

# The case of Jakarta, Indonesia

by Paul McCarthy

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## THE CITY: JAKARTA

### 1 WELCOME TO THE *KAMPUNG*

Crowned by a stylised ship's prow, the Wisma 46 skyscraper towers forty-six stories above the surrounding neighbourhood. Home to such (once) prestigious firms as Arthur Anderson and Gulf Oil, the gleaming blue-glass tower is the tallest building in Indonesia. Flanked by the five-star Shangri La Hotel and the foreboding Bank Nasional Indonesia, the trio of buildings is the most impressive on the Jakarta skyline. Only a two-metre high chain-link fence topped with barbed wire separates the immaculate putting green of the luxury Shangri La from the uniquely Indonesian phenomenon of the *kampung*.

In its original rural version, the word *kampung* literally means "village" – usually the home village or birthplace of an individual. In an era of unbridled urbanisation, however, it has also come to mean a poorer neighbourhood contained within a city. *Kampung* is not synonymous with "slum". Most *kampungs* actually contain a mix of lower and lower middle class - even some middle class families - living in mostly permanent dwellings. Squatters are relatively few. Most *kampung* residents actually have some sort of legal title over their land – though they are not always able to prove it to the satisfaction of Indonesia's corrupt court systems. True to its linguistic roots, many *kampungs* are, in fact, the remnants of original villages – it is the city that has expanded and encroached upon the areas surrounding the *kampungs*, not vice versa.

The Karet Tensin *kampung* is pretty typical. It existed as a village, far removed from the original port city of Jakarta, for as long as anyone can remember – presumably dating back to the 1800s and quite possibly beyond that. The name reflects its origins: karet means rubber as the area surrounding the village was a rubber plantation during Dutch colonial times. Tensin is allegedly the name of the person who first built a navigable road from the town of Jakarta to the rubber plantation, apparently in the late 1930s, shortly before the Japanese seized control of Indonesia during World War II.

Today, there is nary a rubber tree to be found. The Karet Tensin *kampung* is in the heart of Jakarta's central business district, dwarfed on three sides by office towers, apartment complexes and five-star hotels including the Shangri La. The eastern boundary is Jakarta's main eight-lane highway Jalan Sudirman, named after one of the country's war of independence heroes. The western boundary consists of a series of drab low-rise businesses and one of Jakarta's largest cemeteries.

### 2 SOUTH-EAST ASIA'S LARGEST MEGACITY

In spite of frequently repressive political measures, the 1965 rise to power of General Suharto ushered in an era of political stability that lasted more than three

decades. This gave rise to economic growth rates that were unprecedented in terms of both strength and longevity – averaging more than 6 per cent per year from 1975 through 1996, thereby consolidating Indonesia’s status as one of Asia’s new economic tigers.

The nexus of this growth has consistently been the capital city of Jakarta. Situated on the coastal plain of the island of Java, Jakarta has long been an important trading port. Currently celebrating the 475th anniversary

of its founding as a port, Jakarta served as the capital of the Dutch East Indies for over three centuries. Despite its status as the national capital – which it retained after independence was declared in 1945 - Jakarta has, until recently, been perceived – even by many Indonesians - as little more than a tropical backwater. Unlike the rival cities of Bandung and Yogyakarta, it was not a well-known cultural, intellectual or academic centre, nor was it close to the agricultural or manufacturing heartland of the country. But in one the world’s most politically



Landmarks  
in Jakarta

centralised and staunchly capitalist countries, Jakarta was the capital. That, in itself, generated a huge amount of business and served as a drawing card for foreign and domestic investors alike. As a direct result, Jakarta became a post-independence boomtown, more than quadrupling in size from some two million in 1975 to an official population of 9.1 million when the last census was conducted in 1995.<sup>1</sup>

But the official census figures only tell part of the story. How many people actually live in Jakarta is a matter for speculation. There have, for instance, traditionally been seasonal fluctuations that swell the population base at certain times of the year – a result of the temporary migration of landless farm labourers from other parts of Java seeking daily-wage construction work in Jakarta between the planting and harvest seasons.

But no discussion of recent Indonesian history is complete without taking into account the East Asian economic crisis that began in July 1997. More pronounced and prolonged in Indonesia than any other country in the region, this *krismon* (a term commonly used by Indonesians, derived from *krisis moneter* or “monetary crisis”) has plunged millions into poverty throughout the country. It has had the effect of disrupting seasonal migration patterns to Jakarta and other large cities and may have slowed the overall rate of urban migration which stood at 4.4 per cent per year between 1990 and 1999 (BPS data *ibid*).

Nonetheless, with a metropolitan population that is approaching 12 million, Jakarta is now the world’s fourteenth largest city. It recently surpassed Manila as the largest in South-East Asia and is likely to move into the top ten by the year 2015 with a projected population of 17.3 million.<sup>2</sup> Population density is extremely high: In a country with some 210 million people (the fourth largest in the world), more than 5 per cent are crammed into 661 km<sup>2</sup> – a mere 0.03 per cent of the total land area.

### 2.1 Boom and bust in Karet Tensin

Contrary to the growth pattern in the city as a whole, the population of the Karet Tensin *kampung* has been shrinking steadily over the past 15 years. Where it once held upwards of 700 families, there are now only 420 households in Karet Tensin.<sup>3</sup> For the most part, this contraction is a result of good fortune rather than misfortune – the good fortune arising almost entirely from the skyrocketing price of land during the economic boom of the 1980s and 1990s. For obvious reasons, such benefits only accrued to those who actually owned the land and houses. Renters and the few squatters who have managed to set up homes in the *kampung* have gradually been squeezed out even though rental costs have not increased nearly as much as land prices. The land area that the *kampung* occupies has been reduced by over 50 per cent in the past twenty

years as real estate developers sought to buy up as much land as possible.<sup>4</sup> Actual construction of buildings like the Shangri La Hotel and the Wisma 46 office complex were accompanied by the tearing down of more than two hundred homes and small businesses occupying all the land directly adjacent to access roads. As a result, nearly half of the *kampung*’s original families have been disbursed to various outlying areas of Jakarta.

Population density, however, is higher than ever with some 1,800 residents being squeezed into an area that is less than half of what it was twelve years ago. The space issue is further exacerbated by the fact that a private land speculator bought more than two hectares of the *kampung* (roughly a third of the surface area) in 1984 and promptly cleared all the houses in the hope of reselling the vacated land to real estate developers at a huge profit. Unfortunately at least from the developer’s perspective – their gamble did not pay off. They were left holding it when the real estate market went bust following the onset of the *krismon* in 1997. Now the steel girders of the apartment complex that was to be built adjacent to and managed by the Shangri La Hotel lie rusting and idle. The *kampung* land that had already been cleared sits vacant, apart from two haphazard garbage dumps and a few squatters who somehow elude detection or have made a deal with security guards. To keep the vegetation in check, *kampung* residents have been allowed to use the area as gardens. Many have taken advantage of the opportunity to plant cassava, papaya and bananas, even though the soil is less than ideal. Despite the occasional pilfering and cassava’s reputation as “poor man’s” food, this fresh produce has been a valuable dietary supplement for some of the *kampung*’s poorer families.

## 3.1 THE IRREPRESIBLE LURE OF THE CITY - URBAN GROWTH TRENDS IN INDONESIA

Like other developing countries throughout the world, Indonesia is steadily urbanising. The proportion of the population living in cities has increased from 19.4 per cent in 1975, to 30.9 per cent (or 55 million people) in 1990 to 39.4 per cent at the end of the millennium. While there is some anecdotal evidence to suggest that the urban growth rate which stood at 4.4 per cent per annum during the 1990s may be declining ever so slightly, population projections indicate that urban dwellers will surpass their rural counterparts as a percentage of the population between 2010 and 2015, rising to a total of 60.7 per cent by the year 2025 (or a total of 167 million in a projected population of 276 million) (BPS Susanas data in ADB, 2001).<sup>5</sup>

By global standards, this is not extraordinary. Indeed so-called First World countries have a considerably



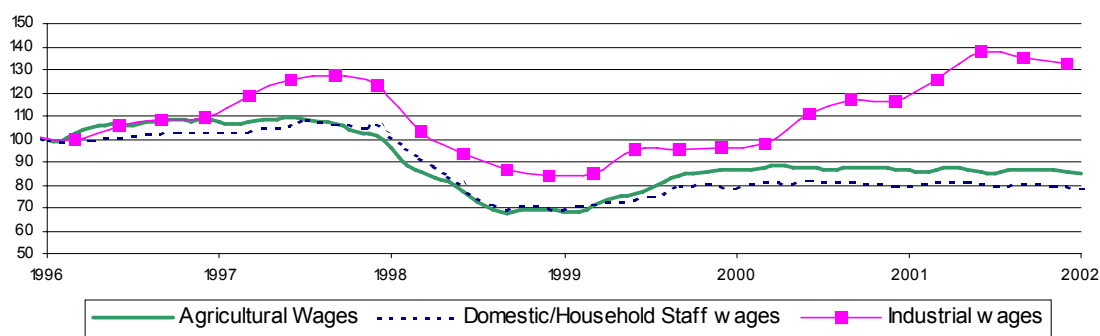
higher proportion of people – an estimated 76 per cent in 2000 – living in urban areas. However, the urbanisation rate in developed countries has slowed to 0.4 per cent per annum while the rate in developing countries is expected to remain in the range of 2.3 per cent annually (John Hopkins University 2001).<sup>6</sup>

The island of Java, one of the world's most densely populated large islands, is the centre of Indonesia's urbanisation trend. With nearly half the country's population crammed into less than one seventh (about 15 per cent) of the land area, what many find surprising is that urbanisation is not greater. To some degree, the controversial transmigration policies<sup>7</sup> of the Suharto government may have eased urban growth pressures, but rapid industrialisation throughout the 1970s and 1980s has more than counterbalanced transmigration and other government attempts to stem urban growth.

period with slightly more than 60 per cent of these migrants moving to urban areas. Not everyone moved *from* rural areas, however, with more than half (56 per cent of the urban migrants) having moved from one city to another. Jakarta has certainly received more than its share of migrants coming from both rural and urban areas but reliable data, disaggregated by individual cities, is not available.

Why do they come? In a word, jobs – or at least the myth of steady employment. Despite the economic crisis, metropolitan Jakarta remains the country's major economic engine, still producing almost 18 per cent of national GDP (www.bps.go.id).<sup>8</sup> A 1995 survey of recent migrants from rural areas showed that 59.6 per cent had moved to the capital seek or take up employment, 35.5 per cent for family reasons (often related to work

Figure 1: Wage Indices



Source: BPS and ADB

The six largest cities – four of them on Java – contain over 12 per cent of the republic's entire population. Jakarta has a population roughly equal to the next five largest cities combined. The urbanisation rate in these cities is 5.6 per cent annually (for the period 1995-98). The natural increase (crude birth rate over crude death rate) still surpasses the increase due to urban migration by a ratio of 61:39 (data for 1990-95, extrapolated from the BPS 2000b). Jakarta has the second highest proportion of growth (53 per cent) due to migration (the second highest among all cities with a population of more than half a million). Urban growth due to migration may, in reality, be higher than officially indicated, as these figures do not attempt to take into account seasonal migration – even though many seasonal migrants spend as much as ten months of the year in the city.

Where do these migrants come from? Although data analysing migration patterns are sparse, the intercensal survey of 1995 (BPS 1996) indicates that a total of 13.9 million (7.2 per cent of the total Indonesian population) had migrated during the preceding five-year

prospects), 2.8 per cent for the purpose of pursuing education and 1.6 per cent for improved housing (BPS 1996).<sup>9</sup> For those lucky enough to find work in the formal sector, urban success is more than a myth. As **Chart 1** shows, industrial wages (in the manufacturing sector) have risen even during tough economic times while rural wages (in the agricultural sector) have remained stagnant (ADB 2002).

### 3.2 MIGRATION AND ETHNICITY IN KARET TENSIN

In Karet Tensin, as throughout much of Jakarta, the Betawi ethnic group – those people who can trace their lineage back to Jakarta's origins as a city in the mid-16th century – are being gradually squeezed out. Despite being the original landowners, inter-marriage and successive waves of urban migrants (the Sundanese from West Java going back at least a century and more recently the Javanese from the provinces of Central and East Java) have reduced the

**Box A: Looking for Success in the Capital**

Pak Yogi and Pak Maulana<sup>12</sup> live only 300 metres from one another in Karet Tensin. Although they don't know each other, they share the fate of being poor even though one is a native Betawi and the other is a recent migrant from rural Java. On the other hand, Ibu Temi, whose modest but comfortable house is actually situated between the two others, is very much a success story.

Pak Yogi did manage to finish junior secondary school (Grade 9 equivalent), but the 44 year old never managed to find a secure job. Instead, like many of the Betawi residents of Karet Tensin, he drifted to work as a caretaker and gravedigger at the huge cemetery that forms the eastern boundary of the kampung. Pak Yogi has a difficult time estimating his average monthly income since it depends entirely on voluntary contributions from the relatives of those buried in the cemetery. It is supplemented by his wife's occasional foray amongst the flower sellers at the cemetery (mainly on religious and national holidays) and by his eldest son who, since graduating from senior high school two years ago, has found some daily wage work hauling goods at a nearby market. Both he and his wife are known as experts in the art of Indonesian massage but their clients are irregular and can rarely afford to pay more than Rupiah (Rp.) 8,000 (or US\$0.80) for a one hour massage. At least he doesn't have to pay rent even if his parent's original house has been subdivided into three tiny two-room homes with a shared toilet and kitchen – a total living area of about 18 m<sup>2</sup> for a family of six. His elderly parents live next door with an older sibling and her family next to them. Many other relatives live in adjacent houses in this part of the kampung providing an informal social safety net when times are tough. Still, Pak Yogi acknowledges that the future doesn't look bright for him or his children. Too much job competition, even for the informal type of work he does in the cemetery. To get a good job, he believes his sons would need to at least complete senior secondary school, preferably in a technical or vocational school. But this is something currently beyond his means. Indeed, he's worried about being able to bear the additional burden of the primary school fees for his youngest daughter who is due to start Grade 1 next month.

Pak Maulana figures he faces an even more dismal future. Having made the choice to move to Jakarta from Central Java two years ago, he is finding it impossible to make ends meet. Now Ibu Wiwiek, his wife, is pregnant with their fifth child – and he has no idea how he will come up with the Rp. 375,000 fee (about US\$38) that the local midwife will charge to deliver this child. She confides they will probably have to use the government-run health clinic that has a poor reputation but will cost barely more than half of the midwife's fee. Even then, they don't know how they will come up with the money. Ibu Wiwiek worries that they will have to turn to the local moneylender who charges usurious (and very un-Islamic) interest rates and sometimes requires that loans be repaid in daily instalments. But they have only one other relative in Jakarta and she has no steady income either.

Pak Maulana's grim financial situation isn't for a lack of trying. Since coming to Jakarta, he has tried just about every sort of unskilled job available – daily wage construction labour (he had done seasonal construction work for several years but now there is simply not enough work), itinerant food vendor (the cost of roast corn kept fluctuating leaving him with a net loss), flower seller (this excursion was quickly dropped in order to keep the peace with his Betawi neighbours who have an informal monopoly on the cemetery business), and becak driver<sup>13</sup> (too many hassles from the police as he wasn't familiar with the quickest routes). He has managed to build a small shack from scrap wood and tin on private land behind the home of an acquaintance he met on a

construction site. Just two months ago, he scraped together enough money to put in a rough concrete floor – and investment that will be lost if and when the owner of this plot decides to occupy it.

Washing, bathing and drinking water comes from a nearby standpipe (which has been screened for privacy on three sides by sheets of zinc roofing) so the only recurrent charge is for electricity – even squatters are not allowed to illegally tap into the kampung's electrical grid. The electricity is needed to run the lights, the rice cooker and their most valuable possession – a 20 inch colour television that used up almost all of the meagre savings they brought from their home village. A primary school dropout himself, Pak Maulana – unlike most Javanese – sees little value in education and has already allowed his oldest son to discontinue his schooling after finishing primary school (Grade 6). He ended up sending his two older sons back to Central Java to live with his in-laws on the grounds that "The atmosphere is more healthy there." He still thinks coming to Jakarta was a good move: "In my village, I had no land and sometimes we could only eat once a day. I am sure that eventually I will get a good job in construction. Then everything will be fine."

