INSTITUTION, CULTURE AND NEO-LIBERALISM: RESHAPING PLANNING SYSTEM IN THE TRANSITIONAL INDONESIA

THESIS

A thesis submitted in partial fulfillment of the requirements for
the Master Degree from the Institut Teknologi Bandung and
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DOUBLE MASTER DEGREE PROGRAMME

**DEVELOPMENT PLANNING AND
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INSTITUT TEKNOLOGI BANDUNG**

AND

**ENVIRONMENTAL AND INFRASTRUCTURE PLANNING
FACULTY OF SPATIAL SCIENCES
UNIVERSITY OF GRONINGEN**

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Approved

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Date: July, 2006

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_____   _____
(Dr. Johan Woltjer)   (Ir. Haryo Winarso, M.Eng, Ph.D.)

For my princess

PREFACE

There is no such abstract word like "planning". Planning contains disputable meanings. Therefore, studies in planning have been dominated by the attempts to define the term of planning itself. Besides, "gap" between the theory and practice also characterizes planning. Planning discourses are therefore developed to resolve this gap. Planning discipline is also very dynamic. What we learn in planning is actually, what have been changing in our history. This challenging situation has made planning becoming my personal interest.

The current research in planning has been developed into broader angles leaving far away from its core. Therefore, although I have been studying in the schools of planning for almost 6 years, I still have curiosity in understanding the basic traditions in planning. This thesis, among other, is an attempt to fulfil my dissatisfaction on my fundamental knowledge in planning.

However, working on the core area of planning is still a broad topic to be a thesis. A more specific idea was inspired by my last project with D. Zulkaedi, MURP and P. Natalivan, MT sponsored by the National Development Planning Agency (Bappenas) and the Ministry of Public Works before I follow this program. I was lucky because I could not neglect their influences while I was developing my own thought. The cover of the book – RuG version – (taken from the Master Plan of Aceh, 2005) is the point of destination of my involvement in this project, which is zoning ordinance and environmental codes for the reconstruction of the devastated regions of Aceh and Nias. Making the formal spatial plan to be implemented is still a big deal in the immature system and rapid institutional changing like in Indonesia. It would be more difficult to promote comprehensive spatial planning in the chaos regions of Aceh after being destroyed by the worst tsunami in this century. Even new promising instrument like zoning system was being questioned by the experts and the community. Furthermore, the capacity of planning was contested.

Therefore, revitalising the idea of planning to be an effective policy was tough in the mind. How could I put this issue to be more theoretical? This is another problem. I found my favourite subject in this program, which is International Planning Practice by Dr. J. de Vries, had become an important source of my theoretical ideas. Discussion about planning system in particular seemed relevant to be an influencing topic and make sense to be realised considering some difficulties to obtain data from the country that was far away from the place where I studied.

It was impossible to construct a high quality thesis in the limited time without any support from my supervisors. For this reason, I also would like to address my special thanks to Dr. J. Woltjer and H. Winarso, PhD who taught me how to make a good academic writing and kept my thesis on the right track. What is fundamental was the morale support from Allah Almighty, my lovely wife and my family. Finally yet importantly, I also would like to thank to all people who helped me in finishing this graduate requirement included my lecturers, the faculty members, the Indonesian students and classmates and my colleagues, who cannot be mentioned one by one.

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ABSTRACT

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Planning system, as an institutional and legal framework for planning practice, is not an independent phenomenon but more as a product of the institutional-cultural forces and globalisation process, which may conflict each other. This phenomenon can be more complex in country that is in transition. Transitional country experiences rapid institutional and societal changes. On the other hand, it still has less developed planning system. Indonesia entered its transitional process particularly after being hit by multidimensional crises followed by the tearing down of bureaucratic-military regime in 1998. This research focuses on current institutional change around this transition period from 1990s to 2000s.

The research is aimed at understanding the development of Indonesian spatial planning system in the view of current institutional arrangement and cultural tradition and societal changes related to globalisation. It wants to explain the interaction between internal or institutional-cultural forces and external forces manifested by globalising neo-liberal ideas in shaping planning system. The emerging globalizing trends can possibly attack the effectiveness of domestic planning system that has been developed based on endogenous national culture and institutional frameworks. Have globalising neo-liberal ideas changed the Indonesian planning system irrespective towards institutional-cultural forces? In the analysis of institutional-cultural forces, formal-institutional forces are separated from informal-cultural forces since the later are more resistant related to long historical path of this nation. In the end, this study recommends planning theorists in coping with globalisation. Besides, it also gives input to practitioners and policy makers in order to develop more effective and grounded planning system, particularly in Indonesia.

The research started with literature review of previous studies to build theoretical base concerning planning system and its driving forces. Discussion of planning system focuses on six key elements of planning as policy, which are

goals, scope, concept, structure of institution, process, and instruments. The driving forces comprise formal-institutional and informal-cultural forces and globalising neo-liberal ideas. Formal-institutional forces are divided into form and structure of government and legal framework for land and property affairs. Informal-cultural forces are focused on planning culture rooted from governance tradition and state-society relation. Meanwhile, globalising neo-liberal ideas are manifested in efficient and flexible government and decentralisation principles. Another literature review is also conducted to provide description and narrative of the Indonesian case in relation to planning system, formal-institutional forces, and informal-cultural forces in Indonesia as input for descriptive-narrative analysis. Then, I develop qualitative-explanatory analysis to identify the influences of the driving forces towards the planning system in Indonesia. Finally, I comprehensively conclude the conflicting influences among the driving forces.

Chapter 3 describes that planning system in Indonesia, as a transitional country, is dynamic. The goals of spatial planning can be divided into four categories: spatial quality, sustainability, environmental protection, and national security. In its scope, the function of development control is becoming more important in the draft of new act 2005. Furthermore, binding concept is more apparent and clearer. The hierarchical arrangement between tiers of planning authorities is less important and coordination between them is increasing. Citizen involvement, particularly public consultation, in the planning process is becoming more important. Planning instruments are more complicated, in which negative instruments are becoming more popular while at the same time the established positive instruments are maintained. In general, the system indicates some adoption of the integrated-comprehensive approach. However, in Indonesia this system is not supported by a strong public investment in the realisation of planning frameworks.

Chapter 4 shows us some considerable direct influences of the formal-institutional forces on particular elements of the current planning system. The maintained unitary state asserts territorial integrity and national security as a foundation in planning system. It also gives consequence on the single structure of planning institution and universalised planning norms and standards. Special attention on the greatest benefit of all people, poor society, and resources maintenance explain the need for sustainability goal in the planning system. Strong control and socialistic role of the state ask for broad goals and comprehensive scope of planning system, strong role of government in the plan-making and development control, and domination of positive instruments, particularly spatial plans. Finally, regional autonomy strengthens the decentralised structure of planning institution and the importance of citizen involvement.

Informal-cultural forces provide fundamental explanation on the nature of planning system as pointed out in Chapter 5. There are three major sources of national culture considered to influence the planning system, which are Javanese, Dutch colonial, and outer islanders culture. It is remarkable that the Dutch rigid administration tradition characterizes the Indonesian planning system very much regardless the fact that in practice, policy implementation is highly politicised.

The planning system has been developed based on binding concept and promotes normative-rigid instruments like detailed spatial plan. The remaining role of central government in the spatial planning, irrespective on the growing aspiration for decentralisation, can be better explained by the Javanese power tradition to implement pervasive and centralistic government. In addition, there are also considerable indirect influences of the Javanese culture, which are manifested in the maintained unitary state and the strong control of government in land and property affairs. Meanwhile, some ideas from the Outer Islanders nowadays deserve attention since they are in accordance with the growing decentralisation and democratisation principles in regional administration. These indirect influences strengthen the role of the formal-institutional forces in outlining the nature of planning system.

As explained in Chapter 6, the neo-liberal ideas directly and indirectly may influence the planning system, which can be found in several ways. Rule of law forces the planning system to apply binding concept in development control manifested in zoning ordinance and codes. The impact of efficient government can be seen in the weak government participation in the development process or plan realisation. As another influence, new regionalism calls for spatial planning at the urban region level, in which institutional collaboration among local governments is encouraged. Meanwhile, decentralisation principle indirectly influences the planning system by firstly shifting the government structure towards a highly decentralised unitary state.

The internalised neo-liberal ideas in the planning system obviously conflict with some of the existing institutional-cultural forces that have long been characterising the planning system in Indonesia. The drawing back of government participation from major development process undermined the 1945 Constitution assertion, which requires government at the highest level to control the use of space, included land. It is also irrelevant with the tradition of Javanese culture to develop strong and pervasive state. Besides, promoting decentralised spatial planning is inappropriate with the centralised nature of Javanese statecraft. In addition, the application of binding development control concept and zoning instruments contests the discretionary approach and clientelist governance arrangement of the Javanese culture.

Some lessons can be learnt from the above findings. Both institutional constraints and cultural values determine integrally rather than separately how the neo-liberalism influences the domestic planning system. The analysis also indicates limited and fragmented influences of the neo-liberal ideas, which cannot alter the nature of the planning system as a whole. In addition, there is conflicting ideas in the neo-liberalism itself. Meanwhile, the transfers of the neo-liberal ideas to the domestic sectoral policy systems, particularly housing and water sectors, tend to be coercive in nature, which undermine the essence of freedom promoted by the neo-liberalism itself.

Finally, this research provides both theoretical and practical recommendation. Adoption and furthermore hybridising and synthesis, in the process of transferring the ideas of neo-liberalism shall be promoted rather than copying in order to develop a better coordination with the existing values and a

more cohesive and effective planning system. The globalisation cannot be prevented but we can filter them in order to promote the strengths and to minimize the weaknesses of the indigenous institutional-cultural values. For this reason, among ideas promoted by the neo-liberalism, rule of law shall be promoted in order to minimize the negative effects of clientelist governance culture. Besides, the idea of decentralisation also fit the administration culture of Outer Islands. Some improvement that should be done on the current planning system are: balancing the policy areas by strengthening development promotion, building a more consistent concept by clarifying the binding approaches, rationalising the authorities of different tiers of government by reducing the role of central government in spatial planning, clarifying role of actors in planning process by reinforcing public investment in major infrastructure development and promoting citizen participation at the local level, and promoting innovation and diversification in binding instruments that may create more possibility for market involvement but encourage the rule of law.

Keywords: spatial planning system, neo-liberal ideas, institutional-cultural forces, Indonesia.

GUIDELINE FOR USING THESIS

CHAPTER 1
INTRODUCTION

This chapter describes the research design, which consists of background, objectives, theoretical framework, methodology, and structure. The background places this research in the current academic discourses, provides practical explanation concerning the study case of Indonesia, and identifies some problems in the previous research. The objectives point out the purpose of this study, research questions, relevance, and scopes of this study. Conceptual thinking of this research is explained in the theoretical framework, which is elaborated further in **Chapter 2**. This chapter also arranges the research process and procedure, included the use of methods, particularly in the section of methodology. The last section of this chapter finally provides writing structure of this study.

1.1   Background

Current discourse

Planning system is an important aspect of institutional capacity for planning and development process (Healey & Williams, 1993). Therefore, planning system to some extent drives the development process of urban and regions by promoting or limiting development opportunities. It carries power to frame how planning practice ought to be in relation to land and property development.

Planning system is not an independent phenomenon but more as a "product of cultural forces" (Booth, 2005, p. 259). Its development cannot be understood without reflecting on a broader societal development context

(European Commission, 1997; Hajer & Zonneveld, 2000). It is not an isolated process but more as an activity embedded in the cultural traditions that form it. Attitudes of planners and society towards the state and towards the market are the central determinants underlying it. Booth (2005) divides these attitudes into three dynamic factors that particularly shape the nature of planning system. They are attitudes towards property, the role of and relationship between central and local governments, and the legal framework and its implementation in the decision-making process. In addition, European Commission (1997) identified three key institutional factors that play a fundamental role in determining the characteristics of planning systems in fifteen Members Countries of European Union. They are constitutional law, government structure and responsibilities for spatial planning, and the legal framework.

It is also recognized that external forces in the light of globalisation framework also influence planning system. The emerging role of European Union conveys planning systems in Member States to move towards convergence, although some unique diversity remains (European Commission, 1997; Healey & Williams, 1993). For example, the regionalization of economic power throughout Europe forces the Netherlands to shift its planning system to be more strategic by applying infrastructure approach (Hajer & Zonneveld, 2000; Wolsink, 2003). Globalisation to some extent forces policies, including planning system, to be transferred from one country to another (Dolowitz & Marsh, 1996).

The case of Indonesia

Although all of those forces relate to each other and work simultaneously, we can distinguish them based on their stability. Basic cultural determinants are relatively more stable since they are related to a long historical path of a nation. However, other factors are related to broader societal aspects that are more dynamic in nature. They gradually develop as nation builds up its identity and maturity. They also continually change as nation interacts and builds network with others. These phenomena can be more complex in a country that is in transition. This is because a transitional country, on the one hand, experiences rapid

institutional and societal changes. On the other hand, it still has less developed planning system.

Indonesia started to enter its transitional process particularly after being hit by multidimensional crises[1] followed by the tearing down of military regime in 1998. As a country in transition, Indonesia faces rapid societal changes influenced by worldwide spread of neo-liberalisation. However, it has slow, if not stagnant, change in planning system. Development of system cannot easily follow these rapid contextual and globalising changes. The prevailing Spatial Planning Act 1992 is no longer relevant with these new institutional atmospheres. Therefore, a specific committee under Ministry of Public Works has released a draft of new legislation, namely Draft of Spatial Planning Act 2005, on 26th December 2005. This is a good opportunity to study how planning system has been developed in a rapidly changing institutional context.

Problems

Some research attempted to explain the development process and planning practice during Indonesian transformation period, which is from the late of 1990s to the beginning of 2000s. Influence of developed countries, mainly US and the Netherlands, in planning practice and urban development process in Indonesia was studied by Cowherd (2005). Winarso & Firman (2002) explained how residential land development in Jabotabek (Jakarta and surrounding cities) triggered economic crisis. Some other issues on land, urban, and regional development in Indonesia are also studied by Firman (2000, 2002, 2003, and 2004). The practice of decentralisation in law making, included spatial planning law, researched by Niessen, (1999). It was clear that they still gave little and fragmented attention on discussion of Indonesian planning system.

Research in developed countries give us understanding that planning system is product of complex societal factors (Booth, 2005; Hajer & Zonneveld, 2000; European Commission, 1997). Unfortunately, since they are conducted in steady countries, there is still limited explanation about the context of change of

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[1] The uncontrolled large scale land and housing development among others has triggered economic crises in 1997 (Winarso & Firman, 2002), which led towards socio-political crises.

these factors. In fact, social context is dynamic and, indeed, changes rapidly in the transitional country like Indonesia. Broader social changes, particularly neo-liberalization, significantly affect institutional arrangement of this country. These are also globalizing trends that make policy, including planning, is transferable across nations (Sanyal, 2005; Dolowitz & Marsh, 1996). Therefore, although planning system is often considered as product of institutional and cultural determinants (de Vries & van den Broeck, 1997), it is also important to understand how the external factors within the framework of globalisation affect the development of planning system. The emerging neo-liberal globalisation can possibly attack domestic planning system that has been developed based on national cultural and institutional frameworks. The adoption of globalisation values irrespective on indigenous institutional-cultural forces can reduce the effectiveness of the planning system itself. It is the aim of this study to understand how both forces are relate to each other in order to develop a more effective planning system.

1.2 Objectives

Purpose and questions

The purpose of this research is to understand the development of Indonesian planning system in the view of current institutional arrangement and cultural tradition and globalisation related to neo-liberal ideas. By this research, we can comprehend planning system as a product of broader societal context. Development of planning system is not an independent process. It is influenced by both internal forces, which are institutional and cultural contexts, and external forces within the framework of globalization. I develop this research based on some research questions as follows:

1. *How has Indonesian planning system been developed?*

    Since there has been no literature that completely describes the current Indonesian planning system, firstly this research will give picture how the system has been developed so far. A general description is paid to key

elements of planning system, which are goals, scope, concept, institutions, process and instruments.

2. *How do institutional-cultural forces explain the nature of Indonesian planning system?*

   By this question, I want to relate the elements of the system to the internal forces that underlie them. Institutional-cultural forces comprise both formal and informal forces. Formal-institutional forces consist of form and structure of government and legal framework. Informal-cultural forces are associated with political culture and governance tradition, particularly related to planning culture.

3. *How do current societal changes related to globalising neo-liberal ideas influence the development of Indonesian planning system?*

   Following the second question, I also want to relate the elements of the system to the external forces as consequence of globalisation. To answer this question, I focus on three key strategic issues of neo-liberal ideas, which are efficient government, rule of law, and decentralisation.

4. *Do both institutional-cultural forces and globalising neo-liberal ideas tend to work in coordination or support one another in shaping Indonesian planning system? If not, have globalising neo-liberal ideas changed the system irrespective on institutional-cultural forces?*

   Finally, this research relates both internal and external forces with the elements of planning system developed. It clarifies whether the worldwide spread globalisation, particularly neo-liberalisation, has changed planning without any respect on cultural tradition or not. This also contributes to understand the extent to which those factors provide an integrated explanation on the development of planning system in Indonesia during transitional period 1990s – 2000s.

Relevance

This research is expected to be useful for planning theorists in coping with globalisation in order to be more sensitive on cultural and institutional contexts.

Another contribution is given to the international planning researchers to understand the impact of globalisation on domestic planning systems. Is planning moving towards convergence or divergence? In practice, it is also expected to provide lessons for policy makers on how a planning system should be developed in order to be more grounded. In particular, it gives policy recommendation for Indonesian government in redesigning the planning system within changing institutional context.

Scopes

Since a different aspect of planning can have different planning system, it is important to specify which planning system we are discussing about. This research focuses on the *spatial* planning system related to *land use* since it is core of systems of planning. It is tied to transportation, infrastructure, environment, as well as housing planning systems. The land use or spatial planning system is the "cement" that holds all those aspects together.

I demarcate the description of the spatial planning system to the current situation, mainly from the enactment of the latest Spatial Planning Act in 1992 to the latest draft of new act at the end of 2006. This illustrates the transitional process in the broader institutional context from an authoritarian and centralised state to a democratic and decentralised state. However, the explanation of the driving forces on the system can be extended to earlier periods as long as it is relevant and cannot be sufficiently fulfilled by the current situation.

1.3   Theoretical Framework

According to Healey (1997), planning is a field of policy thus involves two levels of governance, which are system and practice. Healey (1997, p. 72) defines planning practice as arenas where "various parties come together to undertake planning work". Meanwhile, *planning system* is "systems of law and procedure that set the ground rules for planning practice" (Healey, 1997, p. 72). In essence, a planning system provides legal and regulatory framework for the practice of planning.

The planning system and practice is certainly framed by a dominant and common planning ideology, which consists of "theories in planning" as well as "theories in planning" (Allmendinger, 2002, p. 2). However, this research does not go further to discuss the practice of planning or the gap between theory and practice.

This research considers planning system as *product of culture* (Booth, 2005; de Vries & van den Broeck, 1997) and as *field of policy* (Healey, 1997) instead of product of theory. As product of culture, planning system is put in a broader social system, mainly institutional-cultural context. I use terms of "culture" and "institution" with the same emphasis. They refer to shared values that underlie attitude towards the social systems and processes. I use them as an endogenous factor that shapes the planning system. They provide intentional explanation why planning system is developed as it is. They can be both *formal* and *informal* values. The former consist of form and structure government and legal framework in land and property affairs. The later is associated with political culture, state-society relation and governance tradition mainly related to planning culture.

As field of policy, planning system is also transferable across nations. Globalisation makes "policy transfer" more possible to occur (Dolowitz and Marsh, 1996, p. 343). I treat *"transfer"* as a process by which dominating knowledge concerning policy elements or principles in the world influences the development of policy in particular country. I use concept of policy transfer to *describe* the existence of external forces to planning system. This external forces can be regarded as structural determinants that dictate how planning system ought to be. I specify these globalising forces into three broad issues mainly proposed by worldwide spread neo-liberal ideas, which are efficient government, rule of law and decentralisation.

This theoretical framework is particularly useful to explain the development of planning system in the context of *transitional country* like Indonesia. A transitional country is defined as a country where fundamental social and economic structures and institutions changes rapidly. In this country, these

institutional changes can barely be seen with unequipped eye. It is often characterized by growing liberal economy and democracy.

To provide better visual representation, complete theoretical framework is shown on diagram in **Figure 1.1** below. The figure shows that both internal and external forces have strong direct influences on the development of planning system. In addition, informal-cultural forces can also influence the formal-institutional forces, which mean they may have strong indirect influence on spatial planning system. Besides of strong direct influences, the external forces may also indirectly influence planning system by firstly altering the formal-institutional or informal-cultural forces. However, the later is less significant (moderate influences) since cultural forces are more resistant towards changes. Substantial construction of the elements in this framework is elaborated further in **Chapter 2**.
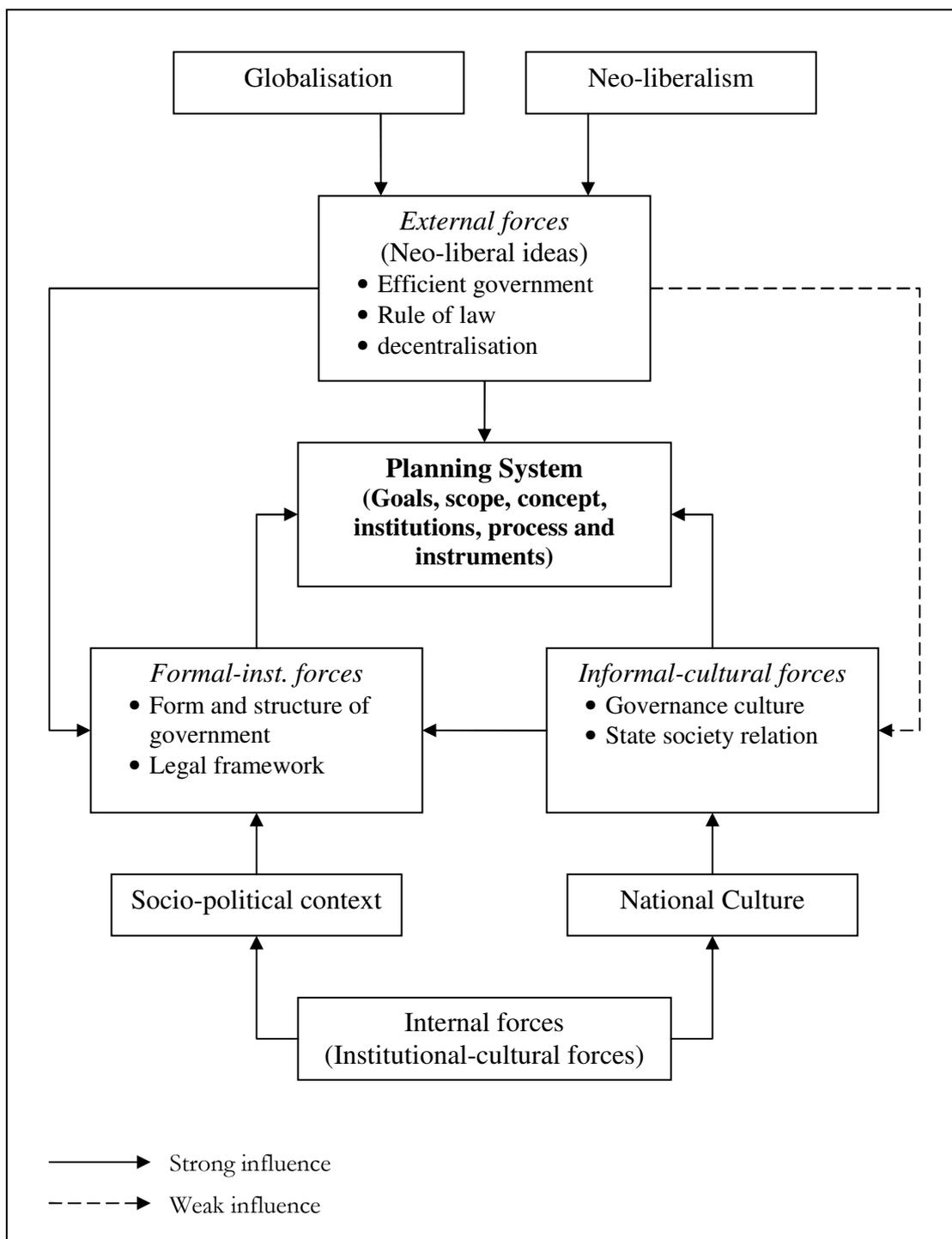
Figure 1. 1
Theoretical Framework Diagram

1.4 Methodology

The research process developed based on four main activities, which are data collection, literature review, and analysis. Derived from the theoretical framework above (**Figure 1.1**), these activities are conducted following several methodological steps. Data collection and literature review are done simultaneously and divided into two steps, which are building theoretical base and elaborating Indonesia's case. Analysis is divided into three steps, which are narrative-descriptive analysis, explanatory analysis, and comprehensive analysis. Detail procedure is described below:

1. *Data collection and literature review 1: building theoretical base*

   I review literature to build basis for theoretical development of planning system and its driving forces and empirical findings or international experiences related to these issues. Discussion of planning system focuses on six key elements of planning as policy, which are goals, scope, concept, structure, process, and instruments. The driving forces comprise formal-institutional and informal-cultural forces and globalising neo-liberal ideas. Formal-institutional forces are divided into form and structure of government and legal framework for land and property. Informal-cultural forces are focused on planning culture rooted from governance tradition, particularly state-society relation. Meanwhile, globalising neo-liberal ideas manifest in efficient and flexible government and decentralisation. This review focuses on academic sources like journal articles, research reports, theses and selected books.

