

Indonesia's capital city relocation: A perspective of regional planning

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Abstract

The role of a capital city is essential for a nation. Indonesia's plan to relocate its capital from Jakarta to North Penajam Paser has been set in stone. The Indonesian government targets the relocation to be executed in 2024; therefore, the preparations and capital city development must start from 2020. This research aims to study capital relocation from the perspective of regional planning concerning institutional, spatial planning, the economy, social aspects, and the environment. The data source used in this research was the secondary data obtained from literature review and document analysis. The new capital must present a distinct identity, as it will determine the institutional that will lead to success. The main reasons for the capital relocation are growth and economic equality for the eastern part of Indonesia. It means that development will be encouraged to achieve these goals. On the other hand, overly rapid development in the new capital is also undesirable—a challenging paradox for the institutions involved that demands creativity and innovation for a successful capital relocation.

Keywords: *Environmental, Institutional, Regional planning, Spatial, The capital city*

JEL Classification: P25, Q01, R11

INTRODUCTION

The plan to relocate the capital city has been stated in the 2020-2024 National Medium-Term Development Plan (2020-2024 RPJM), which specifies that the development will be on the administrative regions of North Penajam Paser Regency and Kutai Kartanegara Regency, East Kalimantan. These two regencies have been chosen due to their proximity to Balikpapan and Samarinda's developed cities. Considering that the capital relocation is a certainty, studying the capital relocation from the perspective of regional planning is also urgent so that the new capital city does not incur new issues in the economy, institutional aspect, spatial planning, social aspect, and the environment. The plan to move the nation's capital to Borneo Island has been sparked since President Soekarno. As environmental sustainability issues become increasingly depressed, such as floods and the lowering of land levels in Jakarta (Lyons, 2019; Watts, 2019), the government feels that the relocation of the capital must be realized immediately. Of course, it is also supported by reasons for the sustainability of other fields such as socio-politics and economics (Ritter, 2019).

The center of government is targeted to be migrated from Jakarta to North Penajam Paser by 2024. If so, the new capital's preparations and development must start from 2020. The legal foundation must be set for the legitimacy of the capital relocation

process. The master plan, covering both urban design and building design, must be ready in 2020. Meanwhile, COVID-19 is significantly depleting the government's energy and resources; thus, the delay, cancelation, or continuance of the capital relocation depends on the end of the pandemic in Indonesia. In the perspective of regional planning, spatial planning must be composed in consideration of efficient, effective, and proportional spatial principles. It is equal to integrated and sustainable spatial planning. Spatial planning requires studies and information from the perspectives of various stakeholders since the capital relocation is a massive spatial expansion, not just moving the center of government from a city to a peripheral region. Integration in spatial planning covers numerous technical, economic, social, and environmental aspects. All stakeholders, the decision-makers, and the affected parties must be involved to have well-synergized coordination and cooperation. A nation's capital city is essential in forming its identity; it is not merely symbolic but also political, economic, and socio-cultural (Mayer et al., 2017).

Illman (2015) concluded that there are several reasons for relocating the capital, including 1) the purpose of national development, 2) to spread of regional development, 3) the issues of the capital city, 4) to reduce the threat of rebellion, 5) the decision of the leader. These reasons are the result of literature exploration of several cases of capital relocation and the relevance of reallocation theory, namely the growth pole theory, the nation-building theory, and the determining relationship theory among capital cities, distance, and conflict

A capital relocation is one of the more innovative ways to develop a country and its national identity. Regarding Nigeria, one comparative study (Takyi, 2016) states that its capital relocation from Lagos to Abuja was due to traffic problems at the former capital. However, traffic issues would not demand a capital relocation but simply a solution to the congestion. The impact of moving the capital to Abuja, according to Reva (2016), is not overcome the vulnerability of national security (political, military, economic, social, and environmental), considering the state's financial burden. Meanwhile, the capital relocation of Ghana from Accra is to transform its multifunctional capital to have a political role.

In 2005 Myanmar announced the relocation of the capital from Yangon to Naypyitaw. The transfer was to improve state security (Seekins, 2009) because of the long history of rebellion in Myanmar. Another reason is to build a new Myanmar identity as a capital that unites various ethnic groups in Myanmar. With the relocation of the capital, the government attempted to control the country's development (Myoe, 2009) by isolating state employees from the general public. Although the city has limited facilities, it boasts a 20-lane road. The capital city has an uninterruptible power supply - which is unusual in this country. The city is called a "ghost town" because of its lonely appearance (Business news, 2019).

