THE SOCIO-ECONOMIC TRANSFORMATION IN PALEMBANG ON 1900-1930

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ABSTRACT

Towards the 20th century, Palembang was present as a big city and its economic growth was rapid. Palembang was one of the important areas for the Dutch colonial government's cash income in the Sumatra Island region. Rapid economic growth has driven changes in the socio-economic conditions of the people throughout the Palembang area, both in the city and in the hinterland. This article discusses the socio-economic transformation of Palembang between 1900-1930. The main focus is to examine what drives the socio-economic transformation process in Palembang, how this transformation occurs, and what impact it has. This study aims to explain the process and impact of the socio-economic transformation that occurred in Palembang during 1900-1930. The method used is history with four stages, such as heuristics, source utilization, interpretation, and historiography. The results of this study indicate that the socio-economic transformation in Palembang has triggered significant changes in various fields. This transformation pushed Palembang into a profit area for the colonial government. Socio-economic changes and developments in Palembang triggered a process of modernization in the city and hinterland. The impact of this transformation is an increase in population, changes in lifestyle, and the growth of new social groups. There are several researchers who wrote about Palembang in the colonial era such as Abdullah (1984), Zed (2003), Santun (2010), Utama (2017), and Abubakar (2020). However, this article specifically discusses the socio-economic transformation in Palembang. In conclusion, this transformation brought many positive impacts on the socio-economic development of the people in Palembang.

KEYWORDS: Transformation, Socio-Economic, Palembang

INTRODUCTION

Palembang is one of the busiest and important trading ports in the archipelago, even Southeast Asia. Its position as a bustling trading city was not something newly created when the Dutch colonial controlled the area, but since Palembang was still in the pre-modern period under the rule of Sriwijaya Kingdom or the Palembang Sultanate (Utama, 2017). Since then, Palembang has become part of the bustling Trans-Asia (India-China) global trade network at the Malacca Strait crossing. This trading activity coincided with the East Coast region of the southern part of
Sumatra Island. Palembang, which is located in the southern part of Sumatra Island, is indirectly integrated into this shipping and trade network (Abdullah et al., 1984). In addition to having the Musi River as a link between Palembang and the outside world, this region also has various important commodities that sell well in the global market like pepper, indigofera, tobacco, gambier, tin, and gold (Wargadalem, 2009). Therefore, Palembang has become a strategic area as an international trading city and a supplier of important commodities in the Southeast Asian region.

The Dutch succeeded to govern Palembang in 1821, after defeating the Palembang Sultanate led by Sultan Mahmud Badaruddin II (SMB II) (Wargadalem, 2009). The Dutch then appointed Sultan Ahmad Najamuddin II (SAN II) as the new leader in Palembang to replace SMB II. However, on October 7, 1923, the Dutch decided to abolish the Palembang Sultanate and replace it with a Dutch colonial administrative government with the name Palembang Residency (Abubakar et al., 2020). Since then, Palembang became a colonial city that was politically fully governed by the Dutch East Indies government (Utamoto et al., 2012: 241).

The transfer of political power in the city center was not enough to seize the legitimacy of all Palembang people, especially in the Uluan area. To overcome this, the Dutch tried to maintain some of the political systems of the Palembang sultanate so that they could adapt to the socio-political system that had been established in the structure of Palembang society. During the 19th century, the Dutch tried hard to intensify their control of power throughout the Palembang area, especially the Uluan area. It was only at the beginning of the 20th century that the Dutch succeeded in consolidating all their power of authority and controlling almost all strategic sectors of Palembang, both in the political, social, and economic fields. However, non-European local communities (Bumiputra, Chinese, and Foreign East) still try to appear as groups that have an important position in Palembang.

There is a lot of literature that discusses about Palembang in the colonial period. At least several studies focus on exploring Palembang in the early 20th century. Utama and Wargadalem (2017) in their article explain how the river transportation network in Palembang has undergone quite significant changes over the decades of the 20th century. The shipping business, ship renewal, shipping partnerships, opening new routes, and so on have become signs that social-economy in Palembang triggered modernization in Palembang’s shipping sector. Increasing the volume and quality of water transportation is very much needed considering that trade activities in Palembang are still very dependent on rivers as a link between the central and hinterland regions. Abu Bakar and his friends in their book *Oejan Mas On Sriwijaya Earth : Bank Indonesia and Heritage in South Sumatra* (2020) chapter two, discusses economic development in Palembang during the years 1900-1930. This book highlights the phenomenon of *Oejan Mas* (Golden Rain) which hit Palembang and its surroundings as a result of the economic surplus resulting from the trade-in coffee, tea, and rubber.

