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Spatial Planning System in Transitional Indonesia

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ABSTRACT *This paper discusses the interaction between institutional-cultural forces and globalizing neo-liberal ideas in the discussion on the formulation of the draft of new Spatial Planning Act in Indonesia. Although the neo-liberal ideas cannot change the whole nature of the planning system, this paper shows that they fragment the system and conflict with the existing institutional-cultural forces. It argues that the ideas of rule of law and decentralization, as promoted by the neo-liberalism, should be encouraged in order to develop a more effective planning system in Indonesia.*

Introduction

There is a vivid discussion among scholars concerned with urban development or planning about an international understand of planning in certain countries (de Vries & van den Broeck, 1997; Cowherd, 2005). Other efforts include the exploration of differences in planning cultures across nations (Kaufman & Escuin, 2000). This paper takes a similar approach. It takes, as a starting point, the thought that planning systems, like the skeletons in our bodies, are a good foundation for understanding planning culture as they are tied closely to domestic institutional arrangements.

As Booth (2005: 259) argues, planning system is not an independent phenomenon but more as a 'product of cultural forces'. 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 institutional and cultural traditions, as *internal forces*, that form it (de Vries & van den Broeck, 1997). It is also recognized that *external forces* in the light of neo-liberal globalization framework also influence the domestic planning systems (Healey & Williams, 1993; European Commission, 1997; Sanyal, 2005). Globalization forces policy ideas, to be transferred across nations (Dolowitz & Marsh, 1996; Sanyal, 2005). Both

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forces—*internal and external forces*—relate to each other and work simultaneously. Their influences on the policy systems, including spatial planning system, are dynamic particularly in a country experiencing institutional transition and rapid societal changes like Indonesia.

Indonesia entered its transitional process after being hit by a long economic and political crisis since 1997. Consequently, Indonesia faces rapid institutional changes, included spatial planning. The prevailing Spatial Planning Act of 1992 was thought to be no longer relevant with these new institutional settings. Therefore, a draft of new legislation was discussed in 2005–2006. The purpose of this paper is to understand the development of the Indonesian spatial planning system in the view of current institutional arrangement, cultural tradition, and globalization related to the neo-liberal ideas. While cultural values need to be considered, this paper proposes that the adoption of neo-liberal ideas in the development of Indonesian planning system should be analysed critically. This paper provides theoretical contribution as well as practical recommendation for the policy makers in Indonesia and other countries in redesigning planning system within changing institutional context in order to promote a more sustainable urban development.

This paper is divided into several sections. The first section describes the progress of planning system in Indonesia as a contextual arena for discussions. After describing the driving forces, the next three sections discuss the influences of the institutional–cultural forces and the neo-liberal ideas on the planning system. Their conflicts are discussed later. Finally, the last section reflects some remarks and recommendation.

Theoretical Framework

Planning system is ‘systems of law and procedure that set the ground rules for planning practice’ (Healey, 1997: 72). In essence, planning system provides legal and regulatory framework for the practice of planning. As a field of policy, there are six important elements of planning system discussed in this paper: (1) goals, (2) scope, (3) concept, (4) structure, (5) processes, and (6) instruments.

This paper considers planning system as *product of culture* (de Vries & van den Broeck, 1997; Booth 2005) and *field of policy* (Healey, 1997). As product of culture, planning system is put in a broader social system, mainly institutional–cultural forces. We use terms of ‘culture’ and ‘institution’ with similar emphasis. They refer to shared values that underlie attitude towards the social systems and processes. We use them as endogenous factors that shape planning system. They provide intentional explanation why planning system is developed as it is. They can be both *formal*-(institutional) and *informal*-(cultural) forces. The former consist of form and structure of government and legal framework in land and property affairs. The latter 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. Globalization makes ‘policy transfer’ more possible to occur (Dolowitz & Marsh, 1996: 343). We treat ‘*transfer*’ as a process by which dominating knowledge concerning policy elements or principles in the world influence the development of policy in any particular country. We use the concept of policy transfer to *describe* the existence of external forces in the development of planning system. This external forces can be regarded as structural determinants that dictate how planning system ought to be. We specify these globalizing

forces into three broad issues mainly proposed by worldwide spread neo-liberal ideas, which are efficient government, rule of law and decentralization.