The disparity between the capital and the regions is allegedly one of the main reasons for moving to the capital city. Western Indonesia is considered a developed and prosperous region, while eastern Indonesia is identical to a developing region (Sihombing, 2019). Up to date, Indonesia's economy has been centralized in Java Island, along with the western part of Indonesia, with the Gross Regional Domestic Product (GRDP) reaching 80% in 2018. The capital relocation is expected to be able to tone down the dominance of Java and Sumatera. Investment is also expected to flow into the eastern part, especially in the property and government service sectors.

Therefore, the level of employment will grow, followed by improving welfare and the economy. Prior, to promote regional equality through the acceleration of disadvantaged regions through decentralization (Tirtosuharto, 2013), not the relocation of the capital. However, regional inequality is still the most relevant issue in public policy, including shifting the capital.

Kalimantan, in general, is prone to the forest fire. Another side, however, Kalimantan owns relatively low seismic activity. The capital relocation will require vast lands; consequently, shifts in land used will be inevitable. The deforestation rate will increase with future fast infrastructure development (Azhar et al., 2020). The risk of forest fire and East Kalimantan, a former mining region, will also increase floods. Without proper regional planning, uncontrollable development will lead to environmental issues.

The capital relocation will affect the region and environment and the local people, both negatively and positively. Drastic changes will occur among the local people, so their preparation must also be considered in regional planning. Regional planning covers more than natural and artificial resources. The locals of Banjar, with all their culture, must be conserved against social erosion. However, even without the capital relocation, assimilations with other ethnicities have continued socially, economically, and politically. The involvements of cultural authorities and social figures are necessary to mitigate potential social conflicts.

Based on the above background, this paper aims to study the capital relocation plan from the perspective of regional planning.

METHODS

This research method is descriptive-analytical, which expounds on the extent of the capital relocation from the perspective of regional planning. This research is a desk study from various information and kinds of literature, including studies from the relevant ministries. The scope of this study is limited to four pillars of regional planning: institutional, spatial planning, socio-economics, and the environment. This limitation is intended so that the discussion does not widen. The fifth pillar, politics, are excluded from this study because it is subjective and beyond the author's expertise. However, some studies point to politics and conflict as the reasons for moving the capital. According to Potter (2017), appointing a capital outside the largest city would diminish civil conflicts by limiting each faction from dominating the government. Campante et al. (2013) assumed that the threat to government elites from faction groups in large cities would be further removed. Following that, Campante (2014) proved that governance would be worse off in a capital far removed from a large city. For instance, it would have a high level of corruption and less democracy. Campante showed that the farther the location of the capital, the fewer people would scrutinize the nation's politics. A remote capital would tend to suffer misgovernance (Campante et al., 2015).

RESULTS AND DISCUSSION

A capital relocation is not a new phenomenon. However, capital relocation is a major nation action, which not all countries would opt for, though some countries have done this for different reasons. In the last 30 years, only a few countries have conducted it, e.g., Nigeria (1991), Kazakhstan (1997), Malaysia (1999), Myanmar (2005), and South Korea (2005). Approximately 30% of all countries have their capital outside their

largest cities (Potter, 2017), including Indonesia, planning to move its capital outside the big cities. The following discusses several aspects such as economics, institutions, spatial planning, social and environment.

Economic potential

The chosen location for the new capital is in North Penajam Paser Regency, East Kalimantan Province. This regency spreads across 3,333 sq. km with a total population of 166,554 (per 2018), distributed over 4 districts, 24 sub-districts, and 30 villages. The four districts are Penajam, Babulu, Waru, and Sepaku. Part of the new capital will be on the Loa Janan District, Kutai Kartanegara Regency. The Kutai Kartanegara Regency covers 27,263 sq. km, comprises 18 districts and 225 villages/sub-districts, and is home to 735,016 people (2018). The East Kalimantan Province consists of 10 regencies, covers 127,346.92 sq. km, and has a total population of 3.6 million people with a GRDP of Rp464.8 trillion in 2018, which increased by 2.67% from the previous year. Its main economic sector is mining and quarrying.