2. *Data collection and literature review 2: elaborating Indonesia's case*

   I also conduct an extensive literature review related to planning system, formal-institutional forces, and informal-cultural forces in Indonesia as input for descriptive-narrative analysis. Planning system is reviewed based on laws and policies related to spatial planning obtained from books, internet, and government publications. Formal-institutional forces consist of form and structure of government and legal framework for land and property, which are acquired from books, internet, and government publications. Finally, informal-

cultural forces are derived from study on political culture in Indonesia, which are abstracted from related books. Since those secondary sources provide sufficient data and information for analysis, it is not necessary to conduct survey or interview. The other explanation is my case study, which is Indonesia, is currently too far away from the country where I conduct the research. Finally yet importantly, building cohesive relation among discussed issues is more important than providing the actual data since my research emphasises on theoretical explanation.

3. *Narrative-descriptive analysis: generating case's overview*

Then, I selectively pick and mix the data gathered from literature to describe and narrate the current landscape of Indonesian planning system as well as its driving forces, which consist of internal and external forces. For these purposes, I compare situations between before and after multidimensional crises of 1998 in order to examine how changes in planning system have occurred during this transitional period. Description about Indonesian planning system focuses on six key elements, which are goals, scope, concept, institution, process and instruments. Narrative description about formal-institutional forces moves backward up to the beginning of the independence (1945) if necessary. Meanwhile, informal-cultural forces are described narratively from the late kingdom ages in Indonesia (16th century) as part of a long historical path of this nation. By doing this step, I answer the first research question and provide input to answer the rest of the questions.

4. *Explanatory analysis: identifying influences*

In explanatory analysis, I build qualitative relations between the elements of planning system and issues in both intentional and transfer forces. Theoretically, these can be represented in two-dimensional matrices. The first columns are filled by elements of planning system while the explanatory issues fill the first rows. Qualitative explanations are given in the intersections between the elements and the issues. These explanations are built based upon general academic understanding and empirical studies if available and necessary. From this analysis, I can interpret how Indonesian planning system

has been developed and how the contextual forces influence the development of Indonesian planning system. In other words, this analysis answers questions two and three of my research.

5. *Comprehensive analysis: building connectivity and identifying conflicting influences*

   A comprehensive analysis finally connects and compares the influences of the driving forces on planning system in Indonesia. Connections are built to identify the relations between driving forces. They also show indirect influences on planning system. Subsequently, comparative analysis is focused on the conflicting influences between globalising neo-liberal ideas and institutional-cultural forces and between formal-institutional forces and informal-cultural forces. In the end, this analysis demonstrates the impact of globalising neo-liberal ideas on institutional-cultural forces, which means answering the last research question.

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│   │ Articles, research│──────▶│  Building theoretical base│       │
│   │ reports, theses and│      │  ▪ Planning system        │       │
│   │ books            │        │  ▪ Driving forces         │       │
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│   │ Data collection 2│        │  Literature review 2:    │        │
│   │ Books, internet, │──────▶│  Indonesia's case         │       │
│   │ and government   │        │  ▪ Planning system        │       │
│   │ publications     │        │  ▪ Formal-institutional forces│   │
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│                               │    forces towards planning│        │
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Figure 1. 2
Methodology

1.5   Structure

In order to meet the designated theoretical framework and to synchronize it with the proposed methodological steps, the thesis is divided into seven chapters. **Chapter 1** introduces the research design, which consists of background, objectives, theoretical framework, methodology, and thesis structure.

Chapter 2 provides theoretical and empirical bases comprising concepts of planning system and its institutional-cultural forces and globalising trends. **Chapter 3** focuses on describing Indonesian planning system and its current changes in aspects of its goals, scope, concept, institution, process and instruments. The next three chapters narrate and describe separately the internal and external driving forces, which are formal-institutional forces, informal-cultural forces, and globalising neo-liberal ideas respectively, and explain their influences directly and indirectly on planning system in Indonesia. I divide them in three chapters in order to simplify the explanation. Comprehensive explanation on how the driving forces may conflict one another is provided in **Chapter 7**. This last chapter also concludes the influences of driving forces on planning system in Indonesia and provides recommendation for further research. Relationship among those chapters is described in **Figure 1.3** below.
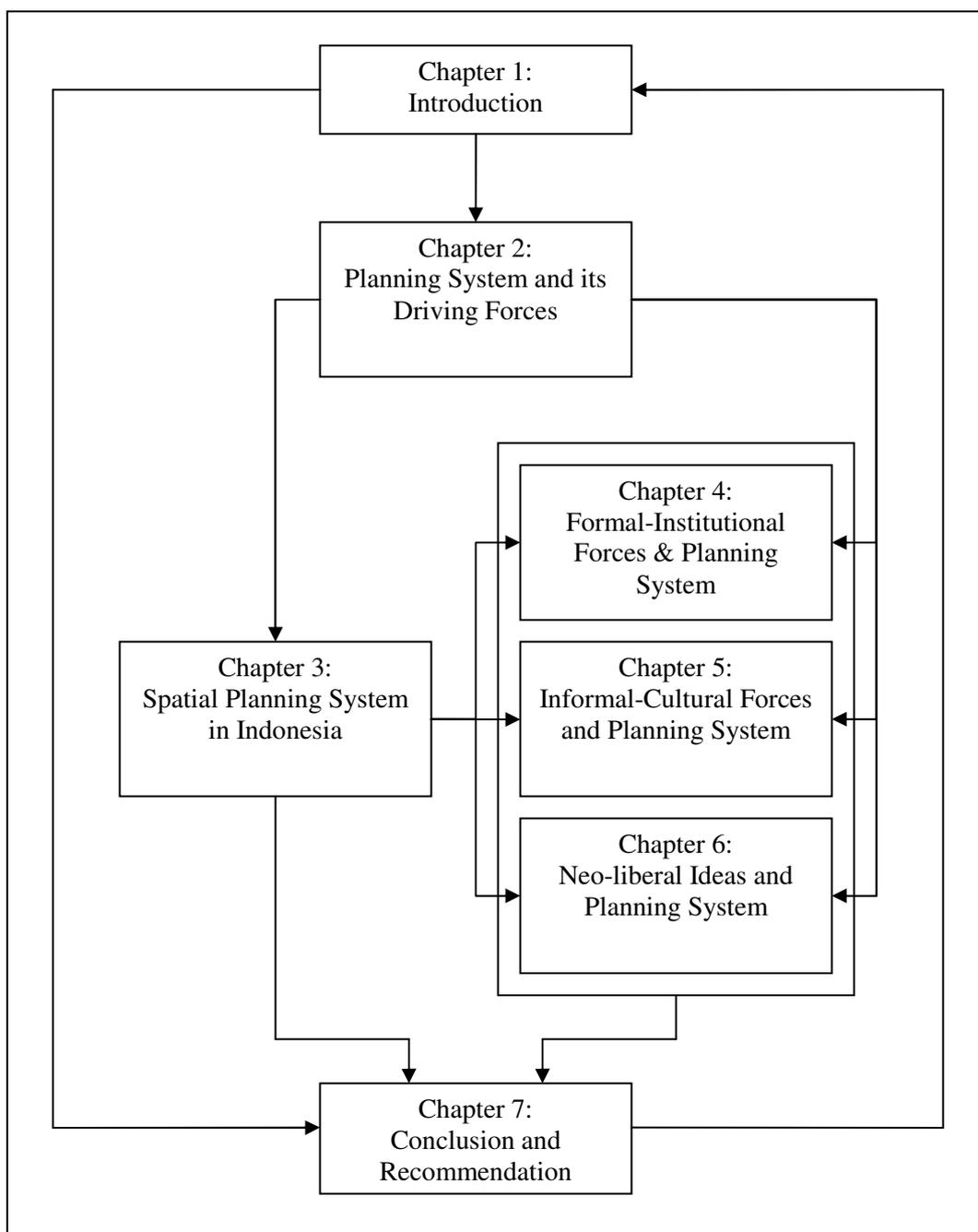
Figure 1. 3
Chapters' Flow Diagram

CHAPTER 2
PLANNING SYSTEM AND ITS DRIVING FORCES

Planning systems vary in their goals, concepts, structures, institutions as well as instruments. These differences may reflect distinctive "styles of government and administration" (Healey, 1997, p. 75). Development of planning system cannot be understood without reflecting on broader societal development context (Booth, 2005; European Commission, 1997; Hajer & Zonneveld, 2000). I consider these contexts as driving forces of planning system. They are wider than just formal institutional context, but also informal cultural determinants. They also do not focus only on those internal forces, but also on the growing role of globalisation, that allows both voluntary and coercive policy transfers across nations.

Based on the proposed theoretical framework in **Chapter 1**, this chapter is aimed at exploring critically how previous researches can explain the relationship between planning system and broader societal contexts as explained above. To open up the discussion, it firstly classifies types of planning systems that are already broadly applied. Then, it explains elements distinguishing types of planning systems. Institutional and cultural contexts that influence how planning system is developed are explained afterwards. In larger scale, globalisation is also considered as a possible driving force on the shape of planning system. Finally, the last part of this chapter concludes theoretical gaps that among others should be filled by the next chapters.

2.1   Planning System

2.1.1   Definition and Typology

According to Healey (1997), planning is a field of policy. It involves two levels of governance, which are system and practice. Both respectively can be distinguished as "hard and soft infrastructure" of institutional arrangement for planning work (Healey, 1997, p. 73). Healey (1997, p. 72) defines planning practice as arenas where "various parties come together to undertake planning work". Meanwhile, *planning system* is "systems of law and procedure that set the ground rules for planning practice" (Healey, 1997, p.72). In essence, planning system provides legal and regulatory framework for the practice of planning.

Planning system is an important aspect of institutional capacity for planning and development process (Healey & Williams, 1993). Therefore, planning system to some extent drives the development process of urban and regions by promoting or limiting development opportunities. It carries power to frame how planning practice ought to be in relation to land and property development.

In order to simplify our understanding about nature of planning systems, it is helpful to classify them into a systematic manner. For this reason, European Commission (1997) has differentiated planning systems into four broad approaches, which are *regional economic planning approach*, *comprehensive integrated approach*, *land use management*, and *urbanism*. Although the research was conducted in 15 Member States of European Union, the classification is relevant to be applied in other parts of the world. This is because the samples to some extent represented various institutional and development contexts that most of other countries could have. The research implied that many Member States apply hybrid approaches or mix more than one type of planning system. However, this classification can make us easier to understand different forms of planning system.

Comprehensive-integrated approach

Comprehensive-integrated approach is type of planning system in which:

"… [s]patial planning is conducted through a very systematic and formal hierarchy of plans from national to local level, which coordinate public sector activity across different sectors but focus more specifically on spatial coordination than economic development. … This tradition [system] is necessarily associated with mature system thus, it requires responsive and sophisticated planning institutions and mechanisms and political commitment to planning process" (European Commission, 1997, pp. 36-7).

According to this system, public sector investment plays an important role in plans implementation. The highest tiers of planning authorities have dominant role in realisation of plans. In unitary states applying this system, which are the Netherlands and Nordic Countries (Denmark, Sweden, and Finland), the national government play significant role in plans realisation. Meanwhile, in Austria and Germany, which are federal states applying this system, the role of regional government is also very important.

This is the most complicated planning system that demands high-level degree of certainty both political and socio-economic contexts. Therefore, it can only succeed in countries that have stable progress. Strong trust upon government is also important to support many public interventions especially related to plans realisation. In this situation, the use of rational planning approach is also often relevant in many planning issues.

Regional economic planning approach

According to regional economic planning approach, it is recognized that:

"spatial planning has a very broad meaning relating to the pursuit of wide social and economic objectives, especially in relation to regional disparities in wealth, employment, and social conditions … central government inevitably plays important role in managing development pressures across the country, and in undertaking public sector investment" (European Commission, 1997, p. 37).

In this system, spatial planning cannot be separated from national and regional development issues. Therefore, the role of supra local government, mainly central government, is very important to coordinate and promote development process in different regions. France and Portugal are examples of countries that to some degree adopt this planning system.

Urbanism

In countries adopting urbanism, spatial planning "has strong architectural favour and concern with urban design, townscape and building control **...** regulation has been undertaken through rigid zoning and codes" (European Commission, 1997, p. 37). This system is broadly applied by Mediterranean States, which are France, Italy, and Spain. To some extent, this system is also still adopted by United States. However, recently planning systems in this country are more and more characterized by the adoption of the last system, which is land use management.

Urbanism approach illustrates an attempt to maintain modernism approach to planning which was applied in the early development of urban planning in the late of nineteen century. However, this approach does not fit sufficiently with current situation where planning issues are broader and more complex. Therefore, according to European Commission (1997), the provision of various laws and regulation in many cases is not followed by the establishment of good system. Furthermore, the systems have no great political support so they have less effective in controlling development (European Commission, 1997).

Land use and growth management

For land use management, it is true that planning is associated with narrow task of controlling land use change conducted both at the strategic and local tiers of government (European Commission, 1997). United Kingdom is a major example of this system, where the activity is pursued to promote the objectives of sustainable development. Although most of planning work is devoted to local authorities, central government remains important in supervising the system and

setting national objectives. This market-led system is currently criticised to have lack of vision and weak machinery to achieve sustainable development (Cullingworth, 1997; Davoudi, 2000). Ireland and Belgium may have similar system, although they are moving towards approaches that are more comprehensive.

In United States, managing land use has been erected into a more holistic approach, which is growth management. Although this variant was originally developed at the local level, nowadays the systems are promoted to the regional levels, mainly metropolitan and state levels (Cullingworth & Caves, 2003). Growth management is a coordinative system in order to hamper urban sprawl. Developed in liberal constitutional arrangement, this system seeks for creative approaches in promoting sustainability. It wants to achieve planning objectives without doing conventional planning activities (Cullingworth & Caves, 2003). In this system, the state sets regional framework and objectives supported by the consistent implementation of local governments. Compared to British system, this system is more fragmented and still far from a solid system.

2.1.2 Elements

The general classification elaborated above can only provide broad picture of trends in planning systems applied throughout the world. In practice, there is almost no country adopting completely one of the approaches. Most of the countries use hybrid approaches to planning system. Therefore, it is too naïve to describe in detail the characteristics of planning system in one country by only relying upon the four broad classification as mentioned above.

The detail characteristics of planning system can be well recognized by using elements that form them. The first task is to inventorying the elements of planning system into a useful categorization for describing its specific characteristics and differentiating among planning systems. For this reason, seven objects of policy introduced by Dolowitz and Marsh (1996) are useful basis to be considered in describing different characteristics of various planning systems applied in different countries. They are goals, concepts and ideas, structure,

instruments and administrative techniques, institutions, ideology, and negative lessons (Dolowitz and Marsh, 1996). However, I argue that negative lessons are embedded in other elements hence it does not need to be classified exclusively. Besides, ideology can be excluded since it is more apparent as a contextual background underlying the elements rather than as an element per se.

The seven objects introduced by Dolowitz and Marsh (1996) can be regarded as broad classification of elements that can be applied to all types of policy besides planning. Therefore, classification of elements made by European Commission (1997) seems to be operational and more specific for planning system. The essence of the classification is summarized as follows (European Commission, 1997, pp. 34-6):

1. *The scope of the system* refers to range of policy topics over which the planning system has some competence or influence, and the extent of integration between the spatial planning system and planning and investment in particular sectors.
2. *The extent and type of planning at national and regional levels*.
3. *The locus of power* for the operation of the system, relates particularly to the extent to which it is centralized, regionalized or localized.
4. *The relative roles of public and private sectors* refers to the extent to which the realization of spatial planning policy is reliant on public or private sources, and the extent to which development might be characterized as predominantly plan-led or market-led.
5. *The legal framework* … including nature of law providing for spatial planning, the extent to which plans and policies are binding [or discretionary]…, and the existence of any constitutional or other legal rights in relation to land and property.
6. *The maturity or completeness of the system*.
7. *The distance between the expressed objectives and the outcomes* [implementation].

Set in the context of European planning systems, the later classification is more appropriate to distinguish various planning systems rather than describing in

detail particular planning system. Besides, its last two elements are more useful for evaluating performance of planning system rather than identifying its characteristics.

Combining the advantages of both classifications, I develop six important elements of planning system that are more relevant to our discussion. I want to use these elements to describe specific characteristic of particular planning system in a country thus, I can easily and systematically relates them to their underlying driving forces, which are institutional and cultural contexts and globalisation. The six elements of planning system are (1) *goals*, (2) *scope*, (3) *concept*, (4) *structure*, (5) *processes*, and (6) *instruments*.

Goals

Planning system is created to achieve particular goals and objectives. Therefore, it is very fundamental to understand why certain country develops planning system. It does not just define the 'end' that wants to be attained but also provides 'soul' that determines how the 'end' can be reached by the system. Knowledge about range of goals and objectives of planning system is also important to assess the comprehensiveness of the system. In this part, three main issues are explained, which are spatial quality, economic development, sustainable development, and environmental protection.

Firstly, spatial quality implies geo-physical harmonisation of development. By this, spatial planning system aims to promote better arrangement of various urban activities. In the Netherlands, spatial quality is translated into five broad objectives (Hajer & Zonneveld, 2000, p. 342):

1. "Concentration of urbanization" or distribution pattern of urban functions
2. "Spatial cohesion", which consists of relations between urban (including economic) activities and economically most promising areas, including development structure
3. "Spatial differentiation" or manifestation of city and country
4. "Spatial hierarchy" or pattern of major facilities and economic activities
5. "Spatial justice" or distribution of economic activities

Secondly, spatial planning can have narrower goal to promote economic development. This involves sectorial approaches to spatial planning. The system chooses few leading sectors to drive the achievement of economic competitiveness of regions. Larger spatial issues loose their coordinative role in guiding development. They play as derived issues rather than as framework. In the last two decades, this has been the case of the Netherlands. In this country, infrastructure approaches dominate the trend of planning in line with the ambition of government to maintain economic competitiveness of the country (Faludi, 2005; Wolsink, 2003; Hajer & Zonneveld, 2000).

Thirdly, sustainable development has also become an important goal in implementing planning system in many countries, including United Kingdom and United States. As stated by Davoudi (2000, p. 130):

"Its [planning system's] purpose is to correct the land and property market imperfection, i.e. economic regulation; and second, to facilitate economic growth whilst protecting amenity and resources, i.e. environmental regulation. In the trade-offs between the economy and the environment,… and to strike a balance between economic imperatives and environmental concerns".

Within this goal, spatial planning often opposes the inability of market to run the development process in a sustainable manner. Specifically, it implies the encouragement of environmental and social objectives in order to balance the economic oriented hegemony in market-driven development.

Finally, in the future there is a prediction that planning system will give more attention to the environmental protection issues within the emerging risk society (Davoudi, 2000). As mentioned by Davoudi (2000, p. 131), planning system is developed "to defend the environment and local identities against the risk associated with contemporary economic processes". This means a paradigm shift from anthropocentrism perspective of sustainable development towards a more holistic perspective to integrate human activities with nature. Davoudi (2000) argues that this new vision particularly important, e.g. in UK, to revitalize the loosing power of spatial planning in driving development.

Scope

For element of scope, definition made by European Commission is still relevant to be used:

"The scope of the [planning] system refers to range of policy topics over which the planning system has some competence or influence, and the extent of integration between the spatial planning system and planning and investment in particular sectors" (1997, p. 34).

This element describes the extent to which the system embracing integralism and reductionism. It also implies the relative role of government or public sector compared to market in designing and realizing spatial arrangement. In other words, this element explains to what extent the system is plan-led or market-led. According to Healey & Williams (1993, p. 702), planning system may consist of three main policy areas:

1. A plan-making function, expressing strategies and principles for spatial organization and land use/built form arrangement;
2. A developmental function, which may range from land assembly and servicing, to infrastructure provision and construction and development activity;
3. A regulatory function relating to the control of building location and form, and activity change within existing buildings.

They respectively refer to "development plans", "development promotion", and "development control" (Healey & Williams, 1993, pp. 703-4). In practice, every country has different emphasis on which their systems focus on those functions. Countries that still maintain some aspects of welfare states, e.g. the Netherlands, tend to combine the three functions in an integrative way. However, countries developed by market-led system, e.g. UK and US, mainly focus on controlling development.

Concept

The other element of planning system is concept. Traditionally, when we talk about concept or legal framework of planning system, we often distinguished two main opposing styles, which are discretionary system versus binding or zoning system (Healey, 1997; European Commission, 1997). United Kingdom is the most relevant example as country that adopts discretionary system. Meanwhile, binding or zoning system is broadly applied in most of continental Europe and North America.

Discretionary system is associated with British approach to land use regulation that centres on capacities of politicians, administrators, as well as professionals in making decision (Healey, 1997). Planning officials advise local politician to judge development application case by case. In this system, the role of planning document is very limited and is not absolute because the ultimate decision highly depends on the personnel's judgement, not regulation. Planning document is only one of considerations that should be taken into account when making decision. It is not binding because there are many other materials or considerations they use in making decision (Booth, 2002). Therefore, planning document is not necessary to be made in detail and can merely prescribe the general structure of desired future development.

Since decision upon land and property development lies on case by case judgement, discretionary system is known for its flexibility. However, it is also recognized that it also causes some degree of uncertainty of the decision particularly in long term. It is because there is no binding assurance. Desirable development proposal in the current situation can be no longer relevant in the future.

In contrast, binding or zoning system focuses on the ability of regulations or codes to tie up all actors in deciding their development proposals. In continental Europe, this system was originated from the Napoleon codes introduced to improve public administration in eighteen century (Healey, 1997). This system demands completeness of regulations to guide the development. In one hand, it provides more certainty in a longer term. On the other hand, however,

it is often criticized as a rigid concept that is difficult to implement in rapid changing situation.

As responses to weaknesses in both systems, there is growing attempts in both proponents to mix the advantages of the systems into a more moderate system (European Commission, 1997). Besides, beyond the above classification, there are also other concepts that are difficult to be included in the two main directions. Dutch system is a relevant example for this. Although binding system is more apparent in Dutch planning system, it does not characterize the strength of the system. This system and others can be more clearly explained by elaborating other elements of planning system, particularly the structure of the system.

Structure

Structure is the next element of planning system. Structure does not only show the extent to which planning system is centralised, regionalised, or localised but also tiers of planning institutions involved and how those relate to each other. This institutional issue does not only focus on locus of power but also on how the power is shared or divided between different tiers of government. The structure can be clearly described by explaining roles of different tiers of institutions as well as their coordinative or hierarchical function.

In highly centralised countries like United Kingdom, it is true that spatial planning function involves extensive role of central government although most of land use management has been devoted to local authorities. In the opposite, in decentralised or federal countries like the Netherlands and US, spatial planning is matter of local government. However, role of regional or national authorities remains important in a strategic policy formulation or supervision.

Process

Process also characterises particular planning system. Processes within the system refer to relative function of actors and how they relate to each other both in the preparation and in implementation of planning works. This element explains to what extent the system is plan-led or market-led, and to what extent the system is inclusive. Most of the systems involve other parties beyond government in the

implementation of planning works, particularly for large or complex urban projects. Indeed, some countries like US, UK, Greece and Spain have much lower direct public involvement in the implementation of development. Nowadays, there is also a demand for earlier private and citizen involvement not only in the realisation of the plans but also in plan making process. In plural country like US, government is not solely perceived as the only body that prepares plans (Birch, 2005). Each interest group can make their own plans. Here we can see planning system as arena for open planning process and collaboration (Hajer & Zonneveld, 2000).

Instruments

Finally, every planning system needs instruments in order to make the system operable. Herein I divide planning instruments into two broad categories, which are positive instruments and negative instruments (see Cullingworth, 1997). Positive instruments or "carrots" focus on provision of incentive in order to promote the development. Positive instruments mainly exists in the areas of development promotion, e.g. development plans, the establishment of development authority or public developer, compulsory land acquisition, land banking or supply, and transfer of development right. Negative instruments or "sticks" aim to create disincentive that restrict development. Therefore, negative instruments are mainly created to control the development. Some instruments that can be regarded as negative instruments are plans, zoning ordinance, development permit, land subdivision, urban area boundary, etc.