This theoretical framework is particularly useful to explain the development of planning system in the context of *transitional country* like Indonesia. Transitional country is defined as a country where fundamental social and economic structures and institutions change rapidly. In this country, these institutional changes can barely be seen with unequipped eye. It is often characterized by growing liberal economy and democracy.

Planning System in Indonesia

Development of planning system in Indonesia has been initiated in the first quarter of the 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 through the promulgation of Town Planning Ordinance or *Staadsvorming Ordonatie* (SVO) followed by its implementation regulation known as *Stadsvormings Verordening* (SVV) in 1949 (Dirdjosisworo, 1978; Winarso, 2002). It was focused on improving urban housing condition (Winarso, 2002) and was designed for municipalities in 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 the Indonesian government to all regions included regions outside Java.

As responses to this colonial and Java centric biases, 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 changes triggered by an economic, furthermore multidimensional, and crises 1997–1998 made this regulation no longer relevant, particularly in relation to decentralization and democratization atmospheres. This regulation also could not fit anymore with the other related legislations. Therefore, a draft of new legislation, namely Draft of Spatial Planning Act 2005, was released in December 2005.

According to both Act 24/1992 and the draft, Indonesian planning system indicates an incomplete adoption of the 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 contains an unclear role of public investment in the realization of the planning frameworks (Spatial Planning Act of 1992) (Figure 1). In addition, related sectorial policy systems like housing and water management promote privatization instead of government participation (Housing and Settlement Act of 1992; Winarso, 2002; Siregar, 2005).

Through the promulgation of the Draft of Spatial Planning Act 2005, the system also currently adopts the North American land use management. In the latter, 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, the land use management in Indonesia is not only the responsibility of the local government but also the provincial and central governments.

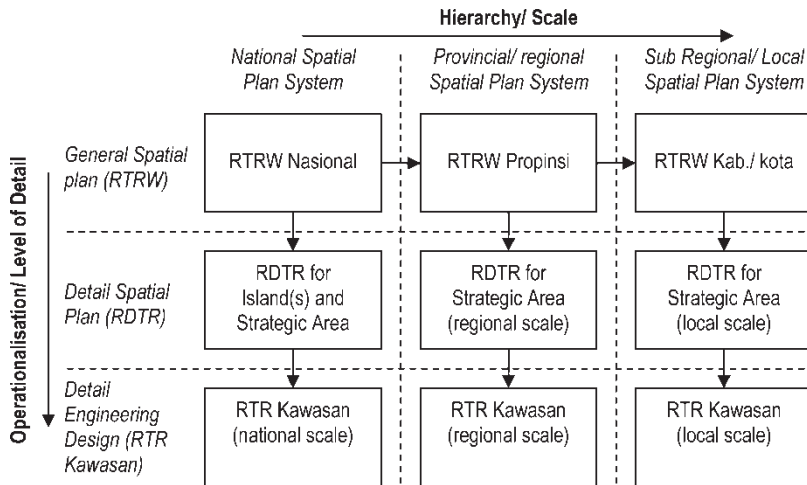


Figure 1. Spatial plan system in Indonesia

The Driving Forces

The complexity of Indonesian planning system needs a systematic explanation on its nature and development. There are two driving forces behind it, which are internal and external forces. The internal forces consist of institutional–cultural forces, which are divided into formal-institutional forces and informal-cultural forces. The formal-institutional forces comprise values formalized into the state and statecraft matters that are more dynamic in nature since they are influenced by the 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 the political culture, governance tradition, and state–society relation. The latter are more resistant since they are related to a long historical development of a nation.

Indonesia adopts a unitary form of government in which the ultimate power, including capacity to make laws, lies on the central government. Since 2001, the structure of government has shifted from a centralized into a highly decentralized structure. Most of the administration affairs, including the spatial planning, have been transferred from the central government to the provincial and local government (*kabupaten/kota*) (Regional Administration Act of 2004). In relation to land and property affairs, the 1945 Constitution offers a socialistic role of 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 a broad state capacity in relation to land policy, which is the authority to use and develop the land and to regulate the legal relation between the people and the land and between the legal actions of the people upon the land.

