4.1 Introduction

There has been considerable discussion among scholars concerned with international perspectives on domestic urban development and planning cultures (de Vries & van den Broeck, 1997; Sanyal, 2005). More specific discussions include the comparison of planning systems and practices across nations (Kaufman & Escuin, 2000). This chapter takes a similar approach. It takes, as a starting point, the perspective that planning systems are a crucial aspect for understanding the planning culture in a particular country since they are closely linked with the country’s domestic institutional forces.

Planning systems can be defined as ‘systems of law and procedure that set the ground rules for planning practice’ (Healey, 1997, p. 72). It is argued that in the face of growing complexity of current society, planning systems cannot be seen as an independent phenomenon but more as a product of wider institutional forces (Booth, 2005). Following the discussion about peri-urbanisation and planning practice in Chapter 3, a planning system is also not an isolated system but rather it is embedded in domestic institutional and cultural traditions that form it (de Vries & van den Broeck, 1997). Besides, it is recognised that globalisation has facilitated a freer transfer of policy ideas, including planning ideas, across nations (Dolowitz & Marsh, 1996). Many studies have shown how neo-liberal ideas in the framework of globalisation have influenced the form and structure of domestic planning systems (Hajer & Zonneveld, 2000; Healey & Williams, 1993; Sanyal, 2005). As a result, a planning system is not a stable but a relatively dynamic phenomenon, whose evolution cannot be fully understood without reflecting on these complex domestic and global institutional changes.

An earlier version of this chapter was published as Hudalah and Woltjer (2007)
Chapter 3 discussed the role of domestic and global institutional forces in explaining peri-urbanisation trend and planning practice. This chapter, by focusing on the case of Indonesia, seeks to investigate whether both forces are linked with each other and whether they work simultaneously in reshaping the planning system. It is also equally important to examine whether their influences on the system are pervasive in countries experiencing institutional transition and rapid societal change such as Indonesia.

Indonesia entered a transitional process after being hit by the financial and economic crisis of 1997 (krismon). Consequently, Indonesia faces rapid institutional changes in major policy fields, including spatial planning. The former law on spatial planning ("Law No. 24 on Spatial Planning," 1992) was thought to be no longer relevant with the new emerging institutional settings. As a result, a new spatial planning law was discussed in 2005–2006 and it was finally enacted in 2007.

The analysis of this chapter tends to focus on the formulation of this new spatial planning law and other regulatory elements of the planning system, in the view of current institutional forces, cultural traditions, and globalisation related to neo-liberal ideas. While cultural traditions can be better accommodated, this chapter suggests that pragmatic adoption of neo-liberal ideas in the current system needs to be analysed more critically.

The current chapter is divided into several sections. The first section describes the progress of the planning system in Indonesia as the contextual arena for our discussion. After summarising the conceptual framework and methods for the study, the next three sections explain the influences of formal institutional forces, informal cultural forces and neo-liberal ideas on the planning system. Later, interactions among these influences are discussed. Finally, the last section provides some remarks and recommendations.

4.2 Indonesia’s modern planning history

The history of Indonesia’s modern planning system can be tracked back to the first quarter of the twentieth century, during the late Dutch colonial period. Through the enactment of the Nuisance Ordinance of 1926, the colonial government designed permit and zoning systems for regulating industrial installations in specific areas (Niessen, 1999). However, the first comprehensive planning regulatory framework was not created until the outbreak of the World War II. The regulatory framework was introduced in 1948 through the promulgation of Stadsvorming Ordonantie (SVO) or Town
Planning Ordinance followed by its implementing regulation known as *Stadswormings Verordening* (SVV) of 1949 (Dirdjosisworo, 1978). It was focused on improving urban housing conditions (Winarso, 2002b) and was designed for municipalities in the most densely populated island of Java, where problems of urbanisation were already evident at that time (Niessen, 1999). After the independence, this first integrated planning law continued to be enforced by the Indonesian government. In fact, in this period, it was not applied only in Java but in all regions in the country.