Western European states in the post war periods extensively utilized positive instruments to redevelop their urban areas and regions. However, in line with the emerging dominance of market operation and lack of government finance they reduced number of positive instruments. British planning system indeed has shifted from a positive instrument-oriented system towards a significant role of negative instruments to control the development (Cullingworth, 1997).

2.2   Institutional-cultural Forces

Booth (2005, pp. 259) explained that planning system is not an independent phenomenon but more as a "product of cultural forces". He maintains that development of planning system is not a "single process" but more as an activity that is embedded in cultural traditions that form it (2005, pp. 260). He also argues that attitudes of planners and society towards the state and towards the market are central determinants underlying it. Faludi (2005) claims that this attitude is rooted from how the structure of governance has been developed. Booth (2005) breaks down these forces into three dynamic factors that particularly shape the nature of planning system. They are attitudes towards property, the role of and relationship between central and local governments, and the legal framework and its implementation in decision-making process. Professional culture of planning community is also considered as a factor that influences the planning system (Healey & Williams, 1993; De Vries & Van den Broeck, 1997).

From the above explanation, it is clear that as product of culture, planning system is put in a broader social system, mainly institutional context. I use terms of "culture" and "institution" with the same emphasis. They refer to shared values that underlie attitude towards the social systems and processes (see De Vries & Van den Broeck, 1997). Both culture and institution are endogenous factors that shape planning system. They provide intentional explanation why planning system is developed as it is.

I divide institutional-cultural forces that influence planning system into two broad categories, which are formal-institutional forces and informal-cultural forces. Formal-institutional forces comprise values formalised into state and statecraft matters that are more dynamic in nature since they are influenced by socio-political process. They consist of form and structure of government and legal framework. Meanwhile, informal-cultural forces comprise informal values rooted from national culture. They are focused on planning culture associated with political culture, governance tradition, and state-society relation. The later are more resistant since they are related to longer historical development of a nation.

2.2.1   Formal-Institutional Forces

European Commission (1997) identified three key institutional factors that play a fundamental role in determining the characteristics of planning systems. They are constitutional law, government structure and responsibilities for spatial planning, and the legal framework. However, I combine constitutional law and legal framework since they are interrelated and lead to similar consequences upon planning system.

Form and structure of government

Form and structure of government describes how the power being divided or shared among different tiers of government and how those relate to each other. I provides picture of knowledge on to what extent the government system is centralised or decentralised and where most of the power is located. Structure of government is important determinant that characterises the structure of planning system, although there is no simple correlation between them (see European Commission, 1997; Booth, 2005; and Faludi, 2005).

Form of government can be divided into three broad categories, which are unitary system, federal system, and regionalised system. In unitary states:

> "power resides with the national government, although certain responsibilities may be delegated to government departments for specific territorial units or to local government…the national government makes the law in relation to spatial planning and this is then applied throughout the country" (European Commission, 1997, p. 39).

Unitary state can be a centralised country but also can be a highly decentralised country in which regional or local government being granted considerable autonomy. Ireland, Portugal and UK are described as centralised unitary states. Meanwhile, Denmark, Finland, France, and the Netherlands are examples of decentralised unitary states.

Federal states have a characteristic in which "power is shared between national and regional government, with each having autonomy in some spheres, and able to make law" (European Commission, 1997, p. 39). In federal states,

responsibility for spatial planning legislation can be shared between national government and regional government. This is the case of Germany. However, in many other federal states like US, Belgium and Austria, the national governments have no competence in relation to spatial planning.

There are view states, e.g. Italy and Spain, that cannot be fully included in category of federal system although they have strong regional government. These are regionalised states in which (European Commission, 1997):

"power lies with national government and with tiers below national level, and is apportioned through the constitution or statute" (p. 39);

"The regions have powers of law making but within a framework of legislation set down by the national government" (p. 40).

Legal framework

Legal framework in our discussion focuses on to what extent the constitution and/ or other higher legislation defines individual or government rights and responsibilities in relation to development, land, and property. There are three mainstreams of constitution statements that have implications on spatial planning (See European Commission, 1997). Firstly, relevant constitution statement increases legitimacy of spatial planning actions. For example, rights for citizens to decent homes and jobs are established by the constitutions in the Netherlands, Spain, and Italy. Secondly, statement in constitution may also conflict with planning objectives. This is the case of Finland and Portugal where constitutions grant the right of landowners to build on their land. Finally, there are also countries that have no written constitution, e.g. UK. In this country, elements of planning system are more flexible and more dynamic through the time (see Cullingworth, 1997).

2.2.2   Informal-Cultural Forces

Informal-cultural explanation to planning system is based on the idea of *planning culture*, which means "the collective ethos and dominant attitudes of planners regarding the appropriate role of the state, market forces, and civil

society in influencing social outcomes" (Sanyal, 2005, p. xxi). They can be theorized from the concept of governance models, which also implies political culture and state-society relation. According to Healey (1997), as a policy-driven approach to the practice of governance, planning is part of governance. Therefore, development of planning system should consider form of governance. As defined by Healey (1997, p. 206), governance is "processes through which collective affairs are managed". This implies that governance is a very broad concept. It works beyond the machine of government thus includes both formal and informal processes. It relates three overlapping spheres, which are economy (private sector), civil society, and the state. In relation to the development of spatial planning system, it is important to recognize different models of governance introduced by Healey (1997), which are representative democracy, pluralist democracy, corporatism, and clientelism.

Pluralist democracy describes "a society composed of many different groups with many different interests, all competing to define the agenda for the actions of government" (Healey, 1997, p. 222). This type characterizes US's governance form very large (see Birch, 2005). In pluralist governance, plan making is not just the task of government. All groups beyond government body can make their own plans reflecting their own interests. They may compete with government plan to get approval or consideration into public actions. The idea of advocacy planning by Paul Davidoff in 1960s-1970s originated this mode of system. Planning activity became the arena of negotiation and mediation among groups of interests.

Faludi defines **corporatism** well while describing Dutch planning culture:

"Corporatism is a system in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered, and functionally differentiated categories. They are licensed or created by the state and granted a representational monopoly within their respective categories in exchange for observing certain control on their selections of leaders and articulation of demand and support" (2005, p. 291).

In contrast with pluralist democracy, corporatism shares power among *few* systematic groups of interests. It allows mutual understanding rather than competition so can develop more stable and longer consensus (Healey, 1997). This is a good environment for instrumental rationalist planning characterized by long-range time dimension of planning frameworks.

In **representative democracy**, it is recognized that "government are created on behalf of, and at the service of, the people as electors" (Healey, 1997, p. 220). Governance is centred on the institutions of formal government. This model can work well in relatively homogenous society. Healey (1997) maintains that this governance focuses on legal-administrative rule-bound behaviour that encourages hierarchically structured bureaucracies focused on technical and administrative expertise. It leads to depoliticized professional culture where policy environment is separated from political process. This model provides ground for a form of policy planning which emphasises on technical and legal reasoning in relation to policy objectives. This is the case of many land use plans in the US, UK and the Netherlands.

According to Healey (1997, p. 228), **clientelism** "involves an interactive relationship between politicians and government officials, through the social networks which politician and officials have". Allocation and distribution of resources are done through *informal* networks like family, friendship, fiefdom and business. In contrary with representative democracy, policymaking and implementation is highly politicized in which individual lobby and other informal practices may arise to promote certain interests. The British discretionary system is vulnerable to clientelism because there is no sufficient formal procedure in granting planning and development permission. Politicised planning culture occurs predominantly in Belgium (de Vries & Van den Broeck, 1997), Italy and many developing countries.

Rough classification of existing governance models, which has been broadly applied in the world, as explained above can assist us to distinguish different orientation in planning culture. Discussion about planning culture is often polarized between *depoliticized* and *politicized* culture (De Vries & Broeck:

1997). Corporatism and representative democracy models of governance represent depoliticised planning culture. This modernist style of governance needs technical rationality in policy making in which role of experts as well as bureaucrats are predominant rather than politicians. Defining public interest is simply mechanistic since there are limited competing interests. Meanwhile, pluralism and clientelism characterize politicised planning culture in which political bargaining play an important role in policy making process. They call for communicative rationality in which the role of politicians and political processes occur more obviously rather than technicians and administrative process, which characterise depoliticised planning culture. Promoting public interest is more difficult since there are various competing actors and interests. A schematic visualisation of this dichotomisation is represented in **Figure 2.1**.
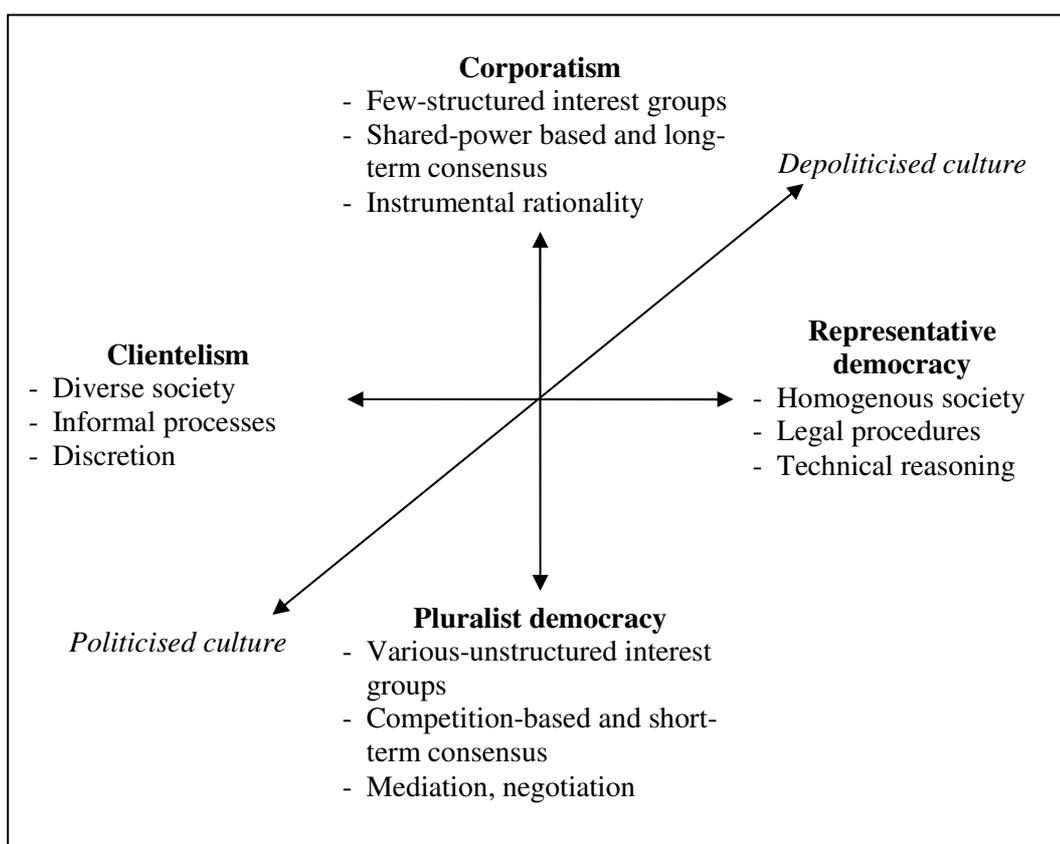

Figure 2. 1
Relationship between Models of Governance and Planning Culture

2.3   Globalising Trends

Rapid technological change, mainly information and communication, has increased spatial interconnection among cities and regions across the globe (Castells, 2005). It is resulted in fluid mobilisation of resources and capitals thus, cities and regions compete with each other to maintain and increase their positions. This is the spatial implication of globalisation. Globalisation can be defined as "global interconnections of trade, investment, flows of labour, cultural symbols, and other ideas" (Sanyal, 2005, p. 4). The emergence of global cities is the most visible spatial impact of globalisation.

Specifically in policy fields, including spatial planning, globalisation has increased the process of policy transfer. Policy transfer refers to "a process in which knowledge about policies, administrative arrangements, institutions etc. in one time and/ or place is used in the development of policies, administrative arrangements and institutions in another time and/ or place" (Dolowitz & Marsh, 1996, p. 344). It criticizes the concept that planning, included its system, is tied in "system of political order" of particular nation-state or what Friedmann (1997, pp. 30-33) called as "territorially based system of social relations".

Two types of policy transfer, which are voluntary transfer and coercive transfer, can be distinguished based on the reasons why certain policy is transferred. Voluntary transfer occurs when there is internal "dissatisfaction or problem with the status quo" (Dolowitz & Marsh, 1996, p. 346). In this case, lessons from other countries are necessary to avoid inability of government to provide solutions to certain problems. Policy transfer also occurs when one government or institution forces another to adopt certain policy (Dolowitz & Marsh, 1996). This can be direct and indirect coercive transfers. Direct coercive transfer can be in form of stipulations, regulations, or directives mainly from powerful countries or supra-national institutions that formally or informally influence the authority of certain government. Indirect coercive transfer emphasises the impact of externalities or functional interdependence between different governments.

In our discussion, both voluntary and coercive transfers are considered as external forces that influence the development of planning system. Related to this, the worldwide spread of neo-liberal ideas is the most popular theme of globalisation that recently influence spatial planning everywhere disregarding state boundaries (Sanyal, 2005; Wadley, 2004; Lai, 2004). These embrace policies such as "privatisation of public enterprises, dismantling of social safety nets, decentralisation of governance, deregulation of financial markets, and weakening of labour unions" (Sanyal, 2005, p. xx). Implementation of neo-liberal ideas requires "lean, flexible, and market-friendly government" (Sanyal, 2005, p. xx). Therefore, this globalising trend cannot be separated from new thinking in government theory called "reinventing government" or "entrepreneurial government" (Osborne & Gaebler, 1992). In essence, this globalising trend offers three important ideas, which are efficient government, rule of law, and decentralisation. The later issues and their influences on spatial planning system are further explained in **Chapter 6**.

Most of the transfer of neo-liberal ideas across the globe is coercive process monopolised by strong nations, particularly US with its unitaliarianist power (see Pieterse, 2004). In the developing as well as transitional countries like Indonesia, international agencies and multinational companies mainly support this process on behalf of those countries (Dolowitz & Marsh, 1996). The evidence of this coercive transfer can be seen in the conflicting influences between these ideas and the established institutional-cultural forces. If this coercive transfer characterizes the internalisation of the ideas in the domestic planning system, this challenges the basic ideas of the neo-liberalism itself, which highlights the importance of freedom of choices. This challenge is more complicated since nowadays the neo-liberal exporting countries, particularly the US, promote "rule of power" rather than "rule of law" in maintaining the market stability and security (Pieterse, 2004).

2.4 Cultural and Global Accounts to Planning System

This chapter discusses the abstract of planning system regarding its definition, importance, types and elements. As regulatory framework for the practice of planning, planning system provides institutional competence to influence desired spatial development in certain urban areas or regions. Generally, planning system applied in certain country adopts characteristics of one or more than one of types of planning system, which are comprehensive integrated approach, regional economic planning, urbanism, and land use management. The system is built based on six essential elements, which are goals, scope, concept, institution/ structure, and instruments.

This chapter also argues that planning system is not an independent phenomenon but more as a product of both internal and external forces. Internal forces consist of formal-institutional forces and informal-cultural forces. The former are rooted from the existence of government manifested in form and structure of government and constitution and legal framework. The later are originated from the styles and forms of governance and state-society relation that influence planning culture. It is also recognized that external forces influence planning system. The worldwide spread neo-liberal ideas in the framework of globalisation are the most significant forces that dictate trends in spatial planning everywhere. Conveying the concept of entrepreneurial government, they force the government systems, and in turn planning system, to be more efficient, rule-based and decentralised.

Neo-liberalisation is a global thinking that diffuses everywhere that maybe irrespective on cultural traditions (Sanyal, 2005). Planning culture is under attack due to this growing influence of neo-liberal ideas. It complicates the performance of planning system, which has been criticized to be ineffective in directing spatial development (Healey, 1997). However, it does not mean planning systems have lost their significance. I argue that this is because planning systems developed in many countries do not take into account properly the institutional and cultural context of countries or regions where the systems are built. Besides, the world spread globalisation often narrowly translated into immature process of

transferring policy elements or principles from powerful countries or supra-national forces. The rest of this thesis discusses how both conflicting forces influence the development of planning system in Indonesia in its transitional period.

CHAPTER 3
PLANNING SYSTEM IN INDONESIA

While **Chapter 2** discusses the universal trends of planning system, this chapter focuses on the planning system in the case study, which is Indonesia. Begun with a brief narrative of historical development of planning system, this chapter mainly elaborates both Act 24/ 1992 and Draft of Spatial Planning Act 2005 in order to describe the important features of current Indonesian planning system. Those legal documents are also compared to recognize the changes in Indonesian planning system during transitional period since 1998. As noticed by Cotterel (1992 in Niessen, 1999), law is about facts and values of society thus, legal analysis can help us to understand the social phenomenon and the society in which it exists. Comparing the two planning laws therefore is a strategic attempt to understand the current development of Indonesian spatial planning system since spatial planning act is the main and highest legal framework for spatial planning in Indonesia. However, other related and lower regulations and laws are included in this discussion to fill inadequacy of the act. Comparative analysis in this chapter focuses on six important elements of planning system described in **Chapter 2**, which are goals, scope, concept, institutions, process, and instruments. Finally, the last section of this chapter concludes our discussion.

3.1 Historical Development

Planning system is not a new matter in Indonesia. Development of planning system in Indonesia has been initiated since the first quarter of twentieth century during the Dutch colonial period by the enactment of the Nuisance Ordinance

1926. It contained permit and zoning systems for regulating certain industrial installations in particular zones (Niessen, 1999). Inspired by the works of Thomas Karsten, the first planning regulatory framework was then introduced in 1948 by the promulgation of Town Planning Ordinance *or Staadvorming Ordonatie* (SVO) in 1948 followed by its implementation regulation known as *Stadsvormings Verordening* (SVV) in 1949 (Winarso, 2002; Dirdjosisworo, 1978). It was focused on improving urban housing condition (Winarso, 2002) and was designed for municipalities on Java, where problems of urbanization have arisen at that time (Niessen, 1999). In the post-colonial period, this first integrated planning system was continued to be applied by Indonesian government to all regions included regions outside Java.

As responses to colonial and Java centric biases in Town Planning Ordinance 1948, inter-departmental rivalry (Niessen, 1999), and changing urban situation, a new legal framework for spatial planning called Act 24/ 1992 was enacted. However, rapid fundamental institutional change since multidimensional crises triggered by economic crises 1997-1998 makes this regulation no longer relevant, particularly in relation with decentralisation and democratisation atmospheres. This regulation also does not fit anymore with other related legislations. Therefore, a specific committee under Ministry of Public Works has released a draft of new legislation, namely Draft of Spatial Planning Act 2005, on 26th December 2005. Based on parliamentary discussion on March 2, 2006, all parties in House of Representative (DPR) have agreed to support continuing the discussion of this legislation draft.

3.2   Current Changes

Comprehensive goals

The goal of spatial planning in Indonesia is comprehensive in nature. Based on both Act 24/ 1992 and Draft of New Spatial Planning Act (2005), the aims of spatial planning in Indonesia can be divided into four categories. *First*, the planning system aims at promoting good spatial quality and arrangement:

"…[t]o increase the uses of natural resources and man made resources in efficient and effective way in order to improve the quality of human resources…" (Spatial Planning Act of 1992, Art. 3)

"…[r]ealizing national space regions those are convenient, productive…" (Draft of Spatial Planning Act of 2005, Art. 3).

The Annex of the draft of spatial planning act (2005) further defines "convenient" as "situation in which the people can express their social-cultural values and humanity", while "productive" means "process in which production and distribution activities run efficiently thus, are able to give economic added values for the people's prosperity and to increase competitiveness".

   Second, in relation to environmental protection, spatial planning is conducted to establish the protection of spatial functions and prevention and mitigation of negative impacts of spatial development to the environment:

   "…[t]o protect the functions of space and to prevent and to mitigate negative impacts
   to the environment…" (Spatial Planning Act of 1992, Art. 3; Draft of Spatial
   Planning Act of 2005, Art. 3).

More explicitly, Act 24/ 1992 stated that spatial planning is conducted to promote an "environmentally sound of uses of space". *Third*, principles of sustainable development are transformed into balance between development and protection. It is characterized by integration between natural, man-made, and human resources:

   "…[t]o realize the integration in the uses of natural resources and man made
   resources considering the human resources…" (Spatial Planning Act of 1992, Art. 3;
   Draft of Spatial Planning Act of 2005, Art. 3).

Finally, it is also recognized that spatial planning is intended to increase national integration and security. The uses of land should be "based on the Archipelago Concept (*Wawasan Nusantara*) and National Security (*Ketahanan Nasional*)" (Spatial Planning Act of 1992, Art. 3; Draft of Spatial Planning Act of 2005, Art.

3). In addition, the interests of national security should balance the interest of general welfare (Act 24/ 1992).

Table 3. 1
Goals of Spatial Planning

Act 24/ 1992, Article 3	Draft of New Act (2005), Article 3

Spatial planning (*penataan ruang*) aims at:
a. Promoting environmentally-sound uses of space based on the Archipelago Concept (*Wawasan Nusantara*) and National Security (*Ketahanan Nasional*);
b. Regulating uses of space in protected areas (*kawasan lindung*) and developable areas (*kawasan budidaya*);
c. Achieving quality of uses of space in order:
  1) To realize national existence that is intelligent, ethical, and prosperous;
  2) To realize integration in the uses of natural resources and man made resources considering the human resources;
  3) To increase the uses of natural resources and man made resources in efficient and effective way in order to improve the quality of human resources;
  4) To protect the functions of space and to prevent and to mitigate negative impacts to the environment;
  5) To achieve the balance between welfare and security interests.
	The implementation of spatial planning (*penataan ruang*) aims at realizing national space regions that are convenient, productive, and sustainable based on the Archipelago Concept (*Wawasan Nusantara*) and National Security (*Ketahanan Nasional*) in the framework of Unitary State of Republic of Indonesia (*Negara Kesatuan Republik Indonesia*) in order:
	a. To realize national existence that is intelligent, ethical, and prosperous;
	b. To realize integration in the uses of natural resources and man made resources considering the human resources;
	c. To protect the functions of space and to prevent and to mitigate negative impacts on the environment.

Planning, development, and control

In Indonesia, spatial planning comprises the planning of land, water, and air and natural resources therein for the sake of human life. Spatial planning is a national policy that integrates various space use-related policies. Spatial planning combines three main policy areas, which are spatial planning process (*perencanaan tata ruang*), spatial development promotion (*pemanfaatan ruang*), and spatial development control (*pengendalian pemanfaatan ruang*), in an integrated manner:

"Spatial planning (policy) as processes of spatial planning process (*perencanaan tata ruang*), spatial development promotion (*pemanfaatan ruang*), and spatial development control (*pengendalian pemanfaatan ruang*) is an integrated system that is not separated each other" (Annex of Act 24/ 1992).

Spatial planning process is plan-making activity. Spatial development consists of promotion of spatial development or uses of space, which can be done by government as well as other agents. Spatial development control is the activity of regulating spatial development in order to conform to the spatial plan. Although those have become policy areas of planning system, Act 24/ 1992 highly emphasizes on plan-making function. Meanwhile, Draft of Spatial Planning 2005 also emphasizes development control function besides of plan making function. In both documents, development promotion is narrowly translated into program-making and financing activities with unclear role of government.

Table 3. 2
Policy Areas of Spatial Planning

Act 24/ 1992, Chapter IV	Draft of New Act (2005), Article 1
Article 13 (1): Spatial planning (*perencanaan tata ruang*) is conducted through process and procedure of making and decision of spatial plan based on prevailing regulations. **Article 15 (1):** Spatial development promotion (*pemanfaatan ruang*) is conducted through implementation of spatial development program and its finance based on spatial plan. **Article 17:** Spatial development control (*pengendalian pemanfaatan ruang*) is conducted through monitoring and control of spatial development.	…. 13. Spatial planning (*perencanaan tata ruang*) is processes of making and decision of spatial plan. 14. Spatial development promotion (*pemanfaatan ruang*) is attempt to realize spatial structure and spatial development pattern in accordance with spatial plan through the making and implementation of program and its finance. 15. Spatial development control (*pengendalian pemanfaatan ruang*) is monitoring, evaluasion, and control of spatial development based on <u>zoning ordinance</u>. ….

Binding concept

The concept of planning system in Indonesia follows binding system in which development activities guided by legalised plans. These plans range from general plans to detail plans and indeed detail engineering plans. Plans are a guidance that is legally used by the government to determine the location of proposed or programmed development activities. These blueprint documents bind

the government, community, and private sectors who want to involve in land development. In theory, there should be no development approved without respecting the prevailing plans. Development proposals against the formulated spatial plans are subject to be rejected by the government. Although there is development permit instrument, which is discretionary in nature, it cannot be issued if it is against spatial plan (Draft of Spatial Planning Act 2005; Act 24/ 1992). This binding concept is formulated much clearer and more complete in the Draft of Spatial Planning Act 2005, which also includes zoning ordinance or regulation instruments and detail plans besides of general plans.

