



Mayors to Ground Control?

Infrastructure and Iconography in Indonesia

Greg Mills

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Abstract

More than six decades on from the famous 1955 Asia–Africa Conference in Bandung, Indonesia, where leaders of 29 developing countries met to accelerate the national liberation struggles across the two continents, both the host city and country are once again in the spotlight. After decades of military dictatorship, Indonesia has emerged as a potential economic powerhouse in Asia. With a population of 240 million, Indonesia is predicted by some to rise from being the world’s 16th largest economy currently to the seventh biggest by 2030, provided it makes the right policy interventions. Despite notable progress across the economy and deepening democratisation, Indonesia still faces enormous challenges – not least in getting its fast-growing urban areas to function better. Much of the focus has been on

Java, the most prosperous and populated of Indonesia’s 13 500 islands, home to 60 per cent of Indonesians, living on 7 per cent of the country’s total land mass. This paper examines how two of its three largest cities, the capital Jakarta and the historic city of Bandung, are coping with extreme population pressures (9 000 and 14 000 people per km²), increasing transport demands and inadequate infrastructure. In both cities, the government is investing heavily, particularly in new public transport systems, but ensuring that its facilities are run well. For all the country’s infrastructure backlog, and the temptation of big ticket projects, a stand-out feature is how government is learning to make better use of existing assets. This approach should offer hope to cash-strapped African governments.

This Discussion Paper forms part of the Brenthurst Foundation’s multi-disciplinary policy project on **The Future of African Cities** which will run until 2018. By identifying best international practice through detailed case studies on a dozen cities, this project aims to establish what policy interventions and partnerships will enable Africa’s urban areas to achieve the upsides of economic development while managing the downsides of the various forms of instability that often arise from rapid urbanisation.

Mayors to Ground Control?

Infrastructure and Iconography in Indonesia

'A developed country is not a place where the poor have cars. It's where the rich use public transport.'

Gustavo Petro, former Mayor of Bogotá, Colombia

The name 'Bandung' is up there in international political iconography. The Indonesian city was the site of the 1955 Asia–Africa Conference, a symbol of the heady days of struggle and promise.

Leaders of 29 developing countries met under President Sukarno's chairmanship in the former Dutch Concordia recreation hall, renamed for the occasion the *Gedung Merdeka* (or 'independence building'), to accelerate the national liberation struggles underway across their continents. Prime Minister Jawaharlal Nehru of India, who attended along with Ho Chi Minh, Pakistan's Mohammad Ali Bogra, Lt-Colonel Gamal Abdel Nasser and Chou en Lai

among others, described Bandung as the 'focal centre and capital of Asia and Africa'.¹

Other than being a sepia-stained *job*, and some theatre, the conference delivered the Ten Bandung Principles, including respect for human rights, sovereignty and territorial integrity, equality of all nations and races, abstention from intervention, the right of self-defence, refrain from aggression, commitment to the peaceful settlement of disputes, promotion of national interests and co-operation, and respect for justice and international obligations.

That most summits come up with the same list, or parts of it, even today, shows how far ahead of



(Seated) Nehru, daughter Indira, and Sukarno in Bandung, 1955. (Savoy Homann Hotel)



Sukarno's address to the 1955 Asia–Afrika Conference, Bandung. (Asia–Afrika Museum, Bandung)

their time the ‘boys of Bandung’ (the leaders were all men) were, or how little things have progressed since.

In the ‘Paris of Java’, as Bandung was known in the colonial era given its café lifestyle and location away from the oppressive coastal tropical heat, the presidents and prime ministers walked the 100 metres down *Jalan Asia–Afrika* to the conference from the luxurious Savoy Homann Hotel, with its wacky LSD interior and curvaceous art deco balconies to the conference hall. For some delegate-nations, however, it was just the start of a long and tough road to peace and prosperity: Pakistan, Cambodia, Laos, Lebanon, Syria, Iraq, Afghanistan, Iran, Ethiopia, Liberia, Sudan and Libya were all to suffer coups, in some cases with alarming regularity, and even outright civil war, most within the decade. In the case of North and South Vietnam, present as separate delegates, by 1975 the latter had been swallowed by the former amidst widespread destruction and loss of more than 1.3 million lives.

Sukarno himself was gone in ten years, removed in a *coup d'état* by the stubby General Suharto, but not before he had brought his country to the economic precipice. Just like the colonialists had gone in for grandiose architecture to make a statement,

Sukarno did much the same to attempt to make up for his lack of economic substance.

Despite misty-eyed retro mythology, Sukarno's rule was neither democratic and nor did it deliver development. Instead, as corruption and inefficiency throttled growth, he relied on a combination of personal charisma, anti-Western gesturing, including the expulsion of 50 000 Dutch settlers in the late-1950s and the oxymoronic purchase of East bloc weaponry while birthing the Non-Aligned Movement at Bandung, and grand-scale heroic architecture to get by. By the time he left government for house arrest, inflation was at 1 000 per cent and the country's functional infrastructure was wobbling, even if the symbolic variety was on the up.

Jakarta is a monument to his follies.