Santun in his book *Venice from the East* (2010) the first chapter discusses the physical

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1 Uluan can be interpreted as the hinterland of Palembang. According to Irwanto Uluan is a dichotomous form of polarization of two communities that are strict for the people of South Sumatra, namely Uluan and Iliran. Uluan means an area that can be categorized as an inland area, traditionally, slightly touched by the residency capital of Palembang. See in Santun, et al. *Iliran and Uluan: Dynamics and Dichotomy of Palembang Cultural History*. Yogyakarta: EJA Publisher. 2010. p. 1-2.
construction of Palembang in the colonial period. He explained how the colonial government began planning physical development in the capital of Palembang because it considered the city's physical form to be very outdated and not commensurate with its rapid economic progress. Finally, Abdullah and colleagues in their book *Palembang as a City of Commerce and Industry* (1984) discussed how Palembang developed as a city of trade and industry. He explained the colonial government's efforts to modernize this city. The colonial government also tried to intensify the commodity network system in the hinterland so that native remained on the line of colonial policy. It should be seen that some of these works are quite significant in discussing the development of Palembang during the colonial period. However, the drawback is this literature does not explain the socio-economic transformation that occurred in Palembang during the years 1900-1930.

This article is conducted to trace the socio-economic transformation in Palembang between 1900-1930. The main focus is to see how the process of socio-economic transformation occurs in Palembang and the impact it has. This article aims to explain how this transformation process turned out to have a major impact on socio-economic life in Palembang at that time. The impact was felt by the community, both local residents, immigrants, and the colonial government. This article is a literature study that uses the historical method with four stages, namely heuristics, data verification, interpretation, and historiography.

**Palembang Early 20th Century**

Entering the 20th century, the colonial state of the Dutch East Indies had governed almost the entire territory of the archipelago. Rapid growth and change took place in the colonial capital (Batavia) and other large cities, including Palembang. Palembang developed rapidly and became one of the *Wingewesten* areas (profit areas) for the financial income of the Dutch colonial government during the 20th century (Zed, 2003). Palembang, which has natural wealth contained on and in its land, was used by the colonial government and local communities bringing prosperity to them (Abubakar et al., 2020). It is not surprising that Palembang is one of the cities that attract the attention of migrants and immigrants who came from various ethnic groups outside Palembang such as Javanese, European, Chinese, and Foreign Easterners (Arabs and Indians). They came to Palembang to simply seek economic benefits, both individually and corporately. Palembang has become an arena of economic and political competition for these groups who live in their respective regions.

Since the end of the 19th century, Palembang has been opened to become an area of economic exploitation for European capitalist groups who have begun to carry out large plantation projects in the hinterland of Palembang. During this period, around 21 coffee plantations were opened on *Erfpacht* land (75 years leased land) in the Pasemah highlands. Then the *erfpacht* policy was an administrative reform of the Palembang Residency government in 1912-1913 which made bureaucracy easier. Many agricultural commodities are profitable and have good prospects for sale, such as coffee, tea, and rubber. Apart from agricultural commodities, Palembang also has oil and coal reserves that are so abundant that European mining companies are well prepared to exploit all these natural resources (Zed, 2003).

Coffee, tea, rubber, oil, and coal became the most popular commodities in the international trade network of the 20th century. Many European businessmen and investors as well as local
communities are competing to plant and exploit all of these natural resources. The capital-intensive economic sector, mostly dominated by European businessmen. While Native, Chinese, Arab, and Bumiputera entrepreneurs are mostly engaged in more microeconomic sectors such as smallholder plantations, traders, service providers, and so on (Utama, 2017). The number of private plantations owned by Europeans continued to increase significantly. In 1916, European private companies already owned 51 plantations spread throughout the hinterland of Palembang. One of the European private companies is Handelsvereeniging Amsterdam (HVA) which is engaged in coffee and rubber plantations in Musi Ulu and Tebing Tinggi. In addition, there are other large plantation companies such as Cultuurmaatschappij Indragiri owned by the Swiss capital which grows tea and coffee in the Pasemah highlands, Straits & Sunda Syndicate owned by a German company that grows rubber in Muara Dua, and NV Borneo-Sumatra Handels Maatschappij, a subsidiary of the Nederlandsche Handel Maatschappij is engaged in rubber trading (Zed, 2003).