The inherited Dutch planning law was increasingly criticised for its irrelevance due to colonial and Java-centric biases. Besides, there has been a growing inter-departmental rivalry and urbanisation complexity, increasing the need for a purely Indonesian planning law. As the result, Law No. 25 on Spatial Planning ("Law No. 24 on Spatial Planning," 1992) was enacted. Compared to the previous Dutch planning law, this first post-colonial planning law was simplified and provided only general rules and classifications for carrying out spatial planning at the national, provincial and local levels. Following this law, detailed guidelines and standards were expected to be prepared by the national government and respective ministries.

Whilst the required operational guidelines have not yet been completed, the Asian financial and economic crisis of 1997–1998 hit the country severely, triggering wider socio-political crises. The crises led to the birth of the reform era, marking the beginning of the country’s institutional transition into a democratic and decentralised political system. The transition period was characterised by a massive production of laws and legislation, including laws on regional administration, regional fiscal balancing, water resources and housing and human settlement. This massive production meant that the Soeharto-era spatial planning law was outdated vis-a-vis the new laws and legislations. Therefore, a new spatial planning law was drafted in late 2005 and finally enacted in 2007.

In general, the Indonesian planning system, as reflected in the last two planning laws of 1992 and 2007, fell short of an integrated-comprehensive approach, unlike the Dutch model. As reported by the European Commission (The EU Compendium of Spatial Planning Systems and Policies, 1997, pp. 36-37), in the integrated-comprehensive 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’. The Indonesian system adopts such a hierarchical structure, in which spatial plans are made at the national,
Peri-urban planning in Indonesia

Provincial and local governmental tiers (Figure 4.1). Each tier is required to prepare several plans with different scales, namely general spatial plan (RTRW), detailed spatial plan (RDTR) and detailed engineering design (RTR Kawasan). However, in the Indonesian system, the role of the public sector in the realisation of planning frameworks and plans is not clearly spelt out. In fact, related sectoral policy systems such as housing and water management tend to encourage privatisation rather than government participation (Government of Indonesia, "Law No. 4 on Housing and Human Settlement," 2004; Siregar, 2005).

Furthermore, through the promulgation of the new spatial planning law of 2007, the system started to adopt the North American planning system style of land use management. In this system, growth management and development control through rigid zoning and codes are encouraged. Nevertheless, in Indonesia, the role of spatial plans made by all tiers of planning authorities is still important. Besides, the land use management in Indonesia is the responsibility not only of the local government as in the US, but also of the provincial and central governments.
4.3 Institutional forces and the planning system

Following the transition period, the Indonesian planning system has become more complex thus requiring a comprehensive explanation of its persistent as well as changing characteristics. This section, therefore, attempts to investigate the extent to which recent spatial planning laws and other major regulatory elements of the planning system have been situated in broader institutional forces in effect at both national and international levels. The analysis focuses on the following key aspects of the planning system: (1) goals; (2) scope; (3) concept; (4) structure and approach, (5) process and procedure; and (6) instruments.

Institutional forces are defined as sets of organisational structures, rules, procedures as well as embedded cultural values and norms underlying social attitude and action. Analytically, such institutional forces can be divided into two main categories:

1) *endogenous* (or internal, domestic) institutional forces; and
2) *exogenous* (or external, global) institutional forces.

The endogenous institutional forces can provide an *intentional* explanation on the development of the domestic planning system as a product of culture (Booth, 2005; de Vries & van den Broeck, 1997). These forces consist of formal and informal institutional forces. The formal institutional forces are focused on form and structure of government and legal aspect in land and property affairs. Meanwhile, the informal institutional forces are associated with the national political culture, state–society relations and governance tradition. Compared to the formal forces, these relatively path-dependent forces tend to be more stable since they are influenced by long-term historical developments of the nation.

