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Island City: Urban Development, Planning, and Real Estate in Jakarta

by

Matthew Wade

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy

in

City & Regional Planning

and the Designated Emphasis

in

Global Metropolitan Studies

in the

Graduate Division

of the

University of California, Berkeley

Committee in charge:

Professor Teresa Caldeira, Chair

Professor Stephen Collier

Professor Aihwa Ong

Fall 2019



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Abstract

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University of California, Berkeley

Professor Teresa Caldeira, Chair

In the past three decades, private real estate projects have proliferated across the Jakarta metropolitan region, with new towns in the outskirts of the city, superblocks in the city center, and land reclamations on the northern coast. This dissertation examines the roles of private real estate developers and government planning agencies in the transformation of Jakarta through real estate development, and how this development reshaped not only urban space, but also urban governance. I argue that national planning institutions in Indonesia promoted the rise of a capitalist real estate sector in Jakarta, but doing so, they tied urban planning and development inexorably to private growth in spatially discrete enclaves. The government promoted private real estate to grow the economy and also to improve the city's infrastructure and urban space. Planning agencies relied on the private real estate industry to provide public goods—to improve the urban environment, to provide public space, and to add infrastructures like electricity, water, roads, and even a seawall to address flooding. However, private development also led to a fragmented urban system, the proliferation of elite enclaves and disjointed infrastructure, a city of islands. This research spans two eras, from 1988 to 1998, the final decade of Suharto's authoritarian government, and the subsequent democratic era, from the 2000s to the present. The private real estate sector first emerged in the late 1980s under the authoritarian government of Suharto, when the government liberalized the economy and promoted the rapid growth of an urban land market. Development slowed during the Asian Financial Crisis, but it began again in the mid-2000s and boomed throughout the following decade. In spite of the reforms associated with democratization and anti-corruption reform, private real estate development continues to be a complicated problem for the city and national governments. National planning agencies have attempted to construct a coordinated and transparent development planning system, particularly through a mechanism that requires development firms to contribute specific elements to the city's infrastructure projects in exchange for development rights. However, planning agencies still struggle to coordinate across a wide range of agencies at multiple scales of government, and also to reconcile the goals of growth with transparent regulation in a way that serves the public. Despite a growing economy and improvements in the city's infrastructure, private real estate development continues to exacerbate the city's island geography.

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## List of Abbreviations

APL — Agung Podomoro Land  
BAPPENAS — Badan Perencanaan Pembangunan Nasional (National Planning and Development Board/Ministry)  
BAPPEDA — Badan Perencanaan Pembangunan Daerah (Regional Planning and Development Agency)  
BKD — Badan Kepegawaian Daerah (Bureaus of Human Resources)  
BKTRN — Badan Koordinasi Tata Ruang Nasional (National Board for Coordination of Spatial Planning, now BKPRN)  
BPN — Badan Pertanahan Nasional (National Land Agency)  
BPTSP — Badan Pelayanan Terpadu Satu Pintu (Single Door Integrated Service Agency)  
DPK/DTR — Dinas Penataan Kota/Dinas Tata Ruang (Department of City Planning)  
IAP — Ikatan Ahli Perencanaan (Indonesian Planners Association)  
IBRA/BPPN — International Bank Indonesian Bank Restructuring Agency/Badan Penyehatan Perbankan Nasional  
IGGI — Inter-Governmental Group on Indonesia — Group of international donor countries  
KDB — Koefisien Dasar Bangunan (Lot coverage)  
KIARA — Koalisi Rakyat Untuk Keadilan Perikanan (The People's Coalition for Fisheries Justice)  
KLB — Koefisien Lantai Bangunan (Floor Area Ratio)  
KLH — Kementerian Lingkungan Hidup (Ministry of the Environment)  
KNTI — Kesatuan Nelayan Tradisional Indonesia (Indonesian Traditional Fishermen Association)  
KPK — Komisi Pemberantasan Korupsi (Corruption Eradication Commission)  
KPU — Kementerian Pekerjaan Umum (Ministry of Public Works)  
KPR — Kementerian Perumahan Rakyat (Ministry of Public Housing)  
KPUPR — Kementerian Pekerjaan Umum dan Perumahan Rakyat (combined Ministry of Public Works and Public Housing, since 2014)  
NCICD — National Capital Integrated Coastal Development  
PDW — Pandega Desain Weharima/Planning and Development Workshop  
PERUMNAS — Kementerian Perumahan Nasional (National Housing Ministry under Suharto)  
POLRI — Kepolisian Republik Indonesia (National Police of Indonesia)  
PPATK — Pusat Pelaporan dan Analisis Transaksi (Financial Transaction Reports and Analysis Center)  
PRK — Panduang Rancang Kota (Urban Design Guidelines)  
PSUD — Pusat Studi Urban Desain (Center for the Study of Urban Design)  
REI — Realestat Indonesia (Real Estate Indonesia, industry association)  
RDTR & PZ — Rencana Detail Tata Ruang dan Peraturan Zonasi (Detail Spatial Plans and Zoning Ordinance)  
RTBL — Rencana Tata Bangunan dan Lingkungan  
RTRW — Rencana Tata Ruang Wilayah (Regional Spatial Plan)  
RZWP3K — Rencana Zonasi Wilayah Pesisir dan Pulau-pulau Kecil (Zoning Plan for Coastal Areas and Small Islands)  
TABG — Tim Ahli Bangunan Gedung (External Architectural Review Board)  
TGUPP — Tim Gubernur untuk Percepatan Pembangunan (Governor's Team for Accelerated Development)  
TOD — Transit-Oriented Development  
UDGL — Urban Design Guidelines  
WAHLI — Wahana Lingkungan Hidup Indonesia (Indonesian Forum for the Environment)

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## Introduction

### 1. Summary

Jakarta has been completely transformed in the past three decades, from a city of neighborhoods to a city of islands. These islands are not, mostly, masses of land surrounded by water. Jakarta's islands are masses of concrete—housing, offices, and malls—surrounded by low-rise buildings and vernacular housing, highways, parks, reservoirs, canals, and other urban infrastructures. The islands are large real estate projects, constructed by private real estate firms, which mushroomed across the city since the late 1980s. These projects cover a small percentage of Jakarta's territory, but nonetheless, they transformed the physical and social space of the city. They changed how its residents moved around urban space, and they constructed a new form of public space. They shaped the way the state managed urban space and infrastructure, distributed urban resources, and carried out its mission of upgrading the housing and infrastructure of the city. Finally, Jakarta's islands became powerful symbols in the city. On one hand, these islands became symbols of modernization and progress, of capital and prestige in global space, and of the improvement of Jakarta's urban environment. On the other hand, Jakarta's islands symbolize injustice, manifestations of wealth amidst the city's vast inequality, and the persistence of corruption in the city of the real estate developers and the city government. Jakarta's islands became central to urban politics, and the troubled relationship between private development and the welfare of the public.

This dissertation studies the ensemble of actors and elements in an “urban development assemblage,” which shaped the city's urban form and social space. In this assemblage I include officials in city and national offices whose work relates to urban planning and urban development, representatives of development firms, design experts and their plans, and the expertise and of urban planning knowledge and practices that circulates internationally. Through this notion of this assemblage, I explain the state's approach to urban governance in Jakarta, how the government understands and manages urban resources, and how the state intervenes in the city to provide for the urban population. This urban development assemblage was the result of decisions by central government planners, who established the institutional conditions for the rise of a private real estate sector, but were unable to regulate and manage this sector and the urban developments that followed. I show the practical and ethical difficulties that arose for planning institutions in Jakarta when national development planning institutions embraced capitalist real estate development.

The narrative arc of this study moves through two political regimes and almost three decades. This story traces the changes in the urban development assemblage across a regime change, from authoritarianism to a burgeoning democracy. The first period of this story is set in the late New Order period, the last decade of President Suharto's authoritarian regime, and ended in 1998 in the chaos of the Asian Financial Crisis. The state's approach can be characterized through the context of “development,” or “developmentalism,” the interventionist state project that sought rapid economic growth and the improvement of the wellbeing of society. Like other Southeast Asian economies, Indonesia's economy experienced a great deal of growth in the final quarter of the twentieth century, largely due to state-led export-oriented industrialization, modernization of infrastructure in extractive and manufacturing sectors, buoyed by increasing supply chain globalization, low cost labor and demand from distant markets. In the final decade of Suharto's developmentalist regime, Suharto shifted the state's social policy from industrial development to the liberalization of the economy. The economy was liberalized, even as the political regime remained authoritarian. State policies supported the growth of new markets, including the commodification of urban land for real estate, especially in the urban region around Jakarta. In this period, the city came



to play a new role in state development strategies. The city became more than a concentration of laboring bodies that could staff the manufacturing plants surrounding the city, but also became a source of economic generation itself, as a real estate market.

The second period covered in my research is in the 2000s to the middle of the next decade, which unfolded in the context of Indonesia's democratic era. Early in this period, the national government decentralized its political system and its budget. It reformed the regulatory system for its collapsed banking sector, and by the mid-2000s, there were local elections across the country. The national government formally acknowledged the ethnic Chinese as Indonesian citizens, and it established an independent body to investigate and incriminate corruption that so characterized the Suharto regime. In these ways, the state adopted institutions of a liberal democracy. Nonetheless, the state inherited many aspects of the institutional structure and cultures from the previous developmentalist regime. The country maintained its National Planning and Development Agency that created strategic plans for economic, social, and physical improvement of the country, which were in turn coordinated with the spatial plans for local regions such as Jakarta. This development project often overlapped with real estate development, and *urban development* planners often utilized *real estate development* to complete incremental pieces of the city's broader development plan. The real estate industry bounced back as the economy began to expand rapidly in the mid-2000s. The state continued to promote real estate development by permitting new land development in the city, and providing mortgages through state banks for "pre-sales" of homes that in turn funded most real estate projects. These real estate projects became one of the city's strategies for upgrading its notoriously insufficient urban infrastructure and urban environment. The city's government consistently lacked sufficient funding for the rollout of universal urban services. So, in this period, real estate development became one of the main mechanisms of infrastructural development and physical improvement of the city, in two ways. First, Jakarta's large real estate projects create new bounded environments—*islands*—in the city, and these real estate projects include infrastructure services such as water, sewage treatment, power plants, or highway access points. Second, the city could leverage each project by requiring the construction of unrelated infrastructures, such as the construction of affordable housing units, a bridge, or a section of the coastal seawall. In this way, the city continued the state's developmental project of improvement via real estate development.

To demonstrate this shift in governance approaches and the urban development assemblage, I trace the development of specific island developments. This dissertation explains the rise of Jakarta's island geography and the state's mode of intervention in the social space of Jakarta through four forms of island developments that were planned or developed between the late 1980s and the present: new towns, superblocks, waterfront islands, and seawall islands. These forms were not invented in Jakarta, but reflect distinct urban strategies to reorganize space and society. Low density, suburban "new towns" were the hallmarks of early modernism, whereas high density "superblocks" were related to high modernist visions imagined by Le Corbusier and CIAM. Both forms have been utilized and reimagined in cities across the globe across the past century, in a wide range of social and political contexts (Benevolo 1977; Fishman 1982; Holston 1989). Meanwhile, waterfront island reclamations in Jakarta reflect a trend in waterfront redevelopment, an urban strategy that emerged to remake industrial space along rivers and oceanfront in deindustrializing cities (Harvey 1989; Sieber 1991). Planners and developers in Jakarta pulled from this repertoire of urban forms to reorder the city by intervening in urban space.



Island city—superblocks in Jakarta. Image by author, 2015.