For Ibu Temi everything has, in the long run, turned out fine – although her success story was not without its hurdles. She looks upon her poor neighbours with a mixture of pity and disdain. But she makes sure to contribute her share of zakat (an obligatory Islamic charitable tithe) as a means of helping them. Having moved to the kampung from Central Java when she was eleven years old, she met her future husband, Pak Dedi (a second generation Javanese who also lived in Karet Tensin), during junior high school. Although Ibu Temi never finished high school, her husband, Pak Dedi did. He then enrolled in a trade school specialising in teaching skills for those wishing to work in the tourist trade.

By 1976, Pak Dedi was married and working in the kitchen at the Hilton Hotel. Six years and three children later, he was head waiter at a swanky restaurant in the Mandarin Hotel. After a decade at the Mandarin, having picked up enough English and enough experience in hotel catering mainly to foreigners, Pak Dedi took his biggest gamble and, on the advice of a friend, contacted an agent who found jobs for people on cruise ships. He promptly received a contract, paid off the agent and was flown to Istanbul to board a luxury liner. Having worked himself up to maitre d' with a major cruise line, he can now afford twice yearly visits home where, even though he is absent most of the year, he is a respected member of the community and has become a prominent figure in the local mosque (this, confides Ibu Temi, despite a decidedly un-Islamic demeanour during his days as a waiter at the Mandarin. "He used to like beer", she whispers).

Ibu Temi has always run things on the home front and her husband's salary, always denominated in US dollars, has been a boon following the crash of the Rupiah. Steadfastly frugal despite their relative wealth, Ibu Temi has always made her children's education top priority. The youngest is retaining top marks in one of the better local high schools while the other two have already graduated from university and found work in computer repair and landscape design (an irony not lost on Pak Dedi who points out that, "Nobody in this kampung even has a yard to be landscaped.") The eldest has married a woman who works for a textbook production company and, with a loan from their father, they have purchased a Toyota station wagon – which is occasionally rented out for supplemental income.

Ibu Temi claims she would never think of moving out of the kampung. "Where would we go?" she exclaims. "Everywhere else in Jakarta is too expensive. Besides", she adds, gesturing to the narrow lane that runs outside her home, "Kampung people are good people. We like it here."

Betawi population to less than 15 per cent of the *kampung*. For the most part, the Betawi – who, apart from language, are not very culturally distinct from the neighbouring Sundanese ethnic group – are seen as “downwardly mobile”. They tend to lack strong job skills, under-value education and have a long history of easily yielding ownership of their land (willingly or otherwise). (See Box A for the stories of a typical Betawi resident and two Javanese migrants now living in Karet Tensin).

In contrast, migrants from Central Java who have been coming to Jakarta for several generations, and in large numbers since the end of the independence war in 1949, are considered to be industrious and put a high premium on education. The Sundanese used to outnumber the Javanese in Karet Tensin, but family-related migration, especially from the *batik*-producing region of Pekalongan in Central Java province, has allowed the Javanese to easily outnumber all other groups.<sup>10</sup>

The urban melting pot phenomenon in Jakarta takes its toll on the otherwise strong ethnic identities of Indonesians. While they still identify themselves, even after three generations, by their places of origin, many second-generation migrants in Jakarta no longer speak Javanese or Sundanese. While many cultural traditions are maintained and nearly everyone aspires to “*pulang kampung*” (return to their home villages) for the main Islamic holidays, intermarriage among the major ethnic groups is commonplace. The only groups that tend to retain substantive cultural distinction are the Bataks from North Sumatra and the ethnic Chinese who, combined, make up only about 8 per cent of the *kampung* population. The distinction is primarily religious in nature with both groups being predominantly Christian. Intermarriage between Christians and Muslims is considered socially unacceptable, unless

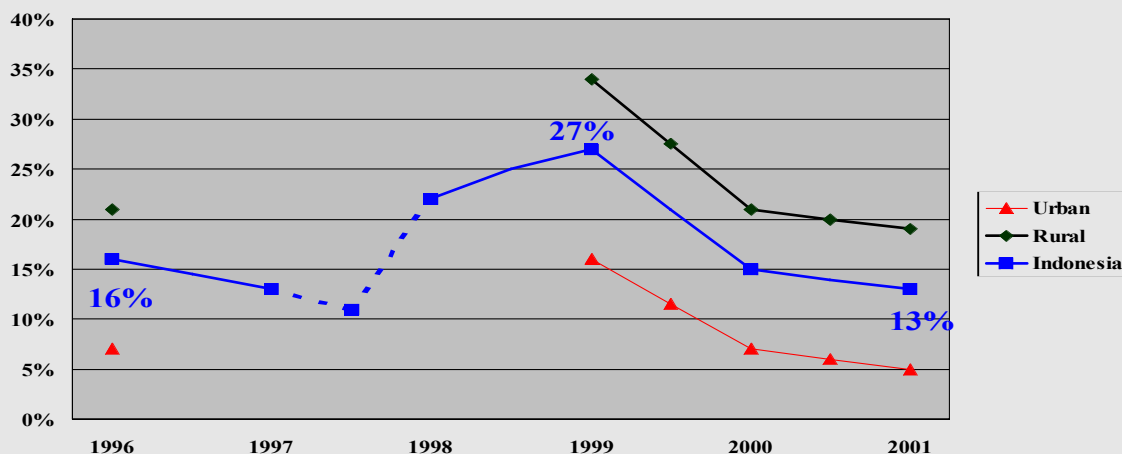
one partner converts to the other’s faith prior to marriage (even then, there are only two instances of this taking place in the *kampung*.) That ethnic Chinese even live in the *kampung* comes as a surprise to many since the Chinese population in Indonesia is typically associated with vast wealth.<sup>11</sup> But the Chinese families in Karet Tensin belie this notion. They are subject to the same economic ups and downs as their Muslim neighbours. As one ethnic Chinese man put it, soon after losing his construction job, “We are small people too.” Fortunately, a sense of shared solidarity among the poor and the near poor tends to keep the social and ethnic tensions that have disrupted Indonesia for the past five years at bay, at least within the confines of the *kampung*.

#### 4. IDENTIFYING THE POOR

How many poor people actually live in Jakarta depends, of course, on one’s definition of poverty. The truth is no one knows for sure. Since *kampungs* are not official administrative entities, no one knows with any real degree of accuracy, the proportion of city’s population that call *kampungs* home. It is likely that somewhere between 20-25 per cent of Jakarta residents actually reside in *kampungs* with an additional 4-5 per cent squatting illegally on riverbanks, empty lots, and flood plains overlooking Jakarta’s crumbling canal system (estimate from the Urban Poor Consortium [www.upc.org](http://www.upc.org)). Not everyone who lives in a *kampung* (as Box B will attest), however, is poor. This makes estimating the number of poor people in Jakarta a highly imperfect science.

Indonesia has used varying – sometimes conflicting – methodologies to measure poverty. The Central Bureau of Statistics (BPS) defines poverty in terms of those unable to afford a basic basket of goods comprised of

Figure 2: Poverty Rate Trends February 1996 - February 2001



Source: BPS, World Bank Estimates



### Box B – A Kampung Success Story

*Ibu Hardjo is a success story – and living proof that not all kampung residents are poor.*

*The neighbourhood might be modest, but Ibu Hardjo's newly renovated house with the carved teak furniture and two motorcycles parked in the fenced-in back porch provides ample evidence that she is not, by any standards, poor. Although she has faced relatively few hardships over the years, her prosperity did not come without a good deal of hard work.*

*Having migrated as newlyweds from Central Java in the early 1950s, Ibu Hardjo and her husband, Pak Syafirie used all their available assets – and a loan from her parents - to purchase a modest home on what was then the outskirts of Indonesia's capital city. Although Pak Syafirie only had a primary-level education, there was little trouble finding a job in those days. He worked alternatively as a construction worker, driver and supplier of construction materials – mostly wood from connections back home in Central Java. But Ibu Hardjo brought something to Jakarta that proved to be even more valuable - her time-honored recipes for some of Java's favourite dishes. Opening a warung (a small restaurant, typically offering both sit-down and take-out service) within a year of the move, Ibu Hardjo quickly became famous for having the best gudeg (a spicy dish of jackfruit steamed in coconut milk) in Jakarta. But while the warung's profits provided a degree of comfort that would have been difficult to achieve in Central Java, it was the soaring cost of land during Jakarta's economic boom years that proved to be the source of real wealth.*

*In the first half of the 1980s, when local land developers settled on the part of the kampung adjacent to the central business district as the site of the future Shangri La hotel, the price of land more than doubled. Negotiating collectively with those kampung residents who had legal title over their land – including Ibu Hardjo and her warung – the developers purchased nearly four hectares of land at an average price of Rp. 180,000 per square metre (about US\$84 at prevailing exchange rates). Many felt their land was worth more but rumours that the military might apply pressure on those reluctant to sell or those seeking to drive too hard a bargain apparently swayed many vendors.<sup>26</sup>*

*For the nearly 110 families who sold their homes, this new-found wealth was used in a variety of ways – mostly to buy up-scale houses in areas on the ever more distant outskirts of the capital. Ibu Hardjo, always the key decision-taker in the family when it came to business matters, bought another house on a smaller lot just a few blocks away, converting the front part of it back into her now famous warung gudeg. She also purchased a plot of land in the eastern suburb of Bekasi.*

*Her daughter-in-law, assisted by a servant from the home village in Central Java – an almost unheard of "luxury" in the kampung - has taken over the day-to-day warung operations and still turns a profit. Meanwhile, Ibu Hardjo, having cemented the respect of the entire neighbourhood by completing the haj pilgrimage to Mecca in 1993, is mostly retired though still often seen on the front step of the warung chopping garlic and peeling shallots while dispensing recipes and advice to assorted passers by.*

*Five of her six grown children, only one of whom finished senior high school, own their own homes. The carved teak furniture sits in the parlour, cushions still covered in their original plastic – testimony to the fact that this sort of investment is meant more to imbue social status than for actual sitting.*



food items (meeting a daily requirement of 2,100 kilocalories) and non-food services such as clothing, transportation, schooling, housing and household necessities. Nationwide, official figures (see **Table 2**) indicate pre-crisis poverty at 11.3 per cent in mid-1997. Poverty rates more than doubled in the space of eighteen months peaking at 27 per cent at the height of the *krismon* near the end of 1998. By early 2002, however, official estimates indicate that poverty has been reduced to just over 13 per cent - close to pre-crisis levels.<sup>14</sup>

The BPS definition has often been criticised as undercounting the poor<sup>15</sup> – especially the urban poor – at least in part as an effort to highlight the former government's significant gains in reducing poverty.<sup>16</sup> If BPS data is accurate – as shown in **Table 2** – the urban poor make up only 4.9 per cent of all city dwellers – a figure that strikes many observers as absurdly low. Another



set of poverty calculations developed by BKKBN (the Government-run Family Planning Board) is considered somewhat more reliable by many development analysts. This system focuses on a range of quality-of-life factors that move beyond basic consumption data.<sup>17</sup> According to this methodology, as of February 1999, 19.5 per cent of urban residents would be classified as poor.<sup>18</sup> The most recent estimate for poverty rate for Jakarta itself, as of June 2002, was 12.5 per cent - considerably higher than BPS data for the same period.

As for Jakarta itself, the capital remains, statistically at least, Indonesia's wealthiest province.<sup>19</sup> The most recent BKKBN figures indicate a poverty rate of 12.5 per cent as of early 2002.<sup>20</sup> Even so, some activists argue this figure is low, especially since the crisis impacted upon urban areas more seriously than rural ones. They point out that official poverty rates do not include respondents who do not have the requisite Jakarta identify card even though, in many instances, they may have lived more or less permanently in the capital for years. But empirical data countering BPS and BKKBN statistics is hard to come by. Recent research conducted by an NGO using expenditure figures extrapolating data from several *kampung* surveys estimated that there were 2.8 million poor people (25.5 per cent) living in 490 "pockets of poverty" throughout Jakarta at the height of the krismon.<sup>21</sup> This estimate appears high since it would include nearly every *kampung* dweller in the city - and, as already noted, not all *kampung* residents are poor.

Household income and expenditure data probably give a clearer picture of who is poor and near poor when compared against cost of living and inflation figures. An annual consumer survey conducted by the respected AC Nielsen firm polled nearly 2,000 households in Indonesia's six largest cities. Results for the 2001 survey indicated that 22 per cent of urban residents were eking out a living on less than Rp. 350,000 per month (approximately US\$35)<sup>22</sup> in total non-shelter expenditures during the calendar year 2001. An additional 20 per cent were spending between Rp. 350,000 and Rp. 500,000 (US\$35-\$50) monthly.<sup>23</sup> Yet to declare those under the Rp. 500,000 monthly expenditure level as poor would be too simplistic, as it does not take into account spending on housing, family size or the use of savings and credit.

Hence, the discussion on poverty rates has turned increasingly towards the concept of vulnerability to poverty - an issue that came to the fore in light of the

enormous impact of the economic crisis. The World Bank has led an effort to quantify vulnerability to poverty in Indonesia although the results are not entirely conclusive. They have defined the "Headcount Vulnerability Rate" as those households, which have a 50 per cent chance of falling below the poverty line (as defined by BPS) due to external shocks over the next three years.<sup>24</sup> Such shocks could consist of loss or reduction in employment, major medical expenses, legal problems that require payment of sizeable fines or bribes, or social expenditures (weddings, funerals, circumcisions) deemed necessary to prevent a decline in social status. However imperfect, such calculations suggest that, as of early 2000, nearly 50 per cent of all Indonesians are vulnerable to poverty. Among urban dwellers, this vulnerability rate is estimated to be 29 per cent - still considerably lower than the rural rate (which sits at 59 per cent) but closing the margin rapidly.<sup>25</sup> This reflects the fact that, in a time of economic crisis, rural coping strategies are typically more flexible than urban ones.

#### 4.2 PERCEPTIONS OF POVERTY AND VULNERABILITY IN THE KAMPUNG

The statistical debate over poverty measurements doesn't attract a lot of attention from the residents of Karet Tensin. The price of rice and kerosene does. Although they prefer softer words like *sederhana* (meaning "simple") or *kurang mampu* (literally "less capable") to the harsher *miskin* ("poor"), everyone in the *kampung* knows which neighbours are genuinely poor. Neither the poor nor the relatively better off like to publicly acknowledge their or their neighbour's poverty - except when there is a definitive benefit to be gained, typically in the form of free handouts. When, for instance, the local Toyota dealership recently gave out free school uniforms, ostensibly only to the "*kurang mampu*" residents of the *kampung*, pride was thrown to the wind as a long line of mothers and children (not all of whom actually lived in Karet Tensin) snaked out the back door of the dealership. Even though the middle-sized uniforms ran out shortly after the distribution began, people still willingly accepted the small size in the hopes of making a quick resale.

The major factors in terms of how *kampung* dwellers themselves identify the poor are twofold: home ownership and steady income. Those who own their homes, regardless of their condition, are generally not considered poor. (Box C, however, describes a classic case of vulnerability to poverty where home ownership could not save one family from falling into poverty.) In Karet Tensin, 68 per cent of households actually own their homes, though not everyone can produce formal legal title. A further 21 per cent rent their accommodation, in most cases from landlords who live adjacent to the rental house. 4 per cent are boarders - non-relatives



who rent rooms from local homeowners. Only 7 per cent are squatters who have no formal agreement for the use of land and pay no official rent (though they may pay an informal fee to retain a “low profile” with the actual landowner).<sup>27</sup>

In terms of income, it is the amount as well as the regularity with which income is received that is important, rather than its source and whether employment is in the formal or informal sector. In Karet Tensin, almost three quarters (73 per cent) have a more or less steady source of income that earns them more than the equivalent of US\$1 per day. But only one in five (22 per cent) work in the formal sector. Even fewer are considered to have “shock-proof” jobs where employment is likely to be permanent and the prospect of lay-offs slim. (The following section of this report provides more details on employment issues.)