The North Penajam Paser Regency only offers infrastructure in the form of a road that spans 1,287 km, of which only 212 km is laid with asphalt. The main economic sectors come from mining & quarrying, farming, and manufacturing sectors. North Penajam Paser Regency's GRDP based on current prices in 2018 was at Rp8.85 trillion (BPS Penajam Paser Utara, 2019), its economic growth was merely 4.36%, lower than the national economic growth. This GRDP figure was the second-lowest in East Kalimantan, following Mahakam Ulu Regency's Rp1.5 trillion. For comparison, Kutai Kartanegara Regency's GRDP in 2018 was at Rp160.59 trillion (BPS Kutai Kartanegara, 2019), which increased 8.49% from the previous year. This figure was the highest in the total GRDP of East Kalimantan Province (34.55% of the total). Kutai Kartanegara Regency's dominance in GRDP came from the mining and quarrying sector, which had grown so rapidly that when the mining and quarrying prices dropped, the regency's GRDP also contracted throughout 2014-2016.

North Penajam Paser Regency is now among the underdeveloped regions. However, the regency is expected to grow with the planned capital relocation, supported by the toll road access between Balikpapan and North Penajam Paser, slated for 2021. To support the regency's economy, it has 26 markets. In terms of health facilities, it has 60 units, which comprise 1 hospital, 11 community health centers (Puskesmas), and 3 Puskesmas car units. It has 154 education facilities, which comprise 105 elementary school units, 31 junior high school units, 8 high school units, and 4 vocational high school units.

The Kutai Kartanegara Regency has road infrastructures spanning 2,775.91 km, which consist of roads for the regency, province, and national levels. Its education infrastructure comprises 588 preschools (both state and private-owned), 499 elementary schools, 188 junior high schools, and 65 high schools. Regarding health facilities, it has 3 units hospital, 1 unit maternity hospital, and 905 units of Puskesmas, clinics, health service posts (Posyandu), and village maternity homes (Polindes). For sport, it has 2 sports centers.

The two regencies elaborated above, which share the new capital, do not yet have airport and port access. However, they can utilize East Kalimantan's facilities in Balikpapan City, approximately 70 km away from North Penajam Paser. The potential infrastructure development is deemed reasonable, given the vast landbanks in East Kalimantan and the low risks of earthquake and forest fire.

Institutional aspect

Indonesia's capital relocation from Jakarta (Java Island) to North Penajam Paser (East Kalimantan) is aimed toward development equality since the western part of Indonesia has dominated the national development. The disparity between the western and eastern parts, i.e., between Java Island and the rest, is one of the main reasons to relocate the capital. Kalimantan Island is seen as the middle region in Indonesia. Along with the intent to increase eastern Indonesia's economic growth, the establishment of the new capital is expected to draw in investment and skilled labor, which can be achieved with the support of conducive institutions. Understanding urban economics and growth performance is crucial as part of the institutional aspect that needs to be considered (Huggins, 2016). Huggins stated that growth was not promoted solely from economic capital but also mediated by institutional factors. Institutions that facilitate effective capital input would be able to achieve better results. There is a high correlation between government quality and the regional capacity to innovate (Rodriquez-Pose & Cataldo, 2015).

Consequently, regional actors' obstacles and incentives to innovate are determined by the quality of government in deciding public policies and governance for the political economy. Similarly, the success of the new capital's governance is determined by the quality and capacity of the government. The World Bank's indicator for government quality is divided into six distinct dimensions (Kaufmann et al., 2009): 1) voice and accountability; 2) political stability and absence of violence; 3) government effectiveness; 4) regulatory quality; 5) the rule of law, and 6) control of corruption.

Of course, the capital relocation from Jakarta would have implications in Jakarta and in the new city. As a comparison, a study (Quistorff, 2015) in Brazil found that moving the capital had a significant effect on Brasilia but had no significant impact on the city of Rio de Janeiro to some extent. Rio de Janeiro did not experience a significant drop in GDP, public sector jobs, or the local labor market with the transfer of the capital to Brasilia. The new city to be established should have its unique identity and symbolism. For example, Istanbul, Turkey, aspires to identify itself as a symbol of the international logistic city (Ozdemir, 2010). For that purpose, the Turkish central government, the city authority, and the stakeholders have sponsored many new infrastructure projects to support the city's position as a world-class logistic center. So, what identity will the new capital in North Penajam Paser have? Will this new capital be the main economic center for eastern Indonesia or simply a second-layer entity? The identity or symbol of the new capital must be devised since it will reverberate onto the institutional aspect. Since the reason for the capital relocation is for economic equality, the institutional functions must be able to boost the economy. The investment climate must be conducive, with regulations supporting the ease of investing.