This research describes the new spaces constructed in Jakarta not as unique forms, but as urban strategies to improve urban space and to profit from land development. The research is organized around four different island forms, and uses each form as a way to explain a distinct aspect of the urban redevelopment process—the rise of the private real estate sector, the expertise and structure of the private development industry, the strategies to rationalize the planning and regulation of the private sector, and the globalist visions that animate urban development planning. First, the new towns developed in Jakarta’s peri-urban region beginning in the late 1980s. I show how Suharto’s government, in its liberalization period, faced a range of urban development problems—infrastructural deterioration, overcrowding, and a housing shortage. The national government promoted a wave of land commodification and real estate development through the generous issue of land permits. A small handful of large real estate developers emerged, each of them with a strong connection to the Suharto family. These new developers bought up huge tracts of land and developed, where many of the emergent middle class jumped at the chance to own their own house in large, manicured, suburban estates. In the 1990s, developers began to rapidly redevelop the land in the inner city with “superblocks,” large islands of malls and towers in the center of Jakarta. Here I show how a design institution helped standardize the superblock model as the primary real estate form for redevelopment in the city. I also describe the real estate development firms, and I show how these developers participated in projects of what many considered to be improvement of the urban environment. Third, in the late 2000s, a couple real estate firms began constructing new islands in the Bay of Jakarta along the northern coast of the city, for what would be essentially superblocks in the bay. The construction of waterfront islands was cheaper than purchasing land in the city, and these developers had been granted coastal

development rights over a decade before, when planners under the Suharto regime approved a plan for coastal land reclamation. I show how the model of intensive real estate development has become the target of public scrutiny and anti-corruption campaigns. Even as urban development planners have sought to rationalize the planning process and to make urban development more transparent, anti-corruption campaigns are challenging the state's mode of urban development planning through real estate. Finally, as Jakarta is facing a range of ecological problems associated with rapid land subsidence and flooding, the national government worked with Dutch engineers and designers to make a plan for a large island-seawall project. This plan features an archipelago of islands—built and funded by real estate developers as a “New Jakarta” in the bay—which would in turn be shaped like the *Garuda* eagle, Jakarta's national symbol. In the wingspan of the eagle, the plan calls for an enormous, fifteen-mile seawall to protect Jakarta from sea level rise. Through my analysis of these projects and plans, I explain the political and cultural practices that bring together the real estate firms, the city and national state planners, and how they interacted to produce the contemporary island geography of Jakarta.

## 2. Milieu: City Planning in Jakarta

Jakarta is notorious as a city that “doesn't work.” At a conference dinner, a Dutch architect sitting to my right asked me about my research, but as soon as I began, he looked at me directly and growled dramatically, “Jakarta is hell.”<sup>1</sup> The city is enormous—approximately ten million in the city itself and over thirty million in the region.<sup>2</sup> Its first mass rapid transit line opened in 2019, but Jakarta is perpetually disparaged: the traffic, the floods, and its seemingly intractable corruption. The city tends to elicit superlative descriptions: the “megacity,” “mega-urban region,” “mega-urbanization,” “absolute traffic” (Silver 2008; Dharmapatni and Firman 1995; Firman 2009; D. Lee 2015). This idea of the city's dysfunction is often blamed on the government, especially the city planning agencies, which are also charged with not “working.” The experience of life in the city, and likewise, the of governance of the city, can be described as “fragmented.” Planning in Jakarta encompasses far more than the scope of what is known as “urban planning” in a liberal political model. In Jakarta, planning and development overlap, and the functions and roles of agencies are often under negotiation. A broader description of planning development in Jakarta would include a range of interconnected and overlapping processes, institutions, market actors, political formations, material production, discourses, and ethical positions, in short, an urban development assemblage. Thus I describe planning simultaneously as retaining its developmental orientation, but in a system that is radically fragmented, consisting of agencies that are often overlap or contradict one another in their structure, roles, territorial jurisdictions, and mechanisms.

Jakarta is officially DKI Jakarta, the *Daerah Khusus Ibukota*, the “Special Capital Province.” DKI Jakarta is made up of five municipalities—Central Jakarta, North Jakarta, South Jakarta, East Jakarta, and West Jakarta. Each municipality has a mayor, but the province of DKI Jakarta functions as a city. DKI Jakarta is headed by a governor and vice-governor, and its planning and public works agencies work at the scale of the province, the five municipalities under one governor. I refer hereafter to DKI Jakarta as “Jakarta” or “the city.” The metropolitan region includes Jakarta as well as municipalities and districts, and is referred to collectively by acronym, JABODETABEK. Laquian describes the administration of Jakarta's urban region as an impossibly complex system of governance. The Jakarta region is subject to management a range of central government ministries, such as the Ministry of Public Works, the Ministry of Home Affairs, and the National Planning and Development Agency, as well as the Ministries of Population, the Environment, and Finance. While the Directorate General for Human Settlements, under the Ministry of Public Works, is responsible for urban infrastructure development, Laquian notes that three Directorate Generals are responsible

for planning in the region. Local jurisdictions in the Jakarta region include both districts and municipalities, which in turn, have their own public works departments, planning agencies, and departments of buildings and permits. Further, this system of state agencies overlaps with the planning efforts of private development firms. New towns often cross over the borders of political jurisdictions, and also interrupt the subdistrict and neighborhood governance units. “Trying to sort out the administrative lines of authority and coordination, linkage, and informal channels of command in Indonesia is an extremely complex exercise... Physical plans abound in Indonesian local government units and the preparation of maps and master plans is a full-time exercise” (Laquian 1995, 229).

The National Planning and Development Board (BAPPENAS) is at the center of much of the national planning for economic and infrastructural development, and is also responsible for the national spatial plans. This ministry-level agency has counterparts in local jurisdictions, whose plans are also supposed to be coordinated vertically with the national plans. Unlike liberal planning systems, the plans made by these agencies have the force of law, and their spatial and developmental goals are requirements, not targets. Compliance with the national plans are required, and provincial and local plans must be reviewed by the national board before they are enacted as law. However, despite strategies to rationalize the system, or for central state agencies to create programs that required “coordination,” planners in local agencies had different missions that reflected the distinct conditions of their jurisdictions. Often, planners in the Jakarta region worked in offices with limited expertise, or missing critical planning resources, even as basic as detailed maps. In spite of this complexity, I resist a reading of “dysfunction” of the state, but rather see instances in which there is a “lack of coordination” as moments of resistance. While I saw city and national strategies to issue new policies around coordination, the language of “dysfunction” covers over political contestation amidst state agencies.

This fragmented space of planning reflected Jakarta’s long history of infrastructural development under colonialism and beyond. Such fragmentation may be one of the distinguishing features of cities in the Global South, for many of which, the colonial administrators strategically separated native and European populations (Lamprakos 1992; Rabinow 1992). However, recent political and economic shifts, decades after decolonization, have led to new types of fragmentation, which Murray calls “enclave urbanism,” the result of a historical shift in modes of city-building and urban governance around the globe, but particularly of the Global South (2017). Often when southern cities experienced significant economic gains, or as regime changes rendered new social opportunities, the wealthy or otherwise privileged frequently choose to withdraw into enclaves. Whether this is the result of the unevenness of neoliberal or “millennial capitalism” (Comaroff and Comaroff 2001), or of new biopolitical strategies that spatially differentiate populations through propertied citizenship, ethnicity, or gender (Ghertner 2015; Harms 2016; Roy 2003), cities have become more rather than less fragmented. Caldeira describes the fragmentation of São Paulo, ironically at a time of democratic consolidation, as elites enclose themselves in fortified enclaves by building walls—physical compounds and private security—to distance themselves from poor and marginalized groups (2001). Graham and Marvin describe the increasing fragmentation of urban systems, the “unbundling” of infrastructures, due to increasing privatization and neoliberal modes of government (2001). However, as Anand argues of Mumbai, the colonial city always “unbundled.” It was an intentionally splintered system, where infrastructure was a political mechanism intended to physically and biologically divide populations of natives and Europeans, where liberal citizenship was limited through access to water. Water infrastructure was used to service the colonial state at the expense of the native residents, “and, by doing so, establish a biopolitical system of *limited* liberal governance in an emerging empire (2017, 14–15). This colonial project of *limited* biopolitical provisioning, in turn, led to the contemporary strategies of patchwork and improvised strategies for

water access. Likewise, in Jakarta, the colonial state provided a centralized artesian water system that served only European residents, in the thin strip of development that spread south from the port. Kooy and Bakker show that the differential provision of infrastructure was a technology of government that constituted colonial subjectivities. Natives were relegated to native *kampung* areas, which were unserved by the early central urban grids—piped water or paved roads. Colonial discourse reinforced the notions that natives were primitive, whose preference and traditions naturally compelled them towards drawing water from canals, and bathing in public (2008). To extend Anand’s notions of *limitations* as a part of biopolitical strategies, Jakarta’s developers, providing patchwork infrastructures for their projects—water, sewage, and electricity—represent a state strategy for limited—and classed—remediation of colonial infrastructural politics.

### 3. The Archipelago as Nation and City

In the Indonesian language, *nusantara* translates to the English word “archipelago,” or literally, “between islands.” *Nusantara* refers first to the physical archipelago of Indonesia, the collection of more than 17,000 islands that constitute the land mass of the country. It also refers to the nation of Indonesia, a national mythology of the archipelagic nation. While the name “Indonesia” came into use in the early twentieth century, *nusantara* is a poetic term that invokes the country’s maritime history. Envisioning *Nusantara* as the nation constructs the maritime connections between islands as a natural origin for the modern nation-state, even though Indonesia’s territorial boundaries were inherited from the colonial holdings of the Dutch East Indies. *Nusantara* was invoked by Sukarno during anticolonial movements, and again as a part of the post-Independence statecraft. Following national Independence, Sukarno and Hatta faced a broad spectrum of resistance by people in areas to integration into the new state of Indonesia. They developed a motto, “unity in diversity,” as a discursive strategy that imagined a shared future and past of the country in a cohesive territory. The *nusantara* was invoked as the physical metaphor for a unity between an enormous diversity in people, languages, traditions, and histories, and to project a commonality across an enormous territory of both land and sea (Avê 1989; Spyer 1996; Kusno 2000, 174). The geographic imaginary of the nation as archipelago flips the geography of mainland countries; the activity between the islands was what constructed national unity, a joining of the elements of air and water, *tanah air*.<sup>3</sup> Meanwhile, the *pendalaman*, the “interiors” of the often mountainous and densely forested islands, were constructed as the frontiers of the nation. The concept of Indonesia as an archipelago projected processes—of travel, trade, and communication between islands—rather than a cohesive land mass, as the foundation of the nation. To invoke Deleuze and Guattari (1987), the movement between islands, nodes of incommensurable locality, are the lines of flight that overlap through the national mythmaking machine, lines that connected spaces to the myth in contradictory ways.

The *nusantara* mythology was reimagined and reinvigorated under President Suharto after he took power through a coup in 1965. His predecessor, President Sukarno, constructed his regime through an increasingly socialist economy, modern urban development, and a vision of Third World solidarity. Sukarno’s regime was emblemized as a beacon, the National Monument in Jakarta, a 132-meter tall obelisk, topped by a flame, with Jakarta as the center and source of modernity for the nation. Suharto, however, turned to embrace Western development institutions, export-oriented industrialization, and capitalist economic development. Suharto invoked a new geographic metaphor for his rule, the *Wawasan Nusantara*, an “archipelagic worldview” that sought to interpellate citizens across the vast territory into a national development program. The *Wawasan Nusantara* promised development across the nation, but also implied a new machination of surveillance backed by the threat of punishment for dissent and even political expression. Suharto employed the *nusantara* myth

in his project of depoliticizing the culture, to erase dissent and difference. The most notable icon in Jakarta from the Suharto era may be the Beautiful Indonesia Miniature Theme Park, located in southeast Jakarta. The theme park is built around a small lake with islands shaped like an aerial view of Indonesia—a physical map of the archipelago in miniature. The park features “cultural” exhibitions for several of Indonesia’s major ethnic groups, each housed in a pavilion featuring that group’s architecture, dance performances, and cultural artifacts. In this use, the *nusantara* ideal flattened political and spatial difference across the national territory into appropriate and commensurable cultural expressions, where the islands of the archipelago was a metaphor for sanctioned but commensurable difference, a multitude of cultures and people within the nation (Robinson 1997; Simon and Barker 2002). This political program was the mechanism to advance Suharto’s agenda of state-led development.

Because of this extensive resonance of the *nusantara*, I use the island and the archipelago as spatial metaphors to describe the form and processes of urban development and real estate development that have shaped the geography of Jakarta. The city has been described as a landscape of modern islands, happy islands, commerce islands, and even as the arks of the rich, providing a way of life for those who can afford it, while the city sinks around them (M. Leaf 1996, 1631; Santoso 2011, 43–59; Kusno 2013, xx). Nor is this urban form unique to Jakarta, but also reflect what Murray sees as the norm in contemporary global city-building, resulting in a prototype: the “archipelago city” (2017, 27). While Murray argues that these cities are fundamentally the result of “speculative urbanism”—the result of capitalist processes, this research shows how the urban development assemblage in Jakarta has a range of productive valences, beyond a capitalist strategy. These islands have political uses; they can be aspirational, as in the plans for the *Great Garuda* seawall described in Chapter 5, a futurist representation of the archipelagic nation as an urban spectacle in miniature. They symbolize for the city’s developmental goals, the realization of a modern urban landscape, and a globally integrated economy. I show in the next section that these islands also represent a means of biopolitical intervention in the city. However, the islands also symbolize inequality, environmental degradation, and disconnection (Murray 2017; Padawangi 2018; Bobbette, Miller, and Turpin 2013). This research explores how the politics of urban development in Jakarta anchored to the city’s islands, and the way that politics of the city are produced through the frictions of distinct relations to island development.