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 (Liddle, 1988). The Javanese statecraft is derived from a paternalistic social relation and a hierarchic social structure. It offers a pervasive and centralistic

administration system. An arbitrary decision-making also illustrates their tradition that drives the governance towards clientelism (Cowherd, 2005). On the contrary, the Outer Islanders does not elaborate a rigid political culture and social structure. Their pluralist governance culture, however, generates some important values such as an egalitarian social structure and a more decentralized and democratic public arrangement. Finally yet importantly, Indonesian society also inherits the Dutch colonial culture (see Table 1). Built on a corporatism style of governance and influenced by the imperialist ideas, the Dutch colonial culture maintains the hierarchical social order but develops a more extensive bureaucratic administration and legal system.

Finally, the external forces are the result of the globalization process. Related to this, the neo-liberalism is the most popular theme that recently influences spatial planning everywhere, disregarding of state boundaries (Lai, 2004; Wadley, 2004; Sanyal, 2005). Dominated by the US's influences, the neo-liberal globalization has been a universalistic economic regime that promotes the free markets as the sole effective system (Pieterse, 2004). Within the framework of globalization, the ideas of efficiency, rule of law, and decentralization originated in the liberal countries is now spreading all over the world. The efficiency principle draws back the role of government in major policy areas. The rule of law drives the policy to provide certainty in order to be more responsive towards the market forces. The decentralization transfers the responsibility of the central government to the lowest possible tiers of government, in which democratic process and participation are more possible to be encouraged. Lately, new regionalist idea rescales the idea of decentralization that promotes region as the most appropriate institutional level for building a cohesive economic development (Lovering, 1999).

The Influences of the Formal-Institutional Forces

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

Table 1. Major political cultures in Indonesia

Element	Javanese	Outer Islands	Dutch Colonial
Origin/reflection	Pre-Islamic caste, wet rice feudalism, court tradition, <i>wayang kulit</i> (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	Decentralization, democratization	Hierarchical system
Governance culture	Clientelism	Pluralism	Corporatism
State–society relation	Strong paternalistic	Paternalistic	Paternalistic

natural resources (Art 33, par. 3). This defends government effort to promote comprehensive goals of spatial planning comprising spatial quality, sustainable development, environmental protection, and national security. Particularly, a good spatial quality is impossible to achieve without the existence of this pervasive government. Meanwhile, protection and maintenance of land resources and special attention on the poor society as parts of sustainability principles are clearly stated in the Basic Agrarian Act of 1960, which is a major legal framework for the land and property affairs. 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 has become paramount for this country.

The planning system has been developed comprehensively in order to facilitate the broad authorities of the government in the land and property affairs. Comprehensive scope of planning system can be recognized in the integration of the 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).

A 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 the spatial development in their regions. It is also mentioned that the spatial plans solely cannot be used to control the spatial development. Therefore, control guidance is also needed to make spatial plans become operable.

Indonesia is a unitary state in which only central government can make laws or acts and they are applied throughout the whole regions. Centralized planning laws in turn drive the country to apply a single structure of planning system. As a result, the system uses universalized 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 the differences in the local culture and value system, which in fact characterize regions in Indonesia.

Decentralization in Indonesia has not been applied until the implementation of Regional Administration Act of 1999 in 2001. However, its application in the spatial planning has been started since the promulgation of Spatial Planning Act in 1992, in which all tiers of government are given the authorities to apply spatial planning based on their scales. Citizen involvement is also considered as an 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 the spatial planning is strengthened by the 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 the spatial plan.

The new Regional Administration Act (2004) validates the decentralization principle in the spatial planning act, which is now being updated. Decentralization is one of principles in regional autonomy, which means ‘the 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 . . . conducted at least through public consultation’ (Draft of Spatial Planning Act of 2005, Art. 57). This means the decentralization has improved citizen participation in spatial planning from the level of *informing* to the level of *consultation*.