European private companies are also engaged in the mining sector. During this period, the colonial government was increasingly intense in increasing mining exploration activities. One of the European companies engaged in mining is Royal Dutch Shell owned by the Netherlands which is managed by Bataafsche Petroleum Maatschappij (BPM). The company also opened branches in the areas of Muara Enim, Suban Jeriji, Limau, Karang Ringin, Babat I, Banjarsari, Selaro, Ramok, and Tanjung Luntar. In addition to oil, BPM also manages coal mines in Bukit Asem, Tanjung Enim. Furthermore, Standard Oil Co., an oil company owned by the United States, and Lematang Maatschappij, a coal mining company belonging to a private European company which was taken over by the colonial government in 1919 (Abdullah et al., 1984).

In addition to capital-intensive private companies owned by Europeans, there are also several companies owned by Bumiputras, Arabs, and Chinese that exist operating in the Palembang area and its surroundings. Bumiputra-owned companies such as Akil Hajj Firm and Soleh Hajj Firm are engaged in the coffee trade, Anang Hajj Firm is engaged in printing, and Ali Hajj Firm is engaged in rubber trading. Arab-owned companies such as Sayyid Abu Bakar bin Ahmad are engaged in sugar trading, Assegaf Firm and Alimoenar Firm in the trade of wood, building materials, ice factories, rubber gum factories, and water transportation to Palembang-Muntok (Utama, 2017). While the Chinese are engaged in the rubber trading sector, basic necessities, and water transportation services such as NV Tiong Hoa Loen Tjoen Maatschappij, Chu Sung kin (sailing from Palembang to Singapore), and Goan Tja Sam (sailing from Palembang to Menggala) (Farida & Utama, 2017).

Palembang Socio-Economic Transformation Process In 1900-1930

The rapid economic development of Palembang at the beginning of the 20th century made a lot of changes that occurred in this area. The increase in the economy of the industrial sector accelerates the modernization process throughout the Palembang area, both in the city and in the hinterland. This has an impact on the increasing population growth of Palembang, which mostly consists of immigrants who come from areas outside Palembang, including migrants from abroad. The colonial government made Palembang the most important profit area outside Java. Various professions began to thrive such as private entrepreneurs, traders, freelancers (free workers), contract laborers, government workers, professional workers, and so on. Therefore, this economic
transformation process encourages social change throughout the Palembang area.

Native called the years of 1900-1930 the Oejan Mas period or golden rain. At this time, the economic benefits in Palembang were so great that they brought prosperity and could be enjoyed by all levels of society. The transition from the substance of the sultanate period (pepper, gambier, etc.) to colonial export commercial crops (coffee, tea, rubber, etc.) made Palembang a plantation economic surplus area. Almost all of the income and profits from the coffee and rubber trade became the main source of income in the colonial government's balance sheet, thus encouraging the phenomenon of monetization in the hinterland of Palembang. European companies also developed oil palm production in Palembang by establishing oil palm plantations and establishing palm oil processing factories driven by the multinational company Handelsvereeniging Amsterdam in the Muara Enim, Tebenan, and Banyuasin areas in 1907 (Abubakar et al., 2020).

During the Oejan Mas era, smallholder plantations also benefited greatly from their commodity production. Even in colonial calculations, people's coffee production can beat the amount of coffee produced by European companies. Then, the production of smallholder rubber plantations began to dominate the export market in downtown Palembang. Entering 1920, the export value of rubber could overtake the export value of coffee. This further makes it clear that smallholder coffee and rubber plantations are increasingly being integrated into the global market. This reflects that the process of economic transformation for native of Palembang has experienced great success which has reached the international level (Zed, 2003).

The socio-economic transformation that took place during the period 1900-1930 brought native closer to market activities and modern institutions. The expansion of trading crops, increased income, the use of surplus-value, and the commoditization of market transactions, increasingly encourage the economic movement for native towards modernization. Not only that, but farming communities in rural areas are also getting familiar with modern economic institutions, Banks, which are starting to be busy opening in the center of the capital city of Palembang (Zed, 2003).

The first bank institution in Palembang was opened in 1870, a bank owned by the private trading company Nederlandsche Handel-Maatschappij (NHM). After that, the De Nederlandsche Indische Handelsbank (NIHB) bank began to open a branch in Palembang in 1907. Subsequently, the third bank established in Palembang was De Javaasche Bank (DJB) which belonged to the colonial government in 1909. As well as several other banks such as Palembangsche Volksbank in 1909, 1913, and the People's Credit Bank in 1918 on Pagaralam. However, the one that received the most attention was DJB Bank, which is a state-owned bank. There are five main jobs of DJB bank namely, discount service, presentation of information on trading activities, export-import, debts, auction and pawnshop activities carried out by entrepreneurs or local residents in cities and hinterlands (Abubakar et al., 2020).