#### 4. Problem Space: Biopolitics and Urban Assemblage

This dissertation approaches the problem space of real estate development and the government in Jakarta, and the actors, institutions, knowledges, practices, and beliefs that reshaped the city in the last three decades. It describes the rise of a private real estate sector and the real estate boom that reshaped the landscape and geography of the city, focusing on urban and national planners, as well as real estate developers in Jakarta. While Indonesia has been subject to a broad history of anthropological studies, there is a dearth of such work on Jakarta, especially to interpret the city’s rapid growth and the function of the state.<sup>4</sup> Instead, the study of Jakarta’s rapid urban transformation has largely used a political economy approach to define and to explain the growth of the private real estate sector and the forms it takes. Of these, most studies frame the problem either through *globalization* or *domestic politics*. In the first category, the boom in Jakarta’s real estate is portrayed as the result of neoliberal globalization. A second approach to understanding Jakarta’s real estate transformation focuses on the domestic political and economic context of the country, pointing specifically to the Suharto regime and its legacy, the construction of a discourse of the nation based on development, and the political system of patronage and corruption. These explanations particularly focus on the political and economic power wielded by Jakarta’s private real

estate developers. These developers, as this body of real estate explains, achieved their position through political connections with President Suharto, and they continue to wield political sway in the outcomes of the city's development.

While the political economy of development is a critical analytic for understanding why and how the real estate sector emerged in Jakarta, it is less effectual in explaining the microcosms of real estate development in Jakarta. Why do firms choose where to locate their projects, and why do their projects follow particular models? What is a real estate firm, for that matter, and how does it work? Further, I find that the power-profit nexus at the center of political economy analyses misses the ways that the state is bound in projects of what could be called *care*, not a sentimental care, but the general provisioning for human life. This characteristic suggests a beneficent imaginary of the state rather than one that is fundamentally disciplinary or exploitative. Foucault, in particular, characterizes the modern state as one that also practices “generative power,” one with a “positive influence on life, that endeavors to administer, optimize, and multiply it” (1990, 136–37). The project of “development” that the Indonesian state deliberately adopted since its independence is fundamentally directed towards the care for the citizens of the state. This ethos was still present in the Jakarta I found during my fieldwork, and not only from state actors. Many of my informants, actors from both the state and the private sector, were quite concerned with the improvement of the lives of people. While political economy scholars often point to the political power of private real estate developers, even as “oligarchs,” representatives from these firms nonetheless possessed sophisticated visions for improving the city's infrastructure, green space, walkability, transportation, and water management. They imagined their own projects as a part of a collective effort to improve the urban environment and critical resources for the city's inhabitants.

Thus, this study describes the specific context that made real estate boom unique in Jakarta, focusing on the field of planning as a privileged field of intervention in society. State planning played a central role in planning the transformation of Indonesia since the country's independence, defining new spaces of knowledge and means of intervening in society, and organizing a structure and time frame for the rational improvement of the country. I follow Foucault's understanding of the form of modern government that emerged in Europe in the seventeenth and eighteenth centuries through its practice of “biopolitics.” This form of government was articulated around the concern for the wellbeing of the population, “to improve its condition, to increase its wealth, its longevity, and its health” (2007, 105). The “art of government,” then, include the ensemble of institutions, and their knowledges and practices that target the population, towards the end of its biological wellbeing. Hence, the “biopolitical” role of the state was literally in provisioning for the population. Foucault enters his study of the biopolitics looking at how states in medieval Europe began to address the problem of provisioning populations with grain. From this, he expands to think of how the state use of statistics to approach the problem of the biological conditions of the collective unit of the population, and thus develops approaches such as epidemiology, infrastructures, or education, can promote collective wellbeing. Post-independence Indonesia, from the outset, dealt with the very problem of rice scarcity, and developed strategies for rice “self-sufficiency” (Mears 2006). The National Development Plan of 1960, the third central development plan, targeted a range of sectors that it found critical for both provisioning the population and growing the economy. It sought to finance development projects primarily by revenues from state owned enterprises. The top five sectors were food, clothing, industry, transport, and communications, but also included smaller allocations for the categories like education, finance and tourism, public welfare, research, and health (Humphrey 1962). Echoing Collier's discussion of the rise of teleological planning in the totalitarian Soviet government, the Indonesian state project of development was a *biopolitical* project, amidst an *illiberal* regime (2011, 61). The state maintained the project of development through institutions and orientation from President Sukarno's socialist period through the adoption of authoritarian



capitalism under Suharto, and finally through the democratic post-Suharto democratic period. My project in this dissertation, then, is to interpret the articulations of specific strategies for provisioning for the population, specifically at the scale of the city.

Such an approach lends itself to an understanding of urban development in Jakarta as an assemblage. Addressing the question of how anthropology, a field traditionally concerned with the hyper-local, should understand the phenomenon of globalization, Collier and Ong suggest that anthropological problems can be understood at emerging intersections of technology, politics, and ethics. Introducing the collection Global Assemblages, they write, “An assemblage is the product of multiple determinations that are not reducible to a single logic...It does not always involve new forms, but forms that are shifting, emergent or at stake” (2004, 12). While denying a hierarchal scalar structure, they instead consider the “global” as the normalizing, standardizing, and universalizing forces or contexts that restructure the spaces of human life, which in turn can lead to new configurations of nonscalar but relational elements that shape human problems. Further scholarship on assemblage considers the application of Bruno Latour’s Actor-Network Theory (ANT) to urban spaces and urban problems, in a way that understands such notions of the global, but within the site of the city. Introducing the collection Urban Cosmopolitics, Ignacio Farías and Anders Blok describe assemblages as an ontological approach to understanding the city. Echoing Collier and Ong,<sup>5</sup> they write, “Urban studies here no longer deals with ‘the city’ as a bounded object, but rather with a multiplicity of changing, co-existing, mutually interfering urban assemblages. This is not an epistemological claim...but an ontological claim, which suggests that any city exists in multiple, overlapping ways” (2016, 2). Perhaps most importantly for my research, Farías understands that “the notion of assemblage involves no outside, no exteriority” (2011, 369). In other words, Farías rejects the position of critical urban studies, which he describes as “critique based [first] on a notion of power as a resource a ruling class possesses and [second] of knowledge as an ideological construct that needs to be unveiled” (2011, 365). In this sense, Farías starts by presuming that the privileged categories of critique—race, class, capital, the state, etc.—are not preexistent, but meaningful only in the space of the problem/assemblage, which is a question of relationality to other elements of the assemblage. Thus an assemblage approach liberates actors from their moorings in bounded social categories, frees processes from prescribed functions, and allows for understandings of novel configurations that shape anthropological problems of the city.

In my research on Jakarta, I take urban development as the object of my study. I understand urban development as an assemblage, although I am less committed to the rigor of the “empirical description” associated with ANT, and more attendant to concerns for how the field of the social is constructed and cared for in the space of the city. However, by using the term assemblage, I do mean that I consider urban development a contingent and emergent problem-space, which incorporates multiple individual and collective actors, political regimes, expert knowledges, and temporalities. I do not seek to represent the entire city, nor the entire government, but those elements that are critical to processes of urban development. This helps to clarify (or better, to muddy) four ontological anchor points that shape my research and bound my notion of an “urban development assemblage.” Considering urban development an assemblage, I first understand that the categories of actors and their actions cannot be predetermined. Neither the state nor the private can be considered as stable categories, but fundamentally overlapping spheres (see Tsing 2005, 36–38). Nor can their practices be explained solely by their functional roles, e.g., the profit motive for the private sector. Second, the shape of this assemblage transformed over time. The actors changed; President Suharto stepped down and new progressive leadership emerged, but through new practices that functioned at new scales. Real estate firms that were once dominant folded during the crisis, while the surviving firms were passed on to be headed by younger generations, and again by the next generation. Third, I focus on considerations of expertise and knowledges to understand the



field of possibility for the state to intervene in urban space. I follow Foucault in understanding the role of knowledge—all aspects of the population and the economy—that enable the state to govern the population (2007, 106). I lean towards Timothy Mitchell (2002), as well as Yves Dezalay and Bryant Garth (2010), in understanding knowledge as expertise, which acknowledges the specific agents who embody and deploy this knowledge of governance in specific contexts. Fourth, reflecting back on the previous three points, I understand my informants to occupy multiple positions. I recognize the discontinuity between their professional roles as employees for specific firms or agencies. Civil servants may have been planners, but also had families, and were also residents of Jakarta. I allow the representatives of a firm to speak on behalf of the firm as well as the industry, but also allow for differences and antagonisms across the industry and within firms. Without trying to look “behind” the language of my informants to reveal underlying power relations, I consider the positions they inhabit, and the language they employ, to represent social ideas that constitute the assemblage of urban development.

##### 5. Argument: National Development, Urban Development, and Real Estate Development

The object to study of this dissertation is the redevelopment of Jakarta from the late 1980s to the present. I call this object the “urban development assemblage,” which I understand as an ensemble of actors, institutions, expertise, practices, and spaces through which the city was transformed. My primary intervention is to show how the legacy of national development shaped the redevelopment of Jakarta under Suharto and continues to shape the government of the city. For this argument to make sense, I distinguish between three notions of “development.” First, in brief, I understand *national development* as a state project based on a theory of capitalist growth through modernization. The rationale of national development was the planned transformation of the national space and economy following independence of many formerly colonized countries. Critically, the scale of this transformation was national, while the mechanism was industrialization. Second, I understand *urban development* as the extension of the national project of planned social and economic improvement into urban space. In one sense, urban development represents the banal projects of maintenance and upgrading of public infrastructures and public amenities. However, in the Indonesian context, urban development also involved both infrastructural modernization and capitalist growth, a legacy of national development planning. Both the city and the state have a planning and development agency, and Jakarta develops staged spatial development plans that must correspond with the national development plans. Third, *real estate development* is the field of coordinating, financing, and construction of real estate products. While real estate development existed in a range of forms throughout Jakarta’s history, I refer here to the private real estate industry that emerged as a significant private sector in the 1980s. The actors in this field are the real estate development firms, or “developers” in short. The scale of this real estate development was the project, although this varied greatly in extent, especially when the project was thousands of hectares. Further, real estate development stood outside state-led projects or state budgets.

As I argue, since the late 1980s, the state’s national development project became animated by urban development. Industrial development, while still an important part of the state’s planning strategies, took second place to the city as a privileged site of national development. New imaginaries of capitalist development were understood not through physical productivity, but through connectivity, the international integration of capital markets. The mechanisms of this framework for development were the liberalization of the economy, the development of national banking and finance sectors, and the intensive integration with international trade and capital markets. In this framework, the modernized environment was presumed both as evidence of capitalist success, as well as a magnet for further international investment. Thus, national

development strategies gave way to urban development in the final decade of the Suharto regime. Urban development, in turn, promoted real estate development as part of its strategic goals, which valued both economic growth and modernization. This new engine of economic growth was realized as the real estate sector channeled new sources of capital available through the banking sector and international investment. In terms of modernization, real estate provided the dual function of improving the urban environments and providing critical infrastructure in its projects. Additionally, especially in the democratic era, the state began to require that real estate development be taxed for the right to develop, requiring developers to build extra public infrastructures for the state, each negotiated relative to the value of any particular project. I show that it was the state actors involved in projects of urban development (not the entire state) and real estate development (the private sector but also the state actors that promoted the private sector) that led to the major transformation in the geography of Jakarta, and again, it is this ensemble that I call the urban development assemblage.

In this dissertation I use the “island” and the “archipelago” as metaphors to describe both urban space and a mode of urban government that intervenes at the scale of the project. I explain that the state project of development is at the core of how the state has approached the government of the city, from the late 1980s to the present. In the final decade of the Suharto regime, the liberalization period, development was understood primarily as a mode of growth. Real estate became an engine of economic growth, and evidence of a specific type of growth that symbolized the nation’s achievement of urban modernity. The state promoted a real estate market that became a new generator of economic growth and provided piecemeal upgrades to the city. The real estate boom was driven not only by developmental concerns, but the sector was simultaneously part of the rapid enrichment through what would be characterized as “corruption, collusion, and nepotism.” Jakarta’s island geography, with clusters of intensive real estate projects and infrastructures, originated from the specific way that the state managed the transition of its mode national industrial development to urban development. The national government provided the opportunity for a few of its major business groups to expand into real estate development at a rapid pace and on a large scale. This arrangement led to the standardization of large real estate projects—both new towns and superblocks—that depended on this scale for their viability. In the second period, after the transition to democracy, the government of the urban continued to be influenced by the ethos and institutions of the state development project. To this end, state agencies formulate a set of spatial planning goals to transform space and society, and the central problem is how best to achieve these goals through articulations with actors in the urban field. Amidst the ensemble of programs and practices to achieve these goals, state agencies relied upon real estate development as a critical productive space. Jakarta’s islands were both the urban form as well as the state strategy for provisioning the urban population. In the Suharto era, the creation of the real estate development sector resulted in massive economic growth. In the democratic era, not only was real estate development considered to provide improved environments in the city, but developers could also be assigned to complete discrete infrastructures that would contribute to the list of the city’s spatial development goals. The archipelagic form of the city that resulted was both an outcome and a mode of intervention, a generative strategy for provisioning the urban population. This “archipelagic” biopolitics is one that is spatially fragmented, temporally incremental, but also strategic and future-oriented.