Beyond home ownership and income regularity, poverty-identifying factors include the state of one’s home – in particular whether the floor is cement or ceramic tile.<sup>28</sup> Housing materials are also significant with higher income earners aspiring to move away from wood or plywood walls and zinc roofs to concrete blocks and clay tiles. Method of cooking is also indicative. Whereas 80 per cent of the high-end urban residents use gas or electric stoves, this figure drops to 1 per cent among the low-income groups earning less than US\$50 per month. They are forced to use small kerosene cook-

ing burners (85 per cent) and/or wood burning hearths (36 per cent).<sup>29</sup> Interestingly, it is the ability to purchase certain electronic items that tends to set the poor apart from the non-poor in the minds of many *kampung* residents. (Box D describes an entirely unofficial means of differentiating poverty from wealth through appliance ownership.)

In terms of how they perceive the causes and impact of poverty, the urban poor identify the major cause of poverty as not having a means of generating income – as differentiated from the rural poor who perceive it as a lack of land or other productive assets. A World Bank study showed the urban poor identifying four major causes of poverty (in descending order of importance)<sup>30</sup>:

- lack of job opportunities combined with large scale job losses and lay-offs;
- lack of capital to start up or continue small scale enterprise or trading activities;
- low education and job-related skills; and,
- the rising price of essential commodities.

Interestingly, there were no significant gender differences in identifying causes of poverty except that women tended to include large family sizes or “having too many children” as an additional threat to economic security.

### Box C: The Rich Don’t Always Become Richer

*By kampung standards, Ibu Yanti, her husband and six children - ranging in age from 11 to 27 - seemed well off.*

*Even after the krismon began, they appeared well set to weather the storm. They owned their own home. Her husband had a good job as an ink-setter for a local printing firm; she and an adult daughter ran a small warung; and another son worked in an auto repair shop. Three children remained in school. But an infected ulcer – that should have been treatable – led to the death of her husband in late 1998. With an insurance settlement of four million Rupiah, she was not too worried. But heightened competition caused the warung to go bankrupt and her son lost his job.*

*Within the space of three months, all sources of income dried up. The two children in high school dropped out supposedly because of the high fees (about US\$4 per month) though, she admits reluctantly, one of them had a serious drug problem. She decided to sell her house and buy a plot of land and small house from a brother-in-law on the rural outskirts of the suburb of Bogor. She continued to rent a house in Karet Tensin so the youngest child, Agus, could stay in school without the hassle and expense of transferring primary schools.*

*Although one son managed to find a job in a fast food restaurant, it paid poorly and savings continued to be depleted to the point where Ibu Yanti began to sell off some furniture and the beloved stereo. Despite continuing to make the rental payments on time, the landlord in Karet Tensin demanded a six-month advance payment on the rent – not an uncommon practice in Jakarta, but an impossibility for Ibu Yanti. She was given one week to pack up and leave. Still hoping to have Agus complete Grade 6, the only employed son rented a single room in a nearby kampung that he shared with Agus.*

*Ibu Dewi rented a truck, sold off more furniture and moved to Bogor only to find that she could not afford the payment required (about US\$60) to hook up electricity to her house. Her bad luck didn’t stop there. The only employed son lost his job (though another daughter has subsequently found work at a café) forcing Agus to leave school just months before graduating from primary school – and lose the scholarship he had received from the Shangri La Hotel – as there was no place for him to live. Complicating her woes, she does not have enough money to hold the circumcision ceremony that would mark Agus’ de facto transition to adulthood – a social priority for Javanese males. She steadfastly refuses to suffer the indignity of allowing Agus to take part in the mass circumcisions occasionally sponsored for the urban poor by wealthy individuals or private companies.*

*Unfamiliar with the semi-rural environment of her new home and unable to cope with the stress of her combined misfortunes, Ibu Yanti repeatedly falls sick and has moved into her father’s tiny home in the centre of Bogor. Relatives help out with food but she is unable to afford the cost of medical treatment – and, after the death of her husband, doesn’t much trust doctor’s advice anyway. Four of the adult children have disbursed to various parts of Jakarta and have only irregular contact with their mother. The eldest daughter cooks and cares for her mother and grandfather – but worries she will never be married.*

*Meanwhile, Agus is hoping to enrol in a new school next month, though he will have to repeat Grade 6. At the ripe age of eleven, however, he wonders how he will be able to afford the uniform, books and the US\$1.40 monthly fee.*

The most important concerns expressed by the urban poor with respect to the potential impact of the economic crisis were:

- an inability to buy sufficient food;
- children forced to drop out of school;
- indebtedness; and
- high crime

Women tended to emphasise the threat of children dropping out of school and increased crime more than men.

## 5.1 URBAN EMPLOYMENT, UNDER EMPLOYMENT & UNEMPLOYMENT

The problem with the Indonesian Government's version of employment and unemployment statistics is that they are far too sanitised. Even in the "good old days" of the New Order government<sup>32</sup> when jobs were plentiful, official unemployment figures seemed suspiciously low – no doubt an effort to cast the government in the best possible light. But government claims that the urban unemployment rate at the end of 1998 – well after the onset of the economic crisis – stood at a mere 5.5 per cent (slightly higher in Jakarta at 7.0 per cent) begged credulity. As an ADB report understated:

*"...given serious definitional difficulties and reservations regarding the extent to which the urban poor are enumerated...these figures cannot be considered very reliable and probably underestimate the unemployment situation in urban areas. Even less is known quantitatively with regards to the recent urban under-employment situation".<sup>33</sup>*

Therein lies the problem. The official figures do not accurately take into account those employed in the informal sector. Although BPS data acknowledges that "self-employed workers" comprise 24 per cent of the urban workforce, other surveys suggest the informal sector is much larger. A BPS survey in 1999 calculated that 53.5 per cent of urban workers aged 15 plus were "active participants" in the labour force – this included people who were assisting other family members in their work. Among the urban poor, a much higher proportion of the population – up to 60 per cent according to ADB estimates – works in the informal sector.<sup>34</sup>

Of those urban dwellers working in the formal sector, the hotel and restaurant trade remained the most important source of employment (at 32 per cent) followed by the service sector (community, social and personal services at 24 per cent), and manufacturing (17 per cent). The most precipitous decline was in the construction sector which has fallen to 5 per cent of the urban workforce in the aftermath of the *krismon*.<sup>35</sup>

The situation is not likely to become brighter in the foreseeable future. With unemployment and underemployment running at some 60 per cent of a labour force with over 120 million people<sup>36</sup>, job creation is a priority. However, it is not able to keep pace even with the number of new entrants on the job market. Demographic data suggests that, at present, there is an average of 2.5 million first time job seekers (graduates and school dropouts in the 15-24 age group) per year as compared to only 1.4 million new jobs – a shortfall of more than one million per year. This trend is not expected to peak until 2005.<sup>37</sup> Predictions of a substantive economic recovery have gone unfulfilled and job creation policies of the central and regional governments have been largely ineffective. Among the poor – urban as well as rural – there seems little doubt the informal sector must continue to absorb a disproportionate number of those in search of employment.

## 5.2 THE ETERNAL STRUGGLE FOR INCOME

The view from the *kampung* is seemingly contradictory – both worse and, in some ways, better than national statistics would suggest. Within the space of three months in early 1998, virtually all new construction in Jakarta came to a halt. For some time, the only business for architects was the delicate task of closing off construction sites so as to minimise vandalism and weather damage. With a high proportion of Karet Tensin's male heads of household employed in construction, the early effects of the economic crisis were devastating. (See **Box E**.) The unemployment rate went from less than 10 per cent to more than 50 per cent as additional layoffs in manufacturing and the tourism sector took effect. Overseas jobs – as maids, traders and construction workers in the Middle East, Malaysia, Singapore and Taiwan – that once provided something of a safety valve for Indonesia's employment problems, dried up.<sup>38</sup> Purchasing power plummeted by one-third as real wages fell, unemployment rose and inflation reached staggering proportions. In urban areas the drop was steeper – by 45 per cent among industrial workers in Jakarta.<sup>39</sup>

Surprisingly, however, very few of the *kampung's* residents were thrown into abject poverty as coping strategies proved to be more resilient than donor agencies predicted. Although income levels dropped significantly, the informal sector was able to absorb a large proportion of the newly unemployed. As of March 2002, among 96 potential income earners (between 15-60 years of age, no longer in school) within 62 *kampung* families, 25 per cent were unemployed or could find only occasional (less than five days per month) daily wage work, 21 per cent continued to hold regular jobs in the formal sector (non-self-employed, paid on a weekly or monthly basis)<sup>40</sup>, and 54 per cent worked in the informal sector.<sup>41</sup> Only two households had more than one professional-level income earner.

#### Box D: A Hierarchy of Appliances

*With television having already surpassed radio as the most popular form of media (well ahead of newspapers, magazines and the Internet), it should not be surprising that TV ownership is no longer considered a luxury. Indeed, Karet Tensin residents express pity for those few families who have not yet managed to purchase a television set. Children know all the makes, models and screen sizes off by heart (the latter measured in inches, even though they have no idea what an inch is – screens less than 22 inches are looked down upon.) An estimated 82 per cent of urban dwellers (10+ years old) watch TV at some point every day compared to only 38 per cent who listen to radio and 28 per cent who read a newspaper. Newspaper readership among the poor is much lower. Televisions are commonly switched on for upwards of 14 hours a day, even if no one is actually watching it.*

*In terms of endowing social prestige in the kampung, television ownership may have slipped toward the bottom of the appliance hierarchy – though it still ranks ahead of radios and electric fans. But it has already been surpassed by high quality cassette players/stereo tuners (58 per cent), video CD players (18 per cent), regular telephones (14 per cent though this percentage has actually dropped during the krismon as some poor families deliberately disconnect their phones), and refrigerators (13 per cent).<sup>31</sup> With the exception of electric/gas stoves, satellite dishes and air conditioners – all seen as frivolous luxuries only for the rich – many kampung residents consciously measure wealth in terms of appliance ownership. If TVs can be considered as the baseline, the items that really bring prestige are Nintendo Play Stations (for video games), computers and cellular phones. In a place where forms of entertainment are limited this may not be surprising.*

*Two enterprising brothers recently invested in four Nintendo Play Station gaming systems (simply called “PS” by local children) and rented them out at Rp. 1500 (about US 15 cents) per half hour. For three weeks they were the envy of the neighbourhood among adults (who were astounded at the profits to be made) and children alike. But parents soon began to complain that their children were badgering them for money too often and wasting too much time playing PS instead of doing homework. Someone lodged a complaint with the right political authority and the self-declared PS centre was promptly shut down on the grounds that it lacked the proper operating license. Indulging in the appliance hierarchy does, evidently, have its downside risks.*

Among those deriving their main source of income from the informal sector (53 individuals), means of employment were:

- 26 % Own/operate/work in warungs
- 20 % Itinerant vendors of food or non-food items
- 13 % Own small stores selling dry goods, drinks or small non-food items
- 11 % Daily wage labourers at local markets
- 9 % Petty services (caretakers/grave diggers/parking attendants)
- 7 % Small-scale entrepreneurs (tailor, appliance repair)
- 6 % Ojek (motorcycle taxi) drivers
- 6 % Itinerant construction workers (daily wage basis)
- 4 % Religious teachers

In terms of gender, six of 62 households (10 per cent) are female-headed and in five others a woman is the main income earner. Eight small enterprises (warungs and kios or small sundry shops) are jointly operated by husband and wife. In eleven other households, women or adult female children make substantial supplementary income contributions. With few exceptions, women tend to work in jobs related to food. Income earned from informal sector workers varies widely and is, by nature, not consistent from one month to the next. 70 per cent of respondents indicated an average monthly household income of less than Rp. 500,000 (US\$50). A large minority (nearly a third) claimed to average less than Rp. 10,000 (US\$1) per day, though such claims seem doubtful given apparent household expenditure levels. The reality is, however, that income from the informal sector fluctuates significantly making it difficult to calculate accurately.

Many of the poorer *kampung* residents feel victimised by a lack of job opportunities in the formal sector and a lack of access to capital in the informal sector. Even those who finish senior high school or its equivalent technical school feel it is difficult to obtain a decent job. Competition is fierce, even for previously undesirable work in hotel cleaning services and fast-food restaurants. It is widely perceived – especially among the young – that a university education is required to move beyond anything that involves more than menial labour. But economic realities and strong competitions for admissions mean that university is beyond the means of all but a handful of Karet Tensin families.

In spite of the presence of numerous office buildings and two major hotels within a ten-minute walk of Karet Tensin, very few residents have obtained employment in the immediate vicinity of the *kampung*. The large number of office workers who regularly patronise local warungs and other small business may be a boon for small business owners, but their presence has meant very little in terms of secure jobs in the formal sector. The Shangri La hotel, for instance, holds a special meal for the entire *kampung* twice a year on the major Islamic holidays, but it doesn't employ a single person from the *kampung*. Karet Tensin residents complain they are discriminated against because of a history of tense relations with the hotel and adjacent office buildings. (Last month, an unannounced mosquito spraying at the hotel led to a rock-throwing incident that had to be broken up by baton-wielding police at 2:30 a.m.) It seems that Karet Tensin has developed a reputation as a “rough” neighbourhood – evidently confirmed by most Jakarta taxi drivers who are reluctant to go there after 10 p.m. But the bottom line is that job opportunities remain few and far between for most families of Karet Tensin.





Playing badminton amongst friend

### 5.3 MAKING ENDS MEET DURING THE KRISMON

What has been remarkable, during the prolonged course of the economic crisis, are poor peoples' abilities to adapt and cope in the face of extraordinary hardship. When inflation rates are taken into account, real wages have dropped by more than a third even for those who have managed to stay gainfully employed. Fifty-three per cent of Karet Tensin households now report a combined monthly income less than the Jakarta's official minimum wage for an individual worker (Rp.590,000 or US\$59).<sup>52</sup> Over the same period, the cost of most staple goods has risen fourfold. The price of rice – the single most important consumer item, fully one quarter of a poor family's average monthly expenditure – has risen from Rp. 650 to Rp. 2,600 per litre over the past five years.<sup>53</sup> With the gradual removal of fuel subsidies, kerosene prices have quadrupled while public transport and electricity rates have roughly tripled. Since 1997, the combined impact of price rises, inflation and declining income levels have reduced purchasing power by as much as 500 per cent for most *kampung* dwellers. Even the poor themselves are left to wonder how they have managed to survive. The answer lies in three interdependent factors that are at the core of urban coping strategies during the krismon:

- Major expenditure reductions, a significant depletion of savings (for those who had any savings in the first place), and, in some cases, the sale of household assets;
- The ability of the informal sector to absorb large numbers of the newly unemployed, and to provide them with a source of income, however meagre, that ensured minimal consumption needs could be met; and,
- An increased reliance on extended family to help share the burdens of poverty and unemployment.

All of these coping strategies are home-grown in the sense that they rely on internal rather than external resources. The government's much-publicised social safety net programmes had little discernible impact in Jakarta. Still the country's richest province, despite economic hard times, most of these programmes bypassed the capital. Only the subsidised rice programme was available, for a brief two-year period, in many *kampungs* – though many of the poor complained that the quality of the rice was so bad, it was best used as chicken feed. Accessing capital, other than from their own savings and resources, remains difficult. Government programmes are mostly inaccessible<sup>54</sup>, banks routinely refuse loan requests in the absence of secured assets and most people steadfastly refuse to use local moneylenders because of their usurious interest rates.