The exogenous institutional forces are regarded as *unintended* structural determinants that may dictate how a planning system ought to be. The analysis of external factors in this chapter focuses on the potential influence of neo-liberal ideas on the planning system. These neoliberal ideas are divided into three main aspects: (1) efficient government; (2) rule of law; and, (3) decentralisation. In the context of the increasingly globalised world society, it is argued that such neoliberal ideas are more easily transferred across nations (European Commission, *The EU Compendium of Spatial Planning Systems and Policies*, 1997; Hajer & Zonneveld, 2000; Healey & Williams, 1993; Sanyal, 2005).

The data and information for the analysis are mainly gathered from textual materials. These include laws, legislations, government documents and publications in relation to government administration and spatial
planning going back to the early history of independent Indonesia (1945). Furthermore, previous studies on the political, governance and planning cultures in Indonesia during the pre-colonisation, colonisation and independence periods were collected. Other literature included studies on the impact of neoliberal globalisation on spatial planning in other countries.

During the data collection on the preparation of the new spatial planning law, as the central issue for analysis, the researcher was not only an outside investigator but also a close observer and participant in relevant formal and informal discussions in relation to the preparation of the new spatial planning law. These included informal discussions among experts, feasibility study discussions and public seminars held from 2004 until 2006. Being both spectator and participant in the drafting process, the researcher benefited from producing an objectively-motivated investigation while at the same time strengthening the richness and situatedness of the results. A more detailed account of the analytical methods is provided in 0.

4.4 Formal institutional forces

There are some legal frameworks underlying the form and structure of government and the legal framework for land and property affairs in Indonesia. These legal frameworks include the 1945 constitution, the basic agrarian law, and the regional administration laws.

In relation to land and property affairs, the 1945 Constitution requires the role of the state to control the uses of land, water, space, and natural resources for the greatest benefit of its citizens. The constitutional statement of promoting ‘the greatest benefit of the citizens’ is an important rationale for the state’s strong control over the exploitation of land, waters, space, and natural resources ("The Constitution of the Republic of Indonesia of 1945," 1945, Art. 33, par. 3). This justifies the government’s ambition to promote comprehensive goals of spatial planning comprising spatial quality, sustainable development, environmental protection, and national security. A good spatial quality is difficult to achieve in the absence of such pervasive government.

Following the constitutional statement, the Law No. 5 ("Law No. 5 on Basic Agrarian Regulation," 1960) on Basic Agrarian allows a broad state capacity in land administration and policy, including the authority to use and cultivate the land and to regulate legal relations between the citizens and the land and between citizens’ legal action in relation to the land. The law also requires the protection and maintenance of land resources and
special attention on the poor, thus specifically explaining the spatial planning objective of promoting broad sustainability principles.

In order to further accommodate the strong role of government in land and property affairs, the scope of the planning system has been developed comprehensively. This comprehensive scope can be seen in the integration of three planning policy aspects, which are the plan-making process (perencanaan ruang), land utilisation (pemanfaatan ruang), and land utilisation control (pengendalian pemanfaatan ruang) (Government of Indonesia, "Draft of Law on Spatial Planning," 2005; Law No. 24 on Spatial Planning," 1992). The strong role of government is especially recognisable in the aspects of plan-making and land utilisation control. The spatial planning law requires all government tiers to prepare spatial plans in order to direct spatial development in their regions. It is also mentioned that spatial plans per se are not sufficient to control change in land use. Therefore, planning control instruments are also required to make spatial plans more realistic.

The comprehensive scope of the Indonesian planning system is then followed by its centralised approach. These are a manifestation of the unitary form of government, in which the central government is the only tier authorised to make laws to be applied throughout the whole country. Furthermore, the central government tends to promote universal, top-down planning approaches and standards. Geographical diversity among regions and islands is still poorly accommodated. Pragmatic variations are merely designed when it is considered necessary to prevent technical problems on the ground. For example, different resolutions of planning map are required for different level of plans and planning areas ("Government Regulation No. 10 on Criteria for Spatial Planning Map," 2000). As another example, requirements for urban residential facilities are classified based on the scale of services and statistical parameters of planned area such as population, area, and density (Ministry of Public Works, 1987). The uniqueness of local cultural systems is given limited consideration in spite of the prevalence of such systems in the country.