## 6. Asian Cities and Globalization

If the factory were the iconic building of urban East and Southeast Asia in the post-war era of industrialization, then the skyscraper is the icon of the region since the 1990s. A great deal of scholarship has emerged to understand rapidly changing cities in Asia, particularly through lens of

globalization. This scholarship has led to new epistemologies of urban space, urban subjects, postindustrial economies, and urban governance. In many ways, Jakarta reflects the experience of other Southeast Asian and East Asian cities. Since the 1980s, cities across Asia have undergone a boom in urban development, largely undertaken by the private sector, in a wide variety of political regimes and economic contexts. My research adds to the body of scholarship that seeks to define and explain this phenomenon, through a close study of urban development in one major Asian city. Southeast Asian countries were urbanizing at a rapid rate in the 1970s and 1980s, and they were meanwhile becoming more connected to global political and economic processes. The model of the “global city” became central to how scholars understood urban processes in a globalizing world, especially since the Sassen’s study of global cities (2001) explains that certain cities have become the critical nodes of a new global political and economic geography. The rise of internationally connected finance firms and corporate management systems has led to a new type of urban agglomeration, not only of corporate and financial headquarters, but also of the service firms upon which they rely. These cities have led to a new global geography in which cities function less inside the national economy but work instead as critical nodes in a global system. This internationalization and financialization of global capital circuits, in turn, set the conditions for new secondary economies and helped spur a boom in speculation in real estate development.

As they interpreted the effects of globalization in Southeast Asian cities, many scholars used a global political economy approach, especially as Southeast Asian economies were growing rapidly and were increasingly connected to international industrial production, investment, and finance. Much of the scholarship the 1990s attributes the rapid urbanization and booming real estate development to an influx of foreign direct investment (Douglass 1995; Forbes 1997; Shatkin 1998; Dick and Rimmer 1998). Olds, in particular, was early to connect globalization and financialization of property markets as a driver of the boom in the real estate industry and the production of megaprojects in Pacific Rim cities, particularly Hong Kong, Sydney, Shanghai, and Vancouver (1995; 2001). He argues that real estate megaprojects on the Pacific Rim were increasingly financialized and internationalized as a global commodity, in turn increasing their value and proliferation (1998). Further, this real estate took a new form and new scale, “urban megaprojects,” which he defines as the “large-scale (re)development projects composed of a mix of commercial, residential, retail, industrial, leisure, and infrastructure uses” (1995, 1713). Later political economy studies of real estate in Southeast Asia follow not just a general internationalization of real estate investment, but trace how the direct activity of foreign development firms in pro-growth regulatory contexts have led to a boom “vertical” growth a range of Asian cities—South Korean developers in Phnom Penh (Nam 2017), and firms from Taiwan, South Korea, China, Malaysia, and Singapore reshaping the geography of real estate in Ho Chi Minh City (H. Kim 2017). Finally, Leitner and Sheppard argue the real estate boom in Jakarta reflects a neoliberalization of society, especially the rise of a middle class with “Western” aspirations, which overrides a traditional practices of urban “commoning.” They point to the role of international financing that enables development firms to engage in the large land conversions in Jakarta, a process they call “accumulation by displacement” (2018).

While such approaches focus on the role of capitalist processes and neoliberal governance strategies, other scholarship on Asian cities foregrounds the strong role of the state in Asian countries to direct economic development. As they aspire to achieve development and status as global cities, Asian governments have prioritized the role of private real estate development and the construction of spectacular architectural feats in order to attract high pedigree capital. Jakarta’s experience certainly reflects what may be called “aspirational” urbanism, or the state-led projects of promoting spectacular “global” architecture and real estate. Marshall (2003) argues that an “emerging urbanity,” is shaping cities in Asia, through the proliferation of “global projects,” that feature “global” architectural forms. Marshall suggests that the global cities are not merely an

ontological category but are also an aesthetic vocabulary that promises growth and status, an aspirational strategy for both cities and nations. In this logic, cities that are not global hubs can *become* global cities by constructing an urban aesthetic that will attract the finance firms and global elite. As they promote the large real estate projects that feature global architecture, municipal and national governments seek to build their economies and become linked into global networks through place-branding. With these global projects, “a city can announce to the world that it too is a global player and in doing so attract a greater share of the international pool of financial and human capital” (Marshall 2003, 1–4). Ren builds on this theory to explain the translation of symbolic value into monetary value. Her work on architectural branding shows how the use of “starchitects” and elite international design is productive of real value in global cities: “Transnational architectural production functions as symbolic capital, which is transformed into economic and cultural capital by various actors in the process of urban mega project developments” (2008, 518). With a developmental orientation based in national planning, national and urban planners in Asian cities began to promote private real estate development as one of the primary strategies of developing the economy and competing for international capital flows. Thus, state strategies for any urban development came to rely on private real estate development.

Other theories use a postcolonial lens to read the global city as a project through which Asian governments imagine and project national aspirations and produce new ways to be registered in the world. In *Worlding Cities*, Ong and Roy (2011) show that global city-making is not only a practice of “modeling” of successful “Asian experiments,” but it is also a relational process. Through “inter-referencing,” globalizing and spatializing narratives remake Asian cities through “practices of citation, allusion, aspiration, comparison, and competition” (Ong 2011b, 18). In the same volume, Ong argues that “hyperbuilding” in Asia brings together logics of global capital with nationalist symbols, a means for the state simultaneously project the “spectacularization of urban success as well as of national emergence” (Ong 2011a, 206). Thus, in a project of national emergence, inter-referencing is a means for cities to *arrive* in a discursive space beyond the subaltern categories of megacity, developing country, to reach the telos imagined at the end of the trajectory of development. As Haines shows, references to Dubai in a satellite city of Delhi promote a “New India,” and “shifts India’s image as a Third World country to a major world player” (Haines 2011, 161), locating and relocating India and Indians on the world map, and as I would argue, in world history. In all these cases, national aspirations are critical to the logic of global projects.

While these pieces suggest that the global urban forms and symbols can be a vehicle for national recognition, the aesthetic of the global city can also be a disciplinary mechanism of neoliberal urban governance. Ghertner argues that the new world class aesthetic order has become a logic of disciplinary governance in Delhi, where the state privileges propertied urban citizenship as an appropriate vision, which in turns legitimates the demolition of slums, a “nuisance” to the aesthetic of the global city (2015). Bunnell shows that the government of Malaysia sought to upgrade the nation and to enter itself in the global technological economy with the Multimedia Super Corridor project, complete with its spectacular architecture, the Petronas Towers. The spectacular urban project was not only a means to serve as a beacon for global capital, to make the city “investible,” but the new cityscape became a means to reconstruct the behavior and subjectivities of its citizens as “New Malaysians” with a “global” orientation (Bunnell 2004). While these strategies are about managing the domestic populace, global strategies nonetheless prioritize international investment. Goldman (2011b) understands the world city projects as being based in the adoption of neoliberal logics. He follows the global city logic in what he calls “speculative urbanism” in Bangalore, where the state’s privileging of international investment over the civil rights of the urban poor has led to land speculation and displacement at the urban periphery. Shatkin finds that “urban integrated megaprojects,” such as Jakarta’s new towns, represent the privatization of planning, at an

unprecedented scale: “As large-scale profit-oriented urban entities, these projects represent a vision for the transformation of the urban experience through the wholesale commodification of the urban fabric” (2011, 77). In a later work, *Cities for Profit*, Shatkin argues that such megaprojects are fundamentally the result of state action, the “real estate turn” in Asian urban policies (2017). However, other authors warn, leftist Western scholars have construed privatization in dystopian terms, precluding an appreciation for different historical contexts and meanings of the public and private divide in Asia (Hogan et al. 2012). While much of the research on Southeast Asian cities is fundamentally pessimistic about the role of the private, my research instead shows how actors in Jakarta engage with these new urban trends and the new urban spaces they have created.

## 7. The Legacy of Development

Development was a specific international project to study and to intervene in many of the decolonized countries following World War II. This notion of development was at once a beneficent and managerial. It was a project by which Europe and the US sought to manage the territories of their former colonies, but also to improve the socioeconomic conditions of “developing” countries through “modernization” using an anachronistic model of the histories of European and American industrialization (Prasad 2008; Gilman 2007). After World War II, a North American and Western European alliance constructed a set of institutions to address this type of development, based on the idea that formerly colonized countries would replicate seventeenth- and eighteenth-century European transitions. Development involved a historic transformation of society including not only industrialization, urbanization, and infrastructural modernization, but the adoption of modern institutions of government, like health care and education. In a classic work on modernization from 1960, Rostow (1991) explains that this transformation occurs in five stages. His model uses the metaphor of an airplane’s take-off, the final stage was the growth of a robust, capitalist economy, or “high mass consumption.” Ferguson argues that the project of development shifted from this basis in modernization as it was adopted by a “development apparatus,” a specific set of institutions and practices aimed at poverty alleviation and the improvement of the standard of living for populations in “developing countries” (1994, 15). These practices were led by the growth and influence of the World Bank in producing knowledge about development and conditions in developing countries, designing development programs, and lending to developing countries (Goldman 2005).

While institutions and practitioners consistently framed development in terms of progress, development institutions and their strategies came up against a range of critics who saw development as a hierarchical ordering of an international capitalist system (Frank 1966; Wallerstein 2004). Dependency theory treats Indonesia as a “comprador state,” as a willing collaborator that avails its national resources to the prerogatives of international capital (Robison 1986, x). Meanwhile, in other studies of Asian developmentalist states, capitalists and private firms have emerged as the unlikely heroes that bring previously colonized nations out of colonial or world systems underdevelopment and domination into economic maturity (Amsden 1989; Evans 1995). States are also seen as sites of hegemonic power and domination, often through the rule experts, etc. Postcolonial states in particular are troublesome subjects in history as they emerge as *enfants terribles* for conservative representatives of Western-based international financial institutions like the World Bank and the International Monetary Fund (Goldman 2005), but also as sites of corruption, insecurity, and private violence (Reno 1998; Ferguson 2006). Thus narratives of development as progress and redemption have always been uneasy bedfellows development as the history of capitalist expansion, as a system of exploitation and dispossession.

Critical scholarship often portrays the development apparatus—led by the World Bank and the International Monetary Fund—as type of post-war imperial regime by which the North

maintained its political influence and extractive relationship with its former colonies (Cardoso and Faletto 1979; Escobar 2012). While this critique is correct in describing a structured relationship between unequal parties, the landscape of experiences with development is much more complicated. Formerly colonized nations almost universally adopted development goals that reflected the broader meaning of development—structural transition and economic growth. Indonesia’s first president, Sukarno, adopted the ethos and aesthetics of the international modernist movement in his campaign to modernize Jakarta. Following the Soviet model, this board applied a rational planning approach to the problem of national development and issued its First Five Year Plan in 1956.<sup>6</sup> Economic development was always a central concern of the Indonesian government. The island of Java had been devastated by a decade of war, and poverty was a daily problem for the majority of the population. As Robison describes, “Perhaps the primary occupation of the Indonesian state since [de facto Independence in] 1949 has been to provide the conditions for capital accumulation” (1986, x). Economic development was understood as a problem of applying the right formula for economic growth—modernizing the country’s infrastructure and investing in industrial and extractives sectors (Soehoed 1967; “The Five Year Plan\*” 2006). In its own version of the Soviet model for national planning, the Indonesian state sought to apply a rational planning model to address the problems of economic stabilization and growth, and to grow the state apparatus that could manage such a behemoth task (Fakih 2014a). Sukarno appointed a national cabinet, later made a ministry—BAPPENAS—to do the work of technical economic planning at the national scale. Meanwhile, Sukarno’s vision for Third World solidarity included such a vision of the economic and political emergence of former colonies. Even the Final Communiqué of the Asian-African Conference<sup>7</sup> in Bandung in 1955 recommended the involvement of the UN, the World Bank, and the IMF for Asian and African economic development programs as an alternative to the perceived threat of interventions from the First and Second Worlds. As the development apparatus grew, it was not the case that Third World countries were duped by the sanguine language of development, but that they leveraged the language and strategies of development when it matched their own goals.