At one end of the Jalan Thamrin thoroughfare, along Jalan Veteran, is Merdeka Square featuring the *Monumen Nasional*, or Monas, a 132 metre tall statue with a carved flame on top, dubbed ‘Sukarno's final erection’, as below. Nearby is a 120 000-capacity national mosque, the largest in Southeast Asia, *Masjid Istiqlal*, on which Sukarno was the technical chief supervisor; at the other the Senayan Sports Complex, host to the 1962 Asian Games.



Monumen Nasional



Welcome Statue and Hotel Kempinski



Hotel Savoy Homann

Along the way are myriad other similarly unsuppressed nationalistic urges, including the swish glass and aluminium Hotel Indonesia (now the Kempinski) whose roundabout on Jalan Sudirman features the Welcome Statue, as pictured above, the Sarinah department store (promoted as ‘The Indonesian Emporium’), the Semanggi cloverleaf bridge interchange, and various other monuments including, further south, that to the youth, of a figure holding a large, flat object aloft, known thus as the ‘Pizza Delivery Man’, and the Aerospace (or Dirgantara) Monument, popularly also known as the Pancoran statue or ‘7 Up’ because of its resemblance to the number seven.

Mayor Emil to Ground Control?

Numbers aside, Indonesia’s infrastructure is weak; the reasons including its dispersed geography, mountainous topography, funding, governance and

Such eccentricities were alone not the source of the economic problem. It was that Sukarno lacked a plan for the development of Indonesia. His attempt at a ‘development’ bank was illustrative of this failing. It did not promote export or, for that matter, any industries. Rather it lent to traders. At the same time the government pursued an affirmative action programme known as *Benteng* – or ‘fortress’ – to encourage indigenous merchants.

Trading was – and is – not investment in making things to sell, the route to prosperity. As Joe Studwell² has put it, by the early 1960s, with ramping political pressures caused by the worsening economic situation, Indonesia ‘became a zero-discipline fiscal environment’ with the central bank ‘feeding the beast of credit demand unquestioningly’. It’s not that nation-building was unimportant; it’s whether it was best achieved through growth or architecture; architecture or infrastructure.

Java, the most prosperous and populated of Indonesia’s 13 500 islands, is home to 60 per cent of Indonesians, living on 7 per cent of the land mass. The country’s average density of nearly 130 people per km² – nearly three times the global average and five times that of sub-Saharan Africa’s – highlights Indonesia’s status as the world’s fourth most populous nation with 250 million people. At independence in 1945, the population was just 70 million.

politics. In the capital, Jakarta, these challenges are compounded by the size of its population, the sheer volume of commuters, and frequent flooding.

Indonesia's urban population comprises 53 per cent over the population, the rate of migration to the capital estimated at around 4 per cent.³ Still, the government has been caught, constantly, in a number of infrastructure investment binds: between investing in transport between the innumerable islands and on them, the result being unsatisfactory in both respects; and between plans and projects by both the central government and the 34 provinces and 502 city and agency authorities countrywide.

Dr Oswar Mungkasa is the Deputy Governor of the State of Jakarta with responsibility for spatial and environmental affairs.⁴ He identifies three major challenges in the capital city.

The first is the provision of public transportation. Current actions to redress this challenge, he says, are 'five years too late'. This shortfall is epitomised by the antics of ancient, smoking trucks and elderly white-green *Kopaja* buses, and some 80 million *motor bebek* (literally, 'ducks-bike') – the ever-present snorting, tooting motorcycle.

With four million daily commuters, this requires extensive co-ordination between the local and central

government both to fund and plan. Currently there are four plans underway for improving the network: the US\$1.5 billion Jakarta MRT (Mass Rapid Transport, the underground) funded by the local government, the first line which should be completed in 2018; the US\$900 million Jakarta Light Rapid Transport (LRT) Monorail, one aspect of construction now underway, funded by central government, another in the planning stages by the local government; and the proposed LRT airport link to be funded by a private consortium.⁵

The weakness of Indonesia's infrastructure combined with weaker commodity prices and a slowdown in its key trading partner, China, has slowed growth for five consecutive years, the country achieving 4.76 per cent in 2015.⁶

The provision of public housing is the second major challenge. Jakarta currently has a backlog of 40 000 public housing units. The current strategy is to build 50 000 new units, or 38 new high density towers, by 2017, these being let at a subsidised price of Rp10 000 (US\$80c) per day to poor families. However, land is expensive and scarce. 'Even though



Busy Bandung

this is the government's number one priority,' he states, 'and funding is not a problem, we cannot find the land.' He speaks wistfully of Singapore's early land appropriation strategy, hence attempts to try now and introduce a land bank in Indonesia. 'The difference is that while 95 per cent of the land there is owned by the government, the reverse is true here in Jakarta.' Regardless, he considers Singapore's history of development as a model to be emulated.

Jakarta currently has a backlog
of 40 000 public housing units

The third challenge is to synch short-term expediencies with longer-term needs, and equally, 'to try and put spatial and development issues into one single plan.' Not only do these plans require careful integration with the existing networks if they are to be successful, but careful co-ordination. 'We need to have one single system to run Jakarta and the surrounding areas, where there are currently nine municipalities, three provinces and governors, and one central government.' This hints, too, at a tension between the pull of central government and the effectiveness of decentralised systems of governance.