Regardless of its centralised approaches, the system’s institutional structure gives a degree of authority to the local and provincial governments to carry out spatial planning functions in their regions. Although the decentralisation policy has not been effective until the implementation of the Law on Regional Administration of 1999 in 2001, its principle in spatial planning has been anticipated since the promulgation of the Law on Spatial Planning of 1992. For example, according to the law, spatial plans made by all tiers are required to conform to each other, and to higher and lower tiers.
A further outcome of this decentralised structure is that citizen involvement is increasingly considered an important element in the planning process and procedure. In the previous spatial planning law, it was stated that ‘every citizen has the rights: to be informed about spatial plan; to be involved in spatial plan making, land cultivation process, and land cultivation control ...’ ("Law No. 24 on Spatial Planning," 1992, art. 4). The role of citizen in spatial planning is strengthened by the Government Regulation of 1996 (No. 69), Art. 2:

‘In spatial planning, the citizen has the rights: to participate in the processes of plan-making, land cultivation process, and land cultivation control; to be informed about general spatial plans (rencana tata ruang wilayah), detailed spatial plans (rencana detail tata ruang), and detailed engineering design (rencana teknis ruang) transparently; to obtain the utility of space and its added value resulting from spatial planning; to obtain a fair compensation in the event of being affected by the implementation of development projects based on a spatial plan’.

The role of citizens in planning has been improved following the enactment of the 1999 law on regional administration in 2001, based on which the government structure shifted from a centralised into a highly decentralised structure. Most of the governmental tasks, including spatial planning, are now transferred from the central government to the provincial and local governments (Government of Indonesia, Law No. 22 on Regional Administration, 1999). The newest law on regional administration (Law No. 32 on Regional Administration, 2004) reinforces this decentralisation trend by introducing the notion of regional autonomy (otonomi wilayah), referring to ‘the rights, authorities, and obligations of autonomous local and regional tiers to regulate and to manage their own governmental affairs and citizen interests’ (Law No. 32 on Regional Administration, 2004, art. 1). The importance of these local and regional aspirations were later adopted in the draft of the new spatial planning law, for which ‘spatial planning is carried out by the government through promoting community participation . . . conducted at least through public consultation’ ("Draft of Law on Spatial Planning," 2005, Art. 57). It implies that the decentralisation policy transition contributes to the improvement of the level of citizen participation in the spatial planning system from the level of informing to the level of consultation.
4.5 Informal institutional forces

With thousands of islands, hundreds of ethnic groups and languages, and at least five major influential religions, Indonesia is truly a plural country without any single basic national as well as political culture. According to Liddle (1996), there are at least three significant political cultures that so far have influenced the institutional forces in modern Indonesia: Javanese, Outer Islands, and Dutch colonial cultures (Table 4.1). The Javanese statecraft and culture is rooted in the pre-colonial kingdoms, which have constructed paternalistic social relations and hierarchical social structures. It brought pervasive and centralistic characteristics into the public administration system. The seemingly arbitrary decision making has also illustrated the Javanese tradition, contributing to the building of acute clientelist and corrupt governance traditions in Indonesia’s modern planning and governance history (Cowherd, 2005). In comparison, Liddle (1996) recognises that the Outer Islanders have not developed any rigid political culture and social structure. Their pluralist governance culture, however, has produced some important socio-political values such as an egalitarian social structure and decentralised and democratic institutional arrangements. In addition, he maintains that Indonesian society also inherited the Dutch colonial culture. Built on a corporatist style of governance and influenced by imperialist ideas, the Dutch colonial culture was characterised by a hierarchical social structure and extensive bureaucratic, administrative and legal systems.