Suharto inherited the institutional framework of development, but transformed the nascent state into a centralized, technocratic bureaucracy (Van Klinken and Barker 2009a). The state constructed development as a technical matrix of plans and programs, and Suharto would regularly update the public with statistics on “the number of bridges built, the tons of fertilizer delivered” (Li 2007, 57). The state likewise applied a robust rational planning strategy to Jakarta’s urban development, and with the publication of its first twenty-year Master Plan 1965-1985, systematized the coordination of agencies and programs to achieve state goals. Suharto embraced the language of development and portrayed himself as *Bapak Pembangunan*, the “Father of Development,” a benevolent patriarch of the country responsible for delivering the country into its rightful future. In his classic work on development in Indonesia, Heryanto (1988) shows that Suharto constructed “development” in the same teleological terms of modernization theory, but located this historic transformation on a literary or cosmological register—Indonesia was not merely building, but was also awakening. Heryanto interprets Suharto’s self-anointed title as a way of constructing “*Pembangunan* as a unit of social activity with ‘familial’ characteristics,” because the “Father-Child [*Bapak-Anak*] relationship is shaped by a process which is not only social, but natural” (1988, 21). Suharto branded his rule around novelty; Sukarno’s “Old Order” had failed and his socialist experiment of the “Guided Democracy” period ended in a major economic depression across the country. Liberalization and industrialization programs were remarkably successful in growing the economy and particularly the manufacturing sector (Hill 1997). Economic growth in turn resulted in domestic demand for Indonesian manufactures, and the growth of what could be considered “middle-class” consumption (See Robison 1996; Gerke 2000). Many argue that Suharto’s legitimacy

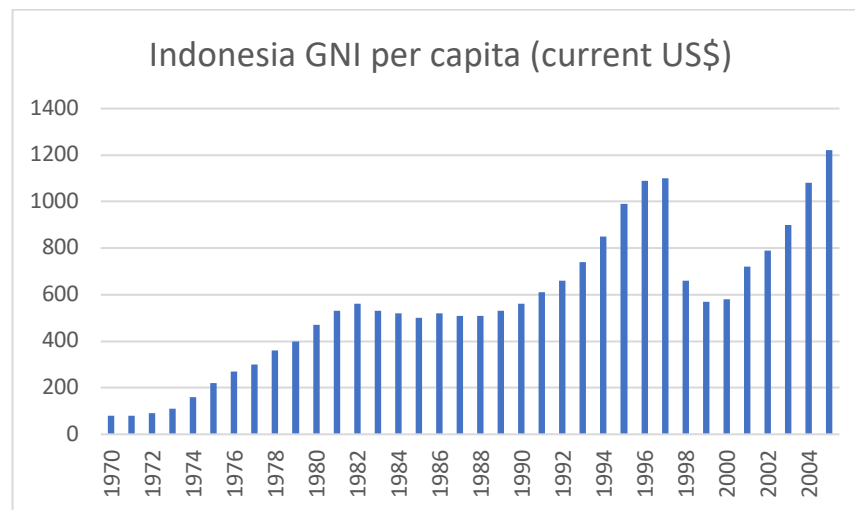
was premised upon the popular experiences of development, specifically, the continued improvement of the standard of living for the Indonesian populace (see Rudnycky 2010; Li 2007; Kusno 2000; Robison 1986; 1996).

Suharto's New Order was fervently pro-capitalist and pro-growth. In economic terms, the New Order was incredibly successful, what economist Hal Hill calls "one of the most remarkable development success stories in the last third of the 20th century" (1997, 1), and the decades of growth experienced by Indonesia and other Southeast Asian economies were dubbed a "miracle." Like other Southeast Asian countries that transformed their economies through industrialization, Indonesia experienced rapid economic growth and national development from the 1970s by growing its export economy. This developmentalist program followed other East Asian models in which the state intervened in the economy to promote the growth of particular industries and firms. National development strategies resemble the workings of any national government in planning and directing state priorities through its fiscal apparatus, but differ in the intensity of state involvement in private firms. In the Indonesian case, firms were often supported because of their close relationships with the Suharto family or the military. The close relationships between the head of state, the Suharto family, the military, and firms was often so close that it was difficult to distinguish public from private. The recipients of state contracts, concessions, or other forms of largesse were necessarily part of a network that was both personal and transactional. Recipients were expected to make returns to officials when granted particular acts of favor, often in the form of an appropriate sum. Such exchanges were a part of the interactions with the state, from the highest to the most quotidian circumstances, from major land deals to the processing of a driver's license. In the more mundane cases, such exchanges were seen as a way to supplement pithy salaries of civil servants, but for more consequential deals, payments were astronomical, which in turn produced a small class of the super-wealthy that included members of the Suharto family (Crouch 1988; Van Klinken and Barker 2009b).

Even as "development" became a fundamental discourse for Suharto, the term was full of what may be understood as strategic ambiguities. The ability of the same term to describe development simultaneously as a wide range of areas—poverty relief, industrialization, the growth of the GDP, the spectacular enrichment of the Suharto family and the military, and urban real estate—was crucial to justify a broad range of state actions. Modernization animated Indonesian development in the years after Independence, but as the economy grew, the state also began to conceive of the development problems that reflected the changing international development. For example, REPELITA II, the five-year plan of 1974, included as its main goals, "adequate supply of food and clothing of better quality and within the people's purchasing power; adequate household supplies and facilities; better and more extensive infrastructure; higher and more evenly distributed social welfare; greater employment opportunities" (Grenville 1975). In the field of low-income housing improvement, the state began its first Kampung Improvement Program in 1969, and in 1974, the national government established a set of housing agencies that included programs to build low-income housing and a subsidized mortgage program targeting middle income groups (Winarso and Kombaitan 2004; Lee 1996). The oil boom in the decade that followed from 1974 did increase the material wellbeing of much of the population along with rapid industrial growth. However, the oil boom also funded the growth of Suharto's "patronage machine" (Crouch 1988), and led to the political justification for personal enrichment and total lack of concern for human and civil rights, as long as the economy grew.

The growth of the economy in the Suharto era did lead to the rise of a robust middle class, which was itself a necessary condition for the rise of the real estate industry. The national economy boomed from the 1960s to 1990, largely through the growth of the manufacturing sector, particularly in the 1980s when it was fueled by a strong export market (Hill 1997, 38–43). National

per capita income more than doubled between 1975 and 1980, and doubled again from 1985 to 1995.<sup>8</sup> The effects of this growth were felt across the country, and the manufacturing jobs in turn led to the rise in real incomes and a robust middle class. Writing in the mid-1990s in a Routledge series “The New Rich in Asia,” Robison describes how Indonesia’s economic growth led not only to the “canyons of skyscrapers” along Jakarta’s thoroughfares, Sudirman and Rasuna Said, but also to the rise of a new middle class that suddenly had purchasing power for homes, cars, and consumer goods (1996). Leaf argues that the new middle class should be understood “less by their position in the central deciles of overall income distribution than by their lifestyles of consumption” (1996, 1621). Critical for these authors is whether this new elite/middle-class formation has the power to effect political change. While Robison is pessimistic that these new middle-class identities are concerned with anything more than narrow self-interest and materialism, Heryanto argues the middle class is the foundation of the counter-hegemonic political movements of the 1990s (1996). Mediating these positions, Leaf argues that new and rising standards for consumer goods and purchasing power has the potential for “widespread dissatisfaction and social unrest when expectations are not met” (1996, 1622). Robison and his co-editor Goodman (1996) use the phrase “middle class revolution” in their book’s subtitle, while Leaf (1996, 1622) uses the phrase “revolution of rising expectations” to describe the collective relationship with the state in the late New Order. The meaning of this term “revolution” is ambiguous here, but it seems to reflect the question about class consciousness and the potential for a social challenge to the regime. However, the use of the term also seems to describe the rapidity of the growth of the elite/middle class, and the dramatic effect they had upon the city throughout the 1990s.



Data retrieved from [data.worldbank.org](http://data.worldbank.org).

The legacy of development, and of Suharto’s system of patronage, continues to play a critical role in urban real estate and urban development. Suharto’s family or his close financiers were present for all the large new town projects begun in the final decade of the New Order. These connections were critical for obtaining the required location permits to from the National Land Agency to begin any project. Arai (2015) identifies two explanations for the rise of the real estate sector, as either a strong or a weak state. Firman suggests that while the National Land Agency issued the location permits in an aggressive manner, it was the incapacity of local jurisdictions to manage and police the developers that created the conditions for the real estate boom (2004).



Shatkin is also sympathetic to this reading, but also notes that it was the political strength of the real estate developers, enabled by Suharto's networks, that overwhelmed the peri-urban governments (2017, 119–22). On the other hand, Cowherd is adamant that the powerful central state was the cause of the boom in development. He argues the real estate boom was an illicit extractive project of Suharto and his cronies. He argues this regime had little concern for actual city planning, and instead is based around the cultural norms that supported social hierarchy (2005). While Arai (2015) and Hadiz and Robison (2013) reject this culturalist interpretation, they do argue that the patronage system gave rise to “oligarchs,” who managed to maintain their political power beyond the end of the Suharto era. Arai here argues that the real estate oligarchs were able to adapt to new channels of political influence in the parliamentary democratic system.

## 8. Methods

This research approaches the redevelopment of Jakarta's urban space by studying the real estate industry and urban government institutions. I sought to understand how people understood the city and their relationship to the city, especially those who were responsible, in one way or another, for the urban development that occurred in creating Jakarta's island developments in the past three decades. I focus on those actors who were either currently in positions, or who previously held positions, to influence what I have earlier described as the “real estate assemblage,” as well as experts who are in positions to provide critical perspectives on the field. In my attention to the state and to concerns with “power” and “government,” I locate my research in the space of political systems, which are not merely containers for society, but are productive systems that result in specific institutions, practices, and spaces. I follow Hsing's method of urban political geography in Great Urban Transformation as model that connects regime change to the rise of new land markets and the reordering of urban space (2010). In my anthropological approach, I seek to understand political regimes not as deterministic, but as productive spaces that construct the conditions and possibilities for life, an open-ended question of, perhaps, “biopossibility.” Holston describes this approach in his study of modernism in Brasília, to defamiliarize the familiar, or to presume that the changes in the city and society are not natural, but specific the results of specific historical contexts and processes (1989, 5–14). Likewise, this research seeks to understand the familiar forms of real estate development and city planning, the seemingly banal practices of capitalism in Asia, with a deferment of meaning. This approach reflects a move to adopt a futurist version of Foucault's historical method—which he calls a “genealogy”—for understanding aberrant truths; “a way of playing local, discontinuous, disqualified, or nonlegitimized knowledges off against the unitary theoretical [system of knowledge, or science]” (2005, 9). With these approaches, I consider the possibilities of urban change constructed in the regimes and institutions of urban development in Jakarta.

My research is based primarily on fieldwork in Jakarta from 2014 to 2015. My research relied on interviews, observation, participation, and document review. I conducted semi-structured interviews and held informal conversations with national planners at the Ministry of Public Works and the National Planning and Development Agency, as well as city officials and planners in the Governor's office, the planning the public works and planning agencies at the city level. I also interviewed representatives of the major and minor real estate developers in the city, property consultants, design consultants, and representatives from non-governmental organizations as well as the construction and aggregates industries. Further, I interviewed academics with expertise related to the field. I conducted a total of seventy-one conversations with professional or expert contacts. My interviews were opportunities to collect information about the city. Professionals working in the field shared the most important aspects of their job and explained the system of planning and real

estate development. These interviews gave me a picture of how the city planning system was structured, and how the field of real estate development was structured. They told me about their professional roles and the challenges they faced in these roles. They often referred me to the resources I needed, planning documents, as well as the regulations that critically reshaped the field, such as the National Planning Law of 2007. These professionals referred me to other agencies, and shared with me the tools and resources they used in their work. I relied on a variety of paper and online documents, including newspapers, contracts with the Dutch water sector, technical studies, and city plans. My interviews were also moments of observation, opportunities for me to understand the settings and environments of the work of my informants, the spaces in which meaning is constructed. I paid attention to the language and attitudes that planners and development firm representatives adopted when they explained their work and how they felt about themes like corruption or development. I also considered the ways in which people related to documents, how these documents represented truths or fictions, and the way that they to inspire, or to be ignored.



Café in a Jakarta superblock. Images by author, 2015.