The Influences of the Informal–Cultural Forces

The Javanese statecraft had been influenced by a paternalistic political culture, in which the rulers and their officials have an ultimate power in the decision-making (Moertono, 1981; Liddle, 1988). Since theoretically the rulers cannot take wrong decision, this benevolence–obedience tends to convey the government towards an arbitrary policy-making and implementation as reflected in the law and court cultures. However, it has never been strongly applied into a discretionary culture in policy system, included planning system, although in practice it is very obvious. In fact, the land development process as well as planning implementation in Indonesia is highly politicized in which the discretionary practices as well as clientelism are predominant (Winarso & Firman, 2002; Cowherd, 2005).

Therefore, it is remarkable that the Dutch colonial culture deserves a considerable attention in relation to its influences on the culture of administrative system in Indonesia. Corporatism model that is broadly applied in the Dutch governance tradition has brought about an extensive bureaucratic machinery and normative approaches in the Indonesian administration system (Liddle, 1988; Cowherd, 2005; Faludi, 2005). Technical approaches have long been dominated the policymaking and implementation. It leads towards a depoliticized planning culture, which in turn creates a normative-binding concept in the planning system.

The binding system requires development activities to be guided by legalized plans. These plans range from general plans to detail plans and indeed detail engineering plans. These normative positive instruments are guidance that are legally used by the government to determine the location of proposed development activities. These blueprint documents bind the government, the community, and the private sectors, who want to involve in the land development. In theory, no development should be approved without respecting the prevailing plans. Development proposals against the formulated spatial plans are subject to be rejected by the government.

A Javanese is one of the most hierarchical-minded in the world (Liddle, 1988). It often reflects in a centralistic and hierarchic style of government. 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

decentralized administration system in which most of policy areas has been transferred to the provincial and the local government. On the contrary, the spatial planning act still maintains the role of the central government in all policy areas, 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).

The Influences of the Neo-liberal Ideas

The idea of efficiency in the administration system requires removal of the role 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 realization of the plans. The government is only assigned to make programmes in order to guide investment and financing in development promotion (Ministry of Public Works, 2006b). There is no specific obligation of the government to invest or to finance the proposed development or land supply. In theory, the government, the private sector, and the community have the same opportunity to involve in the development process in order to achieve the formulated plans.

Both the Spatial Planning Act of 1992 and the Draft of the new act (2005) do not provide a clear explanation concerning the driving forces behind this. One of important reasons is that spatial planning is coordinative in nature. Thus, the realization of the 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 a solely independent system but is connected to the 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 in this area. The spatial planning system relates to at least three other policy systems, which are housing, road infrastructure, and water resources (Niessen, 1999; Winarso, 2002; Dardak, 2005). In Indonesia, they are also under the responsibility of the same ministry, which is the 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 a massive housing development (Winarso, 2002). The essence of public–private partnership and private involvement in the large-scale housing development are stated in the Housing and Settlement Act (Government of Indonesia, 2004a). The reliance on the participation of the private entities indicates a significant existence of the market power, since it involves the development of main urban infrastructure and massive housing development.

A more obvious removal of government participation through privatization is applied in the water management system through the enactment of Water Resources Act (Government of Indonesia 2004c). This new water resources act replaces the former Irrigation Act in order to legalize privatization in water management, which is among others required for the US\$ 500 millions World Bank's loan (Walhi, 2003). According to Siregar (2005), the essence of the Act drives towards an uncontrolled participation of the private sector replacing the role of the state since it does not delineate the authority given to the private sector. Full privatization in water management is undesirable according to the 1945 Constitution, since water is a basic need and

important for the country (People's Consultative Assembly, 1989). Meanwhile, the World Bank strongly promotes commercialization in the water management in order to support the global capitalism (Walhi, 2005).

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

In addition, the Draft of Spatial Planning Act facilitates planning for *kawasan perkotaan* or urban area that cannot be represented by the traditional administrative regions, both *kabupaten* (regency) and *kota* (municipality). According to the Draft, *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 (Ministry of Public Works, 2006b).

As supported by Brenner (2003), metropolitan region nowadays reflects the 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 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 levels (Ministry of Public Works, 2006b).