To the south-east, Bandung is, too, clogged, with 2.7 million inhabitants (or more than eight million if one includes the wider metro) packed at 14 000 per km² (Jakarta is at 9 000, and by comparison London 4 000 and New York 2 000 per km²) and with an infrastructure that is little improved than from the Dutch period. There is no shortage of economic dynamism and growth in the capital of the West Java region, Bandung being variously known as a 'Smart City', 'Culinary City' (given the variety of specialist restaurants), 'Factory Outlet City' (for the throngs of Malaysian budget shoppers looking for labels and bargains) and, with 78 higher learning institutions, including the prestigious Institute for Technology (attended by presidents Sukarno and BJ Habibie among other grandees), 'Students City'. Indonesia's third-largest city is seen as a model in incubating small and medium sized industries, with more than 500 successfully scaling their operations in areas from clothing to gaming, app and web design.

Averaging nearly 9 per cent during the 2000s, 50 per cent more than the national average, Bandung's economic growth has compounded its infrastructure deficit, pollution and traffic congestion. There has historically been no shortage of plans to undo the gridlock, including a metro, monorail, cable-car, and Bus Rapid Transit-type system. Shelters were even built for the latter, but this stalled due to resistance from the *angkot* (minibus) drivers.

Now, under Ridwan Kamil, 44, widely known as Emil, there is a plan to build a new satellite city, Teknopolis, an 800-hectare site about 12kms from the city centre. Elected mayor of Bandung in June 2013, in 2004 he co-founded the architectural practice *Urbane Indonesia*, which has worked on a number of signature projects worldwide, including Singapore's Marina Bay Gardens.⁷

On the surface the Teknopolis plans are impressive, as is the high-tech city 'Command Centre' which uses a wall of monitors to track progress with projects and monitor traffic and other incidents, integrating 100 CCTVs with social media feeds. The aim is to have 4 000 cameras across the city.

Despite his ambitions, the mayor has apparently found running a city is tougher than designing one. At the outset he planned Singapore-style laws, banning street vendors both to reduce the traffic chaos and show he meant business. He wanted to create a 'transport legacy' with a monorail integrated with an urban cable car system in the style of Medellin, a Hong Kong-modelled elevated pedestrian skywalk and the expansion of the number of bikes in the city's bike rental scheme from 75 to 15 000. All this, he planned, plus 100 new parks and playgrounds.

Kamil was directly elected with 45 per cent of the vote from a field of eight candidates. He only considered standing eight months before the election, motivated by the extent of his home city's degradation,⁸ and taking heart, he says, from the record of Indonesia's President Joko Widodo, popularly known as Jokowi, elected in July 2014.

Since then Emil's progress has seemingly stumbled on a combination of local die-hard habits (which his staff refer to as 'local culture'), politicking and Jakarta's funding intransigence. Budget issues mean the high-tech Command Centre is not staffed round the clock. Despite the mayor's ambitious plans under his triangular vision of 'innovation, decentralisation



and collaboration', so far also private money has not been forthcoming, thus progress on the Teknopolis

has been slow. Land is expensive, and much for the latter is privately held. Unless investors step forward, the project will depend on the enthusiasm of the central government, which already meets two-thirds of the city's annual US\$450 million budget, about half of which goes on salaries for its 21 000 employees.⁹ Mayor Emil has referred to the 'low morality of the bureaucracy' as one of his biggest frustrations.

'Take your protein pills and put your helmet on', the late David Bowie's famous song advises. There are deeper challenges it seems than infrastructure alone.

From Heroic to Practical

If Sukarno was big on gestures, the current crop of politicians is more inclined to the practical, but imperfectly so.

Emil represents a new generation of Indonesian politicians, not from the military or the traditional elites. But he is not the first. Jokowi is from humble origins, his father a furniture maker, the sector in which the future president made his business career, his politics were shaped by his family's three evictions from their home. While still at school, at 12, he started in his father's workshop.

During his seven years as the Mayor of Solo (2005–12), Jokowi set what is now a familiar agenda

for action. He became known for delivery of new infrastructure, including the building of markets and walkways, the revitalisation of public parks, the promotion of the city as an exhibition centre, improved public transportation, the establishment of a techno park, and the promotion of health care insurance. Emil, it seems, is not alone.

How Jokowi did all this, however, was more important than simply the statement of his ambitions. In part he won support through his *blusukan* culture, his impromptu walkabouts to gather the views of citizens. No carefully staged and staggered *imbizo*, these frequent visits being key to his popular support and, he claimed, policies.¹⁰ A keen heavy metal fan, Jokowi also solicited international conferences and events, including the World Music Festival. His personal *punya gaye* ('can-do') style strengthened his public bond. Setting a personal example on corruption, he also forbade his family to bid on public projects.

Jokowi continued with this outgoing method as Governor of Jakarta from October



The Jalan Sudirman MRT Construction Site

2012, again backing it up with delivery. To assist poorer students with the payment of essentials including books and uniforms, he introduced the ‘Smart Jakarta Card’ in 2012. The following year, he inaugurated the construction of the much-delayed Jakarta MRT, and a week later restarted the stalled construction of the capital’s LRT. By the start of 2016 much of the main thoroughfare Jalan Sudirman was a MRT construction site.

