

ECONOMIC DISPARITY BETWEEN THE EAST AND THE WEST OF INDONESIA

by

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Indonesia can be divided into West and East Indonesia. The West contains of the islands of Java, Sumatera and Bali. The rest is the East Region. West Indonesia region is more attractive than the East Region. There are many big cities in West Indonesia, compared to the East, which contains of forest areas and mining areas. Therefore, the population in West Indonesia is more than 4 times than that in East Indonesia. West Indonesia is, therefore, more urbanised than the East. The West is also more economically developed than the East.

This paper is analysed the Indonesian Government's program to develop the East Region without disturbing the outstanding natural beauty of the green areas in the East. The migration program for the Indonesian people from the West to the East and also the special acceleration of infrastructure development are also analysed. The development in transport sector in the East Region is also the most important one. Some areas in the East are isolated because of the transport problem. Improving transport infrastructure can improve the accessibility and that also means to develop the economic sector in this area.

Problems to develop the East Region are also analysed. The main problem is the financial problem. It needs a large amount of money to develop the East. There is also another problem. The East Region contains more than 10.000 small islands, which has population normally less than 5.000 for each island. Air and water transports should be provided in these areas.

It is concluded, therefore, that the development of the East Region should be the priority of the Government's program.

Keywords: economic disparity, infrastructure, transport, accessibility

Introduction

Indonesia is the largest archipelago in the world. It consists of five major islands and about 30 smaller groups. The figure of the total number of islands is 17,508. The territory of the Republic of Indonesia stretches from 6°08' north latitude to 11°15' south latitude, and from 94°45' to 141°05' east longitude. The Indonesian sea area is four times greater than its land area, which is about 1.9 million sq. km. The sea area is about 7.9 million sq. km (including an exclusive economic zone) and constitutes about 81% of the total area of the country. The archipelago is on a crossroads between two oceans, the Pacific and Indian oceans, and bridges two continents, Asia and Australia. This strategic position has always influenced the cultural, social, political and economic life of the country.

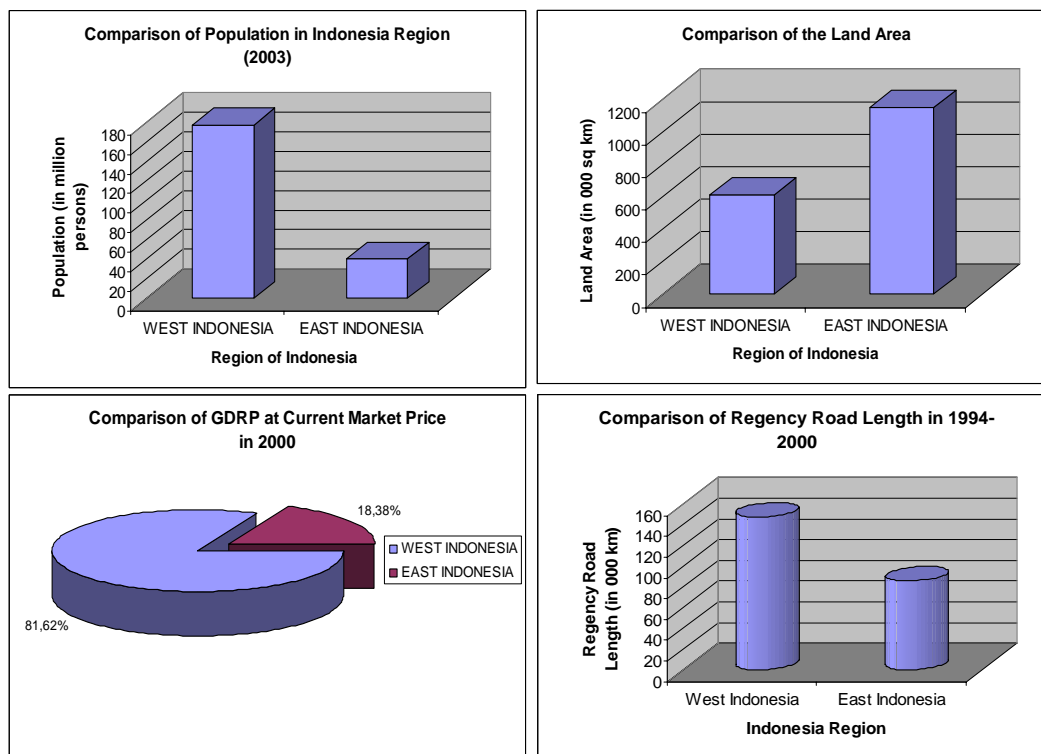
The five main islands are: Sumatra, which is about 473,606 sq. km. in size; the most fertile and densely populated islands, Java/Madura, 132,107 sq. km; Kalimantan, which comprises two-thirds of the island of Borneo and measures 539,460 sq. km; Sulawesi, 189,216 sq. km; and Irian Jaya, 421,981 sq. km, which is part of the world's second largest island, New Guinea. Indonesia's other islands are smaller in size.