On the contrary, if the new capital's identity is not as a main economic hub, then perhaps it will only serve as a secondary capital city (SCC) that functions as a political center (Kauffmann & Sager, 2019). Generally, the capital of a nation is the biggest city in the country and reflects a unique style of the people's culture, besides the functions as a capital (Ishenda & Guoqing, 2019).

SCC would not be expected to be overly commercial or economic. North Penajam Paser, once it becomes a city, remote from the metropolitan Jakarta and still outside the big city of Samarinda, would be a small city with minimal or non-expansive development. Even so, the inevitable pressure of economic globalization will force the

new capital to compete with other cities. Kauffmann (2018) and Mayer et al. (2016) introduced the concept of locational policy. It was aimed to solve the issue so that new capital can be competitive—but specialized—in the global economy. The role of institutions in the locational policies of a new SCC is to spur that new city to be a political hub, not an economic one, but still possessing the autonomy to absorb a high regional tax. It is a paradox, a challenge that the Indonesian government would have to surmount in order to succeed in the capital relocation.

The identity of a nation's capital plays an important role in forming unique characteristics that set it apart from other cities and regions. Those unique traits would usually draw in domestic people as well as those from abroad. Capital planning should focus on the principles of esthetics, convenience, mobility, sustainability, and efficiency (Takyyi, 2016). On the other hand, failing to draw in the people and ignoring those principles would make the new capital an isolated "ghost town".

In Malaysia's case, its capital relocation was an effort to decentralize and reduce traffic jams in Kuala Lumpur and ensure sustainable business center growth (Ho, 2006). Furthermore, Moser (2010) sees the development of Putrajaya City as a new federal administration region that symbolizes Malaysia's strong and modern national ideology, as opposed to its former label as an ex-colonial capital. The city was built as part of the government plan for the future, although despite all the plans, visions, and construction, the future remains unknown, and Putrajaya is still a city in progress (Oliver, 2012). Relocating a capital as a symbol of a nation's independence is usually the case for formerly occupied countries (Rossman, 2018).

The decision to relocate the capital determines the character and development of the new capital, which is a subtly contested "space" and whose urban processes are not equally distributed between the citizens (Kroll, 2008). Undeniably, the fate of the new city will be decided by the number of citizens with power, whether in social status, economic resources, or political influence.

Spatial planning

From the start of the capital's construction, spatial planning must be meticulously done. Strict policies must be executed so that the city's development is under control. Following the current high-tech era, a newly built capital should be smart and modern but still have green space. The spatial strategy to support the development of high technology is essential to create a healthy environment in which innovation thrives. Huang's (2013) study compared successful spatial planning practices in developing high technology between the Eindhoven city-region in the Netherlands and the Hsinchu city-region in Taiwan. The success of both high-tech cities' development cannot be separated from the institutional role, namely the government. In Eindhoven, the governments act as governors and supporters. Conversely, in Hsinchu, the governments act as high-tech development providers.

Seoul, which has been the capital of South Korea for more than 600 years (Hur et al., 2019), is already too crowded and economically saturated. The South Korean government relocated a full-scale public bureaucracy to Sejong city-North Chungcheong province, about 120 kilometers from the capital Seoul. The large-scale relocation of more than 200 public organizations to Sejong required a series of "smart work" to overcome the challenges of changing administrative structures with the new environment (Chun, 2005). The relocation in the South Korean case is a split nature relocation because not all of them have moved to Sejong, as the state symbol

institutions remain in Seoul. Hur et al.'s (2019) study identified that organizational inertia affects the effectiveness of smart work, namely psychological inertia, resource allocation inertia, cognitive inertia, political inertia, and technology inertia. Meanwhile, Kang (2012) sees Sejong City as the newest planned city targeted for completion in 2030 as an Eco-city project and a new administrative city. Sejong's future urban sustainability is supported by Transit-Oriented Development (TOD) and Bus Rapid Transit (BRT) systems, playing an important role in overcoming urban problems

The consequence of being capital is the eventual migration of citizens. The spatial planning must consider sustainability principles with all the externality impacts on physical environmental changes. Hence, the promotion of resilient cities is an urgent need in policymaking (Lu et al., 2017). So the planning perspective has a role in minimizing the negative externalities through proper and well-prepared management (Gomes et al., 2014; Kernaghan & da Silva, 2015).