### Box E: The Ups and Downs of Construction Work

*For the construction workers of Karet Tensin, the economic crisis has been nearly catastrophic. Pak Hardian moved to Jakarta from his native Surabaya (the capital of East Java and Indonesia's second largest city) in 1986 to take advantage of the capital's construction boom.*

*For more than two years he put up with the dismal worker's hostels near the grimy port area of the city in order to save money to bring his wife and three (soon to be four) children to Jakarta. Having earned a professional certificate as a crane operator in Surabaya, Pak Hardian's skills were much in demand and his salary soon climbed past half a million Rupiah per month - a princely sum in the days when the Rupiah's purchasing power was much stronger. His family joined him in 1989. Within a year they rented a small house in Karet Tensin at a rate of Rp. 600,000 (US\$60) for the entire year. They opted not to buy in the belief that within a few years they would return home to Surabaya. Rarely waiting more than two weeks between construction contracts, Pak Hardian was soon able to command a monthly salary of Rp. 1.1 million (US\$110) plus family health benefits at the height of the building frenzy.*

*His older children went to what was reputed to be one of the best high schools in central Jakarta (paying a monthly fee of Rp. 40,000 instead of Rp. 17,000 at the much closer state school), they travelled in style to Surabaya (on the upscale train or by air-conditioned bus) twice a year, sent money home to support their ageing mothers, bought bicycles for their children, and, not insignificantly, had the largest television in the kampung as well as a Nintendo gaming system. The future looked bright - until the economy began to crash in mid-1997. Pak Hardian managed to keep his job until November of that year but eventually was laid off.*

*For the next four years, Pak Hardian was gainfully employed for a total of only eight months. Never having been part of a labour union (which were strictly state-controlled under the Suharto regime), he could do nothing when less-skilled workers prepared to accept lower salaries effectively took away his job. With prices climbing steadily upwards - the rent on the very same house, now falling into disrepair, is now Rp. 1.5 million (US\$150) per year - savings were quickly depleted.*

*Within a year, it was difficult to make ends meet. In a reversal of fortune, Pak Hardian's elderly mother-in-law began sending them part of her monthly pension cheque. (Her husband had fought the Dutch in the independence war and she receives his modest military pension.) But the money was occasionally lost in the mail so even that support was quickly discontinued. A local charity provided scholarships to keep the children in school, but it was difficult to buy enough food to eat three times a day. Dried fish and tofu*

*supplanted meat and most fresh vegetables. Hardian and his wife made assorted forays into micro-enterprise - renting out the Nintendo games at Rp. 1,500 per half-hour, selling flavoured ice sticks, as a middleman in peddling blue jeans from a factory in Bandung and selling traditional medicine from Surabaya - but nothing turned out to be very profitable. As Pak Hardian lamented, "I'm a crane operator. I just don't have a good mind for business." Much needed medical and dental treatment - including a case of typhoid fever that should have required hospitalisation - was put off. Even when he did get work, it was only short term - three weeks here, a month there - and it typically involved tough manual work tearing down buildings instead of sitting in a crane. Because there was so much competition for jobs, contractors could pay less than the minimum wage (Pak Hardian's post-krismon monthly wages, when he has been employed, have averaged about \$45/month with no benefits) and demanded a six-day work-week.*

*Plans were made to return to Surabaya but there was no housing available and changing schools would incur additional costs. Besides, having changed his identify card to show his Jakarta address, it might be even more difficult to find work back in Surabaya - recently passed legislation decentralising much power to the provinces and districts, means that preference for new jobs is often given to people holding ID cards from that province.*

*The eldest son managed to finish technical high school a year ago but has only been able to pick up a few weeks of casual work when wedding banquets are held at a hotel across town. He spends most days idly playing his guitar and complaining that nearby hotels and businesses won't hire anybody from this neighbourhood. With the economy showing slight signs of recovery in early 2002, Pak Hardian managed to locate a construction job in remote Kalimantan province.*

*Last March, amidst much uncertainty, he made the long bus and boat journey, an eight month contract (paying Rp. 750,000/month plus minimal benefits) in hand. He has phoned home twice since then - using a neighbour's phone since theirs was long since disconnected - to check if his salary has been duly transferred to Jakarta.*

*Prospects are not looking quite so dismal, but it will be a long time, if ever, before the family returns to the relative prosperity of the mid-90s.*

The consequences of the *krismon*, at the *kampung* level, have been diverse. Although food security has never been under any real threat, many families now buy and consume less food. Some have reduced meals to two per day. Despite doubling in numbers, virtually all of the many *warungs* – the new as well as the old – have managed to stay in business, albeit with reduced profit margins. This is not only due to Jakartans' legendary propensity for eating out. With refrigeration available only to the wealthy and *warung* prices kept low due to the high level of competition, many women argue (perhaps disingenuously) it is actually cheaper to buy food than to prepare it themselves.

Many families attempt to raise spare cash by selling off what they don't really need – including many of the "luxury items" acquired during the increasingly distant good old days of real employment. Unfortunately, this has produced something of a glut in certain items. (At one point, for instance, so many people in Karet Tensin were selling cassette tapes, they could be had for Rp.

## 6. URBAN GOVERNANCE – CENTRALISATION & CONTROL

For over three decades, the New Order government of ex-President Suharto sought to impose total control over its citizens, from ministers and governors all the way down to the household level, in every city and village throughout the vast Indonesian archipelago. Traditional institutions and leadership were co-opted, altered, banished or otherwise made subservient to government-controlled structures. Beginning with the Japanese occupation of Indonesia, every family, in the supposed interests of social and political stability, had to register as part of an RT ("*Rukun Tertangga*" literally meaning "Household Harmony" but usually translated as Neighbourhood Unit). Groups of 60-80 households in every rural and urban neighbourhood, the rich and the poor, were formed into RTs. Each grouping of 12-18 RTs (the actual number depends on population density) formed an RW ("*Rukun Warga*" or Community Unit). In urban and peri-urban areas, RWs were formed into a "*kelurahan*" (a large urban neighbourhood). In rural areas, they were formed into villages. Continuing up the administrative ladder, *kelurahans* were formed into sub-districts (*kecamatan*), sub-districts into districts (*kabupaten*) and districts into provinces (*propinsi*). Only the RT is popularly elected. All other positions are either appointed by higher political authorities or selected by a non-representative body of the political elite.

Without a doubt, it is the RT and RW heads who have the greatest impact on the day-to-day life of the average citizen, particularly in poorer neighbourhoods. Levels of government beyond the RW are considered beyond their reach – and certainly well beyond their influence. The government, mainly at the RW level, remains intru-

sive in many aspects of people's lives. Government-imposed social groups for women, youth, sports and co-operatives have supplanted traditional networks. Membership may not be formally obligatory, but it has always been deemed socially and politically advantageous to sign up. All low-level bureaucratic transactions – birth registrations, identity cards, land transactions, business permits, property taxes, death registrations and the like – can only be accomplished with permission letters from either the head of the RT or the RW. Significantly, RTs have usually selected those residents who would participate in government programmes including those intended to help the poor.

During the Suharto era, civil guards were placed in each village and *kelurahan*, ostensibly for security reasons, but also to report back on local political activity. Without a special permit from the head of the RW, it became technically illegal to hold a meeting with more than three people. This type of rigid state control was deemed necessary to reassure foreign and domestic investors of the safety of their investments. More importantly, it was seen as a prerequisite for political and social stability, even if it meant that freedom of speech and association were severely curtailed. For nearly thirty years, economic growth rates seemed to prove the theory as the ruling Golkar party strengthened its hold on power. Over this period, it should be emphasised that poverty was significantly reduced though this was as much a consequence of a so-called "trickle down" effect as a result of consciously planned government policies.

But as a plethora of social, ethnic and political problems was repeatedly swept under the New Order carpet, the veneer of economic prosperity finally began to crack. The crony capitalism that became commonplace during the final decade of Suharto's reign made the gap between rich and poor ever more glaring. The near total subservience of the judiciary to its political and military bosses allowed corruption and nepotism to flourish to the point where even the most menial of bureaucratic tasks would seldom be completed without a bribe. With the economic crisis spreading south from Thailand during the latter half of 1997, popular discontent began to spill over as the Rupiah crashed and inflation soared. By May 1998, led by a wildly popular student movement, people took to the streets by the hundreds of thousands in all of Indonesia's major cities. The protests quickly changed from a demand for political reform to uncontrolled rioting and looting – mainly of stores and businesses owned by ethnic Chinese. Within the space of two weeks, the military and much of the cabinet declined to support President Suharto no longer leading to his resignation on 21 May 1998 thus drawing to a close the New Order era.

At least that was the way it appeared during the initial heady days of *reformasi*. In actual fact, political reform has been largely limited to national elections that



successfully ushered in Indonesia's first democratically elected president, but did virtually nothing to change politics at the local level. But a succession of post-Suharto governments has not been able to resurrect the social and economic stability that marked the New Order period. Corruption remains at least as widespread as it was before Suharto's downfall. Judicial reform is at a standstill. Holdover elements from the New Order era still appear to be in positions of economic and political power thereby blocking most attempts at real reform. Popular disenchantment is more widespread than ever before. Even the students, riven by various political and religious factions, are no longer seen as *murni* (pure). Many fear that, in the end, reformasi has accomplished nothing.

## 6.2 GRASSROOTS GOVERNANCE – RUNNING THE SHOW IN THE KAMPUNG

The problem is, from the average citizen's perspective, not much has changed for the better – certainly not in terms of governance. Back in Karet Tensin, nearly everyone shares in this sense of disillusionment. Unemployment is worse than ever but no one bothers to protest anymore – even when rival political parties or so-called social provocateurs offer to pay prospective protestors. To paraphrase the recent idle banter of a group of unemployed youths, “Now we only get Rp. 5,000 (US\$0.50) for a whole afternoon of shouting. We used to get *nasi bungkus* (packages of rice and vegetables) and bus fare too, but the rice was usually stale. If they gave out t-shirts we might be more interested.”

Very little has changed in terms of *kampung* politics. Elections are still held every four years for the RT and RW. RT elections are relatively simple and straightforward – and they do reflect a long-standing tradition of grassroots democracy. Nominations are sought (by a committee of current leaders and respected residents), candidates cite their priority issues at a public neighbourhood meeting and, roughly two weeks later, the election is held – one vote for every registered resident (thereby excluding those without Jakarta ID cards) over 17 years of age. The problem arises, however, when no one wants to run for RT. Most residents identify strongly with their RT and genuinely hope that an honest and sincere person wins the RT election, but few want to run for office. Being the head of the RT pays nothing, does relatively little in terms of raising one's social status, but can bring loads of problems, from petty disputes among neighbours to deciding which households will receive subsidised rice.

Being elected as RW, however, does bring with it a modicum of prestige. Although the job does not have any official salary or honorarium, it does have a few selected trappings of power – and thus is a potential source of income. While any permanent resident of the

neighbourhood can run for RW (thereby eliminating renters), RW selection is not open to the public. They are held roughly one month after the RT elections with the RW being elected by the RT heads and other respected members of the community – usually one *tokoh masyarakat* (community leader) per RT. (See Box F.) Because the RW leader plays an important role in making the Indonesian bureaucracy grind forward, his influence (the pronoun “his” is used intentionally - RW and RT heads are overwhelmingly male) over local events and the *kampung* residents themselves cannot be discounted. To a significant degree, grassroots good governance depends on having honest and respected people as your RW and RT leaders. The trend has not been a positive one in Jakarta's *kampungs* in recent years.

## 7.1 Public services: a “fee for service” government

If good governance can be defined as having a government that operates transparently, encourages public participation, uses resources efficiently and is accountable to its citizens, then the municipal authorities in Jakarta would be abject failures on all counts. Anyone dealing with government officials is likely to conclude



## Box F: Kampung Leadership - Selecting a Good Pak RW

*Pak Udin regularly complains about being "pusing" (dizziness or having one's head spinning). This, he explains, is because, as the head of the RW in Karet Tensin, he must overcome so many trials and tribulations with no real budget and no salary for all his efforts. This comes as a surprise to many of his constituents who wonder, with evident sarcasm, how Pak RW - as he is addressed by virtually everyone in the kampung - can maintain such a fine home and send his son to a good post-secondary vocational school when he has no apparent source of income. (Pak Udin was laid off from his construction job nearly four years ago.) But to the dismay of many, Pak Udin was "re-elected" for a second four-year term last September. The election, such as it was, was held under dubious circumstances. Virtually unannounced, the seven newly elected (or in two cases, re-elected) RTs and seven supposed community leaders (selected mainly, it seems, by Pak Udin himself) met without prior announcement and within one hour announced the re-appointment of Pak Udin as RW. Two other candidates ran against him, including a former RW, but they apparently split the anti-incumbent vote. This news came as a surprise to most residents when it was posted the next day on the mandatory RT bulletin boards. Most did not even know the election was being held. The sudden nature of his re-election has served to heighten the degree of mistrust with which Pak RW is viewed by many Karet Tensin residents.*

*Pak Udin came to Jakarta from the south Sumatra city of Palembang in 1981, less than a year after his marriage. For many years he was an unassuming member of the community, working like so many others on a series of construction contracts. His candidacy for RW in 1997 came as a surprise as he had not previously expressed interest in such matters. Party politics is rarely an issue at the RW level, with the vast majority of candidates having no expressed political affiliation. But the relatively popular previous incumbent was nearly 60 years old and did not want to run again, so Pak Udin was elected to take the reins. Within a year the economic crisis broke out, ironically, giving unprecedented influence to RWs throughout the country. To be sure, RW*

*heads have always wielded some influence. Without their literal stamp of approval, dozens of minor transactions simply cannot be completed - opening the door to the possibility of charging unofficial fees for such services. With the government scrambling to mitigate the effects of the krismon mainly through a series of ill-advised social safety net programmes, the RW system was used as the primary means of identifying those most in need. He and a small group of cohorts also became the de facto bankers in the distribution of funds that were intended to provide credit for the most needy. It is difficult to know - and even more difficult to prove - whether Pak Udin indulged in outright corruption during the implementation of the social safety net programmes.*

*As he acknowledged the social pressure to distribute benefits (such as scholarships and subsidised rice) as widely as possible meant that some people who were not genuinely poor probably received benefits they didn't deserve. But the allegation that funds meant for public works and job creation within the kampung were spent on a photocopier that was then used for personal profit by one of the RT heads led to numerous other rumours about the alleged abuse of power by Pak Udin. Turning defensive, he has subsequently become even more secretive about the kampung's business while also trying to control the inflow of all funds - private as well as public - into the kampung.*

*Pak RW was resentful when a local benefactor deliberately excluded him from a scholarship programme intended for poor children and ensured the funds were administered by an informal council of mothers and religious leaders. When a group of youths wanted to organise an independence day rock concert, Pak Udin refused to sign a letter that would allow the groups to raise money from local sponsors unless the funds were channelled via the RW bank account (over which he had sole control).*

*People are generally willing to accept the usually nominal charges made for the signing and stamping of letters and permits, but they are indignant about what they perceive to be blatant corruption. The lack of transparency on Pak Udin's part breeds a growing suspicion that he is skimming off funds that belong to the community. But as with politics at higher levels in Indonesia, people assume that nothing can be done about it. "Maybe the next time, we will have a better Pak RW" is a passive but commonly expressed sentiment.*

that the term "civil service", as applied in the Indonesian context, is a double oxymoron. The same could be said for most other regional governments, urban as well as rural, and, to a large extent, for the national government. Newly empowered parliaments at national and district levels are meant to play a watchdog role over government budgeting and expenditures and to "voice the aspirations of the people". But they have quickly become part of the governance problem rather than the solution. Accusations of KKN (the Indonesian acronym for "corruption, collusion and nepotism") against and among parliamentarians are rife. Most are seen as operating primarily in accordance with political party loyalties rather than out of any sense of public accountability.

Such problems are clearly reflected in the delivery of public services in Jakarta and elsewhere. To be fair, much was accomplished during a period of prolonged economic growth under Suharto's New Order government. Roads were built, a functioning public transportation system was put in place, sewer and drainage systems were constructed and the national electricity grid was extended into all but the most remote regions.