First, the Javanese style is one of the most hierarchical-minded in the world (Liddle, 1996). It is reflected in the maintenance of a centralistic and hierarchical style of government. To some extent, this centralistic governance culture explains the persistently strong role of the modern central government in major policy fields, including spatial planning. According to the law on regional administration of 2004, spatial planning is actually no longer a main policy field for the central government. The law indeed encourages most of policy fields to be transferred to the provincial and local governments as part of decentralisation measures. However, the draft of the new spatial planning law still maintains the role of the central government in all planning policy aspects, including plan-making, land cultivation and land cultivation control, especially in the cases of national spatial planning (RTRW Nasional) and spatial planning for national strategic regions (RTRW Kawasan Strategis Nasional) ("Draft of Law on Spatial Planning," 2005).
Table 4.1 Major political cultures in Indonesia

<table>
<thead>
<tr>
<th></th>
<th>Javanese</th>
<th>Outer Islands</th>
<th>Dutch Colonial</th>
</tr>
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<tbody>
<tr>
<td>Origin/Reflection</td>
<td>Pre-Islamic caste, wet rice feudalism, court tradition, <em>wayang kulit</em> (leather puppet) plays</td>
<td>Trade culture, Islamic religious culture, global interaction</td>
<td>Protestant tradition of prosperous welfare state, Napoleon Codes of administration, colonialism</td>
</tr>
<tr>
<td>Social structure</td>
<td>Birth caste-like</td>
<td>Egalitarian</td>
<td>Racial and socio-economic classes</td>
</tr>
<tr>
<td>Role of state</td>
<td>Very strong</td>
<td>Weak</td>
<td>Strong</td>
</tr>
<tr>
<td>Public decision making</td>
<td>Discretionary</td>
<td>Discretionary</td>
<td>Bureaucratic</td>
</tr>
<tr>
<td>Public management</td>
<td>Centralism</td>
<td>Decentralisation, democratization</td>
<td>Hierarchical system</td>
</tr>
<tr>
<td>Governance culture</td>
<td>Clientelism</td>
<td>Pluralism</td>
<td>Corporatism</td>
</tr>
<tr>
<td>State – society relation</td>
<td>Strong paternalistic</td>
<td>Paternalistic</td>
<td>Paternalistic</td>
</tr>
</tbody>
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Another key feature of Javanese statecraft is the principle that the rulers and their officials have the ultimate power in the decision making (Liddle, 1996; Moertono, 1981). Principally, the rulers cannot take any wrong decision. Such a benevolence–obedience political culture has contributed to the development of arbitrary policy making and implementation as reflected in the law and court cultures. In the modern planning history, this has resulted in a strongly politicised planning cultural practice, reflected by widespread discretionary and patron-client practices in land use planning and development permit procedures (Cowherd, 2005; Winarso & Firman, 2002). Nevertheless, these cultures have never been brought into the planning policy system.

In addition to the Javanese political culture, it is remarkable that the Dutch colonial culture has also largely shaped major administrative and policy, including planning, systems in modern Indonesia. Their corporatist governance tradition has resulted in extensive bureaucratic machineries, rules and norms (Cowherd, 2005; Liddle, 1996). Dutch technical policy
Planning system in transitional Indonesia

approaches have also long been dominating the policy making and implementation procedures. These governance and policy traditions lead towards a depoliticised planning cultural system, fuelling the development of normative-binding concepts in the planning system.

The current binding system entails the requirement that development activities are guided by legalised spatial plans. These plans range from general to detailed spatial plans and, indeed, detailed engineering plans. Such normative-positive instruments function as legal guidance for the governments in making decisions about location, type, and scale of proposed urban development. These blueprint planning documents bind not only the governments but the community and the private sectors, which want to be involved in urban land development. In principle, no land development proposal will be approved without conforming to spatial plans. Development proposals violating formulated spatial plans are subject to rejection by the governments.

4.6 The influence of neo-liberal ideas

The influence of exogenous institutional forces, particularly globalising neo-liberalism, has impacted the characteristics of domestic spatial planning everywhere, regardless of state boundaries (Lai, 2004; Sanyal, 2005; Wadley, 2004). Dominated by US’s influence, neo-liberal globalisation has become a universal economic and political framework, which promotes free markets as the sole effective system (Pieterse, 2004). In this framework, the ideas of efficiency, rule of law, and decentralisation originating from the industrialised liberal countries are now spreading all over the world.