Structure of Institutions

Spatial planning in Indonesia is conducted from the highest to the lowest tiers of government. In other words, spatial planning is the responsibility of central, provincial, and local government. They have authorities on plan making, development promotion, and development control considering their legal jurisdictions. Act 24/ 1992 symbolizes strong hierarchical relation between different tiers of government. Meanwhile, Draft of Spatial Planning 2005 shows less hierarchical relation and indicates more coordination, supervision, and control relation between different tiers of government. According to Act 24/ 1992, the higher tier of government has decisive authority over the conflict resolution of spatial planning issues between lower tiers of government. In Draft of Spatial Planning 2005, this authority has been abandoned and the higher tier of government is only given the authority to facilitate the conflict resolution of the implementation of spatial planning between lower tiers of governments. In Draft of Spatial Planning 2005, higher tier of government however is given authority to carry out functions of spatial planning in lower tiers of governments in case they are not able do so.

The system demands various government bodies in each tier with different functions and authorities. At the national level, the central government appoints a ministry to carry out spatial planning works. In practice, Directorate General of Spatial Planning (*Direktorat Jenderal Penataan Ruang*), a division under

Ministry of Public Works (*Departement Pekerjaan Umum*) or former Ministry of Settlement and Regional Infrastructure (*Departemen Permukiman dan Prasarana Wilayah*), handles this function. To perform inter-sector coordination and spatial policy development at the national level, the government establishes inter-ministerial body called National Spatial Planning Coordination Committee or BKTRN (*Badan Koordinasi Penataan Ruang Nasional*). The members of this committee are all ministers whose functions relate to spatial policy. According to Draft of Spatial Planning 2005, this coordination committee can also be established at the provincial level. In relation to broader development planning function, the government also establishes National Development Planning Agency or Bappenas (*Badan Perencanaan Pembangunan Nasional*). In order to promote spatial-related development, the government establishes public corporations, e.g. National Housing Development Corporation (*Perum Perumnas*), Toll Road Corporation (*PT Jasa Marga*), and Rail Transport Corporation (*PT Kereta Api*).

Planning institutions at provincial and local level are less complicated but illustrating several missing functions. At these tiers, most of the making of the general plans activities are carried out by Regional and Local Development Planning Agencies (*Bappeda Propinsi* and *Bappeda Kabupaten/ Kota*). Meanwhile, development control function is devoted to specific executing agencies, namely Regional Spatial Planning Agency (*Dinas Tata Ruang Wilayah*) and Local Spatial Planning Agency or DTK (*Dinas Tata Kota*). Until now, there is no specific mechanism or bodies at sub-national level to promote spatial development.

Role of government, private sector and citizen

It is clear that spatial planning in Indonesia is the responsibility of the government. However, there is no attention on the importance of the role of the government investment in development promotion. Theoretically, both government and private sector can involve in the implementation of plan formulation or development promotion. In other words, there is an unclear active

role of the government in realisation of the plans, which in turn may threat the effectiveness of the plans.

Although spatial planning is the responsibility of the government, the citizen however has right to know the product of spatial planning. Therefore, the government should conduct socialization in order to inform the citizens about formulated plans and other planning products. In Act 24/ 1992, involvement in planning process is only matter of citizen right. Meanwhile, community involvement, moreover community participation, is considered as an important element in planning process based on Draft of Spatial Planning Act 2005. In the later, level of participation is even higher which at least should be conducted through public consultation.

Table 3. 3
Citizen Involvement in Planning Process

Act 24/ 1992, Article 4 (2)	Draft of New Act (2005), Chapter VII
Every citizen has right: a. To know spatial plan b. To involve in spatial plan making, spatial development process, and development control.	**Article 55** … (E)very citizen has right: a. To know spatial plan … **Article 57** 1) Spatial planning is carried out by government by involving community participation. 2) Form and mechanism of community participation in spatial planning is conducted at least through public consultation. …

Spatial plans and other instruments

Traditionally, spatial planning in Indonesia is often associated with the making of spatial plans (*rencana tata ruang*). Beyond spatial plans, Act 24/ 1992 briefly mentioned about planning permit, evaluation and monitoring. Draft of Spatial Planning Act 2005 offers some new instruments, mainly negative instruments, established to support development and control functions. In order to meet desired standards in spatial development, the government provides public service code (*standar pelayanan minimum*) and environmental code (*standar*

kualitas lingkungan). Besides, zoning ordinance (*peraturan zonasi)* is now introduced to make spatial development control become more effective.

Table 3. 4
Planning Instruments

Act 24/ 1992	Draft of New Act (2005)
Positive instruments: - general spatial plan (RTRW) Negative instruments: - planning permit (*izin pembangunan*) - monitoring and evaluation	Positive instruments: - general spatial plan (RTRW) - detail spatial plan (RDTR) Negative instruments: - public service code (*standar pelayanan minimum*) - environmental code (*standar kualitas lingkungan*) - development permit (*izin pembangunan*) - zoning ordinance (*peraturan zonasi*) - monitoring and evaluation

General spatial plans or RTRW (*rencana tata ruang wilayah*) are made in all tiers of government:

1. Central government makes National Spatial Plan or RTRWN (*Rencana Tata Ruang Wilayah Nasional*);

2. Provincial government makes Provincial Spatial Plan or RTRWP (*Rencana Tata Ruang Wilayah Propinsi*);

3. Municipality (*kota*) and District (*kabupeten*) make Municipal Spatial Plan or RTRW Kota (*Rencana Tata Ruang Wilayah Kota*) and Regional Spatial Plan or RTRW Kabupaten (*Rencana Tata Ruang Wilayah Kabupaten*).

RTRW kota and RTRW kabupaten are used as a basis in issuing permits for development locations. The higher tier of RTRW is also used as a guideline for the lower tiers of RTRWs. Each RTRW consists of structure plan (*rencana struktur ruang*), land use plan (*pola pemanfaatan ruang*), and development control guideline (*pedoman pengendalian pemanfaatan ruang*). Based on draft of new act 2005, the development control element can be made separately in detail spatial plan or RDTR (*rencana detail tata ruang*). RDTR is prepared when the planning area of RTRW is too large or complicated or for certain strategic area. At

the lowest scale, the government make Detail Engineering Design or RTRK (*Rencana Teknik Ruang Kawasan*) used for guiding and promoting investment in special areas.
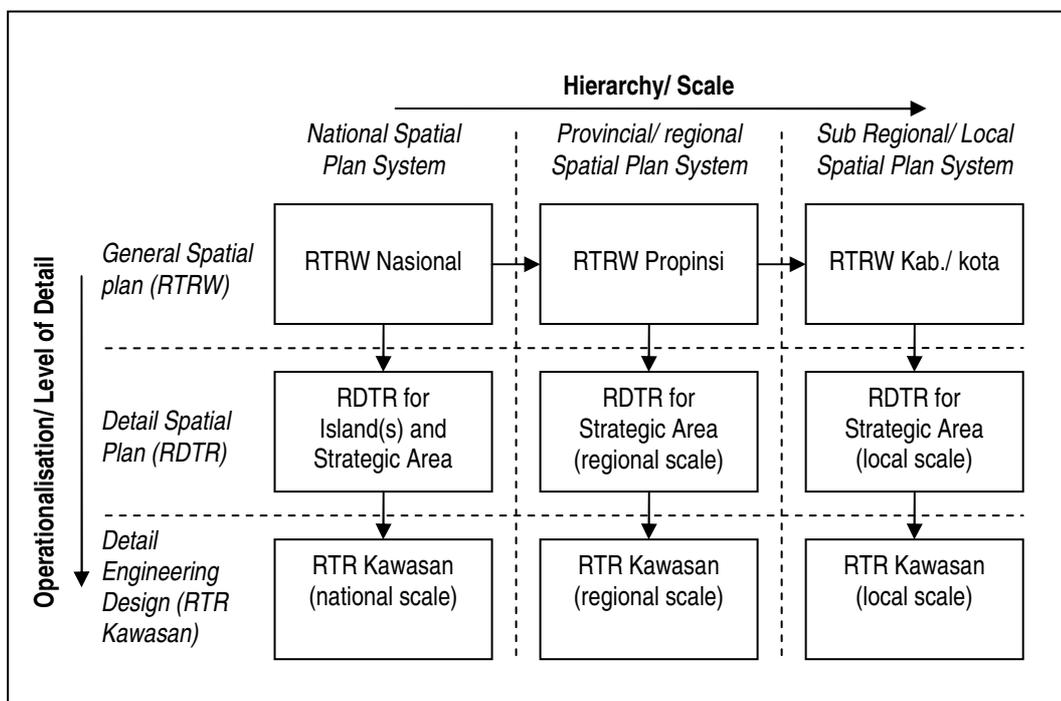

Figure 3. 1
Spatial Plan System

Development permit (*izin pembangunan*) is a permit given to the proposed development based on regulations, custom laws, and prevailing values (Annex of Draft of Spatial Planning Act 2005; Act 24/ 1992). The development permit aims at maintaining the location compatibility and the spatial quality. Since local spatial plans (RTRW Kota and RTRW Kabupaten) used as basis thus the issuance of such permits cannot be against those plans. The government should cancel permits that are against local spatial plans. Here we can see its difference with British permit system in which development permits can oppose spatial plans because those plans are only used as one of considerations. It is not the case in Indonesia because spatial plans are superior than other considerations in development permit procedure.

Zoning ordinance (*peraturan zonasi*) is a new instrument for controlling development introduced in Draft of Spatial Planning Act 2005. However, several

municipalities such as Jakarta, Bandung, and Cimahi have been practicing it since the last few years ago. Zoning ordinance is made based on spatial plan for each land use zone. Concept of zoning ordinance is briefly explained in Annex of Draft of Spatial Planning Act 2005:

"Zoning ordinance consists of stipulations that should and should not be done in certain land use zones, which can consist of stipulations concerning buildings, provision of services, utilities, settlement and other stipulations needed to realize convenient, productive, and sustainable spaces. Other stipulations needed are sectorial like stipulations concerning flight safety zone and high voltage electrical network".

3.3   The System and Its Dynamic

This chapter shows that planning system in Indonesia, as a transitional country, is dynamic. This changing situation can be seen in elements of goals, scope, concept, institutions, process, and instruments. The goals of spatial planning can be divided into four categories: spatial quality, sustainability, environmental protection, and national security. In its scope, the function of spatial development control is becoming more important in draft of new act 2005. Furthermore, binding concept is more apparent and clearer. The hierarchical arrangement between tiers of planning authorities is less important nowadays and coordination relation between them is increasing. Citizen involvement in planning process is becoming more important. Planning instruments are more complicated. Negative instruments are becoming more popular while at the same time the established positive instruments are maintained.

Indonesian planning system indicates incomplete adoption of integrated-comprehensive approach. As defined by European Commission (1997: 36-37), in this approach "spatial planning is conducted through a very systematic and formal hierarchy of plans from national to local level, which coordinate public sector activity across different sectors but focus more specifically on spatial coordination than economic development". However, in Indonesia this system is not supported

by strong public investment in the realisation of planning frameworks. In other words, it has weaknesses in development promotion element. Meanwhile, in other countries applying this system, e.g. the Netherlands and Nordic Countries, public sector investment is one of key elements that plays role in maintaining consistency between proposed spatial plans and their implementation.

Recently, through the promulgation of Draft of Spatial Planning Act 2005, the system also adopts some elements of North American land use management. In the later, growth and development control through rigid zoning and codes are applied. Nevertheless, in Indonesia the role of spatial plans made in all tiers of planning authorities are still important. Besides, land use management in Indonesia is not solely the responsibility of local government. All tiers of government to some extent have authorities to manage land use based on their scales and capacities.

The complexity in Indonesian planning system needs systematic explanation on its nature and development. What are the driving forces behind the dynamic of this system? Understanding the broader context in the dynamic of planning system can provide stronger explanation in order to develop a more effective system. Among others, formal-institutional forces are the most obvious factors that may explain the characteristics of the elements of the planning system discussed. This is elaborated in the next chapter.

CHAPTER 4
FORMAL-INSTITUTIONAL FORCES AND PLANNING SYSTEM IN INDONESIA

The previous chapter provides general picture of current Indonesian planning system. As explained in **Chapter 2**, planning system is not an isolated process but related to broader institutional processes. Therefore, this chapter addresses formal-institutional issues that play roles in the development of planning system in Indonesia. First, it describes the Indonesian case in two important factors identified in **Chapter 2**, which are form and structure of government and legal framework mainly related to land and property affairs. This description focuses on current condition. However, backward elaboration up to the beginning of the establishment of this country to lesser extent remains important in order to understand the stability and changes. Secondly, it explains how those factors drive the planning system, as described in **Chapter 3**. The conclusion of this chapter provides understanding concerning the extent to which formal-institutional forces, as part of internal driving forces, influence the development of planning system in Indonesia.

4.1 Formal-Institutional Frameworks

4.1.1 Form and Structure of Government

Found in post-World War II period, Republic of Indonesia has been designed to be a unitary state. This was clearly stated in the first constitution of 1945. Nevertheless, this country once was hardly forced to adopt federal state in 1949. This was part of Dutch propaganda in order to weaken the power of the new

establishing republic. It was well realized if the states under the federal republic were only "puppets of Dutch creation" that had lack support from the local leaders (Liddle, 1987, p. 93). Therefore, the national leaders decided to return to the unitary state in 1950. However, Liddle (1987) recognizes some significant changes since the beginning of the reconciliation of this new unitary state onward. An authentic representative democracy was firstly prevailed in 1950. However, challenges to consolidate territorial and political stabilities combined with power exercises of personal leaders then shifted the republic to move towards centralistic and authoritarian government since 1959. The first was guided-democracy (*demokrasi terpimpin*), which was characterized by charismatic personal leadership of President Sukarno (1959-1965). Secondly, New Order (*Orde Baru*) under President Suharto promoted military- and bureaucracy-dominated political system throughout the country (1966-1998). The later has strong legitimacy mainly due to slogan of development promotion – or chiefly economic growth – but demanded huge costs to cover inefficiency and to maintain its throne. This repressive regime built its own time bomb. Economic crises followed by multidimensional crises finally tore down the centralistic New Order. From 1998 onward, a decentralized and democratic republic has been developed.

The 1945 Constitution of Republic of Indonesia has been a base to determine the form of government. During the New Order era, this constitution was treated as sacral document that cannot be amended for any reason. It was not strange since the constitution was very general and incomplete thus had many loopholes, which were used by the government to legitimate its repressive practices. Only after the raise of reformation in 1998, the amendment has been begun. The People's Consultative Assembly (MPR) has accomplished considerable amendments on the constitution in 1999, 2000, 2001, and 2002. However, some fundamental principles are still maintained, included the unitary form of government.

The form of unitary state is legitimised by article 1, paragraph 1, of the 1945 Constitution, which states: "the State of Indonesia shall be a unitary state, with the form of a Republic". Like in other unitary state, the ultimate power

resides with the central government. The authority to make laws is consequently given to the central government, in which the laws prevail in all regions.

Indonesia adopts three-tier structure of administration. There are three levels of the government in this structure, which are the central government, the provincial government, and the local government. The local government consists of *kota* (municipality) and *kabupaten* (district). During the New Order era, number of these administrative regions was fixed. Meanwhile, the last two regional administration acts (1999 and 2004) provide more opportunity for establishing new administrative regions, both provinces and *kota* or *kabupaten*. As the result, Ministry of Home Affairs records fast increasing in number of administrative regions. The number of province has increased from 26 to 33, included two special territories (Aceh and Yogyakarta) and one special capital (Jakarta). Moreover, the number of *kabupaten* and *kota* until 2004 has increased significantly up to 349 and 41 respectively.

The *Kabupaten* and *kota* are not the lowest tiers in the Indonesian government structure. There are also *kecamatan* (sub-district). The lowest tiers are *desa* (for rural area) and *kelurahan* (for urban area). *Desa* is the smallest legal administration unit in rural area, which is traditionally self-governing and acknowledged considerable autonomy by the government.

Table 4. 1
Administrative Regions by Province

No	Province	Total		Area (km²)	Population (2004)
		Kabupaten (District)	*Kota* (Municipality)		
1	Nanggroe Aceh Darussalam	17	4	56,500.51	3,899,290
2	North Sumatra	18	7	72,427.81	12,333,974
3	West Sumatra	12	7	42,224.65	4,549,383
4	Riau	9	2	87,844.23	4,546,591
5	Jambi	9	1	45,348.49	2,698,667
6	South Sumatra	10	4	60,302.54	6,798,189
7	Bengkulu	8	1	19,795.15	1,610,361
8	Lampung	8	2	37,735.15	7,161,671
9	Bangka Belitung Islands*)	6	1	16,424.14	1,018,255
10	Riau Islands*)	4	2	8,084.01	1,198,526
11	Jakarta Special Capital	1	5	740.29	9,111,651
12	West Java	16	9	36,925.05	39,130,756
13	Central Java	29	6	32,799.71	32,952,040
14	Yogyakarta Territory	4	1	3,133.15	3,279,701
15	East Java	29	9	46,689.64	37,076,283
16	Banten*)	4	2	9,018.64	9,127,923
17	Bali	8	1	5,449.37	3,487,764
18	West Nusa Tenggara	7	2	19,708.79	4,161,431
19	East Nusa Tenggara	15	1	46,137.87	4,174,571
20	West Kalimantan	10	2	120,114.32	4,078,246
21	Central Kalimantan	13	1	153,564.50	1,902,454
22	South Kalimantan	11	2	38,884.28	3,245,705
23	East Kalimantan	9	4	194,849.08	2,950,531
24	North Sulawesi	6	3	13,930.73	2,159,787
25	Central Sulawesi	9	1	68,089.83	2,324,025
26	South Sulawesi	20	3	46,116.45	7,475,882
27	South East Sulawesi	8	2	36,757.45	1,965,958
28	Gorontalo*)	4	1	12,165.44	916,488
29	West Sulawesi*)	5		16,787.19	966,535
30	Maluku	7	1	47,350.42	1,330,676
31	North Maluku*)	6	2	39,959.99	912,209
32	Papua	19	1	309,934.40	1,841,548
33	West Irian Jaya*)	8	1	114,566.40	566,563
	Total	**349**	**91**	**1,860,359.67**	**220,953,634**

*) New provinces established between 2001-2003

Source: Ministry of Home Affairs (2005)
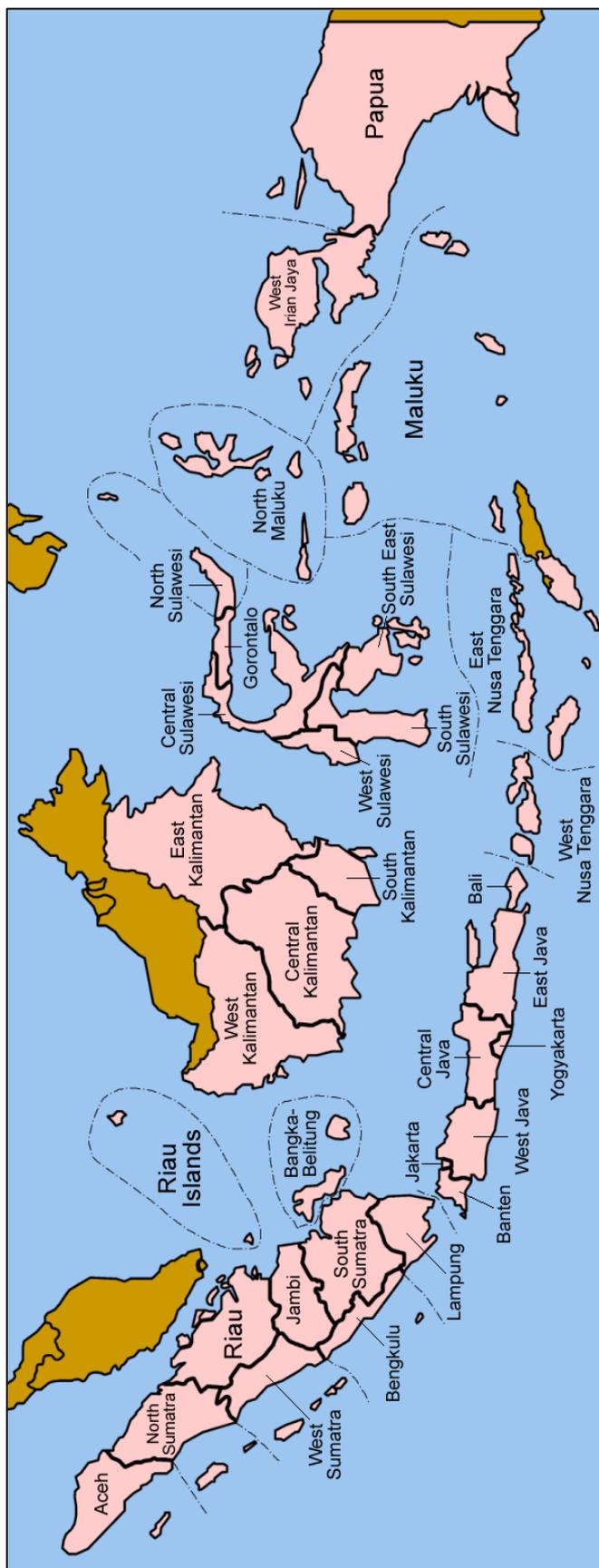
Figure 4. 1 Map of Regional Administrative Boundaries

Before the Regional Administration Act of 1999 prevailed, Indonesia adopted a very hierarchical structure of government from central to the lowest tier of government. The higher tier of government has authority to influence the administration in lower tiers. At the same time, the lower tier of government should follow all rules set by higher tiers of government. Made in the period of decentralisation euphoria, the Regional Administration Act of 1999 had removed most of these rigid vertical relationships. Furthermore, it put province and *kabupaten/ kota* on the same level of authority. This caused the marginalisation of the role of provinces in coordinating administration and policy among *kotas* and *kabupatens* in their regions. Therefore, in order to improve spatial harmony and inter-tier coordination, the new regional administration act (2004) has added more responsibilities as well as regional coordination functions to the provinces.

In a unitary state, central government may delegate some of its responsibilities to the lower tiers of government (European Commission, 1997). In Indonesia, distribution of responsibilities among tiers of government is regulated in regional administration act. There have been three regional administration acts prevailing in Indonesia, which were promulgated in 1974, 1999 and 2004. According to those acts, government administration is carried out based on decentralisation, special assignment (*tugas pembantuan*), and deconcentration principles. Decentralisation is *transfer* of authority from the central government to lower tier of government to manage and organize administration affairs autonomously. Special assignment is mandate from higher tier of government to lower tier of government to carry out particular task. Deconcentration is *delegation* of authority from central government to vertical department or lower tier of government as representative of central government in particular region.

It was clear that Regional Administration Act of 1974 emphasised only deconcentration and special assignment. There were very limited responsibilities transferred to provinces and *kabupatens/ kotas* based on decentralisation principle. Meanwhile, regional administration acts of 1999 and 2004 have extensively promoted decentralisation instead of deconcentration and special assignment in administrating government services. According to the new regional administration

act (2004), there are only five affairs still belong to central government, which are foreign affairs, defence, national security, justice, monetary affairs, and religion

> "Administration affairs that belong to central government affairs… comprise:
> a) foreign affairs;
> b) defence;
> c) security;
> d) justice;
> e) monetary and national fiscal; and
> f) religion" (Art. 10, par. 3).