But these improvements were seldom demand-driven. They were, first and foremost, a means of supporting the burgeoning industrialisation that fuelled economic growth rates. As such, urban infrastructure far outpaced rural, fuelling the already high pace of urbanisation. Over the past fifteen years, local government revenue has fallen

increasingly short of needs. Infrastructure – both urban and rural – has begun to deteriorate rapidly. Persistent budget shortfalls mean that even the most basic maintenance needs are rarely met. With the economic crisis further shrinking their revenue base, widespread corporate and income tax evasion and decentralisation legislation that requires a higher proportion of the municipal government's budget to be raised locally rather than via central or provincial transfer, this trend has been exacerbated. Local governments have been forced to operate on a mostly informal "fee for service" basis – raise the budget locally and the requisite public service might be performed. For most *kampung* dwellers, it is impossible to raise any substantive funding either individually or on a communal basis. Hence, throughout the country, especially in areas that are already poor, improvements are not made, basic public services are not provided and infrastructure continues to crumble.

State-owned monopolies in water supply and sanitation, power supply and telecommunications operate with inefficiency that is, according to many analysts, remarkable even by most developing country standards. But privatisation efforts have been regularly defeated by nationalist legislators – many of whom allegedly benefit from the rampant corruption affecting state-owned enterprises in Indonesia.

Overall coverage of major public services in urban areas compares favourably with the poorer countries of South-East Asia (Vietnam, Cambodia, Myanmar) but falls well short of other neighbours such as Malaysia, Philippines and Thailand<sup>56</sup>:

- 98 per cent of the urban population had electrical connections in 1998 (compared to 67 per cent in rural areas). Kilowatt consumption more than doubled between 1990 and 1997 though per capita KW consumption remains well behind the more developed countries in the region.

- 38 per cent of urban households had access to government-provided piped water in 1998, only a slight increase (1.4 per cent) from the 1995 figures, though still substantial, in absolute terms, when urban migration is taken into account. For the remainder, the higher income groups obtained water from private wells while low income households mostly relied on what BPS calls "informal sources" – public standpipes and private water vendors (the latter at a cost of Rp. 3500 to Rp. 5000 per 25 litre container). Quality of water remains problematic for all income groups. Treatment and disposal of industrial and residential waste is inadequate in all major urban areas and a high level of salinisation and aquifer depletion is having a major negative impact in coastal cities such as Jakarta.

- Some 8 per cent of Indonesia's roads (a total of 31,600 km) fall under urban jurisdiction. Several large

toll highways and urban ring roads were completed under public/private partnerships between 1986 and 1997, but since that time both new construction and maintenance of the transportation infrastructure have faltered badly. Despite the removal of most government fuel subsidies in 2001 (Indonesia had "enjoyed" the world's cheapest gasoline supply prior to subsidy removal – something that benefited primarily the wealthy), traffic congestion and air pollution remain serious problems. The fact that Indonesia still has the world's highest percentage of leaded gasoline sales poses a significant public health threat in heavily populated urban areas.

- In Jakarta, an estimated 85 per cent of the population has access to solid waste disposal services, though such access overwhelmingly favours the rich. In an interesting case of unintended privatisation, first stage garbage collection (household to primary collection point) is often provided by so-called "special workers" who are often paid partially in terms of what they can usefully salvage from the garbage and partially by regular cash payments directly from households. Secondary disposal (from the collection point to the municipal dump) is more problematic, particularly for poor areas. As an ADB report points out: "Anecdotal evidence...suggests that a significant proportion of collected garbage is not regularly taken away to appropriate disposal sites and left to spill over into public access areas and drains and canals."<sup>57</sup>

- Such waste disposal practices have complicated the problems of sanitation, drainage and sewerage. Although two-thirds of urban households use septic tanks, adequate drainage coverage actually decreased in the latter half of the 1990s (from 37 per cent to 17 per cent - presumably as a result of rapid growth of urban fringe areas). The sewer system in Jakarta dates to colonial times and is in a state of serious disrepair. Only 2.8 per cent of the population is connected to municipally-operated sewers. As a result, most Indonesian cities are subject to frequent flooding. Jakarta's river system and the urban drainage network are simply inadequate. Environmental damage due to over-construction on the watershed surrounding Jakarta has proved too much for the city's integrated flood control system. (See **Box G**).

- In terms of housing, most observers contend that government policies and programmes have been entirely inadequate in meeting the needs of the urban poor. Government efforts have focussed almost entirely on the supply side of the housing market through the provision of subsidised housing loans and policies that encourage large-scale housing development by the private sector. For all intents and purposes, however, the government has abdicated its role in the provision of



housing. This extends to non-enforcement of building and safety code regulations resulting in overcrowding and shoddy construction. In most *kampungs*, where building regulations are non-existent except when capriciously applied by corrupt local officials, overcrowding and sub-standard electrical wiring pose a serious fire hazard. Every year, large-scale *kampung* fires destroy hundreds of homes and make thousands homeless.

some instances, the same squatters have been evicted as many as nine times over the past year and a half.<sup>49</sup>

## 7.2 Self-service and self-reliance in the Kampung

Back in Karet Tensin, not even the few squatter families who make this *kampung* home have been subject to a fate this dismal. There is the occasional eviction – and



■ To make matters worse, the current government of Jakarta recently launched a flood control and urban beautification campaign that has been little more than a cover for the forced removal of squatters. In the first nine months of 2001, more than 17,000 people were forcibly evicted and 5,800 homes destroyed.<sup>48</sup> Newspapers have been full of accounts of resisters having been beaten by police. Apart from a token “relocation” allowance (typically in the range of US\$10-\$15 per household), no provision for alternate shelter has been made, leaving many to resume squatting on the sides of roads or under bridges. This has meant that, in

renters have no legal rights whatsoever - but it is usually for non-payment of rent or because the owner wishes to sell or renovate. On the other hand, no one expects very much from the government in terms of public service provision. For *kampung* residents and municipal politicians alike, the concept that public services can or should be “demand driven” is entirely lost. When they are reminded that they, in fact, have a right to such things as water supply and waste disposal, most people simply shrug indifferently, not having any idea as to how they would go about exercising such rights. No one, for example, has ever seen a garbage truck anywhere near

the *kampung*. It is simply a given that they will pay the weekly fee of between Rp. 3,000-5,000 (much higher if you own a *warung*) to have your refuse hauled away by hand and then burned at the foetid garbage dump that has been improvised on unused land next to the cassava garden.

With a political and electoral system that seems to actively discourage public accountability<sup>50</sup>, nobody in the *kampung* expects government officials to assume any responsibility for their problems. Since the poor are largely disenfranchised beyond the RT level, they are not seen as an important political constituency. The concept of proactively seeking and implementing “pro-poor” policies remains a notion confined primarily to idealistic donor agencies. Certainly, it is not something that the poor themselves believe to be in the realm of the possible.

The feeling prevails that only they and their families can be relied upon for help when it is needed. The government and its various agents including the courts and the police cannot be counted on for support of any type. This sentiment is closely correlated with the practice of taking great care of privately owned property while being totally indifferent about public property. Standards of cleanliness, for instance, are exceedingly high within the living space that a household considers to be its own, but it is entirely acceptable to dump waste only metres away if it is considered public space.

But the potential exists, within the *kampung*, for people to help themselves. Despite the Suharto government’s attempts to replace many of the traditional networks (such as women’s saving groups and religious prayer groups) with their own models, such networks remain the repository of considerable social capital. In particular, the tradition of *swadaya* (self-help) has not been entirely extinguished. It may have been weakened, especially in urban areas where ethnic solidarity has eroded, but if a critical mass of community members perceive that sufficient social or material benefits can be gained from collective action, it is still possible to mobilise capital – human, financial and social – to accomplish a great deal.

Over the past two years, there have been several successful self-help initiatives in Karet Tensin – the only navigable road through the *kampung* was paved by organising an informal “tax” of all vehicles into and out of the neighbourhood; two badminton courts were built (on a 50/50 basis with 50 per cent coming from a local charity and the remainder from the community); and some 200 metres of footpaths were paved in concrete, making it safer and cleaner for pedestrians (and, alas, motorcycles) to traverse the back-alleys of the *kampung*.

But *swadaya* should not be confused with altruism. While even poorer *kampung* residents will make charitable contributions through their mosques to enable participation in certain religious activities or to assist

bereaved families<sup>51</sup>, *swadaya* is quite distinct from charity. Given the wholesale absence of Government resources and services, *swadaya* is seen as the only means of meeting the *kampung*’s urgent infrastructure needs. It obviously can’t solve everything – as the *kampung*’s recent history of chronic flooding (see Box G) will attest – but it is, in essence, the only means of resolving smaller scale public service provision. What usually transpires is that consensus on need and technical feasibility is attained at a *musyawarah* (a community-wide discussion open to all). A budget is prepared and specific amounts for requisite contributions are

### Box G: The Great Flood of 2002

*The night of January 31, 2002 will go down as one of the darkest in Karet Tensin’s long history.*

*Following several days of steady rain, the lower lying areas of the kampung were already under 30cm of water. But late that evening, in an effort to keep the main road open, local authorities opened a nearby floodgate sending a massive rush of water directly towards the kampung. Within the space of ninety minutes, water levels in the lower half of the kampung had risen to more than a metre, pushing over the doorsteps of more than a hundred homes. At 2:30 in the morning, the main sewer line running between the Shangri La Hotel and the adjacent office tower burst, breaking open a holding tank and spewing raw sewage four metres into the air. As kampung residents scrambled to pile furniture out of reach of the rising waters and moved appliances onto the (more elevated) roadway beside the hotel, families packed up hastily, moving to the second story of those houses that had them, moving in with relatives in other parts of the city or fleeing to the kampung’s main mosque (which occupies the highest ground in the neighbourhood). By 10 o’clock the next morning, flood waters had peaked at the two-metre level in the lower lying areas and some 70 families had set up makeshift homes in the mosque.*

*Throughout Jakarta, at least 60 other kampungs (along with many middle and upper class neighbourhoods) had been similarly affected. Relief poured in from nearby office buildings and the wealthier homes in central Jakarta. An emergency committee organised by Pak RW set up a communal kitchen to cook meals both for those living in the mosque and those who chose to stay in their houses (since power had been shut off and it was nearly impossible to use kerosene stoves).*

*Donations of food, medicine, bottled water, blankets and clothing nearly overwhelmed the capacity of those responsible for distributing them. Incredibly, no one from the central or municipal government was to be found throughout the crisis. The army did briefly send in a 16-person rubber raft to transport residents from their flooded homes to the mosque, but it was mysteriously withdrawn five hours later. A small political party sent two doctors to complement the makeshift health clinic set up by the Jakarta Lions Club, but government services were totally absent.*

*Five days later, the floodwaters had subsided leaving behind a 10 cm thick layer of blackish sediment both inside and outside houses - undoubtedly a “souvenir” (as some*



assigned, often using a sliding scale so that poorer households are required to give either a smaller amount or an in-kind contribution of labour. While participation is not formally obligatory, there is considerable social pressure for everyone to participate.

The key success factor in urban swadaya initiatives is not the ability or willingness of community members to pay, but the quality of local leadership, notably at the RT and RW levels. While the views of traditional and religious leaders are usually sought at the planning stage, it is normally the RT heads – with the approval of Pak RW – who actually organise the efforts. Leadership

*people wryly put it) from the burst sewer pipe. For several weeks thereafter, there was a rash of skin diseases and dysentery. The primary school remained shut for three weeks until the teachers could press the older students into a massive clean up. A rumour that large cartons of biscuits and tea could be found in Pak RW's house began to circulate, giving rise to widespread grumbling that his emergency committee had skimmed off some of the relief supplies for themselves.*

*The flooding cannot be blamed on rainfall alone. Since the construction of the Shangri La hotel and nearby office complexes in the early 1980s, periodic flooding during the rainy season has been the norm for Karet Tensin - a result, long-time residents argue, of the large amounts of land-fill brought in during construction efforts, literally raising the level of land around those buildings higher than the kampung). But no one could recall anything of this magnitude. Previous efforts to have the local government address the problem had fallen on deaf ears even though the deputy governor of Jakarta had visited the kampung in 1999.*

*Most residents did not feel that they were technically capable of solving the problem without outside professional help. Besides, the majority of households perceive the flooding as an issue that the government should resolve, though they have limited faith that they will do so. It was, after all, the decision of some government bureaucrat to open the flood-gate that caused the worst damage - though indiscriminate dumping of garbage in the drains that line the alleys of the kampung certainly exacerbated the problem.*

*All of the relief that poured into Karet Tensin and similarly affected kampungs in the aftermath of Jakarta's worst ever flooding was of a strictly charitable nature. Little mention was made of addressing the root causes of the problem. When the wife of the governor turned up nearly two weeks after the worst of the flooding and made a show of distributing free blankets and rice, the women of Karet Tensin (and a few of the men) dutifully gathered once more in the mosque and politely applauded Ibu Governor (Javanese consider it bad form to voice your complaints publicly in front of high-level officials).*

*When asked what they will do to mitigate the flooding problem before the next rainy season, most residents - including Pak RW - simply shrug their shoulders. "Insyallah (God willing)", they say, "we will be spared the kind of flooding we saw this year." Even swadaya has its limits.*

qualities vary from one RT to the next. In Karet Tensin, the fact that some RT heads are better than others is obvious in the relative orderliness of their respective RTs. This is also a factor in the levels of social capital around which residents organise community improvement activities. In RT #17, for instance, the recently built badminton court is in fine shape while the other, only slightly older one, in an adjacent RT is falling into disrepair. The one in RT#17 was built with steel rods set into the concrete, there are neon lights around the court not only so that it can be used at night but also to prevent acts of petty vandalism. A well-organised maintenance system requires adults to pay Rp.1,000/hour (about US\$0.10) for the use of the court. There is almost a palpable sense of solidarity in this part of the *kampung* even though they are no better off socially or economically than other RTs. The residents themselves attribute this to being "*lebih bersatu*" ("more united") than surrounding RTs. They also point to a history of strong RT heads including, most importantly, to Ibu Nining, the only female RT the *kampung* has ever known (and a Christian, as well, making her status all the more remarkable). As with many other female leaders in Asia – including Indonesia's current President – Ibu Nining's initial "electibility" was due to her husband who was also a previous RT head. When he died six years ago, she took over and was subsequently re-elected. Almost single-handedly she organised the residents to pave the footpaths, to build additional standpipes for those who did not have internal plumbing and to set aside space and purchase a pingpong table, thus earning the lasting respect of her "constituents". At the age of 59, she stepped down from this role last year but is still influential when community decisions are taken. People complain that the new RT isn't as good as Ibu Nining, but it would seem she is a hard act to follow.

### 8.1 Social services: a mixed message on education and health

In the light of Indonesia's ethnic, linguistic and geographic diversity – the country consists of some 14,000 islands spread out over an archipelago nearly 5,000 km in length – it is a considerable achievement that Indonesia is able to maintain a functioning education system at all. The government's apparent indifference to social needs, at least in budgetary terms, makes this accomplishment all the more remarkable. Education spending, as a percentage of GDP, has actually fallen from 1.7 per cent in 1980 to 1.4 per cent in 1997 – behind only Nigeria and Myanmar amongst the 121 countries listed in the World Development Report 2000/2001.<sup>53</sup> Yet literacy rates remain comparatively high at 91 per cent for men and 80 per cent for women (compared to 70 per cent and 51 per cent respectively for all low income countries). Even in the remotest regions, nearly everyone over the age of seven can



speak Bahasa Indonesia, the national language. Primary school enrolment had reached 99 per cent by 1997 while secondary enrolment was up to 56 per cent - an improvement of fourteen percentage points compared to the 1980 figure. Importantly, the gender gap is statistically negligible with both male and female students averaging ten years of schooling and 88 per cent of boys and girls expected to complete Grade 5. At the tertiary level, female admissions now outnumber those of men.