According to the Draft of Spatial Planning Act, the urban region comprising two or more *kabupatens/kotas* shall be planned integrally involving local governments within the region. For this reason, it notices that a spatial plan consisting structure plan and development plan is made as a coordination instrument for the urban development in the region. Coordination is also done in the making a development program as guidance in the development promotion. Furthermore, the existing local governments within the region must cooperate one another in managing urban development in the region. It is preferred rather than developing a new and higher level of institution in order to promote efficiency, flexibility, and decentralization. However, each local government still may individually control the development in their own administrative region.

Indirect consequence also characterizes the influences of the neo-liberal ideas on the planning system. The most obvious one is the principles of decentralization applied in the structure of government, although they can also be explained by political culture of the Outer Islanders. 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 spatial planning, are transferred to the provinces and *kabupatens/kotas*, based on the principles of decentralization. The central government has given the authority to the provincial and local government to realize the spatial planning in their regions. Besides, the decentralization allows citizen participation in planning process becomes more possible to be promoted.

Potential Conflicts

In total, both institutional–cultural forces and globalizing neo-liberal ideas shape the Indonesian planning system as seen in Figure 2. The formal-institutional forces, which are also indirectly influenced by the informal-cultural forces and the neo-liberal ideas, promote comprehensive goals and scope, universalized structure, and participation process in the planning process. Meanwhile, the informal-cultural forces characterize the normative approaches and instruments and the maintained role of central government in the planning structure. Finally, the neo-liberal ideas influence the development of binding approaches, planning for urban region, removal of government participation, and the zoning instruments. The picture shows that the influences of the neo-liberal ideas are fragmented in nature and cannot alter the system as a whole.

The influences of the neo-liberal ideas conflict with the institutional–cultural forces that have long been influencing the development of the planning system (Figure 3). The withdrawing of the government participation from major development process undermined the 1945 Constitution assertion, which requires the government at the highest level to control

