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The informal sector: Jakarta's survival strategy

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People in Jakarta and other big cities have been, for some time, very familiar with news reports of street vendors being "kicked-out" (often literally) from places where they run micro-scale businesses such as selling foods, soft drinks, snacks and so on.

But I have my own experiences with the city's informal sector.

Living 25 kilometers away from my office in the central business district of Jakarta, I often choose to take the air-conditioned express train to the office or to return home.

One of my little pleasures when I get off of the train at the station near my house, usually feeling rather exhausted after a whole day of working in the city, is to enjoy a nice live music performance.

On the stairs toward the main exit of the railway station, are always the same young men, sitting or standing, playing musical instruments such as violins and bass, performing harmonious, easy-to-listen-to music .

If in the evening I am entertained by the soothing live-music performance, likewise in the morning another group of young men will perform a more dynamic piece of music, using their guitars and drum-set to play mostly Indonesian popular songs. When an express train arrives, they will get on the train, play their music in the car, collecting money from the commuters.

I am always amazed by their agility as they jump out of the train with their musical instruments just barely avoiding the closing automatic door.

It is not only music I can enjoy while waiting for my train to commute to Jakarta. In the morning, I can also have my breakfast on the platform. The hawkers on the platform have a lot to offer, from snacks such as *kue pastel* or risoles, to more filling food such as fried noodles or *nasi uduk*.

Or, if you do not want to eat in the station but rather bring some food to your office, there are food vendors with plastic baskets offering you Indonesian sweets such as *onde-onde*, or even some Dutch *klapertaart* or macaroni schooltel.

Apart from food, there are people who sell shoes, clothes, sunglasses, accessories for cellular phones and morning newspapers all on the same platform. I might exaggerate a little, but I can say that, in the morning, I only need to wake up and wash my face before heading off to the station.

People who get their income from the informal sector in Jakarta are the majority when compared to people working in the formal sector. Yet, the former group actually belongs to the urban minority group.

The informal sector is nothing new to urban areas such as Jakarta. In the 1930s, a Dutch scholar named Julius Herman Boeke found that, in the economic activities of the Netherlands East Indies, now called Indonesia, there were economic activities based on the principles of capitalism, represented by enterprises and firms.

At the same time there were contrasting activities, which he described as oriental economy, which were none other than economic activities of the informal sector.

Eight decades after Boeke's findings, the informal sector in this country still prevails.

According to data provided by the World Bank in 2002, the total revenue from the informal sector in Indonesia accounts for almost 20 percent of the country's GNP. However, the percentage is much lower compared to other Asian countries, such as Thailand or the Philippines, where the number reaches around 50 percent of the GNP.

When it comes to the ability of the informal sector to absorb Indonesians in their working prime, the informal sector includes around two thirds of the working people in Indonesia.

When it comes to urban areas in Indonesia, a study done by the National Development Planning Board (Bappenas) shows the percentage of people working in the informal sector keeps increasing.

In 1971 the percentage of workers in the informal sector in urban areas was around 25 percent, which then increased to 36 percent in 1980 and 42 percent in 1990.

The number peaked in the year 2000 -- around two years after the economic crisis -- when it reached 65 percent.

Many of us must still remember the sudden emergence of many *kafe-tenda* during the economic crisis, which showed that even middle class people in Jakarta would turn to the informal sector in a time of crisis.

The fact that the informal sector can serve as a safety net during and after an economic crisis is concluded by two German sociologists, Hans-Dieter Evers and Rudiger Korff, who said the informal sector was a method for people to survive in urban areas.

Even though Evers and Korff's idea of urban survival concerns people working in the informal sector, it also defines the survival strategy for consumers in the informal sector.

With an unstoppable rise in prices of goods these last few months, I would rather get my lunch from a nearby vendor costing me less than Rp 10,000, and I believe I am not alone in this preference.

If the informal sector is a strategy for survival for workers in the informal sector and also consumers, then there must be a better policy than the government's "scrapping" policy to deal with it. To be able to formulate this better policy, we must begin by acknowledging the significance of this sector on the lives of the people.

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