The socio-economic transformation that took place during this period created the image of Palembang as a big and respected city in the Dutch East Indies region. Apart from being the political capital of the residency, Palembang is also an economic and trade center for the entire residency area. Almost all production supplies from the hinterland are brought directly to the center of Palembang, especially to the 16 Ilir market for selling. The colonial government also gave permission to private companies to open representative offices in the economic center of the city.
A large amount of commodity production from the hinterland actually encouraged the colonials to modernize transportation routes (Abubakar et al., 2020). Therefore, in 1920 the colonials had started trying to create a land transportation infrastructure in order to facilitate the distribution of government commodities from the hinterland.

Land transportation infrastructure has begun to be ogled by the colonial government as a sector that must be addressed immediately. Palembang, which has become a modern city, is still considered obsolete and outdated in terms of urban planning and transportation. The expansion of land space should be a special concern for the development of Palembang. Palembang, which is still dominated by lowland areas, swamps, and rivers, must be addressed immediately for the city’s survival. In 1919, the colonial government began to promote physical development in the capital area. The main idea that Palembang colonial bureaucrats wanted to achieve was to create “land space” to reduce dependence on “water space”. The colonial government of Palembang sent the famous architect, Thomas Karsten to create a master plan for the physical development of the city in order to modernize the residency of Palembang. The construction of roads, bridges, and the expansion of the railway network is the main thing for Palembang as a supporter of a modern city based on the world of trade (Santun, 2010).

Entering the 1920s, the means of land transportation had begun to be commonly used by the majority of the population in rural areas. However, water transportation is still a favorite for most people. Water transportation is considered more practical and cheaper for the community (Zed, 2003). And can reach various remote areas of the hinterland of Palembang, given the natural conditions which are dominated by rivers and swamps. According to Kartsen, the colonial government needed a lot of energy and money to expand the land area and change the perspective of the local community from water space to land space (Santun, 2010). In addition, the development of the landline network and maintenance costs are also high compared to the development of the water transportation traffic network. Therefore, the colonial government tried to take a middle way by developing the two sectors side by side and in balance so that they were both more productive in facilitating transportation and distribution of commodities between the center and the hinterland.

During the period 1900-1930, water transportation activities in Palembang experienced periods of rapid development. The shipping traffic is getting busier with inland routes – the capital and Palembang capital – areas outside the Residency of Palembang. Large ships (engines) began to crowd the Musi River traffic lane. In 1919, the colonial government increased the capacity of the Boom Baru port to accommodate the many ships that docked there (Utama, 2017). At least until 1930, there were three major ports in the center of Palembang, namely BPM Port in Plaju, Boom Baru Port, and Kertapati Port (Rinardi & Rochwulaningsih, 2020).

Since 1908, non-European shipping companies (China and Bumiputera) have also started to exist in Palembang. These joint ventures have approximately 16 motorized vessels (mainly hull wheels) that open local shipping routes to inland areas. This river cruise joint consists of Kiam Boh (Palembang – Muara Enim, Muara Klingi, Afwisseland), Tja Kian Tjie (Palembang – Muara Rupit and Muara Klingi), Tjah Koh Ping (Palembang – Muara Enim and Baturaja), Lim King Tjang (Palembang – Afwisseland), Eneng (Palembang – Moesi Ilir), Apidin Hajj (Palembang – Moesi Ilir and Afwisseland), Sidiek (Palembang – Muara Rupit), Akip Hajj (Palembang – Muara Enim), and Muhammad Tajip (Palembang – Musi Ulu) (Farida & Utama, 2017).
From the explanation above, the process of socio-economic transformation in Palembang during the years 1900-1930 has succeeded in changing the image of Palembang from the previous times (19th century). The massive modernization in all sectors in this city is nothing but part of the socio-economic transformation process that lasted for approximately three decades in the early 20th century. Commodity shifts, increased production and export value, smallholder plantations, exploitation of mining products, the establishment of modern institutions, and so on becoming the most important part of the process of socio-economic transformation in Palembang. Directly, these changes would certainly have impacts for the development of socio-economic life of the entire Palembang community. Therefore, in this last subheading, the author tries to describe the impacts of the socio-economic transformation in Palembang that took place during the years 1900-1930.