But what Indonesia may have been able to accomplish in terms of quantity, it lacks in quality. Many analysts attribute a large part of Indonesia's development problems and its lack of international competitiveness to its low level of human resources - a consequence of a poor education system, an inappropriate curriculum, poor teacher training standards, chronic budget shortfalls, a crumbling infrastructure and an emphasis on rote learning. As elsewhere in Asia, schools place no premium on intellectual curiosity. Many students show little interest in unstructured or informal learning unless they are convinced the material will appear on the final examinations. As one Faculty of Education professor put it at a recent conference, "Our education system teaches people what to think, not how to think." Private education is available to those who can

afford it, but most private schools do not use a markedly different curriculum. The state also partially underwrites the costs of an Islamic-based school system (these religious schools are called *madrasah*) which combines both academic and religious curricula. While the cost of attending *madrasah* is generally within reach of the poor, the quality of education is suspect. In urban areas, where the Indonesian brand of Islam remains highly tolerant, *madrasah* are frequently perceived as too strict or hard line.

With most teachers receiving poverty-level salaries - a primary teacher in Jakarta with five years of experience officially takes home a salary in the range of Rp. 500,000 per month (about US\$50) - it is not surprising that Indonesia faces a shortage of more than half a million teachers.<sup>54</sup> Petty corruption is rampant in the education system - a means of making ends meet for the thousands of underpaid teachers. Delay in the transfer of state subsidies (which includes teacher salaries) is commonplace and, in many instances, the full amount is never received. This leaves the schools themselves responsible for making up their budget shortfall. They do so by charging so-called "building fees" to newly registering students (typically in the range of US\$30 to \$100 on a one-off basis) and with a host of other off-budget charges that must be borne by parents - main-



Selling colourful toys and gadgets

tenance costs, testing fees and mark ups on school uniforms and textbooks which must be purchased through the school. Teachers often supplement their meagre salaries by tutoring (often implying that students' marks will not improve without such extra "help"), by requesting payment for the release of final report cards and a host of other mostly unscrupulous charges. All such charges obviously have a disproportionate impact on the poor. As one corruption study found:

*"Poor parents are...often not aware of the grey area between the legality and illegality of various payments at school. Some payments are vital to keep schools up and running. Others might end up in someone's pocket...Parents are often reluctant to speak up...They have to be careful to avoid a backlash against their children".<sup>55</sup>*

The situation with regard to health standards and services is similar. Despite spending only 0.6 per cent of GDP on the health sector (tied with India, ahead of just Myanmar and Vietnam among Asian countries), Indonesia lags only slightly behind most of its Southeast Asia neighbours. The vast majority of people, even in rural areas, do have access to a state-supported system of health clinics – even if these clinics are understaffed and under-stocked in terms of the basic medicines they are supposed to have. Regardless of such shortages, Indonesia has made substantial gains in major health criteria over the past two decades. Nation-wide, access to an improved water source has risen from 39 per cent to 62 per cent; infant mortality has been halved from 90 to 43 (per 1,000 live births); life expectancy has increased from 62.6 years in 1990 to 65.6 in 1999 (with women living, on average, three years longer than men).<sup>56</sup> Family planning is another area where Indonesia has been highly successful. Although only 57 per cent of childbearing age women are using some type of contraceptive, fertility rates have been declining for over thirty years – and are projected to continue to decline.<sup>57</sup> Average population growth during the 1990s was limited to 1.42 per cent per year and average nuclear household size declined from 4.20 to 4.03 people. Interestingly, the gap between rural and urban areas, in terms of household size, has almost been eliminated (4.07 rural versus 4.01 urban). Jakarta has one of the higher average household size at 4.30 people per nuclear family. As might be expected, less well off families have more children – average family size, among the urban poor is 5.20.<sup>58</sup>

The impact of the economic crisis on health and education standards has not been as serious as initially feared. An AusAID survey in early 2002 points out that children's health status remains relatively stable. While school enrolment did drop during the initial two years of the crisis, it has subsequently rebounded to levels that are slightly higher than pre-crisis levels.<sup>59</sup>

## 8.2 Trying to stay healthy and smart in Karet Tensin

As usual, statistics tell only half the story. In Karet Tensin, the poorer families are indeed having a difficult time keeping their children in school and in reasonably good health. A primary school education is seen as critical, though most would be astonished at the UNESCO statistic claiming that the average class size in Indonesia's primary schools in 1994 was only 23 students.<sup>60</sup> Few Karet Tensin children have ever attended a class with less than 35 students and high school class sizes are only marginally smaller - the sole exception being the primary school behind the Shangri La hotel. Originally scheduled for demolition in 1997, many families have been reluctant to register their children in that school. They feared having to pay another "building fee" to register their children in a new school once this one was torn down. But the economic crisis made the building of a new school a financial impossibility even though the current school – given no allocation for regular maintenance - has fallen into a state of disrepair. As a result – and despite its proximity to the *kampung* – enrolment has fallen to less than twenty students per class. An achievement, of sorts, but not lacking in irony.

Parents generally prioritise school fees within the household budget and a number of scholarship programmes from nearby businesses all but ensure that nearly everyone in the *kampung* graduates from primary school. The vast majority proceeds to and completes junior secondary school (an additional three years of schooling). A decision to proceed to senior secondary is not undertaken lightly. Most cannot afford to place their children in secondary schools reputed to have better academic standards.<sup>61</sup> Even if they can meet the monthly fees, unscheduled charges (of the kind mentioned above) are usually prohibitive. Many parents believe that graduation from senior secondary school does not equip young people with relevant job skills. Many prefer to send their children to technical or vocational schools.

Those who can afford it often choose to have their children attend special tourism schools - a two year programme intended for those hoping to work in the hotel and tourist industry. Small for-profit (and of variable quality) English language and computer schools have become an increasingly popular option. In Jakarta a seemingly inordinate value is being placed on English and computer literacy skills. They are perceived as much more useful in the current job market than regular academic subjects. Wealthier Karet Tensin families often insist that their children attend evening English classes on an extra-curricular basis.

Even among the poorest families, it is not common for children to drop out of school entirely. In Karet Tensin, over the past three years, fewer than 10 per cent of children (5 of 64 under age 15) have been unable to



continue their schooling – and in at least three of those cases, economic difficulties were not the most significant factor. If only because jobs are few and far between, child labour (below the age of 16) is not a major issue in the *kampung* – not counting the rampant part-time shoe-shining that takes place mostly during Friday prayer services.

For most *kampung* dwellers, health care tends to be a higher priority, in part because many now consider post-primary education as a questionable investment. Most Karet Tensin children are in generally good health. There is little evidence of malnutrition, immunisation campaigns through the schools are effective and Nestle sponsors a supplementary feeding programme in local primary schools as well as “well baby” clinics (albeit using Nestle products). Nonetheless, with health insurance coverage being the exception rather than the rule, most people regularly worry about the potential impact – financial more than physical – of prolonged or serious illness. Many residents question the efficacy of the local

treatment and basic medicines. In practice, no one seems to know how to obtain this health card and they end up paying roughly the same price for medicine as that charged by nearby pharmacies.

People overwhelmingly prefer to go to local hospitals for anything other than routine medical treatment, in part because doctor services are rarely available at the Puskesmas. Hospitals, however, are divided into three classes with publicly-funded Class III institutions avoided by all but the most destitute. Class I and private hospitals are much preferred, but it costs a minimum of Rp. 17,000 (US\$1.70) just to obtain an appointment to see a qualified doctor, with additional outlays for treatment and medicine once a diagnosis is made. For anyone requiring actual hospitalisation, the cost is seen as exorbitant – usually upwards of Rp. 60,000 (US\$6) per night, excluding food. A tiny amount by Western standards, but prohibitive for most residents of Karet Tensin.



Residents from one of the settlements

government-run Puskesmas (health clinics), complaining that medicine is in short supply and often sub-standard. Often, only simple medicines such as aspirin and oral rehydration solution are available. Distribution of medicine that has already passed its expiry date is said to be commonplace.

In theory, the cost of Puskesmas medicine is subsidised and any resident able to produce an ID card is supposed to pay only Rp. 2,000 (US\$0.20) per visit. The poor – those classified as “pre-welfare families” according to the BKKBN definition of poverty – are intended to receive special health cards enabling free

## 9 LAW AND DISORDER AMONG THE URBAN POOR

After three decades of enforced moral conservatism, many Indonesians, especially in urban areas, believe that social values are breaking down in all corners of the country. Teachers regularly check students’ backpacks for pornographic video disks or magazines. Drug use seems to have become rampant and gang violence particularly among students from rival high schools is a major concern for parents. Crime is rising but the police



are seen as totally ineffective. People regularly take the law into their own hands. Petty criminals caught in the act of even the most minor thefts are subject to instant and often gruesome justice. This kind of vigilantism has become so commonplace, few newspapers even bother to report it nowadays.

In Jakarta, a spate of bombings in public buildings such as shopping malls and office complexes has eroded residents' sense of public security. Few people pay much attention to the diminishing but still frequent public demonstrations that protest all manner of grievances but succeed mostly to further snarl the already brutal traffic jams. Collectively, however, these events are having a psychological impact. Comparing the current state of social instability to Suharto-era imposed orderliness, has led many Indonesians to conclude that the country is in a state of moral as well as economic crisis.

Recent statistics are unreliable, but there can be little doubt that crime rates have risen in the past four years,

partly a consequence of increased poverty and unemployment but also reflecting a general proliferation of lawlessness and the ineffectiveness of the police. Organised gangs are now the norm in providing protection to small businesses, even if such "protection" is of dubious value. With the police also extorting similar payments, most small businessmen conclude that such extortion is simply the cost of doing business. Robberies on trains and buses have made Jakarta's public transport system virtually unusable for anyone who can afford an alternate means of transportation. Despite the horror stories, for a city as large as Jakarta, violent crime is relatively rare, at least in comparison to Manila and cities of comparable size in Africa and Latin America.<sup>62</sup>

Most Jakarta residents, in all social classes, attribute increased criminality to two intertwining factors: unemployment and rising drug use. Both trends disproportionately affect young people and both are expected to become more serious in the next few years. With a

#### Box H: The Double Scourge of Gambling & Drugs

*Pak Johan is well known in Karet Tensin as the only person willing to take on the task of garbage collection. Seeing him go from house-to-house, hitched to his two-wheeled garbage cart and accompanied by his mentally handicapped brother-in-law, is a regular and somewhat reassuring sight.*

*In the absence of any taxpayer-funded municipal waste collection, Pak Johan is providing a vital service - and he is well paid for it. Collecting between Rp. 2,500 and Rp. 3,000 (US\$0.2-0.3) per household each week - and up to Rp. 5,000 (US\$0.50) per day from the numerous warungs that use his services - Pak Johan typically earns more than a million Rupiah (US\$100) per month - an excellent salary even if his work is considered socially undesirable. Despite earnings that are the envy of many of his neighbours, Pak Johan has not been able to buy his own house. In fact, he and his family have been evicted from their very simple rental accommodations twice in the past year - once for non-payment of rent and the second time because of neighbours' complaints about his "undesirable" behaviour.*

*Although he won't admit it, his wife confides he is addicted to gambling. Friends report he loses up to Rp. 40,000 (US\$4) per day on a kind of "get rich quick" illegal lottery scheme that is popular among the poor in spite of allegations that the results are fixed. So keen is his interest in playing the lotteries, he rarely has time for his family. His four children are considered to be ill-mannered (a serious flaw in a society which places great value on respect for elders) and the oldest, at 12 years of age, has already dropped out of school. No one is willing to rent to him anymore so he has built a corrugated tin and plywood shack on a vacant lot behind a small garment workshop on the edge of the kampung. His wife brings in water using a rubber hose connected to a public standpipe.*

*Pak Johan appears oblivious to the dismal conditions to which his family is subjected. He recently became the chief vendor of lottery tickets in Karet Tensin and can regularly be*

*seen every evening in front of his makeshift home, surrounded by long lists of numbers that are incomprehensible to those unfamiliar with the Byzantine rules of Jakarta's lottery schemes.*

*But if gambling is a barely tolerated annoyance that is frowned upon as un-Islamic, drugs are deeply feared. Whereas people who enjoy gambling are seen as morally weak, those addicted to drugs are often perceived as helpless victims of unscrupulous drug dealers. Many adults believe addiction is almost instantaneous.*

*In the past three years in Karet Tensin, more than twenty youths under the age of twenty-five (all but one of them male) have fallen victim to drug addiction. Once addicted, already dismal employment prospects are all but destroyed. With drug rehabilitation programmes available only to the wealthy (those convicted of drug-related offences are rarely provided with any treatment in prison), only a few have managed to break their drug habits. More commonly, continued drug use leads to a downward spiral.*

*One Sunday morning last April, the yellow flags signifying a recent death went up on utility poles throughout the kampung. Twenty-two year old Joko had passed away in the early morning, victim of a three-year fight against drug addiction. Like many others in Karet Tensin, he graduated from senior high school in 1999 but could not find anything other than occasional menial labour and could not afford university. He started to hang out with what his mother thought was a "bad group" of similarly unemployed youths and began taking drugs on a purely thrill-seeking basis. Two years later he had lost more than 25 kg in body weight and had started stealing money from his family to buy drugs. Eventually, even that money ran out and, according to his mother, he simply withered away, either unable or unwilling to eat. His was the second drug-related death in the kampung within two years. Statistically insignificant, perhaps, but a sure sign of despair among Karet Tensin's young people.*

projected 1.8 million secondary school leavers per year more than half will face prolonged unemployment. Barring a return to pre-*krismon* economic growth rates of 7 per cent per annum – extremely unlikely with current projections hovering in the range of 2.5-3 per cent – most “will join the army of under- and unemployed of around 45 million, one-third of the labour force”.<sup>63</sup>

Sheer boredom is a significant factor contributing to the malaise that many Indonesians perceive as “idleness” and confirms their impression of a widespread deterioration in traditional values and morals. That there are few means of affordable entertainment and few places for sports or other forms of public recreation serves to exacerbate the problem. Gangs form in many high schools, their members, still neatly dressed in school uniforms, indulging in acts of pointless violence and intimidation against students from rival schools – a uniquely urban phenomenon that Indonesians call *tawuran* (from a Javanese word meaning “to fight in a group”). With the police standing by idly, these squabbles often degenerate into rock-throwing melees resulting in serious injuries and the occasional death.

The sense of hopelessness that permeates many young people in the city’s *kampung*s, the perception that “*No one will take a chance on giving me a job*” is palpable. Inevitably, some turn to crime, vandalism and drugs – as much a means of excitement and entertainment as for the cash obtained through the proceeds of petty criminality. (See **Box H**) Unless and until there is a modicum of economic stability and the rule of law can be revived – an unlikely prospect in the short-term given widespread corruption among the police and the judiciary – Jakartans can expect to face an ongoing social crisis.

## 9.2 A PANOPLY OF VICES: SOCIAL EVILS IN THE KAMPUNG

The breakdown of law and order in the *kampung* is keenly felt. The urban poor, especially women, regularly identify increased crime and physical insecurity as a significant impact of poverty.<sup>64</sup> Yet, surprisingly few Karet Tensin residents have fallen victim to crime within the *kampung*. This reflects a de facto code of honour that ensures *kampung* residents are “exempt” from criminal activities perpetrated by petty criminals living within the same *kampung*. While most residents ensure their doors are locked at night and don’t leave anything valuable lying around unattended, they are at least physically secure within the confines of their own neighbourhood.

The reverse side of this coin is a code of silence that ensures *kampung* residents do not report the illegal activities of their fellow residents. People know who the criminals are and may steer clear of them socially, but they would never think of reporting them to authorities. This extends even to serious crime. Two years ago an

ojek driver (motorcycle taxi) from outside the *kampung* was found murdered behind Karet Tensin’s primary school. Virtually everyone knew who had committed the murder – indeed proceeds from the sale of the stolen motorcycle were obvious – but no one was prepared to inform anyone from outside the *kampung*. This is due partly to fear of reprisal, partly to a somewhat warped sense of social solidarity and partly to a total lack of faith in Indonesia’s legal system in general and the police in particular.