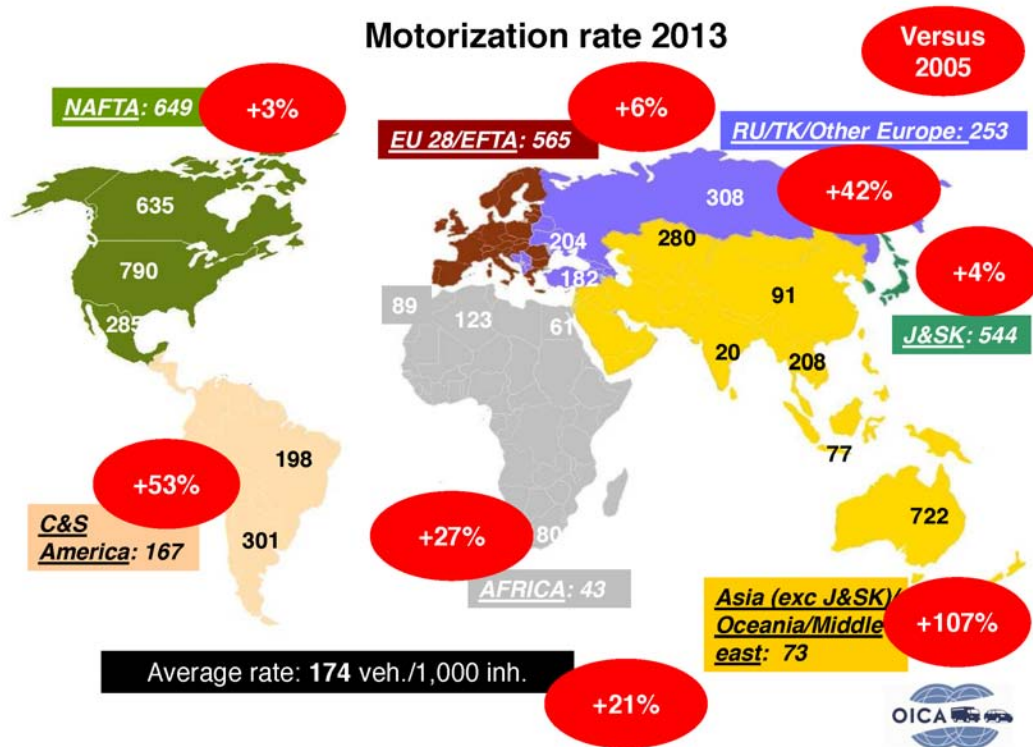
This was matched by actions on governance. During his time as Governor, Jokowi managed to double the region’s tax-take, encouraging greater transparency through publicising his monthly salary and provincial budget, and through e-purchasing. Street vendors were rehoused, helping traffic flows, while he initiated major new dredging projects aimed at reducing Jakarta’s omnipresent danger of regular flooding. And despite his political origins in the *Partai Demokrasi Indonesia Perjuangan* (Indonesian Democratic Party of Struggle – PDI-P) of former president Megawati Sukarnoputri, daughter of the founding father, he has tried to rein in the subsidy culture so constraining of capital projects, if politically popular, by increasing fuel prices.

For aspirant middle-classes the motor car is a desirable item, especially where public transport is cluttered and unreliable.¹¹ Indonesia is a paradox

in this regard. On the one hand, acquisition of this symbol of status, wealth and power has been encouraged by Jakarta’s policies, with the introduction, for example, of the fuel-efficient and affordable Low Cost Green Car (LCGC),¹² which helped to push annual domestic sales through the one million mark in 2013. The density of cars in Indonesia in 2013 was calculated at 77 per 1 000 people,¹³ while Jakarta and its surroundings hosted 3 226 009 cars and 13 084 372 motorcycles.¹⁴ Indonesia’s ‘motorisation rate’ is still less than half that of the global average (174/1 000) but nearly twice the rate of fast-growing Africa at 43/1 000.¹⁵

Yet, on the other hand, Indonesia is not only investing in new public transport systems, but ensuring that its facilities are run well. For all the country’s infrastructure backlog, and the temptation of big ticket projects, a stand-out feature is how government is learning to make better use of existing assets. This approach should offer hope to cash-strapped African governments.

With Jakarta’s wider metropolitan area and various satellite towns home to as many as 30 million, the government initiated a *Trans-Jakarta* Bus Rapid Transport (BRT) network in 2004. Running on 12 routes totalling 207kms within the city, known colloquially as ‘busway’, its nearly 500 red and orange





The 'Busway' – Transjakarta Sub Rapid Transport

Chinese-built buses move 350 000 people daily on dedicated lanes on a standard fare of Rp3 500 (US\$25c).

Busways' stations are integrated with the commuter train service, which shuttles more than 700 000 passengers each day on six lines. Using second-hand Japanese train coaches, fares range between Rp2 000 and Rp11 000 depending on the length of the journey.¹⁶ Much of the rail infrastructure was built in the colonial period, though the elevated commuter stations and lines were added by Suharto's government in the 1980s. Both services, while still insufficient for the capital's needs, are highly-automated, clean, actively policed, frequent and punctual.