The rest of government responsibilities outside those affairs are transferred to the provinces and *kabupatens/ kotas* based on decentralisation principle. Province and *kabupaten/ kota* have the same responsibilities but in different (spatial) scales. Deconcentration principle is only applied to very limited affairs that are still the responsibility of central government as mentioned above. Moreover, the later is now only mandated to the provincial government in order to undertake one of its roles as representative of central government in its region.
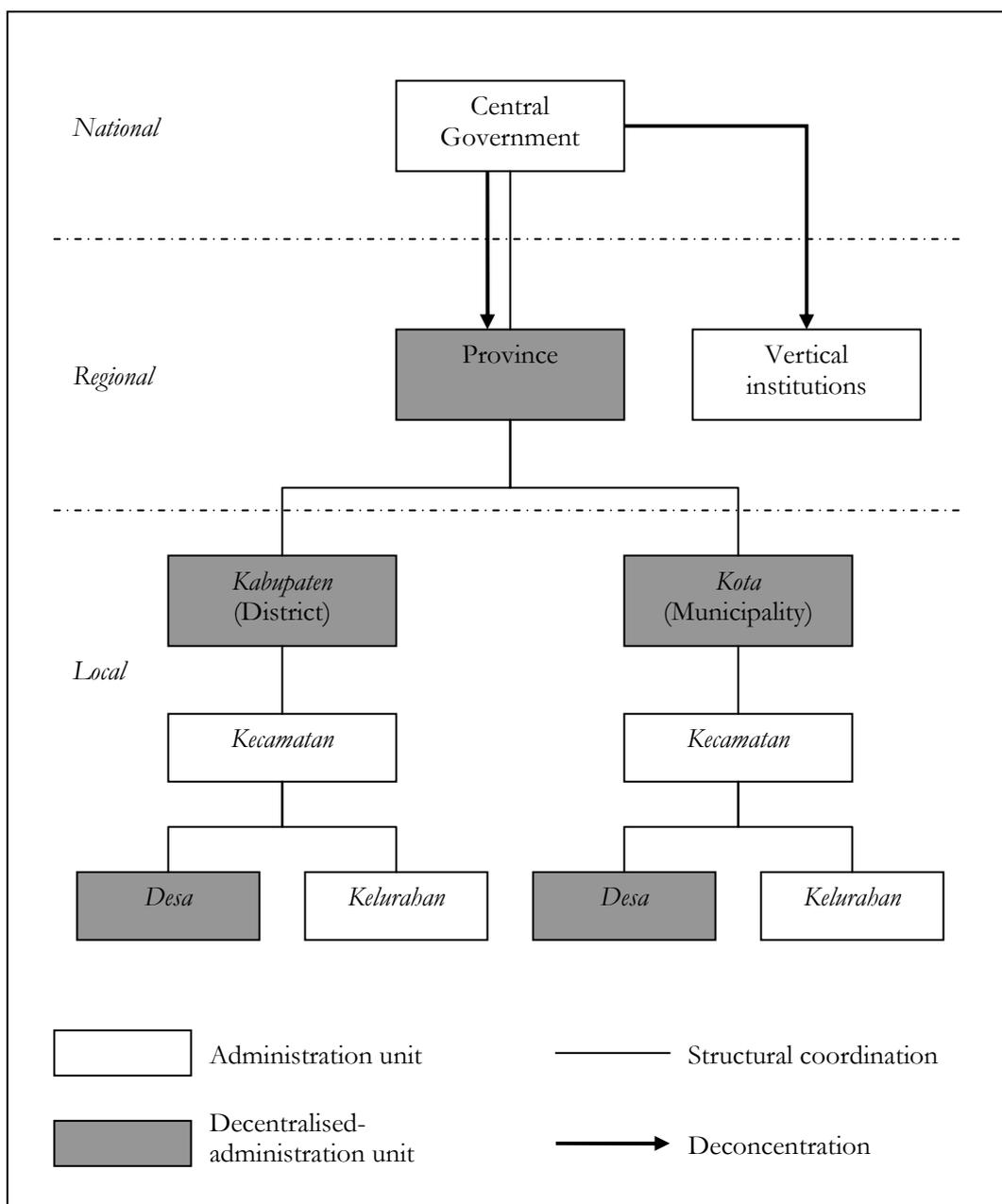
Figure 4. 2
Administration Structure

4.1.2 Legal Framework for Land and Property Affairs

In Indonesia, legal framework for spatial affairs is socialistic in nature. Strong control of the state over land and property is stated in the 1945 Constitution as follows:

"The land and the waters [and the space] as well as the natural riches therein are [at the highest level] to be controlled by the state [in order] to be exploited for the greatest benefit of the people" (Par. 3, art. 33).

Furthermore, Basic Agrarian Act of 1960, which is basis for land policy and regulation in Indonesia, translates this right into some basic state authorities concerning the land. First, the state may use and develop the land. As the second authority, the state regulates legal relation between the people and the land. Finally, the state also regulates legal actions of the people upon the land.

According to Basic Agrarian Act of 1960, all parties, including the state, can use and develop the land. However, since land has inherent social functions, the state must prevent all attempts to run monopolistic private business upon the land. Monopolistic use of land by government can only be executed based regulation. Besides, land title granted by government to individual or legal entity only concerns with "interests that directly connected with land uses" (Basic Agrarian Act of 1960, Art.4, Par. 2). In order to promote sustainable development, the use of land should as much as possible improve its fertility or quality. The use of land also should consider low-income groups and every land title could be defeated by public interest (Ali, 2003).

In order to make state control upon the land become more possible, Basic Agrarian Act of 1960 determines the maximum and/ or minimum size of lot that a family or legal entity can hold. In addition, it also limits the period by which an entity can hold a certain land title. Furthermore, Basic Agrarian Act of 1960 divides land titles into several categories based on type and degree of control of the holder over the land. Several important land titles need to be distinguished here, which are Freehold Title or HM (*Hak Milik*), Cultivation Rights Title or HGU (*Hak Guna Usaha*), Building Rights Title or HGB (*Hak Guna Bangunan*), and Right to Use Title or HP (*Hak Pakai*). To a lesser degree, there are also other legal land titles, which are Right to Rent for Buildings, Land Clearing Rights, Forestry Rights, Water Use and Fisheries Rights, Airspace Use Rights, and Land Title for Social and Religious Purposes. All these titles are issued by National Land Agency or BPN (*Badan Pertanahan Nasional*).

Among others, Freehold Title (*Hak Milik*), as hereditary right, is the strongest and fullest title that possible to be obtained (Basic Agrarian Act of 1960). Freehold title is individual title that may only be obtained by Indonesian citizens or by "Indonesian legal entities that are entirely owned and controlled by Indonesian citizens" (Dean, 2003, par. 14). This requirement ensures that full control over the land can only be given for individual social uses or public interests. There is no possibility for direct private business as well as foreign interests in freehold title.

The other three titles have less control over land since they require limitation of lot size and holding period. The Cultivation Rights Title or HGU is "the right to use a state-owned land for the purpose of agriculture, in particular plantations, fishing or cattle-raising" (Dean, 2003, par. 17). HGU is granted to lot with area of 5-25 hectares for periods of 25 or 35 years and can be extended for another 25 years. The Right to Use Title or HP is "the right to construct and own buildings on a piece of land that someone else owns for period of 30 years at the most" and can be extended for another 20 years (Basic Agrarian Act of 1960, art. 35, par. 1). The Right to Use Title or HP is the right to use land owned by someone else or government for any purpose for a period of 25 years, and can be extended for another 20 years. Those titles can be granted to Indonesian citizen as well as Indonesian legal entity. Meanwhile, foreign individual and entity can only hold Right to Use Title.

Although those titles have considerable legal base, on behalf of public interests, government however can abandon or release them from individual or certain legal entity with fair compensation and legal procedure (Basic Agrarian Act of 1960). These public interests mainly concern with land acquisition for development that promotes society need. There are twenty-one types of development considered as promoting public interests (Government Regulation of 2005 No. 36), which can be included in public infrastructure, public services, and public utilities.

4.2   The Influences on the Planning System

The previous section describes formal-institutional development related to form and structure of government and legal framework for land and property affairs in Indonesia. The formal-institutional forces have direct impacts on spatial planning system. This section explains how those formal-internal forces influence the shape of current planning system described in **Chapter 3**. The explanation is given to the elements of planning system classified in **Chapter 2**, which are goals, scope, concept, structure, process, and instruments.

Broad goals

The 1945 Constitution claims "the greatest benefit of the people" as the crucial rationale behind the strong control of the state over the exploitation of land, waters, space and natural resources (art 33, par. 3). This is a good precondition to justify government effort to promote comprehensive goals of spatial planning comprising spatial quality, sustainable development, environmental protection, and national security. Particularly the good spatial quality is impossible to achieve without the existence of this pervasive government. Meanwhile, protection and maintenance of resources and special attention on poor society as parts of sustainability principles are clearly stated in Basic Agrarian Act of 1960, which is major legal framework for land and property affairs:

"Maintaining land (and soil), including improving its fertility and preventing its destruction, is the responsibility of every people, legal entity, or government body that has legal relation with the land considering the consequences to the low-income people" (art. 15).

In addition, the importance of national security in spatial planning can be explained by the fact that Indonesia is a large and diverse country that applies unitary state thus territorial unity and cultural integrity have become a paramount for this country.

Comprehensive scope and role of government

At the highest level, the 1945 Constitution appoints the state to control the use of land, waters, space and natural resources. This socialistic nature of constitution is furthermore translated into broad state capacity in relation to land policy to use and develop the land and to regulate legal relation between the people and the land and between legal actions of the people upon the land (Basic Agrarian Act of 1960). Planning system has been developed comprehensively in order to facilitate the broad authorities of government in land and property affairs. Comprehensive scope of planning system can be recognized in the integration of three policy areas, which are plan-making process (*perencanaan ruang*), development promotion (*pemanfaatan ruang*), and development control (*pengendalian pemanfaatan ruang*) (Spatial Planning Act of 1992; Draft of Spatial Planning Act of 2005).

The pervasive role of government occurs particularly in the areas of plan-making and development control. The Act obliges all tiers of the government to make spatial plans in order to direct spatial development in their regions. It is also mentioned that the spatial plans solely cannot be used to control the spatial development. Therefore, a controlling guidance is also needed to make the spatial plans become operable.

Single structure of planning system

Indonesia is a unitary state in which only central government can make laws or acts and they are applied throughout the whole regions of the country. Centralised planning laws in turn drive the country to apply single structure of planning system. As the result, the system uses universalised approaches and standards in many planning requirements. Spatial diversity among different regions is poorly accommodated. Adjustments are only given to prevent technical problems. Variations in level of detail of map for spatial plans are adjusted for different scale of plans and planning areas (Government Regulation no. 10/ 2000). Sizes of urban residential facilities are classified based on scale of services and statistical measures like population, area and density (Ministry of Public Works,

1987). There are still limited attentions on differences in local culture and value system, which in fact characterise regions in Indonesia.

Citizen participation in planning process

Decentralisation in Indonesia has not been applied until the implementation of Regional Administration Act of 1999 in 2001. However, its application in spatial planning has been started since the promulgation of Spatial Planning Act in 1992, in which all tiers of government are given authorities to apply spatial planning based on their scales. Citizen involvement is also considered as important element in spatial planning, in which "[e]very citizen has rights: to know spatial plan; to involve in spatial plan making, spatial development process, and development control …" (Spatial Planning Act, 1992, Art 4). The rights of citizen in spatial planning is strengthened in Government Regulation of 1996 (No. 69), Art. 2:

"In spatial planning, the citizen has rights: to participate in the processes of plan-making, development, and development control; to know transparently the general spatial plan, detail spatial plan, and detail engineering design; to enjoy the benefit of space and its added value as the result of spatial planning; to obtain fair compensation impacted by the implementation of development activities based on spatial plan".

The new Regional Administration Act (2004) validates decentralisation principle in spatial planning act, which is now being updated. Decentralisation is one of principles in regional autonomy, which means "rights, authorities, and obligations of autonomous administration unit to regulate and to manage their own administration affairs and local citizen interests…" (Regional Administration Act, 2004, art. 1). The importance of local citizen aspirations is applied later in spatial planning, in which "spatial planning is carried out by government by involving community participation… form and mechanism of community participation in spatial planning is conducted at least through public consultation" (Draft of Spatial Planning Act of 2005, Art. 57). This means decentralisation has improved citizen participation in spatial planning from level of informing (Spatial

Planning Act of 1992) to level of consultation (Draft of Spatial Planning Act of 2005).

Inadequacy and dissonances

In spite of the considerable influences as explained above, formal-institutional forces also contain inadequacy in explaining the concept and instruments used in the planning system. In addition, dissonances are also found in some parts of the elements. According to the Regional Administration Act of 2004, spatial planning is not included in five affairs that still belong to capacity of central government:

> "Administration affairs that belong to central government affairs… comprise:
> a) foreign affairs;
> b) defence;
> c) security;
> d) justice;
> e) monetary and national fiscal; and
> f) religion" (Art. 10, par. 3).

Meanwhile, the draft of Spatial Planning Act of 2005 still entails the role of central government to carry out national spatial planning work:

> "The authority of central government in national spatial planning… comprises:
> a) The making of National Spatial Plan
> b) The making of development program and its finance
> c) The development control at the national level" (Art. 8, par. 2).

Besides, socialistic and powerful role of the state in land and property affairs cannot maintain their pervasive involvement in public investment to promote development formulated in the plans.

Table 4.2 below summarizes the influences of the formal-institutional forces on the planning system in Indonesia. It is clear that both form and structure of the government and the legal framework influence the elements of the system. However, they still cannot provide any explanation on the concept of the planning

system. The other empty boxes (dashed) show the unaffected elements of planning system, which among others can be explained by the other driving forces as described in **Chapter 5** and **Chapter 6**.

Table 4. 2
The Influences of Formal-Institutional Forces on
Planning System in Indonesia

Elements of Spatial Planning Influenced	Formal-institutional Forces	
	Form and Structure of Government	Legal Framework for Land and Property Affairs
Goals	National security	Broad goals
Scope	-	Integrated-comprehensive scope (plan-making, development, control)
Concept	-	-
Structure of institution	Single structure of planning system, universalised standards and norms; spatial planning capacity in lower tiers of government	-
Process (role of actors)	Importance of citizen participation (informing and consultation)	Strong role of government in plan-making and development control
Instruments	-	Strong and detail spatial plans

4.3   Concluding Remarks

In the first section, this chapter discusses formal institutional forces that possibly influence the development of planning system in Indonesia. They are divided into two parts, which are form and structure of government and legal framework for land and property affairs. Indonesia is a unitary state in which ultimate power, including capacity to make laws, lies on the central government. Since 2001, the former centralised structure of government has turned into highly decentralised structure. Most of the administration affairs, including spatial planning, have been transferred from the central government to the provincial and local government (*kabupaten/ kota*). In relation to land and property affairs, the 1945 Constitution offers socialistic roles of the state to control the use of land,

waters, spaces, and natural resources for the greatest benefit of the people. The Basic Agrarian Act of 1960 translates this into broad state capacity in relation to land policy, which are authorities to use and develop the land and to regulate legal relation between the people and the land and between legal actions of the people upon the land.

Subsequently, the next section of this chapter shows us some considerable direct influences of these forces on particular elements of the current planning system. The maintained unitary state asserts territorial integrity and national security as foundation. It also gives consequence on single structure of planning institution and universalised planning approaches and standards. Special attention on the greatest benefits of all people, poor society, and resources maintenance explain the need for sustainability goal in planning system. Strong control and socialistic role of the state demand a broad goals and comprehensive scope of planning system, strong role of government in plan-making and development control, and domination of positive instruments, particularly spatial plans. Finally, regional autonomy strengthens the decentralisation in the structure of planning institution and the importance of citizen involvement.

Despite considerable influences as explained above, formal-institutional forces also contain inadequacy and dissonances in explaining some elements of planning system, particularly concept, instruments, hierarchical structure, remaining role of central government, and lack of public investment in plan realisation. The explanation for these is two folds. First, Indonesia as transitional country is facing political instability in which formal-institutional forces change rapidly. Therefore, they cannot be used completely to explain the entire elements of planning system. For this reason, the role of informal-cultural forces is more robust in explaining characteristics of some elements of planning system as illustrated in the next chapter. Second, the influences of international institutions and powerful countries in many developing countries are becoming more significant in this globalising world, in which formal-institutional forces are parts of its product. For the later, the illustration of the influences of globalising neo-liberal ideas on planning system is more relevant as explained in **Chapter 6**.

CHAPTER 5
INFORMAL-CULTURAL FORCES AND PLANNING SYSTEM
IN INDONESIA

While **Chapter 4** discusses significance of formal-institutional frameworks in development of planning system, this chapter concerns about informal-cultural forces that may directly or indirectly influence the shape of planning system in Indonesia. They are more fundamental but often less obvious issues. As designed in **Chapter 2**, the discussion focuses on planning culture rooted from basic ideas about political culture, governance tradition, and state-society relation. They are derived mainly from national culture or regional values that also have significance at the national level. Resistance and stability of the values or culture in longer time, particularly from the late kingdom ages to the current situation, are put more attention since they can be considered as the more robust ones. These are the main themes discussed in the first section of this chapter. Secondly, this chapter identifies their influences on planning system in Indonesia. In the last section, some remarks are provided in order to conclude our discussion.

5.1   Political Culture and Governance Tradition

5.1.1   Unity in Diversity?

Stretched along the equator, Indonesia is the largest archipelago in the world. It has been famously labelled "emerald of equator". It has 17.506 registered islands or 18,108 islands according to satellite image. About 7,000 of those are inhabited. Indonesia is the 15th largest country, in which its land

encompasses the area of 1,919,440 km². However, together with the waters connecting those islands, the total area is around 5.8 millions km^2. It exceeds the length of Europe or USA from the east to the west.

Indonesia is the world's fourth most populous country. In 2004, the Central Statistics Bureau (BPS) estimated Indonesian population 221 millions. This number could be even higher as CIA's Factbook recorded 242 millions for Indonesian population in 2005. Besides, inequality also characterizes the complexity of Indonesia. As an indication, Java is the most densely populated island in the world (1011/ km^2). It only contributes to 7 percent of Indonesia's land area but it is home for almost 60 percent of Indonesia's population.

Indonesia is located between two continents, which are Asia and Australia/ Oceania. This strategic position has great influences on culture, social, politic, and economy. Therefore, Indonesia has long history of interaction with foreign cultures. The culture of global interaction in Indonesia has been working since two millennia ago. Nevertheless, these external influences create a new different culture, which is henceforth can be regarded as the national culture, due to Indonesian capacity for adopting forms, models, and norms from foreign cultures without being homogenised in the process (Cowherd, 2005). In the first millennium, Buddhist and Hinduism culture from India greatly influenced the Indonesian culture. Then, Indonesia's first half of second millennium was characterized by the influence of the Islamic culture from the Middle East. Later on, western cultures during colonial periods also gave other dimension on Indonesian culture although large parts of them were rejected. They have been contributing to the development of national culture. Many parts of them persist in the face of current globalisation.

Indonesian society is highly pluralistic. Liddle (1988) underlines two main objects of diversity within Indonesian society. Firstly, Indonesia is agglomeration of hundred distinct ethnicities, languages, and cultures. The total number of languages or ethnic groups for Indonesia is 742, and the province of Papua alone has some 269 different ethnic groups. Among others, Javanese is the biggest ethnic, who mainly inhabit the central and eastern parts of Java Island. In smaller

number, they are also sparsely distributed in developed parts of some other big islands. Since they comprise about half of total Indonesian population, this highly contrast pattern is often simply resolved into dichotomy between Javanese and non-Javanese. In a spatial perspective, Javanese often combined with Sundanese and other smaller ethnics, who occupy the western part of Java. This leads to more visible dichotomy between Java (*Jawa*), in which 60 percent of the population live, and Outer Islands (*Luar Jawa*). Besides, there are also Indonesian Chinese who make up only four percent of the population but are economically very powerful minority in most of big cities as well as in national scale businesses. Due to their exclusiveness and as the impact of Chinese privilege during the Dutch colonisation, they are not regarded as natives (*pribumi*) by most of other Indonesian. Therefore, another dichotomy, and furthermore conflict, has risen between natives (*pribumi*) or indigenous Indonesian and non-natives (*non-pribumi*) or Indonesian Chinese.
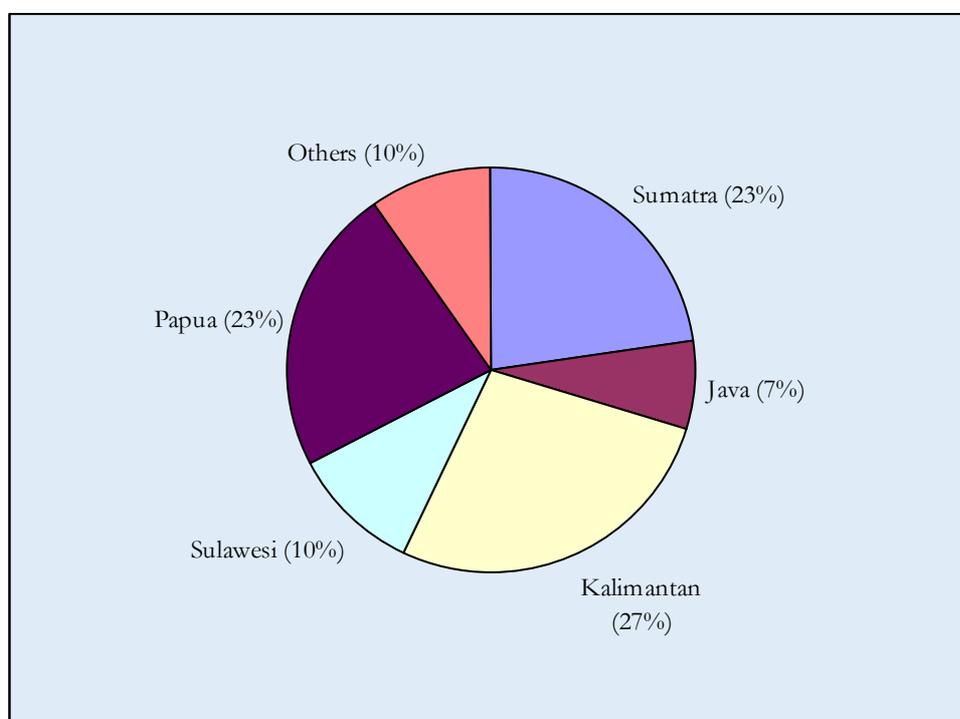

Figure 5. 1
**Percentage of Area by Major Island**
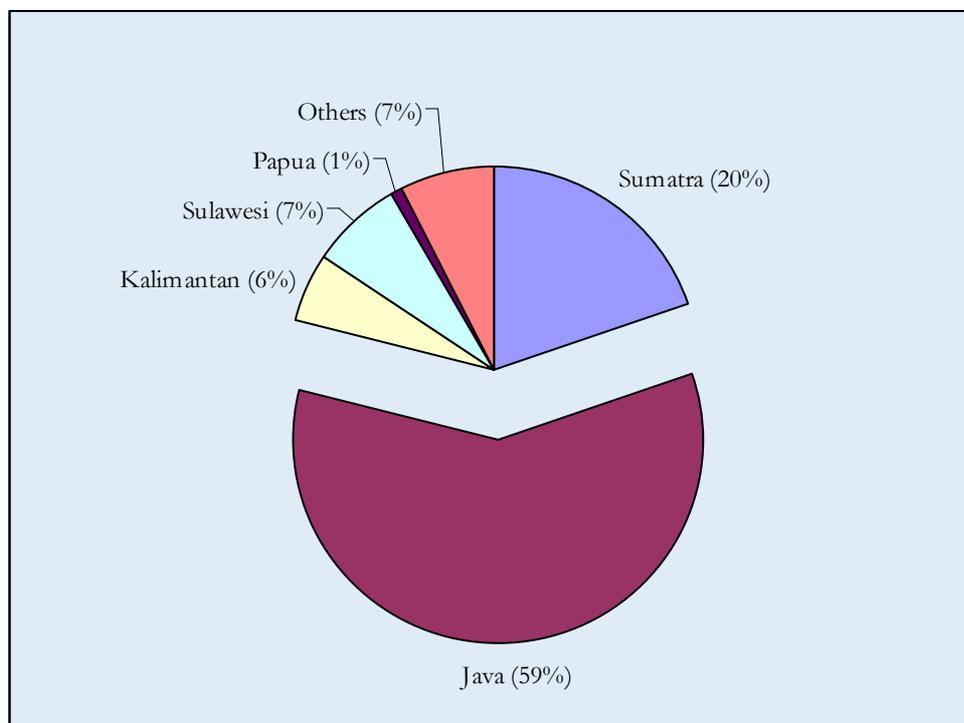
Figure 5. 2
Percentage of Population by Major Island

Secondly, according to Liddle (1988) religious pluralism is also an important element of diversity in Indonesian society. Having 88% Moslems, Indonesia is the world's largest Moslem country. However, this figure is misleading both culturally and politically. In fact, only one-thirds of Javanese Moslems have strong belief and practice in Islam without any influence from other value systems. They are called *santri* (devout Moslems). The rests of Javanese Moslems have weak belief and practice of Islam. Besides, they have mixed Islam with pre-Islamic Hinduism and indigenous animism, which virtually forms a separate religion. The latter are labelled *abangan* (syncretists). Both groups have been politically powerful. In contrast, most of non-Javanese are devout Moslems. Therefore, there is considerable overlap between *santri-abangan* religious and Outer Islands-Java ethnic distinctions although they are not identical. Besides, the Christian minority are also comparably powerful group. Consisting of 8% of the total population, they are small in number. However, they

are highly educated and historically placed in strategic social positions. Most of Indonesian Chinese also belong to this group.
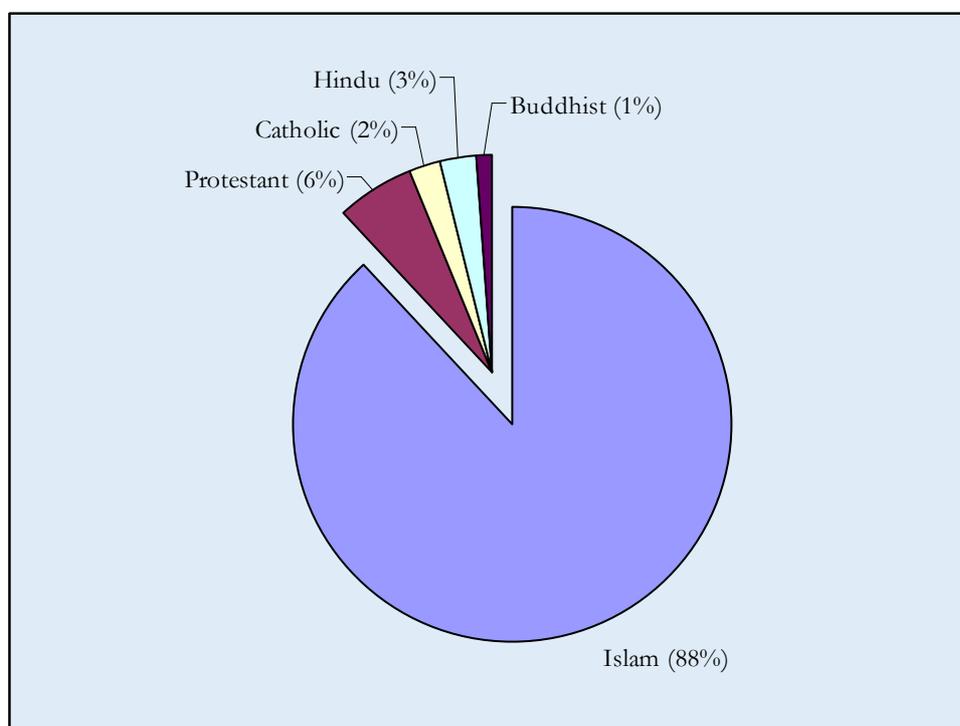
Figure 5. 3
Percentage of Population by Religion

Furthermore, these cultural dichotomies are sharpened by different ideas about social structure. Liddle (1988) mainly distinguishes two different ideas developed by Javanese-*abangan* and Outer Islands. Firstly and the most influential is Javanese idea of bureaucratic-stratified social structure:

"…Javanese *abangan* political elite are the most-status conscious and hierarchy-minded in the world. The powerful *priyayi* aristocratic class, like the wet rice based Hinduised kingdoms, was long ago emasculated by the Dutch. *Priyayi* values, however, adapted easily to the bureaucratic administrative style of colonial rule and continue to pervade upper class Javanese thought and culture today.

