The Advantages And Disadvantages Of Moving The Capital City Of Indonesia (Equal Development Or Destruction Of Land?)

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Abstract: The relocation of the Indonesian capital city is based on several aspects which include geographical aspects, increasing investment, increasing GDP, improving the quality of local products, and so on. However, this policy also has the potential to cause a number of losses such as land destruction, addition to state debt, corruption, and so on. Therefore, this study aims to analyze the pros and cons of moving the capital city of Indonesia. This research is a qualitative research with a descriptive approach using the literature method in collecting data using the SWOT method in data analysis. From the advantages of these losses, the researcher has the view that the policy of relocating the Indonesian state capital can still be carried out by paying attention to environmental aspects, budget efficiency, and monitoring aspects so that all potential losses can be minimized to a minimum.

Abstrak: Pemindahan ibu kota negara Indonesia dilandasi dengan beberapa aspek yang meliputi aspek geografis, peningkatan investasi, peningkatan GDP, peningkatan kualitas produk lokal, dan sebagainya. Namun kebijakan tersebut juga berpotensi menimbulkan sejumlah kerugian sperti perusakan lahan, penamaabhan hutang negara, korupsi, dan sebagainya. Oleh karena itu, penelitian ini bertujuan untuk menganalisis untung rugi pemindahan ibu kota negara Indonesia. Penelitian ini merupakan penelitian kualitatif dengan pendekatan deskriptif dengan menggunakan metode pustaka dalam pengumpulan data metode SWOT dalam analisis data. Dari keuntungan dari kerugian tersebut peneliti memiliki pandangan agar kebijakan pemindahan ibu kota negara Indonesia ini dapat etap dilakukan dengan memperhatikan aspek lingkungan, efisiensi anggaran, dan aspek pengawasan agar segala potensi kerugian dapat diminimalisir seminimal mungkin.

INTRODUCTION

A capital city is a Municipality or District that holds primary status in a State, State, Province, District, Department, or other subnational entity, usually as its seat of government. The capital city is usually the city that physically includes government offices and meeting places; status as capital is often designated by law or the constitution. In some jurisdictions, including some countries, branches of government reside in different settlements. In some cases, a distinction is made between the official (constitutional) Capital and the seat of government, which is located elsewhere(Wikipedia, 2023). Jakarta as the nation’s capital in the Indonesian context does not only function as a government administration center where
various state institutions are located and carry out their functions, but is also positioned as a business and trade center, so that many economic activities both national and international are carried out in Jakarta. These empirical conditions make Jakarta a municipality that not only reflects the identity of the administration of Indonesian government, but also becomes a driver of the national economy and development (Herdiana, 2022).

The determination of Jakarta as the capital has a long history. Jakarta, which during the reign of the Dutch East Indies was called Batavia, had been used as the center of government as well as a trading center, so that at that time various city facilities that supported government activities and government trade has been well developed (Husin, 2016). After Indonesia's independence, the determination of Jakarta as the capital was based on Jakarta's important role in the process of Indonesian independence, as well as the many vital objects of the Dutch East Indies government located in Jakarta, so that it would facilitate the post-independence transfer of power. Even though in the early days of independence there had been a transfer of the capital to Yogyakarta based on political and security conditions at the time, the position of the capital was returned to Jakarta until now (La Dossa, 2018).

The role of Jakarta as the capital in fact leaves its own problems, these problems include population problems, development equity, and geographical problems. Data obtained from the Central Statistics Agency (BPS, 2020) that in 2020 shows that the population on the island of Java itself has reached 151.59 million or around 56.10 percent of the total population of Indonesia. This data proves that the burden on Indonesia's population has been concentrated on the island of Java, especially the state capital DKI Jakarta. In addition to the issue of population density, the relocation of the capital city is also related to domination and economic contribution in the form of Gross Domestic Product (GDP) where Java Island contributes 57.89 percent of national GDP in 2021 which reaches IDR 16,970.8 trillion with GDP per capita reached IDR 62.2 million or USD 4,349.5 (Ernawati et al., 2022).

Where the majority of Java Island's GDP contribution comes from the Jakarta area as the capital city and its supporting areas, namely Bogor, Depok, Tangerang and Bekasi (Jabodetabek) which reach 20.85 percent. If seen from the GDP per capita of DKI Jakarta, it reaches IDR 274.7 million, while the national average is only IDR 62.2 million. This means that the GDP per capita of DKI Jakarta is more than four times the national average GDP (Data books, 2021).

The last reason is related to the geographical conditions in Jakarta which are increasingly affected, including the decreasing ground level, buttresses, landslides, and so on. In addition to the geographical conditions in Jakarta, moving the capital city outside Java also takes into account aspects of the uneven distribution of clean water based on 2016 data from the Ministry of Public Works and Public Housing. However, on the other hand, a number of academics assess that moving the capital city out of Java has the potential to cause new problems which include environmental destruction, accumulation of state debt, and burdening the state budget.

Capital structure is a comparison or balance of long-term debt with own capital. An effective determinant of capital structure also influences the company's performance to achieve its goals. The accumulation of debt by the company will certainly increase the risk that the company will receive, but this also provides a higher rate of return. According to Hanafi (2014) explains that in the agency theory approach, the capital structure is structured in such a way as to reduce conflicts between various interest groups. There are also conflicts between shareholders and managers, for example the concept of free cash flow (Herdiana, 2022).