700 000 travel each day on Jakarta's commuter trains

National Schisms and Governance

The 'express' rail service from Bandung to Jakarta winds its way through the Tangkuban Parahu ('upside down boat') volcanic range, over lime-green rice terraces and muddy brown rivers, pocked with the red-roofs of countless settlements. There were

significant improvements in the national *Kereta Api* railways during the tenure of its CEO Ignasius Jonan, later appointed by Jokowi as the country's transport minister. But the journey still takes more than three-and-a-half hours. The basic rail infrastructure is still

much the same as it was during the Dutch colonial period, hence ambitious schemes for a high-speed national network, and the commencement of the construction of Jakarta's underground and light-rail systems in 2014.



Old Trains On-Time

While the Dutch brought railways, irrigation and potable water systems, ports and 79 000kms of roads which became the basis of the modern Indonesian state, these benefits went hand-in-hand with humiliation, founded on rigid caste and social politics and racial elitism. These strains have continued to confound Indonesia – explaining, in part, the African empathy.

Jakarta's national military museum is replete with dioramas depicting the gallant independence struggle, while outside bits of East bloc hardware supplied to Suharto moulder in Jakarta's steam. In the foyer is a copy of Sukarno's independence statement of 1945. 'We, the people of Indonesia,' it reads, 'hereby declare the independence of Indonesia. Matters relating to the transfer of power etc. will be executed carefully and as soon as possible.' As Elizabeth Pisani notes, however, Indonesians 'have been working on that "etc." ever since' in attempting to 'mash' together all of the extraneous geographic and diverse ethnic bits cobbled together, as she notes, 'from the wreckage' of 'colonisation, kleptocracy and a war of independence'.

Compounding the ethnic issue is the role of the Chinese. From the 17th century they have operated as Indonesia's economic middle-men in the process taking over many of the biggest and most profitable businesses. Liem Sioe Liong, an immigrant trader from Fujian, epitomised this role, using connections with the government to prosper, and building his Bank Central Asia (BCA) into the provider of capital

to domestic monopolies in cement, flour, toll-roads and other sectors of Suharto family interest. Om Liem was forced to flee during the 1998 Jakarta riots which targeted the Chinese community, and which saw an estimated US\$20 billion of mostly Chinese capital flee to Singapore, Hong Kong, and the US.

During the 1990s it was estimated that ethnic Chinese, now little over 1 per cent of the Indonesian population, controlled more than 70 per cent of the shares of publically-listed companies. Such minority interests echo across Africa, not least in South Africa, but also in the role of the Lebanese in West Africa or Asians on the eastern seaboard.

Such schisms reflect high and, according to the UN, widening inequality, especially between urban and rural areas, and between the smaller and larger islands. The 53 per cent of Indonesians in the cities produce three-quarters of the national GDP. In West Papua, for example, poverty is three times the national average.

The struggle to get things right goes back a long time. Despite Dutch attempts to raise local living standards through improved agriculture methods and fairer land ownership in its so-called 'Ethical Policy' in the early 20th century, agriculture remained an export-driven sector around coffee, indigo, tobacco and sugar, Europeans invariably benefitting more than the locals.

To top everything, Indonesia has had to deal with an oil curse. One of the reasons the Japanese coveted the Dutch colony after the loss of more than 90 per cent of its oil supply after the July 1941 US embargo, was its status as the then world's fourth largest oil producer after the US, Iran and Romania. With the discovery of oil in the 1920s, Indonesia became the springboard for the creation of the Royal Dutch Shell Company.

Ninety minutes driving north-east of Semarang on the northern coast of Java is the town of Kudus, famous for the production of *kretek* clove-flavoured cigarettes. Invented by a Kudus local, Jamhari, who claimed the cloves helped his asthma (go figure), the industry grew to more than 200 factories around the town, though has consolidated today to a few big players. Suharto's favoured son Hutomo Mandala Putra, aka Tommy, gained a monopoly on the cloves used in *kreteks*. That was not all. He also attempted to squeeze government coffers for US\$1.3 billion to

finance his Timor car project, essentially at the outset little more than the rebadging of the Korean Kia. Fortunately the wheels fell off the economy, and thus the car, as the central bank skilfully and successfully stalled before that loan was fully made.

It did not end with Tommy, though he was convicted of corruption charges and spent time in prison in the early 2000s. Suharto's wife, Ibu Tien, controlled the monopoly on the importation and milling of wheat, while daughter Siti Hardijanti Rukmana, aka Tutut, won the contract to build Jakarta's toll road. Mobutu Sese Seko would have been proud, if not a little jealous.