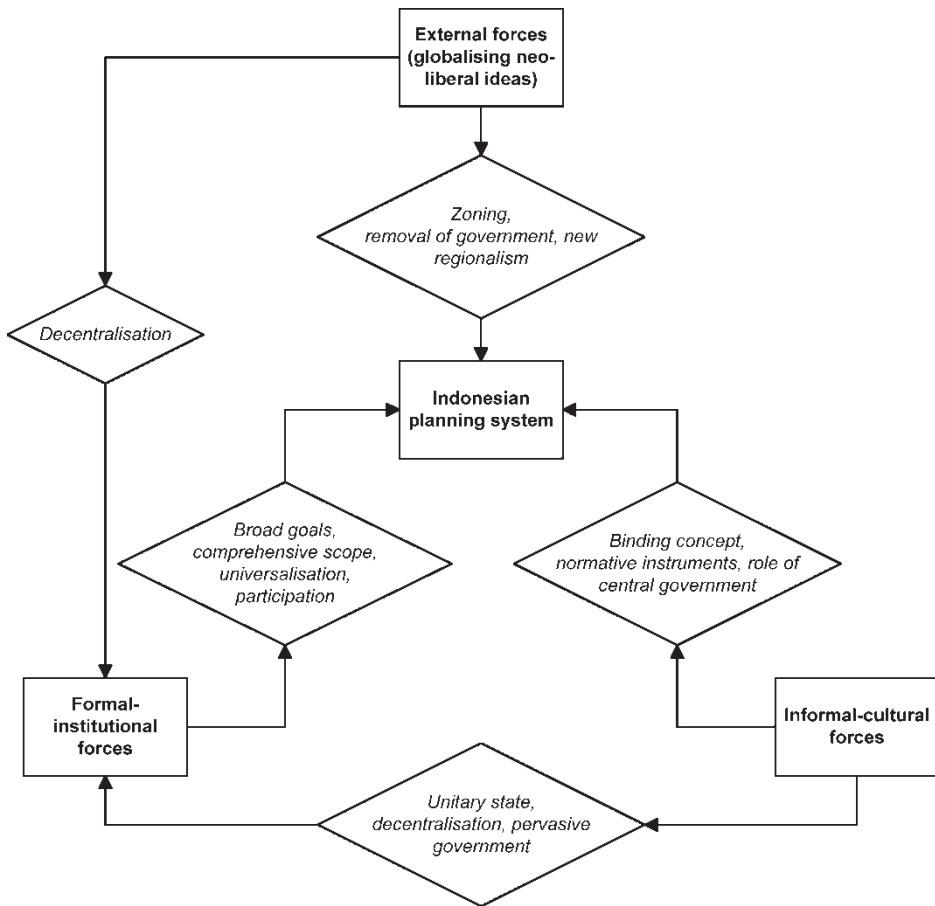


Figure 2. The influences of the driving forces on the Indonesian planning system

the use of spaces, including land. It is impossible for the government to control the use of resources if they have no power to use them. It is also irrelevant with the tradition of the Javanese culture to develop strong and pervasive state. Besides, promoting a decentralized spatial planning at the regional level is to some extent inappropriate with the centralized nature of the Javanese statecraft. In addition, the application of binding development control concept and zoning instruments contests the discretionary approaches and the clientelist governance arrangement of the Javanese culture.

Concluding Remarks

Indonesian planning system is criticized for its ineffectiveness in directing sustainable urban development. This is because its development does not properly take into account the institutional–cultural forces. The process of transferring neoliberal ideas into the Indonesian planning system is dominated, it seems, by copying or adapting, which narrowly imports detached ideas without coordination within the existing institutional–cultural structures. As the result, it develops an inconsistent and fragmented system, in which the elements within the system may conflict one another. We do not propose a superiority of the institutional–cultural forces but a balanced harmonization is inevitably necessary.

As a developing country, which has a weak position and depends on the industrialized countries, Indonesia cannot fully ignore the influences of these globalizing ideas. However, we can minimize the negative effects through a critical internalization with the current institutional and cultural arrangements. The policy makers should promote hybridizing or synthesis, rather than copying or adoption, in transferring policy ideas in order to develop a better coordination with the existing values and a more cohesive planning system.

Institutional arrangement is very dynamic in transitional countries like Indonesia. This rapid change creates less coordinated and sometimes conflicting formal-institutional forces, which in turn makes them unreliable in providing framework for the planning system. For this reason, the policy makers shall consider more stable forces, which are the informal-cultural values, in order to develop a more robust planning system. They still might promote neo-liberal ideas as long as they support the system to be more effective in promoting sustainable development and to survive in the global competition.

Therefore, the ideas of rule of law and decentralization promoted by the neo-liberalism will remain pervasive in Indonesia. Rule of law through appropriate binding approaches

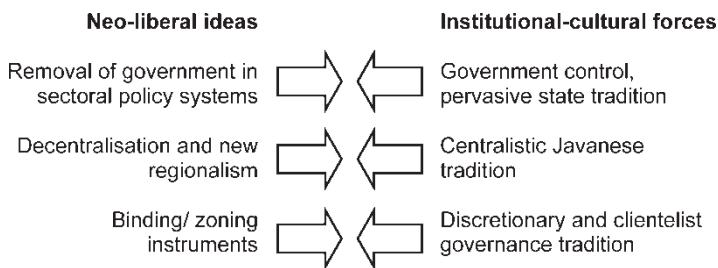


Figure 3. Critical conflicts between the driving forces of Indonesian planning system

and instruments can minimize the negative effects of clientelism and discretionary approaches, which has been long characterizing the Indonesian governance culture. Meanwhile, decentralization fits the governance culture of the Outer Islanders. It is also suitable for big countries like Indonesia in which cultural diversity and territorial fragmentation are the main features.

Nevertheless, the removal of government participation in the development process should be analysed critically since it clashes with the institutional–cultural values, which promote strong and pervasive government. Besides, reduction of the role of government required a strong rule of law, which remains a big challenge in Indonesia, in order to maintain public interests and prevent the negative externalities of the increasing role of the market power. The government investment should be maintained, particularly in major infrastructure development and land supply to provide incentive and fundamental structure for the sustainable spatial development. Institutional and financial assistances from the government are also needed in order to promote equality and to reduce disparity in the society.

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