I also researched through participant observation in life Jakarta. I experienced the city, made friends and colleagues, had conversations with people, and moved through public and private spaces as a resident. I lived for a couple months in a new town in Tangerang, where I stayed with a friend's family, walked their dog, got to know the neighborhood, met people working in local shops, met security guards, wandered through the mall, sat in traffic, visited friends, and sometimes commuted to Jakarta with one of the family members. I got to know how they felt about the city and their lives in the new town, listened to how they felt about the developers, read the developer's monthly promotional magazine that came in the mail. For about ten months, I lived on the thirty-sixth of an apartment in a superblock. While I spoke often with the service staff, I rarely encountered my neighbors. As one and sometimes two of three elevators were broken, the remarkably long elevator rides offered opportunities to speak with local residents. I was often in the adjacent mall area that stood between my apartment and the bus stop. Particularly, I was a regular at a café that opened onto a landscaped park area. I met others who worked in the café, I got to know a band that

performed once a week, and I befriended them and met their friends sometimes families. I traveled around the city by bus, taxi, and sometimes in friends' cars. Sometimes these relationships resulted in a connection that was directly related to my research, but mostly, they provided me with a general understanding of the city, through the lens of different people and their different experiences. Through these relationships, I got to understand different perspectives on the new president, city politics, corruption, and scandals, as well as issues like traffic and the construction of the first mass transit line. Finally, I was able to study how people understood their lives in relation to urban space, particularly how they related to the superblocks or new towns, the spaces where much of their lives unfolded.

My positionality as a participant was that of relative privilege to most in Jakarta. As a white, male expatriate, I was granted opportunities to meet and to speak with people might otherwise never have granted me an audience. I was able to rent an apartment in a medium-income apartment complex. I was able to ride public transit without concern for my safety, and I was also able to take taxis when transit was too formidable. More interestingly, my interactions were filtered through my position. White expat privilege, and the figure of the white expat consultant is still a part of the postcolonial cultural landscape (Nesseth 2001, 160). I was often myself considered an "expert," and in my interviews, I was sometimes surprised by a question of what should be done in a given situation, what we do in "America." Conversely, I believe that some doors were closed to me because of my position. Sometimes my language skills and cultural knowledge were insufficient to do interpretive work. However, this position also opened other doors. I found that some officials seemed less guarded than others, which I attribute to my role as an outsider to the planning bureaucracy. Finally, I found that my actual expertise also made me seem a sympathetic audience for bragging, and for real personal connections. I developed relationships with developer employees as well as civil servants. I indulged and invested in these unlikely relationships, not only as a researcher, but also as a human invested in the care of my subjects and my site.

## 9. Summary of Chapters

This dissertation argues that the Jakarta's island geography was the result of the urban development assemblage, which arose in the late 1980s, and was reconfigured in the democratic era. I argue that the field was shaped by the long-standing project of national development, which was reconfigured at the urban scale in the final decade of the Suharto regime, and which utilized real estate development as one of its main mechanisms to provide basic infrastructures—water, sewage, electricity, housing, and public space—to discrete project sites in the city. Each of my chapters corresponds with a specific type of real estate island in the Jakarta areas. Chapter Two focuses on new towns surrounding Jakarta, and describes the rise of the *state-sponsored developer* as national, state-directed development project became reoriented towards urban land markets and the modernization of the city. This chapter historicizes the growth of the city, and the city's approach to fixing urban problems amidst a changing economic and political context. I show not only the political system of "Wild West" urban development, but also the role of planning experts who saw their role working for real estate developers as the best opportunity to create progressive changes in the city. Chapter Three focuses on central city superblocks. It focuses on designers and developers as experts in their fields, and the rise of *situated expertise*, the use of global standards in specific, situated contexts. This chapter begins in the 1990s with a design and permitting mechanism that was the vehicle for legitimating high-density development projects in the central city. I then focus on the industry boom that began in the mid-2000s, and describe the structure of firms and the matrix of specific concerns through which firms operate. Chapter Four focuses on waterfront islands, and the reinvigoration of an urban plan for waterfront development begun in the Suharto era. Here I describe the attempts to

reorder the city planning system as *rational* and *transparent*. In this space I show that planners simultaneously relied on private real estate development to engage the project of social and economic development in the city. Planners considered themselves as part of progressive contemporary city planning trends that valued sustainability, transit-oriented development, and open and green space. However, these planners often came up against the persistent fragmentation of the planning system and the perceived shortcomings of urban government. Further, private real estate was increasingly coming under scrutiny for its social displacement, environmental destruction, and practices of bribery and corruption. Insofar as urban development was linked with private real estate, the city was often held responsible to render the city “clean,” to distance it from the legacy of Suharto, and obtain the public trust. Finally, Chapter Five follows an incomplete and so far failed plan to develop a massive seawall and island archipelago that would be home to a new central business district. I show that the plan sought to fund the seawall, a flood management mechanism, in the same way that the city sought to fund other urban development—by leveraging concessions from private real estate developments. However, I show that the project was a fantasy of Dutch design consultants and aspirational Indonesian planners. I explain the way that it caught traction in Indonesia as a global project, not through its construction, which never happened, but through the circulation of planning documents, plans, renderings, studies, and justifications of the spectacular plan.

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<sup>1</sup> Field notes, March 3, 2016.

<sup>2</sup> Data from <http://worldpopulationreview.com/world-cities/jakarta-population>.

<sup>3</sup> The combination of elements land + water, *tanah air*, was constructed as a synonym for the nation, seen for example in the first line of the national anthem as “Indonesia, my land and water” as “my nation” or “my homeland.”

<sup>4</sup> The work of Abidin Kusno (2000; 2010; 2013), Lizzy van Leeuwen (2011), AbdouMaliq Simone (2014), and to some extent, Rudnyckj (2010), are notable exceptions, although none take on the project of what I call the “urban development assemblage.”

<sup>5</sup> Fariás specifically acknowledges the influence of Collier and Ong’s notion of “global assemblages” in the introduction to the collection *Urban Assemblages*, where he emphasizes the importance of understanding assemblages in their plurality, their overlaps, and their interactions (2009, 15).

<sup>6</sup> See “The Five Year Plan” (2006); and “The Second Five Year Plan” (Grenville 1975).

<sup>7</sup> See the “Final Communiqué of the Asian-African Conference” which included the famous Ten Points of Solidarity, Bandung, 24 April, 1955 (2009).

<sup>8</sup> National per capita income in current USD went from \$220 in 1975 to \$470 in 1980, and after a brief plateau, from \$500 in 1980 to \$990 in 1995, peaking at \$1100 in 1997 before the Asian Financial Crisis. Data retrieved from [data.worldbank.org](http://data.worldbank.org).

## Chapter 2

### **New Towns: The Urban Development Turn and Real Estate in the Periphery**

This chapter accounts for the rise of the real estate industry in Jakarta. The period in question, from the mid-1980s, demonstrates the ways in which Suharto's national development project was reoriented to focus on the urban scale and urban space. The chapter shows that the real estate boom, and the shape that real estate development took, was not a natural outcome, but emerged through an ensemble of actors in new historical contexts. The context was a new state developmentalist strategy that focused on the liberalization of trade and finance and the deregulation of banking. Real estate development emerged out of two interrelated objectives: first, the growth of a new market that connected members of the Suharto circles to new sources of wealth, and second, the improvement of urban space, infrastructural deterioration, and overcrowding, by the private sector's development of new towns in Jakarta's periphery.

#### 1. Introduction: Urban Development and the Rise of Real Estate

In the late 1980s, scholars began to puzzle over what looked like Southern Californian suburbs popping up in vast residential land tracts around the periphery of Jakarta—new towns. It appeared to be a wholesale copying of highways, suburban aesthetics, and consumer lifestyles from the United States (see Dick and Rimmer 1998, 2316–18; Michael Leaf 1994, 349; Hutabarat 2002). “Orange County, Java” seemed to be a direct importation of architectural forms from Southern California, through which developers sought to symbolize the wealth and lifestyle of an “imagined West.” These scholars read the new towns around Jakarta as an ersatz and culturally incongruent theme park. Like the Mediterranean architectural references in Orange County, developers constructed a gated residential community as a thematic simulacra of some authentic original (Cowherd and Heikkila 2002). Despite this invocation of geo-architectural “matter-out-of-place,” the early scholars of the burgeoning new towns point towards a massive new scale of land conversion and development in the areas around Jakarta, expanding the city's developed area into the surrounding municipalities and districts.

In fact, new towns built in the peri-urban region of Jakarta beginning in the late 1980s were the first part of the major real estate boom that transformed the region into a city of islands. The real estate boom was not the result of a concerted or even planned urban direction envisioned by the state. Instead, it reflected a shift in the national government's developmental focus, from national development to urban development. Urban development maintained the ethos of the national developmentalist project, towards general economic growth, and towards modernization, but directed its efforts towards the urban region rather than the national economy. Private real estate development became a new way of growing the economy and improving the city. However, the distinction between private and public were blurred, as members of the Suharto family were often partners in the new town projects. The state awarded development permits to large developers working on new towns in the region, often bypassing local spatial planning and environmental regulations. This process resulted in the growth of a handful of large, politically connected firms that dominated the industry, as well as the mushrooming of new town projects in the peri-urban Jakarta region.

The shift towards urban development was, first, the result of a new economic direction for the country—market liberalization and the deregulation of the banking sector—which produced the growth of an urban economy of finance and corporate management.<sup>1</sup> Thus, the city itself became a

new frontier of capitalist development, a productive market that served the state's goals of economic growth, as well as was an economic opportunity for state officials to profit through their connections to this market. Second, the private real estate developers served as means to improve the city—to build housing for the growing middle class, and to improve urban infrastructure in these large, planned real estate projects. At a time when planners were looking at strategies for regional expansion from an overcrowded city burdened by aging and fragmented infrastructure, developers emerged as a solution to the urban problem. The developers were a new class of capitalists in Indonesia, corporations that brought together capital with political connections inside Suharto's New Order government. In other words, the biopolitical project of development, which provided for the well-being of the population, strategically incorporated the private sector to develop the economy and the urban environment of the city. While they represented the private sector, developers themselves adopted the discourse of rational planning and improvement. Developers did more than construction, but they planned for functioning "autonomous cities," hiring city planners, designers, architects, and engineers, and developed their own infrastructural grids to service these cities, and brought in a range of amenities critical to life; schools, hospitals, universities, office parks, and of course, shopping centers. Developers thus participated in biopolitical strategies of improving the city. However, land acquisition in the periphery was premised on a compliant state and the often violent displacement of residents, in what was described as a lawless "Wild West" context.

This chapter argues that the Jakarta metropolitan region was transformed through the redirection of national development towards urban development, which operationalized real estate as a mechanism and outcome. This new direction of the state led to the emergence of what I describe as the "urban development assemblage." This assemblage involved planners, middle-class buyers, state actors, and development firms. These firms worked in concert with a state that was actively promoting private land acquisition and development, and portions of the firms' profits circulated back to the state at national ministries level, as well as for ordinary planning bureaucrats. This chapter begins with a short summary of the new towns, what they were, how they worked, and the massive scale at which they were urbanizing the region. The chapter then discusses the new towns in the context of the theoretical argument of this dissertation. It locates the rise of the new towns in the context of the state's turn from national development to urban development, and the project of the state to grow the economy became focused on the city, utilizing the capital provided by ethnic Chinese financiers. The chapter then historicizes the urban problem—the struggle of the state with uncontrolled urbanization for both Sukarno, and explains how private real estate provided a convenient response to this problem, a way to provide high-quality infrastructure and housing by expanding into the region. The chapter then shows how the developer Ciputra pioneered a real estate development model in the city through the new town Bumi Serpong Damai, in a way that aligned the mode of private city-building with the state's urban development, or biopolitical goals. Finally, the chapter shows the process of land acquisition in a time when the urban periphery became a "Wild West" frontier of capitalist land development, which in turn, became a new mode for acquiring citizenship and middle-class life in Jakarta.