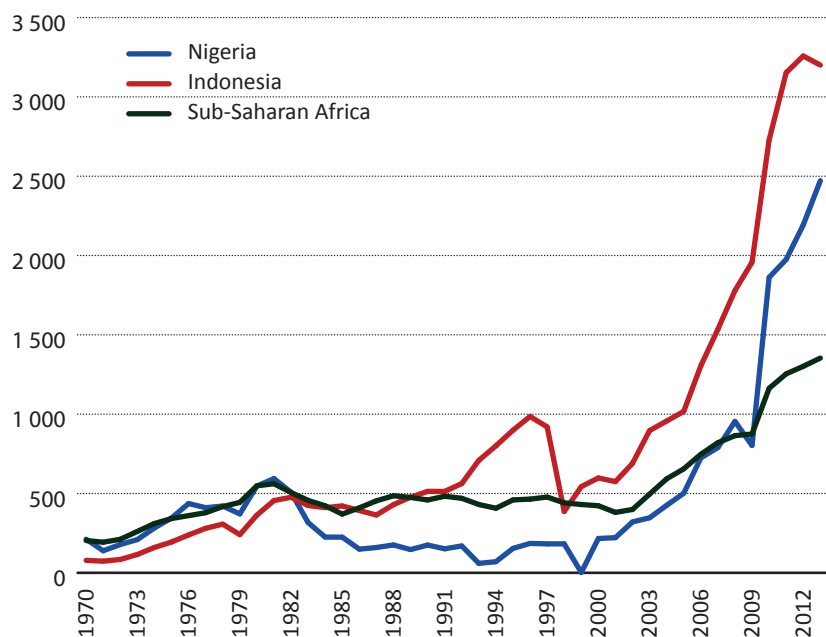
While the family made hay, the army ran thousands of businesses too. According to Transparency International's 2004 rankings, Suharto's was the most corrupt regime ever, embezzling perhaps as much as US\$35 billion, or more than a billion a year from his 32 years in power.¹⁷ Ultimately his regime was undone by a combination of family and (military) institutional greed along with its accompanying helter-skelter financial deregulation, permitting borrowing for the politically connected.

Little wonder that numerous academic studies have compared Nigeria with Indonesia. In fact, if Indonesia was in Africa, its characteristics – discontinuous geography, violent history, ethnically diverse, widespread corruption, and with mostly bad even sometimes radical politics – could be explanations of state failure. The impact of poor physical infrastructure is, for example, amplified by a stifling bureaucracy, corruption and policy vacillation.

The Growth Imperative

Indeed, for all of the above, Indonesia's development progress over the last 50 years has been, not least by African standards, nothing short of stellar. In 1970 Indonesia's per capita income was less than Nigeria's,

Figure 1: Adjusted Net Income Per Capita (Current US\$)



Indonesia ranks 109th of 189 countries on the World Bank's overall Ease of Doing Business indicators, just below Kenya, including a lowly 173rd on the ease of starting a business.¹⁸

For all of his excesses, Suharto dramatically improved matters. Not for nothing is he known as *Bapak Pembangunan* ('Father of Development') to the serial polygamous Sukarno's Bung ('buddy').

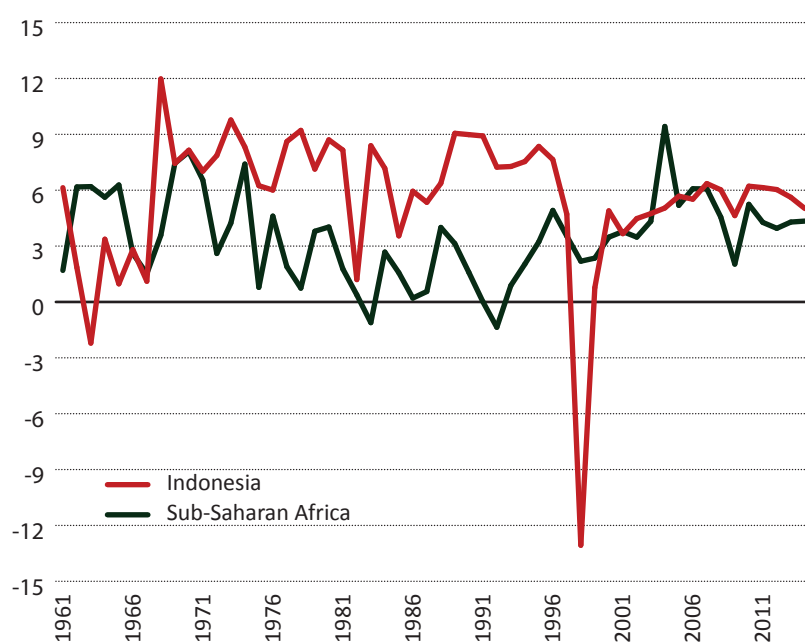
Suharto's plan focused on improving agro-yields and gradually liberalising and internationalising the economy to secure investment in export-oriented manufacturing industries. Indonesia produced its first rice surplus in 1983 as a result of improved yields and per capita output. By the late 1980s, Indonesia had not only become an agricultural exporter, but also of textiles, footwear, apparel and consumer goods. Today its top export is palm oil, followed by gas, base metals, electrical appliances, plywood, textiles, and rubber.¹⁹

at just US\$75 versus US\$209. By 1990 it was up to US\$516 (Nigeria's had shrunk to US\$174), and by 2006 it was at US\$1 308 and Nigeria at US\$733. As the table, above, indicates, things have evened out

since the oil price rise of the 2010s and as governance has improved in Nigeria, but Indonesians are today on average a richer place than Nigeria, while inequality in Indonesia is much lower comparatively, 38.1 to 48.8 and the human development index (measuring quality of life) is 108 to 152 (out of 187 countries).²⁰

Between the years 1965 and 1997 the Indonesian economy grew at an average annual rate of almost 7 per cent, graduating it from 'low income' to 'lower middle income' status. Despite the Asian Financial Crisis which saw Indonesia's GDP shrink nearly 14 per cent in 1998, the economy picked up to average 4.6 per cent growth between 2000–04 and, since then, to at least 6 per cent. Such growth has had a dramatic impact on human development, Indonesia's UN ranking in this regard improving by 45 per cent between 1980 and 2013 for example.