Karet Tensin is not affected by all of the social problems that are present in poorer *kampung*s. Alcohol, while available through an illicit still that one enterprising resident has set up, is not a serious problem. Islamic sensibilities seem to keep alcohol use in check. Incidents of domestic violence are relatively few – though it may be unreported rather than non-existent. Although local gossip reports that two young neighbourhood women are prostitutes – leading them to be shunned by most of the other women in the *kampung* – prostitution is not widespread within Karet Tensin.

What does alarm residents are three inter-connected problems that have become pervasive in recent years: *tawuran* (fighting among rival high school gangs), gambling and drugs. Those who can afford it make an effort to enrol their children in high schools that are reputed to have high disciplinary standards that can keep the formation of gangs in check or which private security guards to accompany students to bus stops. Those who can’t, often try to physically escort their children home from school. But there is no doubt that the problem is spreading much more widely with reports of some primary schools also becoming involved.

Even more insidious for the poor – and very difficult to control – is the issue of gambling. Various card and board games – many borrowed from the Chinese – are a valued source of entertainment – and are only contrary to Islamic values if money is at stake. What can be more harmful are the illegal but widely popular lottery schemes that remain a tradition among the urban poor. Relatively harmless on a small-scale, these lotteries can prove addictive (as shown in **Box H** below).

While gambling may be acknowledged as a significant problem, it is the creeping scourge of drugs that is far more worrisome to most residents.

Widely considered to be a Western-induced evil, the use of drugs is reaching epidemic proportions in places like Jakarta. Five years ago, drug use was virtually unheard of in poor neighbourhoods – strictly an upper class phenomenon. But the widespread availability of cheap chemically produced drugs (known on the street as Ecstasy and “*shabu-shabu*”) has broken down class barriers. No one – inside or outside government – seems to be able to come up with any lasting solution to the drug problem. Apart from the ubiquitous banners decrying drug use – a kind of Indonesian “*Just Say No*” campaign that has been totally ineffective – nothing

much beyond hand wringing is happening. Local authorities are unwilling or unable to intervene with the organised syndicates that apparently control production and distribution of these drugs. It is a virtual certainty that police and military forces are profiting from (and at least partially controlling) the illegal drug trade – proving themselves to be, once again, part of the problem rather than part of the solution.

When asked why they don't take matters into their own hands and throw out local dealers, Karet Tensin residents express a much greater temerity about drug dealing than with other forms of crime. Clearly, there is a strong element of fear in the event that the powerful syndicates backing local dealers are crossed. As a result petty drug dealers are free to peddle their wares in the *kampung*, leading to a rash of addictions among senior high school students and unemployed youth. As with many of the other social problems, most *kampung* residents feel helpless in the face of the obvious damage that drug use is inflicting on their communities.

## 10. A BLEAK FUTURE?

Optimism is in short supply these days in Karet Tensin – indeed, throughout most of Indonesia. Culturally conditioned not to show stress or anger, it is not easy for outsiders to discern the psychological toll exacted upon the poor. To be sure, no one is starving and everyone in the *kampung* manages to make ends meet somehow. But most wrap themselves in a blanket of passive fatalism that serves as some sort of psychological defence mechanism. Many profess it difficult to ever envision an end to the economic and social crisis. Enormous price hikes in public transport fares<sup>65</sup> – in terms of affordability, one of the last refuges for the urban poor – have reinforced cynicism. Having endured four presidents in less than four years, disenchantment with the government, with political parties and with politics in general is widely shared among all social classes. Once seen as a champion of the poor, President Megawati (who received the support of nearly every Karet Tensin voter in the 1999 elections) is perceived as having abandoned her most loyal constituency.<sup>66</sup>

The hopes of the reformasi movement – so bright when the New Order government was toppled four years ago – have all but faded from sight, especially for the poor. Perhaps it was a matter of public expectations being so high, they had no place to go but down. But mistrust of public institutions remains high and corruption is as pervasive as ever. Pro-reform advocates are finding that: “*The effects of 33 years of authoritarianism have been far more enduring than anyone had ever supposed. The tools used to maintain (this authoritarian rule) have become so intertwined with Indonesian culture that it has contaminated society.*”<sup>67</sup>

As for the poor, especially those living in cities, when asked what they desire most, they overwhelmingly point

to one thing: stability. Social stability, political stability, income stability, and above all, price stability. Many now talk almost wistfully about the Suharto era. They may not wish for Suharto himself to return to power, but they would be willing to sacrifice some of their new-found but highly intangible rights and freedoms for the good old days when jobs were plentiful and income sources reasonably secure. As one resident pointed out, with unintended poignancy, when asked if he was prepared to see a return to totalitarian rule, “It would not be good, but I can't feed my family on democracy alone.”

Still, notwithstanding the seemingly never-ending nature of the *krismon*, there are unmistakable glimmers of hope. The investment climate remains weak but some macro-economic indicators show signs, albeit shaky ones, of an economic recovery.<sup>68</sup> Cajoled (some would use the word “hounded”) by the IMF, the government is gradually laying the foundation for a more stable financial system. Of course, this means little to the poor as yet. It is still a stretch to envision a government capable of and motivated enough to devise a comprehensive poverty reduction strategy or pro-poor policies that treat citizens as subjects rather than objects. But decentralisation is beginning to empower local governments and some local officials – admittedly a small minority – are beginning to show a degree of accountability to their constituents. In terms of human development, the situation is bleak. Many activists speak in terms of a “lost generation” – those who are growing up during the *krismon* and its aftermath – and Indonesia continues to fall further behind nearly all of its East Asian neighbours in key areas of health and education.<sup>69</sup>

What must be borne in mind, however, is that consolidating the gains of the reformasi movement is likely to be generational in nature. Democracy and good governance may still be weak, but most analysts believe it unlikely that the clock can be turned back to the days when elections were rigged and human rights routinely abused. Civil society organisations – long held in check by Suharto's security apparatus – are proliferating. In tandem with a now fiercely independent media, they are starting to provide important checks and balances on a government unaccustomed to scrutiny much less demands for public accountability.

However difficult it might be to convince the urban poor that there is cause for guarded optimism in the future, it is the perseverance and resiliency of the residents of Karet Tensin – and countless other *kampungs* like it – that will, at some point, help lead Indonesia out of morass in which it finds itself. ■



## ENDNOTES

- <sup>1</sup> Official census figures are taken from the BPS (National Bureau of Statistics) website at [www.bps.go.id](http://www.bps.go.id). The 1995 figure is taken from an inter-censal population survey (called the SUPAS) also conducted by BPS. The 2000 figure is a preliminary estimate based on still incomplete census calculations.
- <sup>2</sup> These figures are taken from a John Hopkins University population study which estimated Jakarta's metropolitan population (often referred to as Jabotabek since it includes the suburbs of Bekasi, Bogor and Tangerang which actually fall within other provincial jurisdictions) to be 11 million in the year 2000. (Source: Population Reports newsletter; June 2001. Available at [www.jhuuccp.org](http://www.jhuuccp.org))
- <sup>3</sup> Population growth patterns within the Jabotabek (Metropolitan Jakarta) region vary substantially with the Central Jakarta district (which includes Karet Tensin) actually declining. Highest growth rates are in Tangerang and Bekasi, the main western and eastern suburbs of Jakarta. Source: BPS data from the 1999 SUSENAS (National Housing Expenditure Survey) findings.
- <sup>4</sup> As far as can be gathered from long-time *kampung* residents, the price paid by the developers (a private company allegedly owned by powerful ethnic Chinese interests) was reasonably fair. The full price, however, was only given to those who could actually produce a deed demonstrating full legal title. Many of the original residents had never bothered to formally register their landholdings – and to do so at this relatively late date meant paying prohibitive bribes to various government officials and middlemen. In the end, many people apparently received less than the negotiated price because they couldn't come up with a legally recognised title.
- <sup>5</sup> At least some of the urban growth can be attributed to “the tendency to accelerate the process of elevating so-called administrative cities within districts”.
- <sup>6</sup> Overall, developing countries have urbanised from 18 per cent in 1950 to an estimated 40 per cent in 2000 – essentially mirroring Indonesia's urbanisation rate.)
- <sup>7</sup> For more than 25 years, the Indonesian government has sustained a “transmigration” policy of moving large numbers of people from the overcrowded islands of Java and Bali to less crowded, but more remote regions. Although outright coercion has been relatively rare, some transmigration practices have been somewhat deceptive, with transmigrants receiving less land or other compensation than promised.
- <sup>8</sup> This is, for instance, more than the percentage GDP of the entire province of West Java which surrounds Jakarta on all sides. The percentage share of Jakarta's contribution to GDP actually increased after the onset of the economic crisis from 16.1 per cent in 1996 to 17.9 per cent in 1999. (Source: BPS data “Gross Regional Domestic Product by Provinces and Industrial Origin, 1996-1999” from website [www.bps.go.id](http://www.bps.go.id))
- <sup>9</sup> This contrasts to national-level data from the same survey which shows family reasons as the most common motivation for migration (41.4 per cent), followed by employment (39.7 per cent) and education 15 per cent). In many cases, however, “family reasons” are job-related. Source: “Percentage of Migrants from Rural to Urban Areas by Province and Main Reasons to Move”, BPS conducted SUPAS (Inter-censal Survey), 1995.
- <sup>10</sup> In Karet Tensin, family ethnicity breaks down as follows: Javanese (35 per cent), Mixed Parentage (18 per cent), Sundanese (16 per cent), Sumatran (13 per cent), Betawi (11 per cent), Chinese (6 per cent). Just under half of the Javanese households are second generation residents of Jakarta and only a third can still speak fluent Javanese. Ninety-two per cent are Muslim; five of sixty-two families (8 per cent) are Christian.
- <sup>11</sup> It is widely believed, for instance, that the roughly 3.5 per cent of the general population who trace their roots to China control up to 60 per cent of the country's entire economic production – and they are widely resented and discriminated against as a result.
- <sup>12</sup> “Pak” is derived from the word *Bapak* meaning “father”. It is used as the respectful means of addressing older or married men. *Ibu* (meaning “mother”) is the equivalent for women. All of the people mentioned in the Boxes in this report are real people living in Karet Tensin. Only their names have been changed.
- <sup>13</sup> A *becak* is a three-wheeled bicycle taxi similar to a rickshaw. Due to traffic congestion, they were declared illegal in Jakarta in 1988. On Jakarta's many back-streets and alleys, however, they remain available – and much favoured by *kampung* residents as the cheapest form of transport.
- <sup>14</sup> These figures and Table II reflect official BPS statistics, as they appear in the World Bank's “Country Assistance Strategy Progress Report” (June 2002).
- <sup>15</sup> For a synopsis of the criticisms of the BPS method of calculating poverty, see “Poverty Calculations” Annex A in the ADB's Indonesia: Urban Sector Profile; op.cit.
- <sup>16</sup> Although available statistics are not conclusive, at the national level, poverty rates were radically reduced from about 60 per cent to 11 per cent during the thirty-two year reign (1966-98) of the so-called New Order government under former President Suharto – an impressive accomplishment, by any standard, though one which ultimately proved to be unsustainable.
- <sup>17</sup> The BKKBN method uses five criteria to identify the poorest households (euphemistically called *pre-sejahtera* or pre-prosperous): 1) all household members cannot afford to eat at least twice a day; 2) do not have at least two sets of clothing for home and work/school; 3) do not have a non-dirt floor in their home; 4) cannot afford access to basic health and family planning services; and, 5) not able to practice religion in accordance with their traditions.
- <sup>18</sup> This data is from “The Evolution of Poverty during the Crisis in Indonesia, 1996 to 1999”, a report produced by the Social Monitoring and Early Response Unit (SMERU). SMERU is an Indonesian-run, Jakarta-based independent research institute founded by a consortium of international donor agencies in 1998.
- <sup>19</sup> The city of Jakarta is, geographically, the smallest of Indonesia's thirty provinces - and the only one that is entirely urban in nature. Only East Kalimantan – a major mining, oil and gas-producing province – ranks lower than Jakarta in terms of urban poverty rates. (Source: Regional Poverty Profiles, World Bank draft report; March 2002)
- <sup>20</sup> As quoted in “12.5 per cent of Jakartans poor”, an article appearing in the 7 June 2002 edition of The Jakarta Post. This figure, for February 2002, is more than double BPS esti-

mates.

<sup>21</sup> Source: "The Poverty of Wealth: A Case Study of Urban Poverty in Kemanggisian Ilir, Jakarta" by Lea Jellinek and Bambang Rustanto; unpublished, June 1999.

<sup>22</sup> Although the Rupiah exchange rate has fluctuated wildly against the US dollar in recent years, this report – unless otherwise stated – uses a rate of US\$1=Rp. 10,000. This represents a roughly weighted exchange rate during 2001.

<sup>23</sup> These figures actually represent a reduction from the 2000 survey that indicated 26 per cent spent less than Rp. 350 thousand/month and an additional 23 per cent between Rp. 350 and Rp. 500 thousand/month. (Source: "2002/2002 Media & Marketing Charts" ACNielsen Ltd, Jakarta, December 2001)

<sup>24</sup> Source: "Quantifying Vulnerability to Poverty: A Proposed Measure, Applied to Indonesia" Pritchett, Lant; Suryahadi, Asep; Sumarto, Sudarno; Policy Research Working Papers, World Bank, 2000.

<sup>25</sup> These are World Bank calculations, as of January 2000, using interim Susenas data, contained in the World Bank's Poverty Assessment.

<sup>26</sup> There are conflicting stories in the *kampung* about prices received for land sales and about how much pressure was actually applied on residents who hesitated to sell their homes. It seems that in the early 1970s, during the construction of Jalan Sudirman – central Jakarta's main north-south thoroughfare – many Karet Tensin residents did have their land forcibly expropriated. Only those with full legal title – something of a rarity in those days (many residents can produce only property tax receipts or letters from the sub-district chief as proof of ownership) received the official compensation rate of about \$40/square metre. By the 1980s, compensation rates were more tempting and pressure to sell more subtle – with some individual households occasionally able to hold out for higher sale prices. In 1995, land prices had risen exponentially – up to US\$800-\$1000/sq.m. Even today, well after the collapse of the Rupiah, residents claim their deeded land is worth Rp. 3 million/sq.m. (about US\$1,500). No one has actually sold their homes for anywhere near that rate, but there is no doubt that land is the most valuable asset most Karet Tensin residents will ever own.

<sup>27</sup> Statistics sited from the Karet Tensin *kampung* are based on informal interviews with 62 families. The author has a long association with this neighbourhood that began with an effort to monitor the impact of Government-sponsored Social Safety Net programmes in late 1997.

<sup>28</sup> Although the ACNielsen survey reports that 16 per cent of low-income urban dwellers have dirt floors, only one family in Karet Tensin cannot afford at least concrete (and even then, they have managed to cover the packed dirt with linoleum). On the other hand, ceramic tiles are a source of considerable prestige – according to ACNielsen 46 per cent of the lowest two income groups have managed to install tiles – as compared to 98 per cent of the two high-income groups.

<sup>29</sup> Figures taken from the ACNielsen survey. Total is more than 100 per cent as many households use both kerosene and wood.

<sup>30</sup> Source: "Consultations with the Poor in Indonesia: Country Synthesis Report" by Nilanjana Mukherjee. (World Bank, Jakarta, August 1999). For a more in depth analysis of

causes and impacts, see in particular Chapter 3 of this study on "Perceptions of Well-Being and Poverty".

<sup>31</sup> Ownership statistics use a combination of the ACNielsen survey data and the percentage of Karet Tensin residents who own specific appliances.

<sup>32</sup> The thirty-two year autocratic reign of former President Suharto is commonly referred to as "New Order" – a label he provided in the late 1960s to distinguish it from the so-called "Old Order" government of founding president Sukarno.

<sup>33</sup> ADB Urban Sector Profile: Indonesia, pg. 8. *Op.cit.*

<sup>34</sup> Some NGOs believe informal sector employment exceeds two thirds of the urban labour force, particularly if squatters, recent migrants and those not holding Jakarta identify cards are taken into account. Sources: ADB Urban Sector Profile: Indonesia and UPC estimate.