Impact of Palembang’s Socio-Economic Transformation in 1900-1930

Socio-economic transformation of Palembang from the early 20th century to the third decade of the 20th century has had a significant impact on Palembang development and the lives of its people. Indirectly, this transformation has succeeded in encouraging urban growth and modernization in all areas of life. Some of the changes are quite significant, so it is easier to identify the extent to which this transformation process had a positive impact on the socio-economic life of Palembang’s native during the years 1900-1930.

- Population Increase
  Since pre-modern times, Palembang has been a friendly place for immigrants. Palembang has a good reputation as a transnational city that is free to be visited by anyone. In the 20th century, this area has developed into a profitable area that brings good prospects for all economic branches. Of course, this development resulted in an increase in the population, most of whom were immigrants from outside Palembang. Population data for the years 1900-1930 recorded an increase in the population of Palembang by 64.3 percent from around 667,526 people to 1,096,565 people. It made Palembang one of the most populated areas outside Java.

  The total number of Europeans in Palembang in 1920 was only around 1,710 people. But ten years later, the European population increased by 47.9 percent to 3,837. The Chinese population, which was already busy in Palembang, was recorded at 12,973 people, ten years later it increased by 60.6 percent to 26,066 people. Foreign Eastern ethnic groups (Arabs and Indians) did not increase, remaining around 3,148 people. Meanwhile, the Bumiputras (non-Palembang) ethnicity increased by 31 percent from 810,353 people to 1,061,967 people. Total population increase in Palembang from 1920-1930 was 32.4 percent from 828,004 people to 1,096,565 people (Zed, 2003). This significant increase in Palembang’s population was certainly part of the impact of Palembang’s socio-economic transformation at that time. Palembang became an area that was invaded by many immigrants to complain about their fate and seek economic fortune there.

- Lifestyle Change
  The transition from the sultanate to the residency, the rules regarding the ownership of large and luxurious houses are no longer allowed. Anyone could build and shape their house as they pleased. There is no rule about mansions that only the Sultan's family or Arab aristocrats
could own. The people of the city and the hinterland were free to determine the shape of their
house. Therefore, coffee’s and rubber’s farmers who were being more profitable by trade surplus,
began to build large houses and equip them with luxury goods. It is very clear how native are
starting to raise their standard of living and social stratification.

Then the Palembangnese began to consume imported products that flooded the Palembang
market. Canned food, silk cloth, furniture, western cigarettes, gramophones, automotive vehicles
(commodity carriers and engine boats), luxury plates, and European-style clothes are widely sold
in Palembang. Advertisements for shoes, sandals, and modern men's clothing were featured in
local newspapers. It was more interesting when the European lifestyle began to become trendy for
native. Watching cinema, sports, music, theater, and European arts has become a new hobby for
native to fill their leisure time after work. Art associations and sports groups were born in
Palembang, one of which is the arts and sports group "Madjoe Adil Setia" (Utama, 2017).
Therefore, this socio-economic transformation greatly impacts the lifestyle changes of native in
Palembang.

- **Increase in Hajj Pilgrims**

  The increase in the number of Palembang’s muslims who perform the pilgrimage to the
Holy Land of Mecca has increased sharply. Since 1900, Palembangnese have gradually been able
to finance their trips to the Holy Land. The increase in the number of pilgrims peaked in 1927 as
many as 6,921 people. The area with the most population performing the pilgrimage is Komering
(the area with the most rubber plantations) (Zed, 2003). Undoubtedly, the huge profits from the
sale of this rubber have greatly helped native to perform the pilgrimage. Therefore, most of these
pilgrims come from the rubber farming profession (Melisa, 2012).

- **The Emergence of New Social Groups and Organizations**

  The tendency of local residents of Palembang who perform the pilgrimage usually does not
go home immediately because they continue their religious education in Arabia and other Middle
Eastern regions. Most of the native of Palembang were more interested in continuing their
education in religious schools than in secular schools in Batavia or Europe. This had implications
for the creation of new social groups that flourished in Palembang throughout the 1930s. The
majority of Palembang local residents established religious-based social groups, while those with
secular education established socio-political groups, most of whom came from the descendants of
colonial officials (children) and the Bumiputera (non-ethnic Palembang).