Figure 2: GDP Growth (Annual %)



McKinsey and Company, the global consultancy, predicts that, with the right policy interventions, Indonesia could rise from being the world's 16th to seventh largest economy by 2030.²¹ There are more than 290 million mobile phones, many Indonesians having more than one in their pockets, and Jakarta tweets more than any other capital. But whereas 64 million Indonesians use Facebook, 80 million have no electricity, 110 million live on less than US\$2 a day and, according to government, nearly 29 million live in poverty.

More than six million Indonesians work in the diaspora, reflecting the shortage of wage opportunities back home.²² Still they send home an average, at least, of US\$1 000 annually, an important source of succour and start-up funding alike to relatives and friends.

That long-term growth matters separates Indonesia's development trajectory from Africa, explaining also why Southeast Asia has enjoyed a jobs-growth experience rather than just a growth one. For all of Indonesia's excesses and failings, as one foreign businessman based in Semarang put it, 'while developed countries would be happy for five percent (growth) anything less than that here and they are slipping back. It would be considered a disaster.'

The persistent growth imperative has demanded having a plan for improved prosperity which entrepreneurs can take advantage of; and execution against this plan by successive governments including and since Suharto,

reducing inflation at the start and steadily improving and extending governance. This was not a Soviet-style five-year industrialisation plan, however, since these seldom produce the goods, not least where the state is weak. Rather the Indonesian plan for prosperity has been focused on providing the general framework for prosperity to occur, in this case through what is termed MSMEs – Micros, Small and Medium Enterprises – responsible for more than half of GDP.

Indeed, Indonesia's success illustrates the importance of setting the context. Suharto's downfall paradoxically illustrates the most important reason of all for Indonesia's success – a commitment to popular welfare. Contrary to the notion that an authoritarian state is required for development, Indonesians were willing to accept that regime only when it delivered growth.

When Suharto's excesses outweighed his successes and the nepotism proved too great a burden to bear, the old system of 'guided democracy' gave way to parliamentary democracy, given what Amartya Sen

has stressed as the importance of the ‘protective role of political democracy’ in economic crises. While democracy may, for some, be a messy system through which to navigate, its absence and the effect of weak institutions will, if Indonesia is anything to go by, ultimately be very costly.

A New Bandung Agenda?

Indonesia’s trade with Africa grew at 20 per cent per annum between 2010 and 2014, totalling US\$11.7 billion, the main African imports being palm oil, consumer electronics, textiles, cars and car parts; exports were crude oil, cotton pulp, fertiliser, copper and aluminium, cocoa, chemicals and cloves. Approximately 25 Indonesian companies are invested in sub-Saharan Africa, led by the noodle manufacturer *Indomie*, while African investment in Indonesia totalled by 2014 US\$2.65 billion. Indonesia has embassies in 16 African countries (including North Africa), while there are 11 African countries represented in Jakarta.²³

Sub-Saharan Africa’s upcoming demographic swell, with population numbers expected to double to two billion by 2040, is going to be felt particularly in its cities

This is impressive, but not when compared to India’s trade with sub-Saharan Africa which is seven times this volume, or China’s, which is more than 20 times the amount. Additionally, Indonesian tourism flows to Africa, principally South Africa, remain small (about 6 000 annually), despite visa-on-arrival access to Indonesia by 38 sub-Saharan African countries. It is, in the words of one Indonesian foreign ministry official, ‘a huge unrealised opportunity’. It has proven difficult to gain any traction in a cluttered international agenda for Indonesian–African relations, despite the 2005 New Asia–Africa Strategic Partnership (NAASP) agreement struck on the 50th anniversary of the original Bandung meeting,

The burgeoning domestic market is a further factor in explaining Indonesia’s success, not least given the size of its middle-class, estimated at 75 million today and perhaps 140 million by 2020, the biggest boom world-wide outside of China and India.

co-chaired by South Africa and Indonesia, with its eight areas of co-operation;²⁴ along with the presence of the Indian Ocean Rim Association (IORA), whose 21 members include eight African nations and include Indonesia among others.²⁵

It’s not that Indonesia lacks international recognition on account of its economic potential; it is after all a member of the ‘E7’ grouping, a term coined by PricewaterhouseCoopers, representing the ‘emerging’ giants of China, India, Brazil, Mexico, Russia, Indonesia and Turkey. It is part of Goldman Sachs’ ‘N-11’ (Next Eleven, get it?), referring to Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam, those with the greatest potential to join the group of developed nations, and also the CIVETS, invented by the Economist Intelligence Unit, listing Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa on the same grounds. And then there’s the MINTs (Mexico, Indonesia, Nigeria, and Turkey) the acronym coined by Fidelity Investments of Boston and popularised by Jim O’Neill of BRICS’ (Brazil, Russia, India, China and South Africa) fame; the MIST (Mexico, Indonesia, South Korea and Turkey); and the MIKTA (Mexico, Indonesia, South Korea, Turkey and Australia), steered since 2013 by the respective foreign ministers.

It’s all too much, and thus next to meaningless.

Indonesia and its African partners would do themselves a favour by turning the feel-good political sentimentality of Bandung into something meaningful, focusing on bringing cities and businesses closer together.