The construction of a new capital must be done in phases. However, spatial planning cannot be done in phases following the construction. Conversely, the construction should follow the spatial planning done in advance in the form of a master plan. Misplacing the integrity and implementation of this master plan would lead to excessive urban and housing issues. Generally, the urban poor would be the most susceptible; they would act independently and create slums (Obiadi et al., 2019). The master plan should manage the urban space to be sustainable for all groups and activities in the capital. For example, chaotic spatial planning has encouraged illegal street vendors to emerge as informal business actors in big cities. The local government often faces problems when controlling these illegal street vendors. The eviction of street vendors is seen as a symbol of decongesting and beautifying the city (Spire & Choplin, 2018). Urban policies often impact poor neighborhood residents, who are often brutally evicted (Afenah, 2009). The development of a new megaproject and a new master plan encourages opportunities to displace street vendors from the strategic part of the city. It is the importance of sustainable spatial planning so that small traders are not driven out of the city center and can enjoy the cake of development

Spatial planning goes beyond the location of the capital and its supporting suburbs; thus, the spatial planning of those suburbs must be adjusted. The capital's spatial planning correlates with the characteristics of its surrounding cities, such as their mobility pattern and road network (Sen & Quercia, 2018). Jakarta and its surrounding cities (aka Jabodetabekor Greater Jakarta) are integrated with many aspects. The current metropolitan development in developed countries reflects the early post-suburb stage, where the suburbs develop rapidly into independent cities, triggered by the privatization of industrial estates (Firman & Fahmi, 2017). In turn, those surrounding areas also correlate with one another, and such will be the case among Kutai Kartanegara Regency, North Penajam Paser Regency, Balikpapan City, and Samarinda City. The integration between the capital and its surrounding areas would create a diverse economy and empower the people's economy. The new capital in North Penajam Paser, whose location is between the large cities of Balikpapan and Samarinda, is estimated to affect those two cities, increasing both population and economy. Being flanked by two big cities, the new capital's positioning will be similar to Brasilia's: between Sao Paulo and Rio de Janeiro, Brazil. However, Grimes et al.'s (2017) research has revealed that the massive construction at the Brasilia Capital merely translated to limited citizen

migration, with zero growths on the per capita income and the spatial structures of its surroundings.

Beyond the social and cultural aspects, physical spatial planning must also consider the existing local wisdom. The indigenous people of Kalimantan possess a legacy of knowledge concerning survival in their environment, housing regulations, farming, environmental conservation, and other aspects of life. If the capital's spatial planning can accommodate this local wisdom, it could greatly ensure life harmony. A combination of modern and local-wisdom-oriented principles could create a sustainable spatial plan. The contributions from local cultural authorities, tradition keepers, and the people are essential in learning the local wisdom of the region. In Indonesia, local culture is abundant in each region. Dwijendra's (2019) research has shown that local wisdom can control a city's spatial usage, pattern, and structure.

Social and environmental aspects

Indonesia's capital relocation is crucial, given that Java is overpopulated and occupied by nearly 60% of Indonesia's total population. This extreme number has exceeded the city's infrastructure capacity and led to social and environmental issues. Jakarta has a population of 10.57 million, which is extremely dense and has caused increasingly acute problems, such as traffic jams, floods, waste problems, poor water & air quality, land subsidence, and rising sea levels. Jakarta is the most densely populated city globally (Ward et al., 2013) and the most threatened environmental city. This potential damage affects the economy, health, and biodiversity (Measey 2010) and makes life more vulnerable for the poor in Jakarta (Thiede & Gray, 2017).

Especially regarding water support, as a means of life, its availability must be ensured, while Kalimantan, as a mining region, surely has distinct water concerns. North Penajam Paser has been chosen as the future capital with the environmental considerations that it has low risks of earthquakes. However, Most of East Kalimantan is vastly comprised of peatland, which is prone to floods and lacks groundwater. The capital relocation reasons notwithstanding, will imply a migration of the populace. The available landbank will be limited, whereas the facilities and infrastructure will constantly grow. There will be massive shifting inland used that will eventually impact the environment and society. The construction sector would be the main culprit of pollution (Enshassi et al., 2014). Kalimantan's flora and fauna in its forest, which supports the world's lungs, will degrade. The urban problems from Jakarta would also repeat in North Penajam Paser if the environmental aspect were ignored or left unplanned and unanticipated from the get-go.