The archipelago can be divided into two groups. The Western part of Indonesia, comprising islands of Java, Bali and Sumatra with population of 176.86 million spread over 611.84 thousands sq. km. The rest is the Eastern part of Indonesia, with a population of 40.09 million spread over 1150.66 thousands sq. km.

Comparison between the East and the West

Although East Indonesia contains several relatively affluent provinces, its development lags behind that of West Indonesia, mainly due to low population density, the remoteness of some communities and also poor infrastructure and inadequate transport costs inadequate/high transport costs. Inter-island transport services are hampered by limited planning and management capability, low efficiency and poor infrastructure, including an aging transport fleet. An integrated inter-island transport plan for eastern Indonesia is now being prepared by the Government.

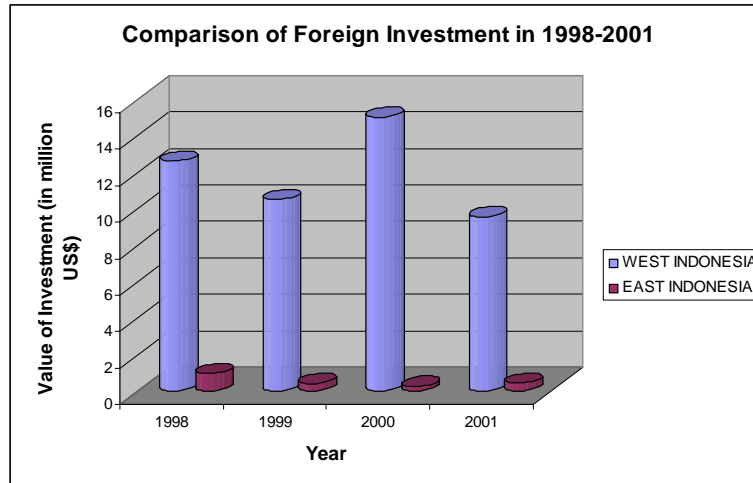
The comparisons between the East and the West are shown in pictures below. It is shown that there is really an economic disparity between the East and the West.



Picture 1. Comparison of Economic Indicators between Two Regions of Indonesia

Actually, the East is richly endowed with resources such as oil, gas, minerals, agricultural land, forestry and fisheries. The downside is that not only is it one of the lowest-income regions of the country, it is affected by various fundamental problems of security, the environment and poor laws. Migration program has also been implemented to move the people from the West to the East. However, the infrastructure should be built first before moving them to the East.

Local and foreign investments are needed to develop the East. Constraints or barriers to successful investment in all of the Eastern regions have also been increasing as local governments scramble for more political power and control over the country's natural resources since regional autonomy was implemented. Damage to investment prospects also stems from the widespread perception that Indonesia is fighting off foreign investors in lucrative sectors. A comparison of the foreign investments between the East and the West is shown below.



Picture 2. Comparison of the Foreign Investments

Environment is also a big problem. Development the East by inviting investors and migrating the people from the Western part of Indonesia to the East, could give negative environmental impacts. The most important environmental problem is illegal logging. The East has some Natural Parks, the areas of outstanding natural beauty. Indonesia will lose most of its remaining 40 million hectares of forests in a matter of years unless the government takes drastic measures to stop illegal logging, an environmentalist says. According to the Director of Indonesian Forum for Environment (Walhi), deforestation had continued at the alarming rate of three million hectares a year. Therefore, for example, the forests in Kalimantan, which suffer the fastest depletion, could disappear in five years. Indonesia's forests are considered to be among the most diverse and biologically rich in the world. Although the country comprises only 1.3 percent of the earth's land surface, it holds a disproportionately high share of its biodiversity, including 11 percent of the world plant species, 10 percent of its mammal species, and 16 percent of its bird species. Critics say that illegal logging is probably impossible to stop because in many areas it involves collusion between business interests and corrupt government officials, police and the military. The new Indonesian Government has given a positive action to solve this problem. A regulation has been issued that would serve as the legal basis for combating illegal logging. The regulation also suggests the establishment of special courts to handle cases of illegal logging. Constructing road network and new housing in the East could also give negative impact to the environment. It makes easier to do illegal tree-felling and it gives more probability of forest-fires.

Conclusions

A comprehensive infrastructure planning for the Eastern part of Indonesia is necessarily required. However, the environmental impact should be taken into consideration. Regulations should be issued to protect the environment.

Financial problem could be solved by inviting foreign investors. The Eastern Provinces in the New Indonesia are opening up, and offer huge investment potential in the mining sector, in agriculture and fisheries, in agribusiness, and resort and adventure tourism.

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