On the former, though it is far more advanced in the provision of public transport than most African cities, Indonesia has experienced the costs of the absence of planning and infrastructure. Sub-Saharan Africa’s upcoming demographic swell, with

population numbers expected to double to two billion by 2040, is going to be felt particularly in its cities. Ideally a new agenda should include improved access for people, capital and trade, even a bilateral Indonesia–Nigeria or Indonesia–Southern African Development Community (SADC) free trade deal, but this may be too ambitious given Indonesia’s cluttered trade agenda with the Trans–Pacific Partnership (TPP).²⁶ Focusing on the development of the urban environment would be a unique contribution regardless for a new Bandung agenda.



Waiting outside the museum to the historic *Gedung Merdeka* in January 2016 was a group of Chinese

dignitaries. They were in Bandung to break ground for a US\$5.5 billion high-speed railway connecting to Jakarta, which it envisaged will reduce the harrowing road journey from three hours to 40 minutes. Bandung’s cable-car project was supposed to have been kicked off at the same time, but as the mayor’s office explained, ‘there is a problem with land’.

While Indonesia’s infrastructure is ropery, and along with all the other abovementioned constraints, may discount growth by as much as two to three percentage points annually, it has not derailed the economy. It teaches that just as infrastructure is no silver bullet for success, it is seldom the sole reason for failure.

Endnotes

- 1 This is based, in part, on two trips to Indonesia: to Jakarta, Semarang, Yogyakarta and Japara in August 2014; and Bandung and Jakarta in January 2016.
- 2 See Joe Studwell, *How Asia Works*. Profile: London, 2014. See also Elizabeth Pisani, *Indonesia Etc.* WW Norton: New York, 2014.
- 3 The rate of urbanisation was provided by the Government of Jakarta, 26 January 2016.
- 4 Discussion, Jakarta, 26 January 2016.
- 5 The first phase of the LRT project construction will cost around US\$900 million for three lines covering 17.9 kms.
- 6 At <http://www.bbc.com/news/business-35499338>.
- 7 See for example, ‘Top architect uses role as mayor to transform Indonesian city’, *Financial Times*, 7 April 2014, at <http://www.ft.com/intl/cms/s/0/0820c7c4-b358-11e3-b09d-00144feabdc0.html#axzz3y1vJAR2I>.
- 8 See ‘Architect Ridwan Kamil, the new face of Indonesian politics’, *Financial Times*, 30 August 2013, at <http://www.ft.com/intl/cms/s/2/a69e276e-0a6d-11e3-9cec-00144feabdc0.html#slide0>.
- 9 This is based on a roundtable held at the mayor’s office in Bandung, 22 January 2016.
- 10 See, for example, <http://www.thejakartapost.com/news/2014/03/23/blusukan-essential-jokowi-s-bid.html>.
- 11 For a discussion of this phenomenon in New Delhi, go to <http://www.ft.com/intl/cms/s/0/5a53f3be-c05c-11e5-846f-79b0e3d20eaf.html#axzz3yheq1AmB>.
- 12 Regulated by the Ministry of Industry, the LCGC regulations include: 1. For gasoline, the engine displacement is between 1.000–1.200cc (for diesel 1.500); 2. The fuel efficiency is higher than 20km/l; 3. Must use at least fuel with RON 92 or higher (fuel with octane 88 is still widely sold in Indonesia); 4. Employ at least 60 per cent local content; 5. Be priced not higher than Rs95 million (in 2013 – the price has been adjusted since) on standard specs (manual transmission and without airbags). Cars with automatic transmission and airbags could cost more.
- 13 The International Organization of Motor Vehicle Manufacturers (OICA) at <http://www.oica.net/category/vehicles-in-use/>.
- 14 At <http://m.antaranews.com/berita/473169/jumlah-motor-dan-mobil-di-jakarta-tumbuh-12-persen-tiap-tahun>.
- 15 The table is sourced from <http://www.oica.net/category/vehicles-in-use/>.
- 16 These various journeys were undertaken in Jakarta. See also <http://www.krl.co.id/images/stories/2015/Maret/TABEL%20TARIF%20PROGRESIF%202015%20BERDASARKAN%20JARAK%20>

- KM%20STASIUN%20update%2024-03-15%20.pdf.
- 17 At https://www.transparency.org/research/gcr/gcr_political_corruption/0/.
- 18 At <http://www.doingbusiness.org/rankings>.
- 19 At <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- 20 The tables, drawn from World Bank data, were drawn up by Anthony Arnott. On the Gini co-efficient, go to <http://hdr.undp.org/en/content/income-gini-coefficient>.
- 21 'The Archipelago Economy: Unleashing Indonesia's Potential,' September 2012, at http://www.mckinsey.com/insights/asia-pacific/the_archipelago_economy.
- 22 <http://thediplomat.com/2015/03/indonesias-migrant-workers-dreams-and-tears/>.
- 23 For details of Indonesia's Africa outreach, see the article by the same title at <http://thediplomat.com/2014/05/indonesias-african-outreach/>.
- 24 Including trade and investment, maritime issues, infrastructure, counter-terrorism, energy security, and SME co-operation).
- 25 Mauritius, Tanzania, Mozambique, South Africa, Seychelles, Comoros, Kenya, Madagascar.
- 26 Membership of this body is Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Indonesia is, however, among those who have stated their intention to join.