Independent Indonesia's Javanese bureaucrats, like their pre-colonial and colonial *priyayi* predecessors, distinguish sharply between themselves and the *rakyat* (people)

or *wong cilik*, "little people" or common people. The latter have long had a reputation for extreme deference to the wishes of their social and political superiors" (Liddle, 1988, p. 65).

Having smaller agricultural surplus, most of Outer Islanders in contrary did not elaborate social structure as sophisticated as Javanese. Global and inter island trade characterised their culture a lot. After the thirteenth century, Islamic culture strongly influenced commercial port cities throughout the archipelago followed by Christianity of European after the sixteenth century. As the result, the Outer Islanders had a more egalitarian social relation than Javanese. Besides, a strong paternalistic in state-society relation is also found in Outer Islands though it was rooted particularly in the Javanese aristocratic culture (Liddle, 1988; Cowherd, 2005). In turn, the structured groups based on ethnicity, religion and state-society relation to some extent describe a corporatist order within Indonesian society. The later is further explained in the next section.
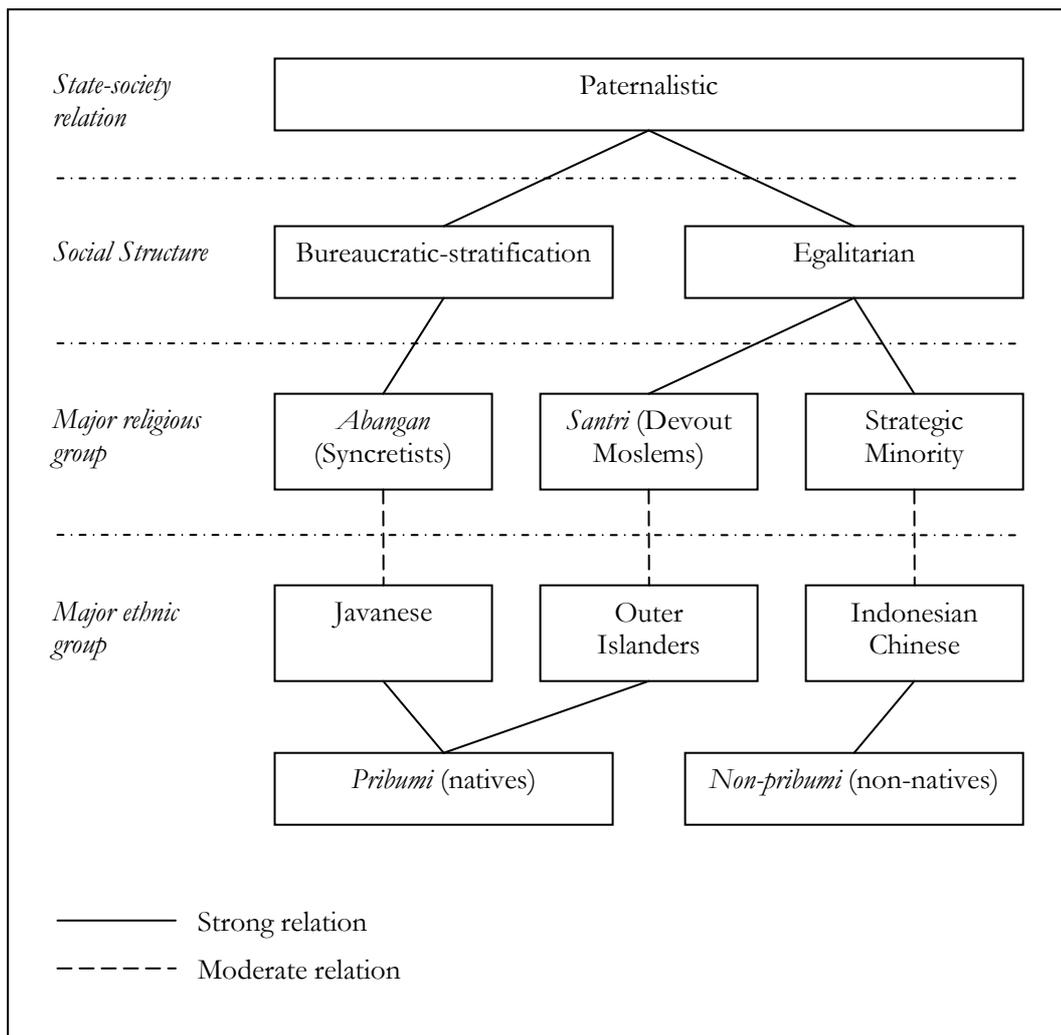
Figure 5. 4
Major Pillars in the Indonesian Society

It is clear that multidimensional diversity symbolizes Indonesian society. As the result, cultural integration had been paramount for national leaders. They are two traditional conceptions used to justify Indonesian culture. Firstly, every value derived from local culture and not borrowed from foreign is considered as a national culture. Secondly, a national culture was simply promoted from widespread fine art traditions. Both have been common misconception in understanding national culture. Liddle (1988, p. 66) argues modernisation process as "reagents in ongoing chemical reaction" is a better way to define national culture of Indonesia. This conception is supported by the well-known ability of Indonesian society to adopt values from foreign cultures and to adapt them to gain

new meanings within persistent traditional culture (Cowherd, 2005). According to this conception, the development of *Bahasa Indonesia* as national language can be regarded as a relevant example of a national culture. It is also one of the great success stories of cultural integration in the Third World. *Bahasa Indonesia* was based on Malay, which has been lingua franca for trading across the archipelago since a long time ago, and combined with some elements of European modernisation. However, including foreign-derived modernisation process as element of national culture has weakened its value, mainly in relation to the search for cohesive common ground.

In fact, Indonesia has no complete single culture. Therefore, it is more useful to study particular local or regional cultures that are influential without neglecting other regions. For example, most of Outer Islands will not agree to adopt Javanese values as national culture but it is inevitable if Javanese ideas have long been influencing in many ways. Javanese was the only ethnic who have ever once succeeded to consolidate the archipelago, which was larger than current Indonesia, in the eight century under Majapahit Kingdom. Meanwhile, Malay had long played important role in inter islands communication through maritime trade. In essence, specialisation of national culture based on significance of regional or ethnic values can provide stronger explanation on basic culture of Indonesia.

Having large cultural diversity, Indonesian has made strong ideological attempts in order to maintain their integrity. Among others, there is national motto in Sanskrit phrase "*Bhinneka Tunggal Ika*", which literally means "many as one" or officially translated "unity in diversity". It reflects the idea of coexistence and balance between cultural diversity and national integrity. This is in contrast with the American conception, which promotes diversity into unity. Besides, *Pancasila* or "the Five Principles" is the state ideology created in 1945. It is an important tool for the promotion of nationality and national identity. It consists of (1) belief in the One and Only God, (2) just and humanity, (3) the unity of Indonesia, (4) democracy guided by the inner wisdom of deliberations amongst representatives and (5) social justice for all of the people of Indonesia.

In practice, the efforts to maintain territorial unity and cultural integrity are often translated into a centralistic and hierarchic style of government. It is originally derived from traditional Javanese political culture in order to seek single and pervasive power and authority. In the next section, I further describe governance tradition derived from the conception of power in Indonesian culture. It leads us to understand better the state-society relation in Indonesia.

5.1.2 Governance Tradition and State-Society Relation

There is lack of agreement on cornerstone of the territorial identity of Indonesia, which is the largest archipelago in the world. The most pragmatic argument for maintaining political integration over the whole area of the archipelago was the same fate of centuries of Dutch occupation. Historically, the Dutch had consolidated their power over most of the archipelago, which stretches 5,632 km along the equator from Sumatra in the west to New Guinea in the east. Before the Dutch government, their East India Company was also a strong political-economic power that largely contributed to the raise of Dutch Golden Age in seventeenth century. Since this argument embraces weak self-determining for building a nation, idealists flash back to earlier period when the archipelago was formerly homeland for empires and many separated island-based kingdoms. Two pre-Islamic empires consolidated large parts of the archipelago. Sriwijaya was the first maritime empire that controlled the western part of the archipelago in seventh century. Later on, Majapahit Empire in eighth century united almost the whole area of current archipelago including its neighbours, which in total larger than the modern Indonesia. Unfortunately, there is little evident of the influences of both earlier kingdoms on current national political culture. During the transition towards the Dutch colonisation, history also recorded some important Islamic kingdoms in both Java and Outer Islands. Among others, Mataram Kingdom in Java in its later periods from 16th to 19th century placed concepts of power, in which its important elements has been influencing the national political culture until now (Moertono, 1981; Liddle, 1988; Cowherd, 2005). Therefore, discussion

about political culture, specifically state-society relation, in this section focuses on the later Javanese and Outer Islands kingdoms and Dutch occupation periods and their stability and change in modern Indonesia's period.

In the first place, it is important to study the later period of Mataram, since it is the last kingdom that developed without any influences of colonialism (Moertono, 1981). It explains the origin of hierarchical social and political structure in Javanese society. There are two main social castes, which are *"wong cilik"* or common people and *"penggede"* or the ruling class. These classes are given due to birth thus, they are *takdir* (fate) in which social mobilisation across the formal strata is not possible. The rules govern different etiquette of clothes, use of language, use of colour and paying worship for different classes. The social structure does not so much imply economic wealth or superiority of blood, but reflects *"kawula-gusti"* (servant-master) relationship (Moertono, 1981, p. 14). The concept of *kawula-gusti* is "based on familial model emphasizing mutual responsibility and a symbiotic reciprocity between the lowest and the most celebrated as a spiritual unity" (Cowherd, 2005, p. 169). This relationship furthermore makes use the concept of *ki-sanak/ saderek* or "relative" in general meaning, which may indicate loss of some money or profit is considered valuable if one can instead gain a kin (*tuna satak bati sanak*) (Moetono, 1981). Relationship between king and his subjects is therefore personal and close tie of mutual respect and responsibility. In administrative policy, it creates paternalistic government system in which:

… [The ruler and his officials] must care for his subjects as a parent cares for his children; Thus the ruler assumes in fact an attitude of protective superiority, the ruled an attitude of acquiescent subservience" (Moertono, 1981, p. 26)

In other words, Liddle (1988, p. 80) names this political idea of *abangan*-Javanese culture as "benevolent ruler" and "obedient populace". It is derived from court culture but also reflects in the traditional moral teachings of the popular *wayang kulit* (leather puppet) shadow plays that narrate the exploits of Hindu-Javanese gods and mortals (Moertono, 1981; Liddle, 1988). At the present, it is

apparent in Javanese view of the ideal relationship between fathers and children, teachers and pupils, and elder and younger persons. As the result, statism, centralisation, and uniformity characterise the benevolence-obedience statecraft. In addition, the tradition of Javanese royal statecraft also allows state to dominate both private business and social institutions, leaving very little room for the construction of a strong civil society (Cowherd, 2005). The New Order exercises this idea in their 32 years (1965-1998) authoritarian-centralised regime:

> Like an idealised version of Javanese king, Suharto projects an image of standing alone at the apex of government. All-important national political decisions, as far as outside observers can detect, are made by him. He receives cabinet members and others individually rather than collectively, as petitioners rather than as colleagues (Liddle, 1988, p. 80).

Since theoretically the king cannot do wrong decision, benevolence-obedience tends to convey government towards an arbitrary or discretionary policy-making and implementation as opposed to the development of a structure of law to which all are subject. The discretionary approaches in turn impregnate the governance system towards clientelism that allows informal political bargaining and special favours to officials' relatives, friends, and allies in the implementation, and even occasionally the formulation, of planning and policy (Healey, 1997; Liddle, 1988). The political leaders and government official moreover develop strategic coalition with few but powerful conglomerates, or former *priyayi*, to accumulate capital thus the system prone to corruption practices (Cowherd, 2005).

The use of discretionary principles in policy system and practice are not originated from the policy culture *per se*. It is derived from the Javanese law and court tradition:

> "Nowhere in traditional Indonesia was written law important to social cohesion. This depended, rather, primarily on either kin organisation or on highly developed status concepts supporting aristocratic elites. In both cases authority was ascriptive, suffused with family and religious significance, and concepts of law were bound to

eternal orders of family, locality, religion, and status, changeable in fact but not in theory. It was not a distinct idea of law, but rather these notions – family, locality, religion, status – that gave meaning to society. Even in the kingly polities there was less a concept of law than discrete laws (in Java, the *angger*) which emanated sporadically from the palace as edicts of the reigning prince, each standing independently with a name of its own and more less specific subject matter" (Lev, 1972, p. 249).

While traditional Javanese-*abangan* built on hierarchical social system, the Outer Islanders in contrast experience long history of egalitarian social relation due to inter-islands and indeed global trade culture, as explained in previous section. Islamic values promoting equality also influence their political culture. Decentralisation in political decision-making and implementation can be considered as the main value that separates non-Javanese from Javanese (Liddle, 1988). In the political and policymaking processes, Outer Islanders according to Liddle (1988) are also favoured greater democratic participation at all levels. However, their influences are not recognised obviously until the raise of decentralised government system in 1998. Therefore, very limited literatures record their significances at the national political and policy discourses.

Finally, the influences of Dutch colonial culture on administrative system also deserve considerable attention. The Dutch heritage in public management is its strict hierarchy, which lies on strong bureaucracy and normative approaches (Cowherd, 2005). The Dutch governance system is characterised by corporatism originated from prosperous welfare state of Protestant tradition (Faludi, 2005). This system therefore to some extent accommodates the Javanese tradition of paternalism. Influenced by Napoleon Codes built in the 18th century, the Dutch however develop rigid legal procedure of public administration (Healey & Williams, 1993; Healey, 1997) and leave little room for discretionary practices, which largely illustrate the Javanese tradition. Birth-inherited stratification in traditional Javanese social structure is replaced by racial and socio-economic class segregation of colonial system. There were three major classes in the pyramid of racial structure, which are European, Indonesian Chinese, and *pribumi* or

Indonesian natives. Besides, *pribumi* are also separated based on socio-economic classes. The ruling class or former *priyayi* acquire socio-economic privileges that are also given to the European but impossible for common Indonesian natives.

The demarcation between Javanese, Outer Islanders, and Dutch colonial cultures illustrate major clusters in Indonesian political cultures. They come from different origins and reflect in various basic cultures. As the results, they have distinctive styles in social structure and furthermore in role of the state, public decision making and management, governance, and state-society relation. Brief comparison concerning these cultural elements is provided in **Table 5.1** below.

Table 5. 1
Major Political Cultures in Indonesia

Element	Javanese-*Abangan*	Outer Islands	Dutch Colonial
Origin/ reflection	Pre-Islamic caste, wet rice feudalism, court tradition, *wayang kulit* (leather puppet) plays	Trade culture, Islamic religious culture, global interaction	Protestant tradition of prosperous welfare state, Napoleon Codes of administration, colonialism
Social structure	Birth caste-like	Egalitarian	Racial and socio-economic classes
Role of state	Very strong	Weak	Strong
Public decision making	Discretionary	Discretionary	Bureaucratic
Public management	Centralism	Decentralisation, democratisation	Hierarchical system
Governance culture	Clientelism	Pluralism	Corporatism
State-society relation	Strong paternalistic	Paternalistic	Paternalistic

It is obvious if the New Order makes use of the paternalistic elements of Indonesian culture (Liddle, 1988). There are two pervasive machineries used by New Order to maintain their throne. The first is military, which has the most corporate or caste-like culture. Since the early of 1970s, it has developed a high degree of internal solidarity and loyalty. It maintains psychological distance with civil society and limits partisan or other popular politics. The second is civilian

bureaucracy, which also has caste like quality. Although it numbers about 4 million, they are less cohesive than 300,000-person military. While military is more as heritage of 1945 independence revolution, the civilian bureaucrats follow the colonial and pre-colonial Javanese statecraft. As *abdi Negara* or state servants, the bureaucrats, particularly the 150,000 elites, believe that they must stand above all other groups in society:

"… [T]he officials believe themselves as the educated elite to be a *noblesse oblige* with a special responsibility for public welfare. State-led development under the New Order has strengthened this perception. It has also meant that the better-educated bureaucrats tend to see themselves as more modern than the rest of society, including the military. In return for their services to society, officials claim and exercise the right to consume a large share of national economic resources" (Liddle, 1988, p. 86).

As the result, corruption has become a critical means of gaining resources and support. To some extent, it is an essential aspect of most government decision-making and implementing processes.

5.2   The Influences on the Planning System

The previous section illustrates diverse cultures in Indonesian society. They are clustered into three major political cultures, which are Javanese, Outer Islanders, and Dutch colonial cultures, reflecting distinctive style of governance, state-society relation, and public policy. Clustering in political culture is useful to sharpen their influences on public administration and policy style without reducing the existence of diversity in their basic cultures. Therefore, I also use this clustering in order to highlight the influences of informal-cultural forces on planning system, as one of public policy arrangement.

Based on theoretical framework designed in **Chapter 1**, the natures of influences of informal-cultural forces on planning system are two folds. First, they have direct consequences by influencing some of the elements of planning system explained in Chapter 3, which are goals, scope, concept, structure of institution, process, and instruments. They to some extent fill the inadequacy of formal-

institutional forces in explaining the shape of the planning system in particular elements. Besides, they also indirectly influence the elements of planning system by firstly altering the formal-institutional forces explained in **Chapter 4**. The latter provides more fundamental behind the influences of formal-institutional forces on planning system in Indonesia.

Binding concept and normative instruments

As explained above, Javanese statecraft had been influenced by paternalistic political culture, in which the rulers and their officials have ultimate power in making decision (Moertono, 1981; Liddle, 1987). Since theoretically the rulers cannot do wrong decision, this benevolence-obedience tends to convey government towards an arbitrary policy-making and implementation as reflected in law and court culture. However, it has never been strongly applied into a discretionary culture in policy system, included planning system, although in practice it is important. In fact, the land development process as well as planning implementation in Indonesia is highly politicised in which discretionary practice as well as clientelism are predominant (Cowherd, 2005; Winarso & Firman, 2002).

Therefore, it is remarkable that the Dutch colonial culture deserves considerable attention in relation to its influences on the culture of administrative system in Indonesia. Corporatism model that is broadly applied in Dutch governance tradition has brought about extensive bureaucratic machinery and normative approaches in Indonesian administration system (Faludi, 2005; Cowherd, 2005; Liddle, 1987). Technical approaches have long been dominated policymaking and implementation. It leads towards depoliticised planning culture, which in turn creates a normative-binding concept in planning system.

Binding system requires development activities to be guided by legalised plans. These plans range from general plans to detail plans and indeed detail engineering plans. These normative positive instruments are guidance that legally used by the government to determine the location of proposed or programmed development activities. These blueprint documents bind the government,

community, and private sectors which want to involve in land development. In theory, there should be no development approved without respecting the prevailing plans. Development proposals against the formulated spatial plans are subject to be rejected by the government.

Role of central government

Javanese is one of the most hierarchical-minded in the world (Liddle, 1987). It often reflects in centralistic and hierarchic style of government. As the result, statism, centralisation, and uniformity characterise the benevolence-obedience statecraft:

"… [g]radual, even diminution of radiance of lamp with increasing distance from the bulb is an apt metaphor for the Javanese conception not only the structure of the state but also of centre-periphery relationship and territorial sovereignty. While the undifferentiated quality of the light expresses the idea of homogeneity of power, the white colour of the light, itself the "syncretic" fusion of all colours of the spectrum, symbolizes the unifying and concentrating aspects of power" (Anderson, 1990, p. 36).

To some extent, this centralistic culture explains the remaining role of central government in major policy areas, included spatial planning. Based on Regional Administration Act of 2004, spatial planning is no longer capacity of central government. The Act indeed promotes a highly decentralised administration system in which most of policy areas have been transferred to the provincial and local government. However, the spatial planning act still maintains the role of the central government in all policy areas of spatial planning, which are plan-making, development promotion, and development control. Their authority comprises the national spatial planning and spatial planning for national strategic regions (Draft of Spatial Planning Act of 2005).

Indirect influences

The ideas of pervasive power and hierarchical structure in Javanese statecraft have long been influencing the modern form and structure of

government of Indonesia. The maintained unitary state and strong control of government in land and property affairs as insisted by the 1945 Constitution are obvious examples, which in turn characterize the elements of planning system, particularly its comprehensive scope and the importance of positive instruments.

Having long been undermined, some ideas of non-Javanese culture are also currently accommodated in national political agenda. The new decentralised and more democratic structure of government suits the egalitarian and pluralist culture of Outer Islanders. As the result, spatial planning is conducted in all tiers of government. Besides, the importance of citizen participation in planning process and realisation is increasing.

Inadequacy and dissonance

Without neglecting some important explanation provided by formal-institutional forces in the previous chapter and informal-cultural forces in the previous section, we still find some inadequacy as well as dissonance in characterizing Indonesian planning system. Although decentralisation seems suitable for egalitarian and pluralist characters of Outer Islanders, they however cannot give a strong and more fundamental explanation since the Outer Islanders did not elaborate sufficient political culture to explain the dramatic institutional change that currently occurs. Moreover, pervasive role of government in old Javanese political culture and strong state position in the Constitution are also against the fact that the roles of government in the realisation of planning framework are unclear, if not weak.

Table 5.2 below summarizes the influences of the informal-cultural forces on the planning system in Indonesia. It is clear that all of the major cultures, which are Javanese, outer islanders, and Dutch colonial cultures, have influences on the elements of the system. However, the outer islander's culture has no direct influence on the system. The other empty boxes (dashed) show the unaffected elements of planning system, which among others can be explained by the other driving forces as described in **Chapter 4** and **Chapter 6**.

Table 5. 2
The Influences of Informal-Cultural Forces
on Planning System in Indonesia

Influences		Major Political Culture		
		Javanese	Outer Islands	Dutch Colonial
Direct Influences (Planning System)	*Goals*	-	-	-
	Scope	-	-	-
	Concept	-	-	Binding concept
	Structure of institution	Role of central government	-	-
	Process	-	-	-
	Instruments	-	-	Normative instruments
Indirect Influences (Formal-institutional forces)	*Form and structure of government*	Unitary state	Decentralisation	-
	Legal framework	Strong control of government in land and property affairs	-	-

5.3   Concluding Remarks

The essence of political culture in Indonesian tradition has been described in the first part of this chapter. It provides basis for explaining informal-cultural forces related to governance tradition and state-society relation. Characterized by highly pluralistic basic cultures, it is obvious that Indonesia has no single political culture. There are at least three significant political cultures that influence the policy arrangement in modern Indonesia, which are Javanese, Outer Islands, and Dutch colonial cultures. Javanese statecraft derived from paternalistic social relation and hierarchic social structure. It offers pervasive and centralistic administration system. Arbitrary decision making also illustrates their tradition that drives the governance towards clientelism. On the contrary, the Outer Islanders did not elaborate rigid political culture and social structure. Their pluralist governance culture however generates some important values such as egalitarian social structure and more decentralised and democratic public

arrangement. Finally yet importantly, Indonesian society also inherits some parts of Dutch colonial culture. Built on corporatism style of governance and influenced by imperialist ideas, the Dutch colonial culture maintains the hierarchical social order but develops extensive bureaucratic administration and legal system.