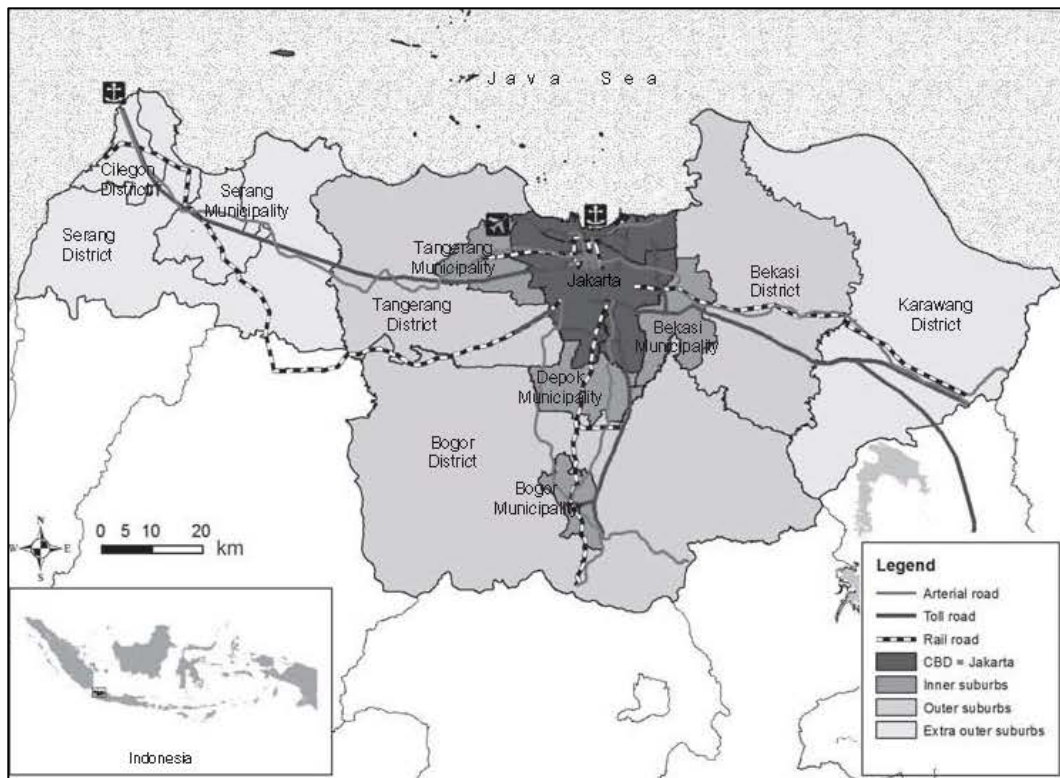


Entrance to The Tiara residential cluster in Gading Serpong. Image: Author, 2014.

## 2. Scope and Scale of New Town Development

In 1991, Terry McGee coined the term “*desakota*,” combining the Malay/Indonesian words *desa* (village) and *kota* (city), to describe an urban form and process he observed across Asia. *Desakota* became shorthand for the rapid urbanization and sprawl in Asian cities. The term *desakota* described the pattern of extended regional urbanization in which cities were growing and changing, not through the development or spread of the center, but through the dynamic peri-urban areas. Along with his collaborator Norton Ginsburg, McGee sought to show that here was a unique pattern of urbanization that simultaneously retained rural and informal characteristics. *Desakotasi* (originally *kotadesasi*, McGee 1989) stood apart from the Western urbanization experience, and the Eurocentric dichotomy of urban/rural. They found a broad metropolitan area in Jakarta and other Asian cities that was characterized by the “intense mixture of land use with agriculture, cottage industry, industrial estates, *suburban developments*, and other uses existing side by side” (1991, 17, emphasis added). McGee and Ginsburg explain that this particular mode of urbanization often occurred in areas of wet-rice cultivation, the densely populated but agricultural countryside. They reason that the labor-intensive but seasonal practice of rice cultivation left a “reservoir” of cheap labor that was readily available for industrialization in these areas. The authors describe *desakota* zones as dynamic

spaces characterized by high levels of spatial and sectoral mobility, feminized non-agricultural labor, and highly varied land use (McGee 1991; Ginsburg 1991). The theory matches development economics theories of sectoral transformation, and seeks to add an economic geography specific to Asian urbanization. The *desakota* concept has been critiqued as Orientalist for generalizing theories of Asian difference (Dick and Rimmer 1998, 2318), and for its lack of attention to particular state policies and actual urban processes (Kusno 2013, 75–77). Nonetheless, McGee’s neologism identifies a fundamental transformation in peri-urban regions in Asia. With the *desakota* model, McGee and his colleagues sought to make sense of peri-urban areas, where they observed a confusing dissonance between the physically proximate smallholder agricultural economies, informal urban livelihoods, industrialization, and the elite life of the new towns.



Source: Hudalah et al. 2013, 955.

The first private new towns in the Jakarta metropolitan area began to be developed around the early 1970s, but expanded their scale enormously in the 1980s. A new town (*kota baru* or “new city” in Indonesian) can be characterized as a large real estate project of residential and commercial but non-industrial land use, built outside existing cities by a development firm. The area of the new towns was much larger than previous housing development projects, where before the mid-1980s, projects did not exceed 500 hectares (about one and a half times New York’s Central Park) (Dick and Rimmer 1998, 2315). The first new towns were advanced by the developer Ciputra, and the new town real estate model largely followed from Ciputra’s projects. His first fully private undertaking was Pondok Indah, an elite commercial and residential development of 460 (later 720) hectares built in the early 1970s on a former rubber plantation in southwest Jakarta, an area later incorporated into municipal territory. The larger and slightly more remote Bintaro Jaya, was established in 1979 in the city of South Tangerang and expanded from 50 to 1,600 hectares. Most scholars identify the model



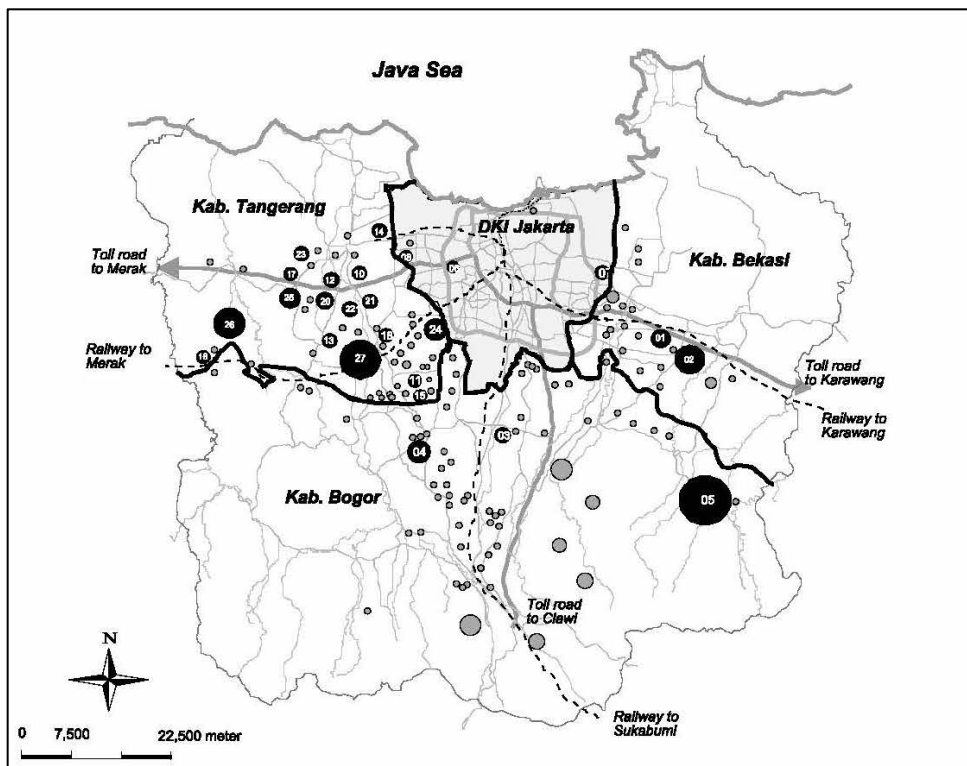
new town as Bumi Serpong Damai (BSD), begun in 1984 to the southwest of Jakarta in the district of Tangerang. At 6,000 hectares—about half the area of San Francisco and a tenth of the area of Jakarta—this new town still holds the record as the largest (Leaf 2015). In the late 1980s, the state’s promotion of real estate commodification, along with economic liberalization and banking deregulation policies led to a boom in new town construction, and the handful of developers multiplied in the early 1990s. The real estate boom slowed in the mid-1990s and was completely halted after the Asian Financial Crisis of 1997, but new town development began again when the economy recovered in the mid-2000s and continues through the present.

Spatially, the construction of new towns followed state-led expansion into the region, and specifically, the construction of major highways connecting central Jakarta with the peri-urban region. The construction of the highway system was intended to facilitate the state’s strategy of industrial development in Jakarta’s hinterlands. Major road development in the 1960s, supported by US funding, adopted the US limited-access highway model for construction of the first ring road (now the Jakarta Inner Ring Road), allowing trucks to bypass the congested city center in order to reach the port. The ring road was complemented by the construction of highways in the 1970s and 1980s, although these were relatively limited compared to the Californian highway counterparts to which this highway construction is often compared (Hutabarat 2002). In 1978, the Jagorawi highway opened, opening a corridor for high speed automobile transportation to the south, the regency of Bogor. Subsequent stretches of highway running parallel to the coast connected Jakarta to its immediate hinterlands in the Tangerang Regency to the west and the Bekasi Regency to the east. The penetration of highways into the periphery made these lands accessible for private development, and in the 1980s, a new movement of private firms began constructing both residential new towns and private industrial parks, often by the same development firms. Suharto administration also subsidized regional sprawl with fuel subsidies (Hudalah et al. 2013, 955; Silver 2008, 157–63). The second ring road was added in segments throughout the 2010s.

The real estate boom that began in the late 1980s in new towns and industrial estates led to land conversion at a staggering pace and scale, especially after the rollout of liberalization policies. By Firman’s count, “By the mid-1990s there were 25 large subdivision projects [new towns] in the Jakarta Metropolitan Area, ranging from 500 to 30,000 ha in size, and there were hundreds of small projects of under 500 ha (2000, 14). Many scholars (Michael Leaf 1994; Firman 2000; Shatkin 2017) point to how the process was facilitated by the liberal distribution of land permits (*ijin lokasi*) by the National Land Agency, resulting the issuance of permits for approximately 80,000 hectares in peri-urban Jakarta between 1985 and 1999 (Silver 2008, 164). The development process typically begins with “land banking”—receiving permits and purchasing large tracts of contiguous land—and then obtaining development permits. Developers then construct and release housing and commercial tracts in phases, managing demand by limiting the supply of housing available at any moment. The land banking process played out rapidly in the late 1980s and early 1990s, but nonetheless, land was often left idle for years or decades after the initial purchase. By 1997, “developers control[led] about 70 percent of the undeveloped land in the peripheral areas of [the Jakarta region], and have developed to only 12 percent” (Firman 1997, 1040–41). Much of the land in new towns, even in the first projects like BSD, remain to this day undeveloped.

The new towns offered not only a real estate project, but a transformation in social and political life of the city. BSD was envisioned as a *kota mandiri* or “independent city,” imagined as functionally separate from Jakarta, achieved by “bundling” residences with facilities such as hotels, office blocks, restaurants, and malls (Dick and Rimmer 1998, 2312). Leaf describes Ciputra’s new town as having three main characteristics. First, the residential properties are developed along with commercial properties to provide amenities and jobs that in turn raise the residential real estate value. Second, the company manages and maintains the ownership of the properties by renting

rather than selling commercial properties. Third, services and infrastructure are provided by the development company rather than the municipality (2015). By providing basic infrastructure like water treatment and piped water, septic treatment, power plants, road maintenance, and services such as multitudes of security guards, the developer adopted the responsibilities for functioning that were previously seen as state responsibility. Despite the attention to commercial facilities, the new towns were never independent from the regional economy of central Jakarta. The commercial facilities never led to significant job production, making new towns essentially dormitory communities (Firman 2009, 333). This resulted in high levels of commuting to, from, and between the new towns (Permatasari and Hudalah 2013). However, new towns did interrupt the local sub-municipal governance units, as well as the provision of basic public services and infrastructure by the developer. Thus the new towns blurred the lines between public and private, as the privately owned and operated institutions of the new towns included what are often considered public infrastructure as well as public space.



New towns in the Jakarta region. Source: Winarso and Firman 2002, 498.

### 3. Urban Development and Ethnic Chinese Capital in Real Estate

The focus on urban development and the growth of the new towns reflect changes in symbols of national development, from an industrial to a consumerist figure of citizenship. While imagery of industrial labor and factory work symbolized the rise of Indonesia as one of Southeast Asia's "tiger cub" economies, a new architectural and economic vocabulary around notions of the "global" was shaping state aspirations. In the 1970s heyday of industrial development, the state constructed a planned community for its workers at the iconic state-owned enterprise Krakatau Steel, which was complete with amenities like a hospital, parks, schools, and recreational facilities

(Rudnyckyj 2010, 36–43). In accordance with its image of industrial, working-class citizenship, the Suharto administration was suspicious of foreign products and conspicuous consumption. The state completely banned advertising luxury products after the Malari protests in 1974, and even banned all television commercials in 1981 (Venkateswaran 2011, 123). However, by the late 1980s and certainly in the 1990s, middle-class citizenship was constructed around consumer lifestyles (van Leeuwen 2011; Robison 1996). State officials promoted, and often profited from, the new towns, which, like the “super mall” of Lippo Karawaci, were often based around a mall, a golf course, and a “downtown” with open public space designed for consumption. Development shifted to the provisioning for this new consumerist middle class, and the construction of projects that sold consumerist lifestyles, global brands, and private, air-conditioned public spaces. The market for these spaces was only possible because of the rapidly growing middle class, but the new suburban lifestyle also became a way for aspirational middle- and upper-class Jakartans to improve their standard of living and to improve their wealth with real estate investments. In sum, the new towns became a strategy for economic development and modernization, as well as economic opportunities for the state, the private sector, and for buyers.