The neo-liberal concept of efficiency in the administration system entails the retreat of government’s role in major policy fields. In the current Indonesian planning system, it can be seen in an undefined role of government in land cultivation, indicating a weak capacity of government in realising plans. The government is only required to prepare development programmes and projects in order to guide private investment and financing in land cultivation ("Draft of Law on Spatial Planning shall Separate Residential Areas Clearly ", 2006). There is no clear, specific requirement for the government to invest or to finance the proposed land clearance and development. In principle, the government, private sector, and the community have the same opportunity to be involved in the development process in order to realise the formulated plans.

One of common arguments forwarded is that spatial planning is a coordinative policy field. As such, the realisation of planning frameworks is
more a responsibility of sectoral policy systems rather than the spatial planning system (Ministry of Public Works, "Draft of Law on Spatial Planning shall Separate Residential Areas Clearly", 2006). The planning system cannot be perceived as an independent system but one that is connected to other policy systems. Therefore, in order to understand the impact of the retreat of the role of government in the spatial planning system, it is helpful to first examine their influence on related sectoral policy systems: housing (cipta karya), road infrastructure (bina marga), and water resources (sumber daya air) (Dardak, 2005; Niessen, 1999; Winarso, 2002b). In Indonesia, these three interlinked systems fall under the responsibility of the Ministry of Public Works.

In the housing policy system for example, particularly in relation to housing provision for low-income earners, enabling strategies such as public–private partnership and mortgage system are preferable to the provision of massive public housing development (Winarso, 2002b). Such private involvement can in fact be very proactive, especially in large-scale housing development (Kasiba/Lisiba), which allows the private parties to develop not just massive numbers of houses and neighbourhood facilities but also main urban road and infrastructure (Government of Indonesia, "Law No. 4 on Housing and Human Settlement," 2004). This increased role of private parties in the housing policy implies a significant role of the market in the policy system.

Another obvious retreat of government through privatisation is evident in the water management system through the enactment of Law No. 7 on Water Resources (Government of Indonesia, "Law No. 7 on Water Resources," 2004). Replacing the former law on irrigation, this law effectively legalises privatisation in water management, whose implementation is financially supported by major influential international institutions including the World Bank (Walhi, "Water Privatisation," 2003). According to Siregar (2005), the law might lead towards an uncontrolled participation of the private sector, replacing the role of the state. Meanwhile, since water is one of people’s basic needs and vital for the country, full privatisation in water management is actually undesirable according to the 1945 Constitution. However, the international institutions strongly promote the commodification of water possibly in order to foster global capitalism (Walhi, "Campaign to Reject the Water Resource Privatisation and Commercialisation," 2005).

As a consequence of the minimised role of government, the rule of law is an important aspect of government intervention in neo-liberal countries. It attempts to ensure that information as much as possible is provided in
advance in order to help the market make investment decisions properly. For this reason, binding instruments such as zoning system, as part of land development control measures, replacing bureaucratic procedures in the permit system, are often suggested as a means to provide certainty and a deregulatory framework (Allmendinger, 2002; Lai, 2004).

In Indonesia, the zoning system is officially introduced in the draft of new spatial planning law. In addition to the long-established permit system, the new law requires the governments to prepare zoning regulation (petunjuk teknis rencana tata ruang) supported by environmental and building codes as key instruments for controlling land development. According to the Annex of new spatial planning law:

‘Zoning ordinance consists of stipulations that should or should not be carried out in certain land use zones, which can consist of stipulations concerning buildings, provision of services, utilities, settlement and other stipulations needed to realise convenient, productive, and sustainable space. Other stipulations needed are sectorial such as stipulations concerning flight safety zone and high voltage electrical network’.

