”

Given these conditions, workers have responded to the announcement of the expansion of Tapera with anger. Thousands of workers protested outside the presidential palace in Jakarta on June 6 to denounce the government’s agenda. Elza Yulianti, a 30-year-old freelance worker, criticized the lack of clarity about the program. She told Australia’s ABC News, “At a time when income is uncertain—when workers can get fired anytime—the Tapera obligation would reduce our income. My income is just around \$AUD500 (\$US334) per month and the price of land in Jakarta is very, very expensive.”

Elvia Shauki, who has worked as a civil servant for nearly 30 years and therefore is already a part of Tapera, stated at the protest that she had been unaware money was being taken from her pay and that when she checked her fund, she only had 4.5 million rupiah (\$US275), which would not be enough to purchase a doll house. “The issue with this is the visibility, transparency and the fact that we had been robbed. The civil servants had suffered enough... I think it’s just a trickery on how they can raise funds cheaply on a massive scale,” she said.

The essential point is this: The Indonesian government and the wealthy capitalist class that it represents are not concerned about the plight facing the Indonesian working class and the difficulty of affording housing. The expansion of the Tapera fund is not an

“imperfect” attempt to ameliorate the cost-of-living crisis in Indonesia. Public housing is only being used as a pretext by the Widodo government and the bourgeoisie to extract more money from the working class.



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