<sup>35</sup> From a high of about 9 per cent in 1994. Note that this does not take into account daily-wage workers in the construction industry. Source: BPS data from the SUSENAS survey.

<sup>36</sup> Employment estimates are from the UNDP's Indonesian Human Development Report 2001. Additional data of note: Forty-one per cent of women are now in the labour force (up from 35 per cent ten years ago). Child labour (ages 10-14) has dropped from 13 per cent to 9 per cent over the same period.

<sup>37</sup> According to ILO estimates, an annual economic growth rate of 4 per cent will produce 1.6 million new jobs. But actual growth rates continue to fall short of that target. Demographic data on education and population growth taken from a power point presentation by University of Indonesia economics professor Dr. Mayling Oey-Gardiner to the World Bank's annual Country Team Retreat; May 2002. See also the article "Jakarta's economy limps towards recovery" from the Singapore Straits Times appearing on 15 February/02.

<sup>38</sup> Recruitment agents for overseas employment opportunities typically concentrate their (frequently unscrupulous and exploitative) efforts in rural areas rather than urban *kampungs*. In Karet Tensin, only three people had ever secured work in other countries: Pak Dedi as a cruise ship *maitre d'*, another as an entertainer in Malaysia and a third man who spent four years as a construction worker in Iraq.

<sup>39</sup> Source: Indonesian Human Development Report 2001 as cited in "Nostalgic for the 'good old days of Soharto'" (Jakarta Post: 15 May 2002).

<sup>40</sup> Of the 20 people with steady employment, nine work in offices mainly as clerical or administrative staff or low-level civil servants, five are drivers either for individuals or public transport companies, three work for hotels or restaurants, one is a landscape designer, one is employed by a television studio and only one still works for a construction contractor on a regular basis (down from about 15 in 1997). Source: Personal interviews by the author.

<sup>41</sup> These figures exclude those who are retired (6 people) and women describing themselves as housewives (35 people) even though, in both cases, they occasionally bring in supplemental income from cooking or petty trading.

<sup>42</sup> This figure is taken from an informal survey conducted by the author with 33 of 62 Karet Tensin households indicating their total monthly income was less than Rp. 500,000. It is

difficult to ascertain the accuracy of this estimate as some respondents may have been tempted to under-report some income sources.

<sup>43</sup> Rice prices vary according to quality as well as quantity purchased. Consumption per family also varies, but a family of four typically consumes one 75 kg sack per month. (See: "Impacts of the Indonesian Economic Crisis: Price Changes and the Poor" by James Levinsohn et al.) Another NGO study from the 32 poorest households (those reporting a monthly income of less than Rp. 150,000) in another Central Jakarta *kampung* found that almost two thirds (63 per cent) of their monthly income was spent on food, 20 per cent on rent (usually a single room), 15 per cent on utilities, and the remainder on health care and education. Source: "The Poverty of Wealth: A Case Study of Urban Poverty in Kemanggisan Ilir, Jakarta" by Lea Jellinek and Bambang Rustanto; *op.cit.*

<sup>44</sup> Ironically, the one initiative that has endeavoured to involve communities in the provision of relatively cheap capital has not worked as well as it should have. The World Bank-funded Urban Poverty Project (UPP) works through local RW-level groups to provide revolving loans to community members. But the informal leaders who usually hold decision-making powers over loan disbursements tend to be so risk-averse – mainly out of concern that borrowers will not repay their loans – they are inclined to lend only to the relatively better-off members of the community, thereby missing the poor who are the real targets of UPP's intended interventions.

<sup>45</sup> During the Suharto era, most RW candidates (and all prospective village chiefs) were vetted for political acceptability – a synonym for membership in the ruling Golkar party. Since Suharto's resignation, the number of political parties has risen exponentially – from three to over 120. Interestingly, for Karet Tensin, the RW's secretary – an unelected and unpaid position (though more than administrative in nature) – has become the local representative for the ruling PDIP (Indonesian Democratic Party of Struggle). Many Karet Tensin residents do see her as politically ambitious, at least on a minor scale. So far, however, her party affiliation has brought little in the way of direct benefits to the *kampung*.

<sup>46</sup> Statistics quoted in this section are from either the "ADB Urban Sector Profile: Indonesia" (pp. 10-22) or from the World Bank's "World Development Report 2000/2001". Both sources rely primarily on SUSENAS survey data as supplied by BPS.

<sup>47</sup> ADB Urban Sector Profile: Indonesia, *op.cit.*, p. 10.

<sup>48</sup> An international commission formed by the Urban Poor Consortium, a prominent Jakarta NGO, reported detailed figures in its report "Fighting Poverty or Fighting the Poor". In addition to removing squatters and bulldozing their homes, it appears a concerted effort was made to also destroy their livelihoods as their report also chronicles the confiscation of 9,000 *becaks* (bicycle taxis), the arrest of more than 3,300 beggars, street children and other "undesirables", and the demolition of 34,000 food vendor sites.

<sup>49</sup> Information on evictions comes from a report by the Jakarta Social Affairs Institute, a Jakarta-based NGO. It is taken from an article entitled "Komnas HAM demanded to investigate eviction cases" appearing in The Jakarta Post on 22 June 2002.

<sup>50</sup> Beyond the RT level, direct representation is rare. In national, provincial and district elections, ballots are cast for political parties rather than individual candidates. Parties than appoint members of parliament (or municipal counselors)

from their own slates. District leaders (or mayors in urban areas) are elected by these local parliaments typically along the lines of political party affiliations. At no point are provincial or local members of parliament (or municipal councillors) assigned specific constituencies. National members of parliament are assigned geographic constituencies, even though, in numerous cases, they have never been there. Citizens generally have no idea how this type of parliamentary system works – and no clue as to how to influence or even contact their parliamentary representatives. Similarly, elected politicians rarely feel any sense of obligation or direct accountability to the electorate.

<sup>51</sup> Many such contributions are in accordance with Islamic obligation and, thus, are not always perceived as "voluntary" in nature.

<sup>52</sup> In the urban context, the term "traditional" leader refers more to people who have had good careers and who are seen to be honest and morally upstanding (especially if they have performed the *haj* pilgrimage to Mecca), than to people with any inherited or ethnic leadership mandate.

<sup>53</sup> The WDR shows an average per capital GDP spending level on education of 3.3 per cent. Most education statistics are taken from the World Development Report 2000/2001, *op.cit.*

<sup>54</sup> The teacher shortage for the upcoming 2002 school year is estimated to be 542,000. As an interim means of dealing with this crisis, the government plans to contract some 370,000 unqualified teachers – many with only a junior high school education – on a short-term basis. (Source: "Broke Jakarta seeking cheap teachers" in The Straits Times (25 July 2002).

<sup>55</sup> More in depth details on how corruption affects the poor in education, health and the provision of public services can be found in "The Poor Speak Up: 17 Stories of Corruption" a booklet produced by The Partnership for Governance Reform; Jakarta 2001.

<sup>56</sup> Health statistics taken from "World Development Report 2000/2001", *op.cit.*

<sup>57</sup> Fertility statistics and projections taken from two sources: A power point presentation by University of Indonesia economics professor Dr. Mayling Oey-Gardiner to the World Bank's annual Country Team Retreat; May 2002; and, BPS data from the 1999 SUSENAS survey.

<sup>58</sup> From the ACNielsen survey, *op.cit.*

<sup>59</sup> Complete details can be found in "The Impact of the Indonesian Financial Crisis on Children: Data from 100 Villages Survey" by Lisa Cameron, Australian Agency for International Development (Jakarta, March 2002).

<sup>60</sup> See the UNESCO website at [www.unesco.org/statistics/education](http://www.unesco.org/statistics/education).

<sup>61</sup> In most urban areas, even state-run schools set their own monthly fees. Schools with better reputations – either academically or in terms of reported disciplinary standards – can charge (and usually receive) fees that can be as much as three times higher than their less-renowned counterparts.

<sup>62</sup> Crime statistics in Indonesia are notoriously unreliable, in part, because police tend to downplay more serious incidents but also because so much crime goes unreported. Newspapers widely report that violent crime has increased threefold since the *krismon* began in mid-1997, but this is as much a matter of speculation as fact.



<sup>63</sup> Projections are by Hans Vriens, a Jakarta-based communications consultant, in his column "Start Listening to the Alarm Bells" in Tempo magazine (Issue No. 42/II/July 2-8, 2002). If tertiary graduates are included, projections of total school leavers, according to economist Mayling Oey-Gardiner (Power Point Presentation to World Bank, *op.cit.*), rise to 2.5 million per year over the period from 2000-2005.

<sup>64</sup> "Increase in crime" was ranked by poor urban dwellers behind only food insecurity and increased indebtedness as an impact of poverty. See Chapter 3 "Perceptions of Well-being and Poverty" in Consultations with the Poor in Indonesia, *op.cit.*

<sup>65</sup> Due in part to the IMF requirement for a removal of petrol subsidies, Jakarta's municipal government recently announced fare hikes of between 24 per cent and 40 per cent for public buses with future hikes tied to the international oil prices. This follows increases of 28 per cent - 50 per cent in July 2001. Thus the single fare for a (usually decrepit) mini-bus goes from Rp. 900 to Rp. 1,200; for a larger bus plying main routes from Rp. 1,400 to Rp. 1,600. Student fares are raised by 67 per cent, from Rp. 300 to Rp. 500. All this even though both the government and the Organisation of Land Transportation Owners acknowledge that Jakarta has only 5,000 of the needed 10,000 public buses in operating condition. (Source: "Big fare hike set for public buses" in The Jakarta Post, 11 May/02).

<sup>66</sup> A recent public opinion poll (May 2002), conducted by the respected Tempo magazine, indicated the President's popularity has sunk to 32 per cent.

<sup>67</sup> From an editorial, marking the fourth anniversary of the downfall of the New Order government, entitled "Four Years on From Soeharto..." in the May 2002 edition of the Van Zorge Report on Indonesia.

<sup>68</sup> During 2002, inflation has stabilised at just under 11 per cent per annum (compared to 78 per cent over an eight month period in 1997/98), interest rates have fallen by 250 basis points to about 15 per cent on local currency loans, the Jakarta stock market has grown by more than 12 per cent and the Rupiah has risen by 20 per cent now standing at just under Rp. 9,000 per US dollar. But plagued by a corrupt judiciary and nationalist politicians – neither of whom are inclined to enforce international contracts or standards of law – foreign investors are still reluctant to return in a significant way to Indonesia, meaning that economic recovery is far from guaranteed. (See: "Time Running Out for Megawati" in Singapore Business Times, 20 July 2002).

<sup>69</sup> Indonesia ranks 110<sup>th</sup> (out of a total of 164 countries) in the recently released UN Human Development Index. This places it ahead of only Myanmar, Cambodia and Laos among East Asian countries. For the first time, however, Indonesia has fallen behind Vietnam. It is now well behind China, Philippines, Thailand and Malaysia. More importantly, adult literacy, school enrolment and life expectancy rates have continued a five-year decline. (Source: Human Development Report 2002 accessible at [www.undp.org](http://www.undp.org))

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are seen as totally ineffective. People regularly take the law into their own hands. Petty criminals caught in the act of even the most minor thefts are subject to instant and often gruesome justice. This kind of vigilantism has become so commonplace, few newspapers even bother to report it nowadays.

In Jakarta, a spate of bombings in public buildings such as shopping malls and office complexes has eroded residents' sense of public security. Few people pay much attention to the diminishing but still frequent public demonstrations that protest all manner of grievances but succeed mostly to further snarl the already brutal traffic jams. Collectively, however, these events are having a psychological impact. Comparing the current state of social instability to Suharto-era imposed orderliness, has led many Indonesians to conclude that the country is in a state of moral as well as economic crisis.

Recent statistics are unreliable, but there can be little doubt that crime rates have risen in the past four years,

partly a consequence of increased poverty and unemployment but also reflecting a general proliferation of lawlessness and the ineffectiveness of the police. Organised gangs are now the norm in providing protection to small businesses, even if such "protection" is of dubious value. With the police also extorting similar payments, most small businessmen conclude that such extortion is simply the cost of doing business. Robberies on trains and buses have made Jakarta's public transport system virtually unusable for anyone who can afford an alternate means of transportation. Despite the horror stories, for a city as large as Jakarta, violent crime is relatively rare, at least in comparison to Manila and cities of comparable size in Africa and Latin America.<sup>62</sup>

Most Jakarta residents, in all social classes, attribute increased criminality to two intertwining factors: unemployment and rising drug use. Both trends disproportionately affect young people and both are expected to become more serious in the next few years. With a

#### Box H: The Double Scourge of Gambling & Drugs

*Pak Johan is well known in Karet Tensin as the only person willing to take on the task of garbage collection. Seeing him go from house-to-house, hitched to his two-wheeled garbage cart and accompanied by his mentally handicapped brother-in-law, is a regular and somewhat reassuring sight.*

*In the absence of any taxpayer-funded municipal waste collection, Pak Johan is providing a vital service - and he is well paid for it. Collecting between Rp. 2,500 and Rp. 3,000 (US\$0.2-0.3) per household each week - and up to Rp. 5,000 (US\$0.50) per day from the numerous warungs that use his services - Pak Johan typically earns more than a million Rupiah (US\$100) per month - an excellent salary even if his work is considered socially undesirable. Despite earnings that are the envy of many of his neighbours, Pak Johan has not been able to buy his own house. In fact, he and his family have been evicted from their very simple rental accommodations twice in the past year - once for non-payment of rent and the second time because of neighbours' complaints about his "undesirable" behaviour.*

*Although he won't admit it, his wife confides he is addicted to gambling. Friends report he loses up to Rp. 40,000 (US\$4) per day on a kind of "get rich quick" illegal lottery scheme that is popular among the poor in spite of allegations that the results are fixed. So keen is his interest in playing the lotteries, he rarely has time for his family. His four children are considered to be ill-mannered (a serious flaw in a society which places great value on respect for elders) and the oldest, at 12 years of age, has already dropped out of school. No one is willing to rent to him anymore so he has built a corrugated tin and plywood shack on a vacant lot behind a small garment workshop on the edge of the kampung. His wife brings in water using a rubber hose connected to a public standpipe.*

*Pak Johan appears oblivious to the dismal conditions to which his family is subjected. He recently became the chief vendor of lottery tickets in Karet Tensin and can regularly be*

*seen every evening in front of his makeshift home, surrounded by long lists of numbers that are incomprehensible to those unfamiliar with the Byzantine rules of Jakarta's lottery schemes.*

*But if gambling is a barely tolerated annoyance that is frowned upon as un-Islamic, drugs are deeply feared. Whereas people who enjoy gambling are seen as morally weak, those addicted to drugs are often perceived as helpless victims of unscrupulous drug dealers. Many adults believe addiction is almost instantaneous.*

*In the past three years in Karet Tensin, more than twenty youths under the age of twenty-five (all but one of them male) have fallen victim to drug addiction. Once addicted, already dismal employment prospects are all but destroyed. With drug rehabilitation programmes available only to the wealthy (those convicted of drug-related offences are rarely provided with any treatment in prison), only a few have managed to break their drug habits. More commonly, continued drug use leads to a downward spiral.*

*One Sunday morning last April, the yellow flags signifying a recent death went up on utility poles throughout the kampung. Twenty-two year old Joko had passed away in the early morning, victim of a three-year fight against drug addiction. Like many others in Karet Tensin, he graduated from senior high school in 1999 but could not find anything other than occasional menial labour and could not afford university. He started to hang out with what his mother thought was a "bad group" of similarly unemployed youths and began taking drugs on a purely thrill-seeking basis. Two years later he had lost more than 25 kg in body weight and had started stealing money from his family to buy drugs. Eventually, even that money ran out and, according to his mother, he simply withered away, either unable or unwilling to eat. His was the second drug-related death in the kampung within two years. Statistically insignificant, perhaps, but a sure sign of despair among Karet Tensin's young people.*