Direct influences of these informal-cultural forces fill some of the inadequacy of formal-institutional forces in explaining planning system in Indonesia. It is remarkable that the Dutch rigid administration tradition characterizes Indonesian planning system very much regardless the fact that in practice, policy implementation is highly politicised. The planning system has been developed based on binding concept and promotes normative-rigid instruments like detailed spatial plan and zoning ordinance. The remaining role of central government in spatial planning, irrespective on the growing aspiration for decentralisation, can be better explained by the Javanese power tradition to implement pervasive and centralistic government.

In addition, there are also considerable indirect influences of Javanese culture, which are manifested in the maintained unitary state and strong control of government in land and property affairs. Meanwhile, some ideas from Outer Islanders nowadays deserve attention since they are in accordance with the growing decentralisation and democratisation principles in regional administration. These indirect influences strengthen the role of formal-institutional forces in outlining the nature of planning system.

Together with the formal-institutional forces explained in **Chapter 4**, the informal-cultural forces in this chapter provide clearer explanation on the shape of current planning system in Indonesia. However, we still find some inadequacy as well as dissonance, particularly in relation to the insufficient fundamental explanation to the remarkable decentralisation process and the weak role of government in the realisation of planning framework. To some extent, it is the next chapter that is responsible to explain these questions since it focuses on the influences of neo-liberal ideas on planning system. However, the remaining dissonances still occur to be treated as conflict between the driving forces, which is clearly discussed in the last chapter.

CHAPTER 6
NEO-LIBERAL IDEAS AND PLANNING SYSTEM IN INDONESIA

Since the declaration of independence in 1945, Indonesian has been struggling for a socio-political stability and an economic improvement. During this post-colonial period, Indonesia almost has never escaped from political experiments of its leaders as well as global interventions. Indonesia has experienced both federal and unitary states, both socialist and liberal ideologies, and both closed and open market policies. Thirty-two years under an authoritarian-military New Order[2] regime led Indonesia into economic crises followed by multidimensional crises in 1998. A transitional process has begun. Fundamental changes in the institutional context can be barely seen. The government among others promotes efficiency, rule of law and decentralisation in policy domain. They are important evidence of the influence of the world-spread neo-liberal ideas in public policy. As a field of public policy, the spatial planning system deserves considerable attention regarding this globalising trend. Following the discussion of globalising trends in **Chapter 2**, this chapter focuses on the most obvious one, which are the neo-liberal ideas. At the heart of the analysis, this chapter discusses the influences of these ideas, both directly and indirectly, on the spatial planning system in Indonesia. This chapter responds to the inadequacy and irrelevancy of the internal forces, both formal and informal institutional factors, in explaining the development of planning system in Indonesia explained in

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[2] Administration period developed by Soeharto (1969-1998) that uses "development" as slogan in every government policy (see among others Cowherd, 2005; Liddle, 1987).

Chapter 4 and **Chapter 5** respectively. In the end, the last section concludes some remarks.

6.1 Globalising Neo-liberal Ideas

Sanyal (2005) underlines the worldwide spread of neo-liberal ideas as the most popular theme of globalisation in spatial planning that diffuse everywhere disregarding state boundaries. According to Wadley (2004), globalisation manifested in movement and technology, the economy and politics, which are the origins of neo-liberalism, nowadays influence the nature of planning. Dominated by US's influence, neo-liberal globalization, according to Pieterse (2004), has been a universalistic economic regime that promotes free markets as the sole effective system. Besides, spontaneity, individual freedom, and competition, as maintained by Hayek and Mises, are basic values promoted by neo-liberalism (Lai, 2004). Meanwhile, the label "neo-" itself refers to the importance of maintaining a limited intervention of the state to resolve the imperfectness of the market, which distinguishes it from its predecessor – classical liberalism. Empirical experience has proven that although neo-liberalism believes in the invisible hand of market, the achievements are nevertheless the result of government intervention (Lai, 2004).

This new ideology of government is firstly introduced in United Kingdom particularly since Thatcher's administration in 1980s. British literature prefers using theory of "New Right", which underlines the balancing adoption of both market oriented government (liberalism) and authoritarian government (conservatism), although the former is often more obvious (Allmendinger, 2002). Since Reagan's presidency, this new wave in public administration is, however further developed in United States. Neo-liberalism itself refers to the New Right emphasising the elements of liberalism rather than conservatism. It is noticeable that USA with its unilateral power nowadays builds the Empire as the leading exporting country of neo-liberal ideas particularly to the developing and transitional countries (Friedmann, 2005; Pieterse, 2004).

Osborne & Gaebler (1992), who name this "reinventing government" or "entrepreneurial government", firstly develop systematic neo-liberal thinking in public administration. According to them, there are seven principles of entrepreneurial government, which are catalytic government, community owned government, competitive government, mission driven government, results oriented government, customer driven government, and decentralised government. The neo-liberalism embraces policies such as "privatisation of public enterprises, dismantling of social safety nets, decentralisation of governance, deregulation of financial markets, and weakening of labour unions" (Sanyal, 2005, p. xx). It means the implementation of neo-liberal ideas requires small government that is lean, flexible, and market-friendly (Sanyal, 2005; Pieterse, 2004). The state ensures the operation of rule-based system. In first place, "rule of law" is at the heart of the state existence although United States recently builds the global Empire based on "rule of power" (Pieterse, 2004). In addition, role of state in providing infrastructure, national defence and dispute arbitration is also maintained (Allmendinger, 2002).

Based on the above explanation, neo-liberal thinking in essence proposes three main ideas for the new governance throughout the world: *efficient government*, *rule of law* and *decentralisation*. They in turn influence government policies included spatial planning. The next paragraphs explain the ideas and their influences on spatial planning system in general.

Efficient government

There are some weaknesses of the idea of post-war welfare states or "government do everything" to be implemented in this globalising market. In one hand, it overburdens government. In the other hand, the occupation of many sectors or monopoly by government encourages inefficiency and inhibits change. Therefore, according to Osborne & Gaebler (1992), government should act as catalyst or enabler rather than as provider. Government should pull out its control over services because it undermines the confidence and the competence of private sectors and community and creates dependency. It would be more efficient if

communities solve their own problems because they are more committed, more caring, and more creative than professional service bureaucracies. More specifically, competition and market encouragement is important effort in order to improve service efficiency. Therefore, privatisation, subsidy reduction and deregulation are some important attempts to create a more efficient government.

According to Hayek's works, society is highly complex that only market interaction can allocate resources efficiently (Allmendinger, 2002). Planning, as Allmendinger (2002) maintained, could not replace the role of market since planners only know a small part of society. Therefore, the application of efficient government in spatial planning draws back the relative role of public sectors in development promotion or in the realisation of spatial planning policy (European Commission, 1997; Faludi, 2005). More and more investments, particularly large urban development projects, involve private sectors in forms of public private partnership and full privatisation. The area of planning system moves towards narrow policy of controlling development, e.g. British land use management and US's growth management. There is no capacity of government in making comprehensive plan as well as participating in extensive development. In order to promote deregulation, long administrative procedure in permit issuances should be simplified in order to be more responsive on market demands.

Rule of law (vs. mutual agreement)

As mentioned above, neo-liberalism asks for limited state role focused on resolving externalities and market imperfections. According to Allmendinger (2002), a rule of law is central to the government intervention since it ensures the information is provided as much as possible in advanced in order to help the market make investment decision properly. It also can minimize bureaucratic interference, discretion, and *ad hoc* decisions, which complicate market imperfections by adding more uncertainty (Allmendinger, 2002). In the long term, rule of law maintains the sustainability of neo-liberalism in certain country since it provides a clear rule of the game that maximizes individual action and creativity (Lai, 2004).

The importance of rule of law may fundamentally change both the concept and the instruments of planning system. As Allmendinger (2002) stated, rule of law requires planning system that is binding in character or simply said:

…[a] move away from discretionary planning towards "blue print" or "zoning" based planning, as shift from the accepted role of public participation to a more limited arena for input with more clearly defined criteria, a greater reliance on the market… (pp. 105).

This is a concept so called "planning by edict", in which "government planners force, by law or policy, land users to submit their ideas for a change in use or redevelopment" (Lai, 2004, pp. 161). However, as Lai (2004) argues, this concept allows large opportunity for expertise in deciding investment rather than the market force itself. The others may argue that it tends to move the system towards central planning (Lai, 2004) and lack of flexibility (Allmendinger, 2002).

Therefore, the opponent of this concept believes that certainty and efficient allocation of land are indeed achieved if the system allows the actors to comment on the proposals of others (Allmendinger, 2002). It is the idea of "planning by consent' or "planning by contract", which makes voluntary decision in issuing permit based on development proposals (Booth, 2003). According to this system, decision is made based on mutual agreement between actors, included landowners and developers (Lai, 2004). The argument is securing needs and facilitating development offered by planning agreement seems more important than just securing permission (Booth, 2002). However, this system also cannot escape from critic, which blames it for its slow bureaucratic process in approving development proposals (Booth, 2002, 2003).

Decentralisation (and New Regionalism)

Information and communication technology nowadays allows central – local relation becoming faster. Besides, local public employees are now well educated. Therefore, there is no more necessity for central rule over local authority. Many services would be more efficient and more responsive if they are given to the lowest tiers of government that possibly and effectively still can run

particular services. The argument is that local government has closer relation with the community than central government thus it can understand community needs and aspiration better (Osborne & Gaebler, 1992). In turn, decentralisation facilitates democratisation and public participation.

Most of urban spatial planning issues may be considered as local issues. It is particularly related to land use planning, land supply and management, and property development. Hayek argues that at local level major conflicts between the owners and users of land and property arise that lead to what so called "neighbourhood effects" (Allmendinger, 2002). Therefore, according to principle of decentralisation it will be more effective if it is devoted to municipality. The central government is too far away to responsively cope with these issues.

As a correction to the basic idea of decentralisation and as a response to the inability of traditional local administrative boundary to resolve economic fragmentation, new regionalists, however, argue that regional scale is the most appropriate governance level to promote neo-liberal globalisation. This can mean a "rescaling" concept in the idea of decentralisation. Region is crucial in economic development since it can meet economic of scope required for competition in globalising market (Lovering, 2000). Region is also the most suitable level to develop reflexive system and effective institutional learning (Lovering, 2000). In planning system, new regionalism calls for cohesive coordination, cooperation and reformation of local institutions within the region, commonly metropolitan region (Brenner, 2003). This is because they are important precondition for promoting regional development in the context of rapid geo-economic restructuring (Brenner, 2003).

6.2 The Influences on the Planning System

The previous section describes globalising trends, particularly related to the worldwide spread of neo-liberal ideas. Meanwhile, this section analyses the influences of those ideas on the current spatial planning in Indonesia. It examines the qualitative causality between those ideas and the planning system discussed. Parliamentary discussions documented by the Ministry of Public Works and

relevant literature might be included in order to fill the gap between the respective ideas and the affected elements of the planning system. Based on theoretical framework designed in **Chapter 1**, the natures of influences of these globalising ideas on planning system are two folds. First, they have direct consequences by influencing some of the elements of planning system explained in **Chapter 3**, which are goals, scope, concept, structure of institution, process, and instruments. They to some extent fill the inability and inadequacy of institutional-cultural forces in explaining the shape of the planning system in particular elements. Besides, they may also indirectly influence the elements of planning system by firstly altering the formal-institutional and informal-cultural forces explained in **Chapter 4** and **Chapter** 5 respectively.

Removal of government

As discussed earlier, the idea of efficiency in the administration system requires a removal of the roles of government in many policy areas. In the current Indonesian planning system, there is an unclear role of the government in the development process. It indicates a weak capacity of the government in the realisation of plans. The government is only assigned to make programs to guide investment and financing in development promotion:

> "Development promotion (*pemanfaatan ruang*) is an attempt to realize spatial structure and spatial development pattern in accordance with spatial plan through the making and implementation of program and its finance" (Draft of Spatial Planning Act of 2005, Art. 1).

There is no specific obligation of the government to invest or to finance the proposed development or the land supply. In theory, government, private sector and community have the same opportunity to involve in the development process in order to achieve the formulated plans. Government is still one of actors in the development process but its direct role is reducing.

Both the Spatial Planning Act of 1992 and the Draft of the new act (2005) do not provide clear explanation concerning the driving forces behind this removal of government participation in the development. One of important

reasons for this is that spatial planning is coordinative in nature thus, the realisation of planning framework itself is more as a responsibility of sectorial policy system rather than the spatial planning system (Ministry of Public Works, 2006b). In relation to the development promotion, this means planning system cannot be understood as solely independent system but is connected to other related policy systems. Therefore, it would be much clearer to examine the related policy systems in order to understand the influences of the neo-liberal ideas on this area. The spatial planning system relates to at least three other policy systems, which are housing, road infrastructure and water resources (Dardak 2005; Niessen, 1999; Winarso, 2002). In Indonesia, they are also under the responsibility of the same ministry, which is ministry of public works.

In housing policy system particularly in relation to housing provision for low-income people, enabling strategy like public-private partnership and developing mortgage system are more preferable rather than massive housing development (Winarso, 2002). The essence of public-private partnership and private involvement in the housing development are furthermore stated in the Housing and Settlement Act of 1992, Art. 20, Par. 4:

> "In the management of the Area Made ready for Development (*Kawasan Siap Bangun/ Kasiba*[3]), the appointed state own enterprise or other legal entity… can cooperate with other state own enterprises, cooperatives and individual (private) entities in housing development".

The reliant on the participation of the private entities in this large-scale housing development indicates a significant existence of the market power since it involves the development of main urban infrastructure and massive housing development.

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[3] "*Kawasan Siap Bangun (Kasiba)* is a piece of land that physically has been prepared for a large-scale housing and settlement development consisting of one or more Neighborhood Made ready for Development (*Lingkungan Siap Bangun/ Lisiba*), in which its implementation is done sequentially by firstly developing primary and secondary infrastructure according to spatial plan stipulated by local government …" (Housing and Settlement Act of 1992, Art. 1).

A more obvious removal of government participation through privatization is applied in water management system through the enactment of Water Resources Act of 2004:

> "Water Cultivation Right Title (*Hak Guna Usaha Air*[4]) can be given to the individual or (private) legal entity …" (Art. 9).

This new water resources act replaces the former Irrigation Act in order to legalise privatisation in water management, which is among others required for the US\$ 500 millions World Bank's loan (Walhi, 2003). According to Siregar (2005), the substance of the Act drives towards an uncontrolled participation of private sector replacing the role of the state since it does not delineate the authority given to the private sector. Full privatisation in water management is undesirable according to the 1945 Constitution, Art. 33, since water is basic need and important for the country:

> "The land and the waters [and the space] as well as the natural riches therein are [at the highest level] to be controlled by the state [in order] to be exploited for the greatest benefit of the people" (par. 3).

> "Sectors of production those are important for the country and affect the life of the people shall be controlled by the state" (par. 2).

Meanwhile, the World Bank strongly promotes commercialisation in water management in order to support global capitalism:

> "An effective water management should treat water as an 'economic commodity'… [p]rivate participation in water supply usually creates efficient products, improves service, and speeds up investment for service expansion" (the World Bank, 1992 in Walhi, 2005).

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[4] "*Hak Guna Usaha Air* is the right to obtain and cultivate the water" (Water Resources Act of 2004, Art. 1).

Zoning system

As explained above, rule of law as oppose to discretion is an important element of government intervention in neo-liberal country. It ensures the information is provided as much as possible in advanced in order to help the market makes investment decision properly. For this reason, binding concept like zoning system in development control is often used to provide certainty and deregulatory framework replacing bureaucratic procedure in permit system (Allmendinger, 2002; Lai, 2004). In Indonesia, zoning system is officially introduced in Draft of Spatial Planning Act of 2005. In relation to this, the new Act offers zoning ordinance (*peraturan zonasi*) supported by codes as key instruments or guidance for controlling development although it does not replace completely the role of the long established permit system:

"Zoning ordinance consists of stipulations that should and should not be done in certain land use zones, which can consist of stipulations concerning buildings, provision of services, utilities, settlement and other stipulations needed to realize convenient, productive, and sustainable spaces. Other stipulations needed are sectorial like stipulations concerning flight safety zone and high voltage electrical network" (Draft of Spatial Planning Act of 2005, Annex).

Planning for urban region

As explained above, new regionalism argues that region is the optimum scale to promote economic development. A new region reflects a cohesive economic aggregation, which can be across traditional administrative boundaries. Therefore, Draft of Spatial Planning Act of 2005 facilitates planning for *kawasan perkotaan* or urban area that cannot be represented by traditional administrative regions, both *kabupaten* (district) and *kota* (municipality). According to the Draft of the Act, *Kawasan perkotaan* consists of (1) *urban area* within *kabupaten* or *kota* and (2) *urban region* shared among different *kabupatens* and/ or *kotas*. The later can be in form of metropolitan region:

"*Kawasan perkotaan*… can be in form of a metropolitan region" (Draft of Spatial Planning Act of 2005, Art. 44, par. 2).

As supported by Brenner (2003), the metropolitan region nowadays reflects new regionalism since it calls for regional coordination and cooperation and institutional reform focused on economic priorities such as territorial competitiveness and global investment. Besides, according to the parliamentary discussion, spatial planning at metropolitan and megalopolis level might be included in the new Act in order to promote regional specialization, particularly to separate the growth centre and the political centre at the national and provincial level (Ministry of Public Works, 2006b).

According to the Draft of Spatial Planning Act (2005), the urban region comprising two or more *kabupatens/ kotas* shall be planned integrally involving local governments within the region. For this reason, the Draft of the Act notices that a spatial plan consisting structure plan and development plan is made as a coordination instrument for the urban development in the region:

"The Spatial Plan for Urban Area (*Kawasan Perkotaan*) comprising two or more *kabupatens/ kotas* is a coordinative instrument for the implementation of cross-border development" (art. 46, Par. 1).

Coordination is also done in the making a development program as guidance in development promotion:

"The development promotion of urban area as part of two or more *kabupatens/ kotas* is conducted through a making of a development program and its finance in a coordinative manner between the respected *kabupatens/ kotas*" (Draft of Spatial Planning Act of 2005, Art. 50, par. 2).

Furthermore, the local governments within the region must cooperate in managing urban development in the region:

'The management of urban area comprising two or more *kabupatens/ kotas* is conducted through an inter-local cooperation" (Draft of Spatial Planning Act of 2005, Art. 52, par. 1)

These institutional coordination and cooperation among existing local governments are preferred rather than developing a new and higher level of institution in order to promote efficiency, flexibility, and decentralisation, which are neo-liberal ideas. Meanwhile, each local government still may individually control the development in its own administrative region:

"The development control of urban area comprising two or more *kabupatens/ kotas* is conducted by the respective *kabupaten/ kota*" (Draft of Spatial Planning Act of 2005, Art. 51, par. 2)

Indirect influences

Indirect consequence also characterises the influences of neo-liberal ideas on planning system in Indonesia. The most obvious one is the principles of decentralisation applied in the structure of government, although they can also be explained by political culture of outer islanders (see **Chapter 5**). According to the new regional administration act (2004), there are only five affairs that still belong to the central government, which are foreign affairs, defence, national security, justice, monetary affairs, and religion. The rest of government responsibilities, including the spatial planning, are transferred to the provinces and *kabupatens/ kotas* based on decentralisation principle. The central government has given the authority to the provincial and local government to realise the spatial planning in their regions. Besides, decentralisation allows citizen participation in planning process becomes more possible to be promoted.

Inadequacy and dissonance

Besides of the above influences, there are also significant dissonances of neo-liberal ideas with the other elements of current planning system. Since the ideas aim at promoting market force, the goals of spatial planning should be narrowly translated into resolving externalities and market imperfections, which are commonly accepted as sustainability and environmental protection. However, the goals of spatial planning in Indonesia are more comprehensive in nature, which includes the achievement of good spatial quality and national security. Furthermore, while these globalising ideas ask for more efficiency in policy

arrangement, the system still applies comprehensive scope. Instead of narrowing down the system towards land use control, the current system maintains the three major policy areas, which are plan making, development promotion, and development control.

Table 6.1 below summarizes the influences of the neo-liberal ideas on the planning system in Indonesia. It is clear that all of the basic ideas, which are efficient government, rule of law, and decentralisation, influence the elements of the planning system. However, the ideas cannot influence the informal-cultural forces, which indicate they are more resistant. The other empty boxes (dashed) show the unaffected elements of planning system, which among others can be explained by the other driving forces as described in **Chapter 4** and **Chapter 5**.

Table 6. 1
The Influences of Neo-liberal Ideas
on Planning System in Indonesia

Influences		Neo-liberal Ideas		
		Efficiency	Rule of law	Decentralisation
Direct Influences (Planning System)	*Goals*	-	-	-
	Scope	-	-	-
	Concept	-	Binding development control system	-
	Structure of institution	-	-	Institutional collaboration among local governments at urban region level
	Process	Drawing back of government participation in plan realisation	-	-
	Instruments	-	Zoning ordinance and codes	-
Indirect Influences	*Formal-institutional forces*	-	-	Decentralised structure of government
	Informal cultural forces	-	-	-

6.3 Concluding Remarks

Neo-liberalism offers alternative ideas in public policy arrangement. Within the framework of globalisation, the ideas of efficiency, rule of law, and decentralisation originated in liberal countries is now spreading all over the world. Efficiency principle draws back the role of government in major policy areas. Rule of law drives the policy to provide certainty in order to be more responsive towards market operation. Decentralisation transfers the responsibility of central government to the lowest possible tiers of government, in which democratic process and participation are more possible to be encouraged. Combining the three ideas, there is also a new regionalist idea that promotes a region to be the most appropriate level in order to develop a cohesive economic development.

The direct influences of neo-liberal ideas on the current Indonesian planning system can be found in several ways. Rule of law forces the planning system to apply binding concept in the development control manifested in zoning ordinance and codes. The impact of efficiency can be seen in the weak government participation in the development process or plan realisation. As another influence, new regionalism calls for spatial planning operation at urban region level, in which institutional collaboration among local governments is encouraged. Meanwhile, decentralisation principles indirectly influence the planning system by firstly shifting the government structure towards a highly decentralised unitary state. The ideas are however unable to explain the comprehensive goals and scope of the system.

The internalised neo-liberal ideas in the planning system obviously conflict with the existing institutional-cultural forces that have long been characterising policy systems in Indonesia. The drawing back of government participation from major development process undermined the 1945 constitution assertion, which requires government at the highest level to control the use of spaces. It is also irrelevant to the tradition of Javanese culture to develop strong and pervasive state. Meanwhile, promoting decentralised spatial planning at the regional level is to some extent inappropriate with the centralised nature of Javanese statecraft. Besides, conflict also occurs among elements of planning

system. While the role of actors has changed due the pulling back of government participation and the growing importance of public involvement, the system still calls for broad objectives and comprehensive scope. In addition, the application of binding development control concept and zoning instruments contests the discretionary approach and clientelist governance arrangement of Javanese culture. Systematic explanation of these conflicting influences is explained in the last chapter.

Neo-liberal ideas are inevitably attacking the institutional-cultural forces that have long been influencing the development of planning system. However, they are only apparent in parts of the elements of the system and cannot alter the nature of the whole system. In other words, their influences are not as pervasive as predicted. However, some ethical questions have arisen. Do neo-liberal influences offer benefits on the planning system? If not, how should we cope with them? These questions are answered in the next chapter particularly based on my own argumentation.

CHAPTER 7
CONCLUSION AND RECOMMENDATION

The three previous chapters discuss separately the influences of the driving forces on the planning system in Indonesia. Meanwhile, this last chapter concludes comprehensively those influences. Besides, it also relates and compares them in order to acquire some lessons to be learnt. While **Chapter 6** discusses the influences of the neo-liberal ideas, this chapter relates them with the institutional-cultural forces that have already been longer established. For this purpose, this chapter firstly revisits and answers the research questions based on the analysis developed in the previous chapters. Finally, it also provides recommendation for both theory and practice.

7.1   Conclusion

As mentioned in the **Chapter 1**, the purpose of this research is to understand the development of Indonesian planning system in the view of current institutional arrangement and cultural tradition and globalisation related to neo-liberal ideas. Based on the analysis, it is noticeable that institutional-cultural forces remain important in characterising the system although some elements have changed due to the growing influences of the neo-liberal ideas. However, these influences are fragmented in nature and cannot alter the system as a whole. It is also clear that some of these ideas conflict with the existing institutional-cultural arrangement thus threaten the effectiveness of the system itself. The next paragraphs of this section explain the research findings in detail based on the research questions order followed by lessons learnt and some remarks.