Deforestation over the peatland cannot be avoided. The drying peatland will become more prone to forest fire during the dry season and floods during the wet season. Next is the carbon emission issue that will follow deforestation. The development would improve income but also increase environmental issues – a trade-off. The increased income is often unequal with the higher cost due to environmental damages. These damages will affect the ecosystem, natural resources, and the public (Chang et al., 2011; Zolfagharian et al., 2012). Therefore relocation of the capital requires documentation of eco-system impact mitigation plans before and after this occurs (Vuurst & Escobar, 2020).

Other than environmental issues, there is also the potential for social issues, since the capital relocation will also entail the migration of the people. There is also the risk of uncontrolled urbanization due to better economic opportunities at the new capital.

Social conflicts might occur, triggered by social jealousy from economic disparities. Socio-cultural assimilations between newcomers and existing locals also need to be anticipated not to trigger social conflicts. The major ethnicities in Kalimantan are the people from Banjar, Bugis, Java, and Madura. So far, they have been able to coexist in peace, despite some minor squabbles. The preparation for the capital relocation is very brief; there is concern that the government is too focused on the physical preparations while the non-physical needs have been ignored. Besides social conflicts, other social issues are common in large cities that might repeat in the new capital, such as vagrancy and unemployment. New residential areas will emerge, and slums for the newcomers that can not compete and are unskilled—another trade-off.

Social and cultural assimilations will hopefully transpire to help cultivate good relationships between newcomers and the existing locals. One example of good socio-cultural assimilation is between the Minangkabau people and the transmigration newcomers (Nova, 2016). After all, ‘When in Rome, do as Romans do,’ or in Indonesia, the adage is something like, ‘where we stand, we praise the sky thereof.’

The social disparity can also be sparked from the gap between human resources. Development in one area must not leave behind the locals nor make them the lower class. The migrated people from Jakarta would generally have more advantages in quality compared to the locals. If this is not well managed, it will lead to new problems, such as social jealousy. The new capital should be designed to be a smart city with advanced technology. The locals must not be marginalized due to their inability to compete with newcomers and contribute to the area’s development. Besides leveling up the local human resource quality, the application of technological facilities will support the development of a smart city that can increase the locals’ welfare.

As for Kazakhstan’s case, besides the factors of geography, economy, and politics which are usually the basis of the decision to relocate a capital, according to Schatz (2003), the capital relocation from Almaty to Astana was purposely to overcome the nation’s acute challenges in development. As a country just separated from the Soviet Union, Reva (2016) explains why moving the capital in Kazakhstan has open and hidden objectives. The overt aim is to overcome the imbalance of Almaty’s existing environment; The new capital in Astana is expected to give a national image as an independent country; and equitable economic development in every part of the country. Meanwhile, the covert objective of moving the capital was to overcome ethnic disparities and ethnic conflicts and distance itself from the influence of the Soviet political elite. The impact of relocating the capital can answer these reasons and objectives, namely being able to strengthen intra-ethnic relations, and Astana has succeeded in attracting development and economic growth beneficial to all the people of Kazakhstan. However, moving the capital to Astana did not improve the environmental problems in the old capital of Almaty.

The city’s sustainability as a hub of activities will bring about complex challenges with consequences on the environment: the very air, water, and soil (Keivani, 2010). However, the city also offers hope and great potential to overcome those challenges through the economic agglomeration, which can efficiently tap into all resources and provide services and room for innovation.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This paper is aimed at documenting a perspective from regional planning in relation to Indonesia's capital relocation. It presents a concept covering the various dimensions of regional planning within the economy, institutions, social aspects, and the environment. It also covers spatial planning so that the new capital can provide the desired quality of life sustainably for future generations.

North Penajam Paser, as the future capital, has the potential for spatial and infrastructure developments, thanks to vast landbanks in East Kalimantan and low risks of earthquakes. Besides the economic aspect, the institutional factor also plays a major role in forming a country's capital identity or symbol. The identity will show the character of the people and nation. Spatial development will surely affect the externalities, whether positively or negatively. Therefore spatial planning must consider the principles of sustainability. Spatial planning involves all the stakeholders and must combine modern spatial planning concepts with local wisdom. The paradoxes and trade-offs from a regional planning perspective must be managed to mitigate the negative externalities.

Recommendations

The government is expecting to be able to provide reasons for moving the capital openly to the public. The spatial and institutional masterplan should be clear from the beginning to not create new economic, institutional, or spatial problems. All stakeholders, both decision-makers and affected parties, are involved so that synergistic coordination and cooperation occur.

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