As a further aspect of neo-liberalism, the idea of decentralisation encourages the transfer of the central government’s responsibilities to the lowest possible tiers of government, where it is easier to promote democratic and participation processes. In planning, this idea is closely linked with the current trend of regionalisation, promoting the region as the most appropriate scale for building cohesive institutional forces oriented towards economic development (Lovering, 1999).

In line with the neo-regionalist ideas, the draft of a new spatial planning law facilitates planning for urban regions (kawasan perkotaan), which includes the urban/metropolitan region shared by more than one local government (kabupaten and/or kota) (Ministry of Public Works, "Draft of Law on Spatial Planning shall Separate Residential Areas Clearly ", 2006). Metropolitan/ regional planning is often required to promote regional specialisation, particularly to separate growth centres and political centres at the national and provincial levels. Therefore, according to the draft, the urban regions made up of two or more kabupatens/kotas shall be planned integrally by involving respective local governments. As part of coordinative instruments, structure plans and development plans need to be prepared for such regions. It is necessary to encourage coordination in the formulation of urban and infrastructure development programmes. Furthermore, the existing local governments must cooperate with each other in managing urban development in their regions. Such regional cooperation, rather than
designing fixed regional institutions, is preferred in order to promote efficiency, flexibility, and decentralisation.

### 4.7 Discussion and conclusion

We have seen in the analysis that both endogenous and exogenous institutional forces attempt to reshape the basic characteristics of the Indonesian planning system. First, the formal institutional forces have resulted in the comprehensive goals and scope, universalised structure and a degree of participation in planning processes. Meanwhile, the informal institutional forces have characterised the normative approaches and instruments and maintained the role of the central government in the planning institutional structure. Finally, the influence of neo-liberal ideas can be seen in the development of binding approaches, the growing necessity for metropolitan/regional planning, reduction in government participation and the zoning instruments. With a sustained role of informal institutional forces, the influences of neo-liberal ideas tend to be fragmented and cannot alter the system comprehensively.

![Figure 4.2 Potential clashes between the institutional forces of Indonesian planning system](image-url)

In fact, the neo-liberal ideas tend to conflict with the endogenous institutional forces that have long influenced the planning system (Figure 4.2). First, the reduction of government participation from the urban development process has undermined the 1945 Constitution assertion, which requires the government to actively redistribute the cultivation of land and space. In practice, however, it is difficult for the government to redistribute such vital resources since they lack institutional as well as financial capacity to control these resources. In addition, the neo-liberal idea of minimising the role of government also tends to deviate from the long-standing Javanese
political culture of maintaining a strong and pervasive state. Besides, the decentralisation of spatial planning might to some extent clash with the centralised tradition of Javanese statecraft. Finally, the introduction of binding development control and zoning instruments should confront the pragmatic, discretionary, and clientelist governance traditions of the Javanese political culture.

In the context of the globalised society and increasing tension for structural adjustment, Indonesia cannot escape from the influence of neoliberal ideas. However, the country can minimise their negative effects through critical internalisation and adaptation of the ideas with the existing endogenous institutional forces. In transferring planning policy ideas, the policy makers could promote hybridising or synthesis, rather than instant copying or adoption, in order to encourage better coordination with the endogenous forces and to develop a more cohesive planning system.

Chapter 3 implied that the current planning system is still ineffective in managing peri-urbanisation in fast-growing metropolitan regions. Based on the analysis of this chapter, it can be argued that one of the reasons for this is that the system has not appropriately taken into account globalising as well as domestic institutional forces that have been embedded within the society and governance practice. First, major aspects of the formal institutional forces are detached from the current reality grounded in planning practice. Meanwhile, the pragmatic process of transferring neoliberal ideas seems to be dominated by partial copying or adapting, narrowly importing new ideas without involving necessary adaptation of the long-persistent informal institutional forces. These result in an inconsistent and fragmented system, in which elements may clash with each other. 0, 0 and 0 essentially attempt to address such fragmentation issues in planning and governance, focusing on the cases of managing urban and environmental conflicts in peri-urban areas.