The current planning system and its change

Chapter 3 shows that planning system in Indonesia, as a transitional country, is dynamic. This changing situation can be seen in the elements of goals, scope, concept, institutions, process, and instruments. The goals of spatial planning can be divided into four broad categories: spatial quality, sustainability, environmental protection, and national security. In its scope, the function of development control is becoming more important in draft of new act (2005). Furthermore, binding concept is more apparent and clearer. The hierarchical arrangement between tiers of planning authorities is less important nowadays and coordination between them is increasing. Citizen involvement, particularly public consultation, in the planning process is becoming more important. Planning instruments are more complicated. Negative instruments are becoming more popular while at the same time the established positive instruments are maintained.

Compared with the four established types of planning system tradition (European Commission, 1997), Indonesian planning system indicates an incomplete adoption of the integrated-comprehensive approach. As defined by the European Commission (1997: 36-37), in this approach "spatial planning is conducted through a very systematic and formal hierarchy of plans from national to local level, which coordinate public sector activity across different sectors but focus more specifically on spatial coordination than economic development". However, in Indonesia this system is not supported by strong public investment in the realisation of planning frameworks. In other words, it has weaknesses in the development promotion area. Meanwhile, in other countries applying this system, e.g. the Netherlands and Nordic Countries, public sector investment is one of the key elements that plays role in maintaining consistency between proposed spatial plans and their implementation.

Recently, through the promulgation of Draft of Spatial Planning Act 2005, the system also adopts some elements of North American land use management. In the later, growth and development control through rigid zoning and codes are applied. Nevertheless, in Indonesia the role of spatial plans made in all tiers of

planning authorities are still important. Besides, land use management in Indonesia is not solely the responsibility of the local government. All tiers of government to some extent have authorities to manage land use based on their scales and capacity.

The influences of the institutional-cultural forces

In the analysis, I divide institutional-cultural forces that influence planning system into two broad categories, which are formal-institutional forces and informal-cultural forces. The formal-institutional forces comprise values formalised into state and statecraft matters that are more dynamic in nature since they are influenced by socio-political process. They consist of form and structure of government and legal framework. Meanwhile, the informal-cultural forces comprise informal values rooted from the national culture. They are focused on planning culture associated with political culture, governance tradition, and state-society relation. The later are more resistant since they are related to the long historical development of a nation.

Chapter 4 shows us some considerable direct influences of the formal-institutional forces on particular elements of the current planning system. The maintained unitary state asserts territorial integrity and national security as foundation in the planning system. It also gives consequence on the single structure of planning institution and universalised planning norms and standards. Special attention on the greatest benefit of all people, poor society, and resources maintenance explain the need for sustainability goal in planning system. In general, strong control and socialistic role of the state call for broad goals and comprehensive scope of planning system, strong role of government in plan-making and development control, and domination of positive instruments, particularly spatial plans. Finally, regional autonomy strengthens the decentralised structure of planning institution and the importance of citizen involvement.

Informal-cultural forces provide fundamental explanation on the nature of planning system as I point out in **Chapter 5**. There are three major sources of national culture considered to influence the planning system, which are Javanese,

Dutch colonial, and outer islanders' culture. Direct influences of these forces fill some of the inadequacy of formal-institutional forces in explaining the planning system. It is remarkable that the Dutch rigid administration tradition characterizes the system very much regardless the fact that in practice, policy implementation is highly politicised. However, this might be useful in reducing the negative consequences of the clientelist governance, which in Indonesia tends to create corruption practices. The planning system has been developed based on binding concept and promotes normative-rigid instruments like detailed spatial plan and. The remaining role of central government in spatial planning, irrespective on the growing aspiration for decentralisation, can be better explained by the Javanese power tradition to implement pervasive and centralistic government.

In addition, there are also considerable indirect influences of Javanese culture, which are manifested in the maintained unitary state and strong control of government in land and property affairs. Meanwhile, some ideas from Outer Islanders nowadays deserve attention since they are in accordance with the growing decentralisation and democratisation principles in regional administration. These indirect influences strengthen the role of formal-institutional forces in outlining the nature of the planning system.

The Influences of the globalising neo-liberal ideas

Neo-liberalism offers the ideas of efficiency, rule of law, decentralisation and specifically new regionalism in public administration and policy systems. As explained in **Chapter 6**, they directly and indirectly may influence the planning system. The direct influences of neo-liberal ideas on current Indonesian planning system can be found in several ways. The rule of law forces the planning system to apply binding concept in the development control manifested in zoning ordinance and codes. The impact of efficient government can be seen in the weak government participation in the development process or plan realisation. As another influence, new regionalism calls for spatial planning at the urban region level, in which institutional collaboration among local governments is encouraged. Meanwhile, decentralisation principle indirectly influences the planning system by

firstly shifting the government structure towards a highly decentralised unitary state. The ideas are however unable to explain the broad goals of planning system. It also cannot change the scope of the system, which is comprehensive in nature.

In total, both institutional-cultural forces and globalising neo-liberal ideas shape the Indonesian planning system as seen in **Figure 7.1**Error! Reference source not found.. I put the driving forces in rectangles, while their influences are placed in diamonds. The arrows point out the directions of the driving forces. The formal-institutional forces shape the elements of *goals* and *scope* and to small extent the *structure* (universalisation) and the *process* (participation) within the planning system, which are indirectly influenced by the informal-cultural forces and the neo-liberal ideas. Meanwhile, the informal-cultural forces characterize the *concept* (normative approaches), *instruments* (normative) and some part of the *structure* (role of central government). Finally, the neo-liberal ideas influence the *concept* (binding approaches), *structure* (planning for urban region), *process* (removal of government participation) and the *instruments* of the system (zoning). The picture shows that the external forces (neo-liberal ideas) have no influence on the informal-cultural forces. This strengthens my argument that the informal-cultural forces are more resistant towards change.

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                    ┌─────────────────┐
                    │ External forces │
                    │(globalising neo-│
                    │  liberal ideas) │
                    └─────────────────┘
                            │
                            ▼
                    ╱───────────────╲
                   ╱      Zoning,     ╲
                  ╱ removal of government, new ╲
                   ╲   regionalism   ╱
                    ╲───────────────╱
                            │
   ╱──────────╲            ▼
  ╱ Decentralisation ╲   ┌─────────────┐
   ╲──────────╱         │  Indonesian  │
        │               │planning system│
        │               └─────────────┘
        │        ╱────────────╲    ╱────────────╲
        │       ╱  Broad goals, ╲ ╱ Binding concept, ╲
        │      ╱ comprehensive scope,╲ ╱normative instruments, role of╲
        │       ╲ universalisation,╱  ╲ central government╱
        │        ╲ participation ╱     ╲────────────╱
        ▼         ╲────────────╱
   ┌──────────┐                      ┌──────────────┐
   │  Formal- │                      │Informal-cultural│
   │institutional│                   │    forces    │
   │  forces  │                      └──────────────┘
   └──────────┘
        ▲        ╱────────────╲
        │       ╱ Unitary state, ╲
        └──────╱ decentralisation, pervasive╲
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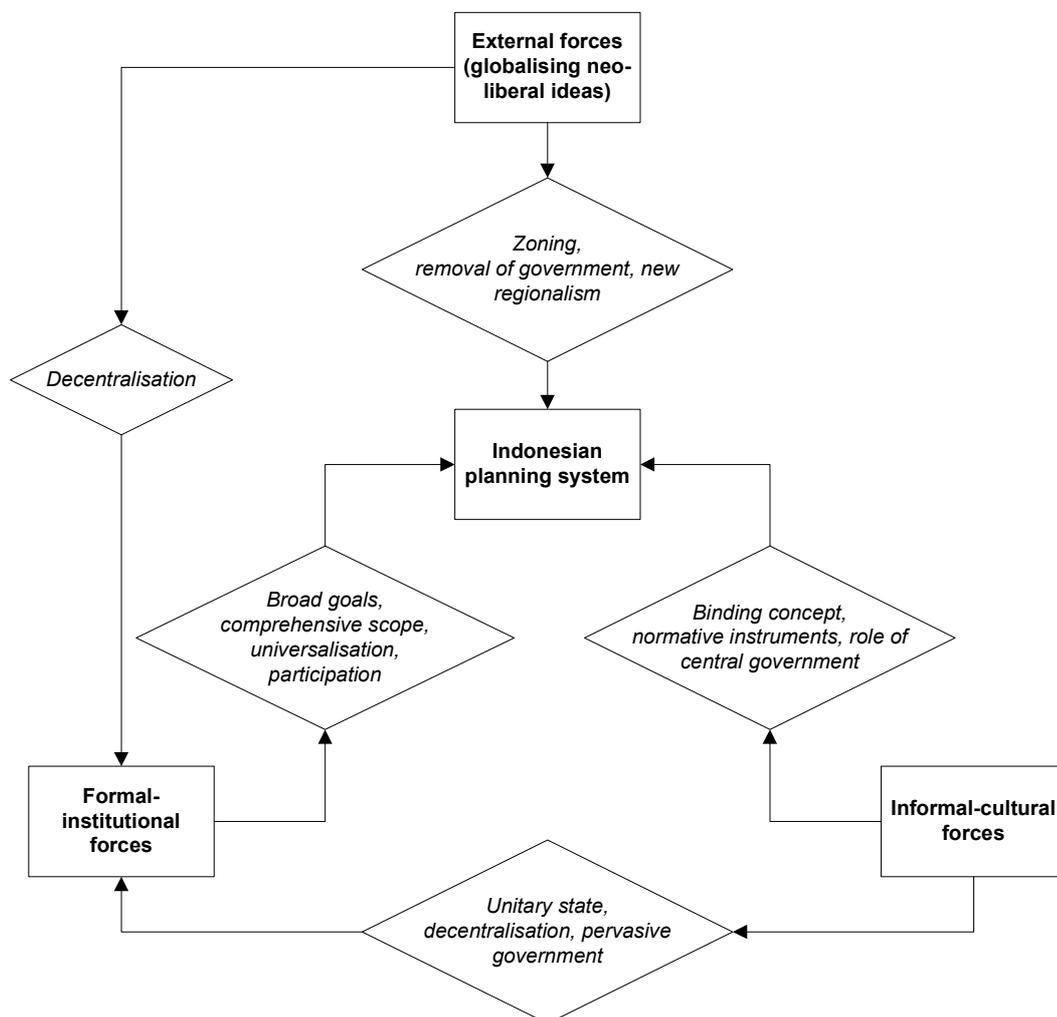
Figure 7. 1
The Influences of the Driving Forces on the Indonesian Planning System

Any conflict?

The internalised neo-liberal ideas in the planning system obviously conflict with some of the existing institutional-cultural forces that have long been characterising the planning system in Indonesia. The drawing back of government participation from major development process undermined the 1945 Constitution assertion, which requires government at the highest level to control the use of spaces, included land. It is impossible for government to control the use of resources if they have no power to use them. It is also irrelevant to the tradition of Javanese culture to develop strong and pervasive state. Besides, promoting

decentralised spatial planning at the regional level is to some extent inappropriate for the centralised nature of Javanese statecraft. In addition, the application of binding development control concept and zoning instruments contests the discretionary approach and clientelist governance arrangement of the Javanese culture.

We also can identify the conflicting nature of the impact of the neo-liberal ideas within the elements of planning system itself. Neo-liberalism has moved the system towards an incomplete adoption of the integrated-comprehensive approach. While role of actors has changed due the pulling back of government participation and the growing importance of the public involvement, the system still calls for broad goals and comprehensive scope. Neo-liberal ideas have changed some elements of the system irrespective the different direction of the other elements. Lack of amalgamation and coordination in the copying or adapting of these ideas may illustrate the existence of the coercive nature of external power rather than the voluntary nature of internal aspiration in the process of policy transfer in some elements of planning system (see **2.3 Globalising Trends**). As explained in **Chapter 6**, coercive transfer can be seen particularly in housing and water management in which international institutions like the World Bank impose the reducing role of government and privatisation in land development and resources management as requirement for their financial assistance.

Neo-liberal ideas are inevitably attacking the institutional-cultural forces that have long been influencing the development of the planning system. However, they are only apparent in *some* of the elements of the system and cannot alter the nature of the whole system. In other words, their influences are not as pervasive as predicted. As mentioned above, the conflicting influences in the planning system can be seen in the element of *process* through the pulling back of government participation in development. Besides, *structure of institution* is also considered since the system calls for a decentralised collaboration among local government at regional level in the light of new regionalism paradigm. In addition, the ideas influence the *concept* and *instruments* of the system through

the application of binding approaches in development control and zoning instruments and codes.

Lessons learned and remarks

Although in the analysis I divide the institutional-cultural forces into two parts, which are formal-institutional and informal-cultural forces, it is noticeable that both forces contain overlapping concept. Many institutional forces are developed from basic or national culture. As described in Error! Reference source not found., the fundamental ideas like the maintained unitary state, decentralisation, and pervasive government are highly influenced by these cultural forces. The two forces show indivisible rather than separated consequences. In relation to the neo-liberal impact, this finding criticise Lai (2004) who argues that the achievements of neo-liberalism by individual or nations depend on institutional constraints rather than culture. I argue that both institutional and cultural forces determine how neo-liberalism would look like in certain country. Although the ideas are universal but their use can vary in different countries.

The analysis also indicates the limited and fragmented influences of the neo-liberal ideas, which cannot alter the nature of the planning system. The contained impact and inability of the ideas to change the whole system can be possibly explained in several ways. *First*, there are suspicious tendency in the internalisation of the neo-liberal ideas since they undermine the role of spatial planning itself (Allmendinger, 2002). This is because in the neo-liberal paradigm, planning is narrowly translated into resolving externalities and market imperfections (Allmendinger, 2002; Lai, 2004). *Second*, the institutional-cultural forces have stronger influence since they have longer been developed. Both Javanese and Outer Islanders have developed basic culture since more than one millennium ago. Besides, Dutch colonial culture contributes to the national culture since the beginning of seventeenth century. Meanwhile, Soeharto Presidency firstly introduced the neo-liberal ideas in national development planning framework in 1970s. *Third*, planning has been developed to be distinctive

activities based on the local needs thus, not extensively influenced by the process of globalisation.

In addition, there is conflicting ideas in the neo-liberalism itself. On the one hand, it calls for decentralisation and furthermore public participation. On the other hand, it needs defined criteria to create certainty in order to help the market in deciding resources, particularly land, allocation. Definition of criteria often depends on experts thus tends to move the system towards centralism (Lai, 2004). Besides, conflicting element is also found due to the use of rule of law in order to resolve externalities and market imperfections. This is also against the nature of the market arrangement that is dynamics and demands considerable flexibility. The other conflicting element is recognized in balancing between liberal and conservative elements. Empirical experiences in Hongkong and US have proven that although neo-liberalism believes in the invisible hand of market, the achievements are nevertheless the result of government intervention (Lai, 2004; Pieterse, 2004). The role of government is inevitably important to promote desired objectives, but it at the same time blurs the importance of the market itself.

The neglected importance of government intervention to some extent explains the ineffectiveness of the Indonesian planning system, which means the system is largely unable to drive the spatial development. As argued by many scholars (Allmendinger, 2002; Pieterse, 2004; Lai, 2004), the existence of government is undisputable in order, among other, to maintain strong rule of law. Meanwhile, rule of law is still a major weakness in the Indonesian court as well as in the planning system (Niessen, 1999). Although the system is now introducing a more clear binding enforcement, it is developed based on an incomplete planning law that needs operational regulation and better coordination in the implementation (Niessen, 1999). Besides, clientelist governance and discretionary culture in the administration may furthermore undermine this binding system (Liddle, 1987; Cowherd, 2005).

Unlike the previous works that conclude most of the transfer of neo-liberal ideas across the globe is coercive in nature[5] (Pieterse, 2004; Dolowitz & Marsh, 1996), our analysis indeed shows that the coercive transfer in spatial planning policy in Indonesia is less significant. The adoption or copying of binding approaches, zoning system and spatial planning at urban region level indicates no clear coercion from any external power. The coordinative nature of spatial planning makes coercive transfer is more significant in the affected sectoral policies. As explained in **Chapter 6**, in Indonesia, coercive transfer in spatial planning can only be seen particularly in relation to housing and water management affairs in which international institutions like the World Bank impose the reducing role of government and privatisation in land development and resources management as requirement for their financial assistance.

The process of transferring ideas of neo-liberalism into the Indonesian planning system is dominated by copying or adapting rather than hybridizing or synthesis (see Dolowitz & Marsh, 1996). It narrowly imports the ideas separately and without considerable coordination with the existing institutional-cultural constraints. As the result, it develops inconsistent and fragmented system, in which some elements within the system may conflict one another. This potentially makes the system ineffective in guiding spatial development. In the element of *process*, for example, it is impossible for government to direct the spatial development in accordance with the plans considering, on the one hand, their limited participation in the development process and, on the other hand, the rule of law is still far undeveloped.

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[5] Two types of policy transfer, which are **voluntary transfer** and **coercive transfer**, can be distinguished based on the reasons why certain policy are transferred. Voluntary transfer occurs when there is internal "dissatisfaction or problem with the status quo" (Dolowitz & Marsh, 1996, p. 346). In this case, lessons from other countries are necessary to avoid inability of government to provide solutions to certain problems. Policy transfer also occurs when one government or institution forces another to adopt certain policy (Dolowitz & Marsh, 1996). This can be direct and indirect coercive transfers. Direct coercive transfer can be in form of stipulations, regulations, or directives mainly from powerful countries or supra-national institutions that formally or informally influence the authority of certain government. Indirect coercive transfer emphasises the impact of externalities or functional interdependence between different governments.

7.2   Recommendation

In these last paragraphs, I provide ways forward considering the above conclusion. First, I offer theoretical recommendation in relation to transferring neo-liberal ideas and coping with institutional-cultural arrangement in developing domestic planning systems. I also give brief description of their consequences on the case of Indonesian planning system. Finally, I present a practical recommendation for improving the current planning system in Indonesia.

Hybridising and synthesis in policy transfer

Combination of business and coercion characterise the influences of neo-liberal globalisation on domestic sectoral policy systems, but less significant in spatial planning as a whole. I argue that the domination of coercive transfers and rule of power, rather than rule of law, particularly in housing and water affairs, undermines the meaning of neo-liberalism itself, which promotes freedom of choice. However, developing or transitional countries, which have weak position and depend on industrialised countries, cannot fully ignore these influences. What might be possible is to minimize the negative effects through a process of internalisation, combination or harmonisation of the ideas with the current institutional and cultural arrangements. The policy makers as well as researchers should promote process of hybridising or synthesis, rather than copying or adoption[6], in transferring policy ideas in order to develop a better coordination with the existing values and a more cohesive planning system.

This critical process of policy transfer in turn supports the arguments that planning systems are moving towards divergence (see among others European Commission, 1997; Friedmann, 2005). The domestic planning systems adapt the neo-liberal ideas based on their own institutional and cultural values. The ideas

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[6] There are different types of policy transfer: **copying**, **adapting**, **hybridising** and **synthesis** (Dolowitz & Marsh, 1996). Copying is directly borrowing policy elements from other countries. Adapting still focuses on borrowing policy elements but with some necessary adjustment based on contextual consideration. Hybridising or synthesis is an advanced transfer that selects, filters, combines, and reformulates different experiences from different countries in order to build a new shape of policy elements that fits with the contextual environment.

may influence the development of the planning systems as long as it benefits the systems to be more effective.

Promoting the benefits of the driving forces and reducing their detrimental consequences

As discussed earlier, planning system is legal framework for the practice of planning and development in general (Healey, 1997). It is criticised for its ineffectiveness in directing urban development (Healey, 1997). However, it does not mean planning systems have lost their significance. I argue that this is because planning systems developed in many countries do not take into account properly the institutional and cultural context of the countries or the regions where the systems are built. Although the drivers of the development are related to the global market power, the attempt to realise the development as well as to mitigate the market failure nevertheless should be aware of the local institutional constraints and the domestic cultural values, in which both cannot be completely separated because they overlap each other and the former are mainly developed from the later.

Institutional arrangement is very dynamic in a transitional country like Indonesia. This rapid change creates less coordinated and sometimes conflicting formal institutional elements, which in turn makes the formal-institutional forces *solely* becoming unreliable in providing framework for the planning system. For this reason, the policy makers in developing and transitional countries shall also consider more stable forces, which are the informal-cultural values, in order to develop a more robust planning system. Informal cultural forces like decentralised administration of Outer Islands, normative approaches derived from Dutch colonial culture, and strong government promoted by Javanese statecraft benefit the promotion of spatial planning in Indonesia, which has been developed based on integrated-comprehensive approach. However, the practice of clientelist governance and centralistic administration inherited from Javanese political culture do not support the system towards democratic processes. We cannot easily eliminate them since they have been embedding in all major administration cultures but we can reduce their negative effects by, among others, encouraging

some positive ideas in neo-liberalism. We might promote neo-liberal ideas as long as they benefit the system, which means helping the system to be closer to the practice and to survive in the global competition.

For these reasons, the ideas of rule of law and decentralisation promoted by the neo-liberalism shall be promoted in Indonesia since they benefit the development of the planning system. Rule of law is important in order to minimize the negative effects of clientelism and discretionary approach, which has been long charactering the Indonesian governance culture. Their negative implications can be seen in the practice of corruption, collusion, and nepotism (Cowherd, 2005; Winarso & Firman, 2002). Meanwhile, decentralisation fits the governance culture of outer islanders. It is also suitable for big country like Indonesia in which cultural diversity and territorial fragmentation are the main features.

Nevertheless, the application of the efficient government through removal of government participation in the development process should be analysed critically. It is not suitable for both the formal-institutional and informal-cultural values, which promote strong and pervasive government. Besides, reduction of the role of government required strong rule of law, which remains a big problem in Indonesia, in order to maintain public interests and to prevent negative externalities of the increasing role of the market power. The government investment should be maintained particularly in major infrastructure development in order to provide fundamental structure for the spatial development. Institutional and financial assistances from the government are also needed in order to promote equality and to reduce disparity in the society.

The future of Indonesian planning system

Finally, in this last part I provide practical recommendations in more detail regarding the possible setting for the future of Indonesian planning system. Responding to the promulgation of the draft of the spatial planning act (2005), I focus on five elements considered to be improved, which are scope, concept, structure of institution, process and instruments:

a) *Scope: balancing the policy areas*

Since spatial planning objectives in Indonesia are broad and pervasive in nature comprising the achievement of spatial quality, sustainability, and environmental protection, it is necessary to balance the three policy areas, which are plan-making, development promotion, and development control. The existing system contains weakness in the second policy area because it narrowly defines development promotion as making of program and its finance. In the future, development promotion shall also include a clear role of government or public investment in the plans realisation in order to avoid negative effects of market hegemonic.

b) *Concept: building consistency*

Although, at the highest level, the system uses normative and binding approaches but it still applies significant discretionary approaches particularly in guiding investment decisions. This inconsistency potentially causes inefficient decision-making processes in plan realisation through redundant bureaucratic procedures. It also creates loopholes for the unneeded informal processes and, furthermore, corruption practices. Therefore, by developing consistent and clear binding approaches in the system, these negative effects of clientelist governance system can be minimised.

c) *Institution: rationalising the authorities*

The authority of central government in spatial planning shall be reduced. They shall focus on the making of general policy framework, assistances, monitoring, and evaluation of the spatial planning process carried out by the lower tiers of government and shall not involved in the processes related directly to communities. Rigid and pervasive role of central government in spatial planning shall be minimized because their capacity is too far beyond the issues of spatial planning, which mostly arise at local and regional level. Detail spatial planning works, particularly investment directing and development control, should be devoted to the provincial and local government since they have closer relation with the development process.

d) *Process: clarifying the role of actors*

In order to increase the effectiveness of the comprehensive planning system that has been applied in Indonesia, the role of government in public investment or plan realisation should be clarified in the spatial planning act. The government at least must involve directly in main infrastructure development, e.g. main transport infrastructure, water supply, public spaces, sewerage etc., in order to promote the fundamental structure of the city/ region desired by the plans. In addition, direct citizen participation can be effectively encouraged at the local level, while at the higher level participation necessity shall be more flexible considering wider range of actors thus raises technical constraints due to limited time and budget resources.

e) *Instruments: innovation and diversification*

Spatial plans have been dominant instruments in the system. Meanwhile, these instruments contain weaknesses related to their rigid characters and unclear guidance for facilitating investment and controlling development. Therefore, other complementary instruments, e.g. zoning system, development plan etc., shall be promoted clearly in the Act in order to be more responsive towards development process and to improve the performance of development control. These new instruments shall focus on providing stronger rule of law and *procedural* certainty and efficiency. *Substantial* certainty related to detail locations and specific types of development should be given to the market or development actors.

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