  In a further development, groups engaged in the socio-economic sector began to grow in
the Palembang area. The groups consisted of Al-Ihsan (Education and Cooperatives), Ho Tjiauw
Oen Tong Sie (Chinese Syndicate), Djamiatul Chairiah (Burial Group), Tjahaja Boediman
(Education Organization), Mati Sutji (Mutual Foundation), Fun Club Voetbal (Sports Grup),
Perija Association (Youth Organization), Tiong Hoesa Kong Koean (Social Organization), Young
People (Youth Organization), and so on. However, after scholars from Java began to arrive in
Palembang, some of these socio-economic groups had the potential to move into the political
sphere. This is very possible because the role of community plantation commodities holds the key
to Palembang’s economic rotation. Moreover, when these groups were influenced by ideological
figures from Java, the direction of their movement became stronger in the political sphere. One of
the social groups that was influenced by the Sarekat Islam (SI) was Al-Ihsan and Tjahaja Boediman. Therefore, Al-Ihsan and Tjahaja Boediman were the forerunners Palembang’s branch of Sarekat Islam (Zed, 2003).

- **Palembang Physical Development**

The physical development of Palembang has been carried out since at least 1920. Palembang which was geographically a low area, swampy, and surrounded by many tributaries brang new problems for the need for land space and clean water (Santun, 2010). To build a modern trading city, it took a lot of land to accommodate urban public facilities. Therefore, the colonial government of Palembang decided to stockpile small rivers in the center of Palembang. The first river to be stockpiled in the Tengkuruk River which will be used as a boulevard (highway) (Melisa, 2012). The colonial government continued to hoard small rivers massively in order to expand the land area which could facilitate the socio-economic activities of people in the capital city.

In addition to stockpiling rivers, the colonial government also developed land transportation networks such as roads, bridges, and rail networks. This development was intended to facilitate the distribution of plantation commodities from remote areas. One example is the construction of the Palembang - Lahat and Palembang - Tanjung Karang (Lampung) railway network which began in 1911. By the end of 1925, there had been a 323 km long railroad connecting the Residency of Palembang and Lampung (Santun et al., 2010). Meanwhile, the Palembang-Lahat train was used by mining company Bukit Asam Mijnsteencolen (BAM) to quickly transport coal mining products to downtown Palembang.

Furthermore, the construction of a central European settlement in the Talang Semut area, the Capital of the Residency of Palembang. This development is carried out so that the white community gets a decent, special, and integrated place to live with all their daily activities (political, economic, and social). In addition, public facilities were also built such as churches, cinemas, electrical installations, and city parks (Utama, 2017). Residential construction was also carried out by the BPM oil company in Plaju along with the construction of a large oil refinery there. This housing development is intended to facilitate BPM employees working at the oil refinery. BPM also builds sports fields, swimming pools, clubs, hospitals, shopping centers, and water supplies to support the daily activities of BPM Plaju employees (Tanjung, 2014). Therefore, Palembang has grown into a big city with all the modern facilities in it.

**CONCLUSION**

The beginning of the 20th century was a time when Palembang got abundant economic benefits. The Oejan Mas edition brought a large surplus to the people's economy. Of course, this period could not be separated from the success of the socio-economic transformation process in Palembang which has been running for approximately three decades. This socio-economic transformation became the initial found for the development of modernization in cities and hinterlands. Rapid advances in the economic and technological fields encourage accelerated change to produce prosperity for all levels of society.

This socio-economic transformation has an impact on people's lives. The impact that is felt by the Palembangnese is an increase in economic income, changes in lifestyle, population growth,
the emergence of new social groups and organizations, and an increase in pilgrims. In addition, the most contributing impact in modernizing Palembang is the physical development of the capital. In the center of the capital city of Palembang, small roads have been built from the accumulation of rivers that surround Palembang. Road construction is also carried out on the outskirts of the city as a means of connecting between the city center and the hinterland. Furthermore, a pedestrian bridge was also built as a connector for the road that was cut off due to the flow of the river. Lastly, the construction and expansion of the railway network is a superior means of transportation in the distribution of commodity production. By 1920, the railway network had stretched widely between Palembang-Lampung and Palembang-Lahat. This train was originally used to transport commodities from the hinterland. But a few years later, trains were also used by the public as a means of transportation between regions.

Thus, the socio-economic transformation that took place in Palembang during the years 1900-1930 had good implications for the development of community life and the colonial government. Palembang appeared as a modern city that could be an alternative for everyone to seek economic benefits. This transformation has succeeded in making many improvements for Palembangnese, especially in the social and economic fields. This research is important to find out the process of socio-economic transformation in Palembang. In order, it can be used as a learning subject for the community and as a reference for the government regarding the development of Palembang in the future.

REFERENCES