A number of academics who have the same opinion, among others Diningrat (2019) assesses that the government's plan is considered immature because the two reasons used to move the capital city outside Jakarta, namely equity and Jakarta's carrying capacity, are still weak. There is no relocation of the State Capital outside Java enough because the government needs to distribute more new growth centers and economic opportunities outside Java, especially eastern
RESULTS AND DISCUSSION

Advantages of moving the capital city of Indonesia

The relocation of the capital city of Indonesia to Kalimantan was based on a number of negative impacts as follows:

Equitable development

One of the goals in administering government is to create economic growth and equitable development, the state must be present to meet the needs of every citizen regardless of background (Wibowo, 2008). In the regional context, economic growth and development must be carried out in all regions of Indonesia so as to create a balanced and fair development that can ultimately be felt by all elements of society.

The condition of empirical development balance has not been able to be realized in Indonesia (Firdaus, 2013), various problems are used as reasons such as the vast territory of Indonesia which consists of thousands of islands, the limited ability of the government to distribute development simultaneously, to the legal politics of the rulers who focus more on development in the region.

The implication of these problems is that there is rapid development on the island of Java while development outside Java is felt to be slow, this has led to an understanding of the development concept of "Jawanization" in which Java is the center of national development (Silalahi, 2019). One of the goals in administering government is to create economic growth and equitable development, the state must be present to meet the needs of every citizen regardless of background. In the regional context, economic growth and development must be carried out in all regions of Indonesia so as to create a balanced and fair development that can ultimately be felt by all elements of society (Silalahi, 2019).

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Economic Improvement

Bappenas in its study stated that the transfer of IKN would have a positive impact on the national economy with a predicted increase in GRDP of 0.1%. Bappenas states that the increase in GRDP comes from the utilization of potential resources, such as land clearing for productive infrastructure needs and job opportunities for skilled human resources that have not been utilized so far. Specifically, Bappenas estimates that there will be an increase in labor costs for the surrounding area, which is reflected in an increase in the price of labor by 1.37% (Ningrum et al., 2021).

To ensure the development of new IKN, Bappenas plans to provide incentives for business actors to invest. Bambang Brodjonegoro estimates that nationally there will be an increase in trade flows by 50% as a result of the growth of industrial estates in IKN which are connected to other regions in Indonesia. The momentum for increasing the portion of investment and trade should be accompanied by priority policies for industrial downstreaming (Herdiana, 2022).

Thus, jobs will be created that can increase people’s income while increasing local GRDP. With this policy mix, the transfer of IKN is predicted to increase national economic growth with a controlled inflation rate. In aggregate, the welfare of the people in the new IKN location will increase and have the potential to reduce economic inequality between Java Island and outside Java Island (Ernawati et al., 2022).

Disadvantages of Moving the Capital of the State of Indonesia

Environmental damage

Apart from having a positive impact, moving the capital city of Indonesia has a number of specific environmental consequences. Walhi’s infrastructure and spatial planning campaign manager Dwi Sawung said that based on the Strategic Environmental Assessment (KLHS) of IKN, it showed that there were at least three fundamental problems if IKN was forced. First, the threat to the water system and the risk of climate change due to disrupted hydrological systems and existing inadequate groundwater records. "The water catchment area is disturbed. The risk of water pollution and drought. Inadequate sources of clean water throughout the year, inability to manage waste water produced from IKN and its supporters". Second, the relocation of the new National Capital also threatens the survival of flora and fauna, even though they function to protect the ecosystem. "Pressure on wildlife habitat will ultimately increase the risk of conflict between animals and humans. Among the cases that have emerged are crocodiles". The construction of the IKN will also threaten the existence of the mangrove ecosystem in Balikpapan Bay covering an area of 2,603.41 hectares. Third, the transfer of IKN also has an impact on pollution and environmental damage such as increasing the risk of forest fires, oil pollution, decreased nutrients in coastal and marine areas, mine pits that are not closed contaminates groundwater, thus hampering community logistics routes (Raharjo, 2023).

Addition of Debt

In addition to environmental destruction, the next consequence is the addition of debt. The transfer of IKN from Jakarta to East Kalimantan is estimated to cost Rp 466 trillion. Part of the funds will come from the State Budget, which is feared to have an impact on the debt burden side (Detik, 2023b).

The details of the financing for the transfer of the IKN are estimated to include: 1) Construction of the State Palace and strategic TNI/POLRI buildings (military bases). 2) Procurement of land and basic infrastructure (access roads). 3) Diplomatic Compound (land). 4) Green open spaces (including cultural parks) 5) ASN/TNI/POLRI official residences. 6) Basic infrastructure and utilities (other than those covered in the...

**SWOT Analysis**

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
<th>Opportunity</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equitable development</td>
<td>Budget bloat</td>
<td>Adding investors</td>
<td>Unable to pay off debt</td>
</tr>
<tr>
<td>GDP increase</td>
<td>Addition of debt</td>
<td>Becoming a Developed Country</td>
<td>stalled</td>
</tr>
<tr>
<td>Addition of jobs</td>
<td>Program efficiency</td>
<td>Cultural unity because it is located in the middle of Indonesia</td>
<td>Corruption</td>
</tr>
<tr>
<td>Minimum wage increase</td>
<td>The previous focus of the program was</td>
<td>Increasing wages per capita</td>
<td>Another program was abandoned</td>
</tr>
</tbody>
</table>

Source: Data processed by authors 2023

**CONCLUSION**

Based on the results of the analysis above, it can be concluded that moving the capital city of Indonesia has advantages and disadvantages. The advantages include equitable distribution of development, increase in GDP, expansion of investment, distribution of population, and so on. Not to be outdone by the advantages, relocating the capital city of Indonesia also has a number of potential disadvantages, such as stalled projects, environmental destruction, clean water, additional debt, and others.

Based on this, researchers have the view that the relocation of the Indonesian state capital must still be carried out by paying attention to environmental aspects regarding EIA and spatial planning, aspects of budget efficiency, aspects of supervision, and others that can ensure that potential losses can be minimized to a minimum. Possible.

**REFERENCES**