The explosion of this new real estate depended on a model, and this model emerged under historical conditions of a slow-down in oil revenues. To continue its model of state-funded developmentalism, and for the Suharto family to continue its program of self-enrichment, the central government began seeking new areas of profit. In rural areas, this was often executed through selling off large concessions of natural resources to foreign firms (see Tsing 2005; Li 2007), and in Jakarta, the state began to look promote land development. Along with liberalization packages that allowed foreign investment to enter the state’s industrialization programs, giving a new spatial concentration to industrialization in the form of industrial estates. The state also promoted real estate developers seeking to profit on residential property development, and promoted the large scale commodification of land around the city for new towns. Deregulation led to an explosion in property values and investment. By the mid-1990s property values were increasing at 30 percent per year, and meanwhile, Kusno points out, banks were charging 20 percent interest rates (2016, 146). The BPN was largely complicit in issuing *ijin lokasi* to developers, but the property market began to look like a bubble by 1995, with sales slowing even as companies continued acquiring more lands and taking on more debt. In response to an out-of-control industry, and to a perceived incapacity of provincial governments to manage the booming real estate growth, in October 1996 the BPN issued a freeze on new land development permits in the area around Jakarta. “However, in early 1997 the agency relaxed this decree by granting the permits to selected developers for unclear reasons,” Firman describes, “but most likely because of pressures from several parties connected to large-scale housing development in the area, most notably the developers themselves” (2000, 16). The large developers had a great deal of influence on national policy, and were especially effective in protecting their profits with their political connections.

Indonesia’s development is inextricably tied to state relationships with its ethnic Chinese population. Even under Sukarno, the state sought to develop an economic class of Indonesians. Noting that ethnic Chinese Indonesians often dominated much of the trade economy, the state repeatedly sought to privilege “indigenous” (*pribumi*) capital. Suharto also played into popular racism and anxieties about the ethnic Chinese, when the state massacred Chinese in his rise to power, and again when he banned Chinese language, schools, writing, cultural expressions, and organizations. Ethnic Chinese names were not banned, but assimilationist policies pushed many ethnic Chinese to adopting more “Indonesian” names. Ironically, the national government in Indonesia was particularly reliant on Indonesia’s ethnic Chinese population for its financial capacities. Sudono Salim, or Liem Sioe Liong, is often counted as Indonesia’s wealthiest citizen, and was a favorite partner of Suharto’s family business circle. Amongst others, Kusno describes the particular

dominance of the real estate field by a small number of ethnic Chinese family firms. Ciputra, Eka Tjipta Widjaya, Anton Haliman, Soetjipto Nagaria, and A Guan, are ethnic Chinese (each adopted a more “Indonesian” name), each of whom founded one of the major five real estate firms in contemporary Jakarta. The Salim Group—through Sudono Salim or his son Anthony Salim—served as a financial partner to most of these firms. Ciputra’s relationship with the Salim Group brought him, fortuitously, into a relationship with Suharto. Salim was a close economic partner with Suharto and his family. Salim’s investment in Pondok Indah began Ciputra’s rise to influence in the real estate industry.

The city was completely remade by the rise of these largely Chinese firms as the most prominent developers, whose political connections granted them oligopolistic market powers, and which profited enormously through the rise of a private real estate industry. However, explanations vary as to why so few were able to capture such a large market share, and why they seemed so able to circumvent the regulatory system. One of the main arguments is that the very liberal issuance of land permits, *ijin lokasi*, by the BPN, led to the privatization of informal land, or otherwise accumulation by dispossession. Leaf explains this through the rise of a pro-market state and a national “culture” or “ideology” that became more globally oriented. The state promoted a cosmopolitan cultural orientation as well as market liberalization programs coincided with consumer aspirations for foreign goods and lifestyles (1994; 1996). For Firman (1997; 2000) and Arai (2001), much of the land boom is associated with deregulation and market pressures that fueled both the supply side, through speculative on the part of the new capitalists, as well as the demand side, by the elite and new middle class, and their desire for comfort and status in the new towns (2004). Following this demand side argument, some authors suggest that security and segregation, specifically for the city’s ethnic Chinese, drove much of the demand for the new towns (Dick and Rimmer 1998; Hogan and Houston 2003; Kusno 2000, 144–66). Cowherd, however, locates the origin of the explosion in real estate development in the corruption of the Suharto regime, dismissing official city planning institutions as completely ineffectual. He points instead to the rise of the developers and the explosion of private real estate as the result of the Suharto’s “Cendana-Cukong alliance,” which placed the president’s family (residing on Jalan Cendana in Jakarta) and the *cukong* Chinese business conglomerates “at the apex of a far-reaching pyramid of tribute and corruption” (2005, 169). Bringing together these market and regime explanations in *Cities for Profit*, Shatkin refers to a literature on the “global land grab” (see Hall 2013) to explain that the new towns were a “planned land grab” under Suharto, in which the “real estate turn” provided a new economic avenue for the country’s domestic elites, and a new space for political patronage (2017). While I largely follow Shatkin in his understanding of how and why the state created a massive land market, he leaves out Cowherd’s understanding of the two simultaneous functions of the Suharto state: the development of the nation, and the enrichment of people in Suharto’s close circles.

Instead I look at the developmental state as one that was simultaneously a capitalist project as well as a biopolitical project, one that provided modernization of infrastructure that was the means of life in the city. In stimulating private growth, the state continuously reconfigured its policies to maximize capital flows and to direct industry, growth, and even infrastructure as it saw fit. Thus I reject a purely market-based explanation of Jakarta’s real estate boom, and think through models of state behavior that make Krijnen and Fawaz (2010) find the spike in high-end spectacular real estate the result of a transformation of Beirut’s regulatory system of private property development. They interpret neoliberalism of the real estate sector not through the rollback the regulatory state, but by bending or remaking regulations them to that empowers the private sector’s options for property development. Suharto’s system of patronage to particular favorite firms followed the logic of state interventions in development. Cynically, a focus on the personal profits of those connected to Suharto point towards a system organized around patronage and corruption,

while a focus on the oligarchic firms that benefited from political relationships points to a land grab. However, the urban development assemblage in Jakarta was an incredibly productive and transformative system, especially in a country in which the state did not own the majority of the land. Facilitating real estate development was a top priority at the highest levels of the Indonesian state. It was immensely profitable for members of the state involved in the project, and created a class of super-rich developers. Finally, the industry constructed a new type of asset for upper-class and middle-class investment.

#### 4. Sukarno's Jakarta: From Crisis to Modernist Development

In the era of the first president, Sukarno, there was a huge shortage of housing and a gap in basic infrastructure in Jakarta. During the Japanese occupation and the War of Independence, and increasingly in the post-war period, the population grew rapidly with people fleeing conflict and seeking work. Historian Abeyasekere describes how the city was “straining at the seams” with enormous in-migration from other parts of the country. She cites population increases of 823,000 in 1948 to 3,813,000 in 1965, more than quadrupling during Suharto's presidency, that the city's territorial boundaries were vastly expanded in 1950 (1987, 171). Silver uses different estimates to find an annual increase of 133,000 in the first post-war decade, and an increase of 167,000 the following decade, reaching a total of 4,5576,000 in the 1971 census. “No matter the precise figure,” Silver writes, “there was no more discussed issue among Jakarta planners and local leaders throughout the 1950s and 1960s than how to deal with the seemingly unstoppable flow of migrants to the city and the increasing inability of the city to accommodate them” (2008, 90–92). This influx led the housing shortage to become a housing crisis. With no homes to occupy and no money to build, the rapid urbanization by poor migrants led to an explosion of settlements of self-built huts throughout the city, along with a significant homeless population. “Many were forced to build their own huts or even quite substantial houses on land which they did not own, simply because insufficient residential land was made available or it was beyond their price range” (Abeyasekere 1987, 197). State planners in this period worked with UN teams to address what was then understood as a population crisis through, planning for urban deconcentration through regional expansion ultimately there was no funding for the state to develop social housing or peripheral satellite towns. Instead, the city continued its rapid growth. Meanwhile, President Sukarno began directing many of the city's iconic modernist developments, but this resulted in little housing construction and ultimately served to exacerbate the housing shortage.

Early in Sukarno's presidency, the state did intend to redress the housing crisis with the construction of social housing, but it largely lacked funding to implement its plans. The urban administration was loosely organized under a figurehead mayor and managed by both municipal and national agencies. The national government had far more funds at its disposal to spend on the city than the municipality, and the Ministry of Public Works and the Ministry of Communications took on major roles in urban infrastructural development (Abeyasekere 1987, 197). In 1950, the newly independent state convened the Congress on Healthy Public Housing in 1950 to decide how to address the housing shortage facing the country at large. The state also established the national People's Housing Department tasked with “collecting data about the housing demand, setting building prescriptions, solving technical problems, drawing standard designs, launching new ideas about general housing policy, and finding answers to the question of how to finance construction” (Colombijn 2011, 447). However, the Department failed to make significant headway in housing construction, especially in Jakarta.

Jakarta's first urban development accomplishment was a major housing project that was begun under the Dutch wartime administration, a satellite town to the southwest of Jakarta.

Kebayoran Baru was intended by the Dutch as a suburb for civil servants and professionals, and was drawn up in the model of a garden suburb. The land was acquired from fruit growers, displacing approximately 10,000 people first through negotiation, and then by eminent domain (Silver 2008, 85–86). When the Indonesian state inherited the project, it incorporated the tract in the 1950 expansion of the city’s territory. The Central Foundation for Reconstruction sought to carry out the construction of the development in accordance with the plans to build new low-income *kampung* (here: “indigenous”) housing for the displaced growers. However, the “revolutionary building” design for smaller houses was not popular with the original villagers, and they did not sell. The state changed its development strategy for Kebayoran Baru and prioritized larger houses for civil servants, who were also more able to afford the commute to central Jakarta (Colombijn 2013, 297–309).

Jakarta’s urban planning priorities, particularly in prioritizing regional development, were initially established with the support and guidance of British and Dutch planners who provided technical assistance through the United Nations. The plans to deconcentrate Jakarta’s population by spreading into new towns reflected midcentury international best practices, particularly the British post-war planning experience. Regional planning, the management of urban territory beyond the borders of the municipality, had become a foundation of planning strategies in the first half of the twentieth century, as a response to perceived problems of crowding in industrializing and urbanizing cities. British planning educator Jacqueline Tyrwhitt, who had ties to Indonesian planners through the UN, recommended her former student Kenneth Watts to the UN technical assistance program in Jakarta. She herself later joined an advisory faculty team in Bandung to establish School of City and Regional Planning (Shoshkes 2013). Kenneth Watts, was appointed by the UN to support a commission tasked with developing a Master Plan for Jakarta in 1956, following his stint on a technical assistance team developing a Master Plan in Singapore. Dismayed by the lack of state capacity in Jakarta and the country—Watts recalls that in the country there were but four people in the public works field with graduate education—Watts opted to produce instead what he called an Outline Plan. The Outline Plan was completed in 1957, and served as a guide that was intended to direct priorities for development rather than the specific (K. Watts 1997, 86–113). The Outline Plan was followed by the development of a Master Plan, a project supported by British planner George Franklin in his Jakarta appointment from 1957-1960. The Master Plan was ultimately never approved, and its recommendations were ever only partially implemented, lacking funds and otherwise interrupted by Sukarno’s new urban agenda.

The Guided Democracy period nonetheless set a regional agenda that had lasting consequences for Jakarta. Both the Outline Plan of 1957 and the Master Plan of 1960 established the parameters for the planning process, and particularly, constructed regional priorities that guided the city’s growth of highways and new town development in subsequent decades (Silver 2008, 103–5, 116–21). More than a decade later, these priorities were further developed regional planning study the Indonesian Ministry of Public Works along with Dutch planners that was completed in 1973. The project gave a name to the region, Jabotabek, an abbreviation for the combined names of Jakarta and its surrounding regencies, Bogor, Tangerang, and Bekasi. The report prescribed “bundled deconcentration” for Jakarta, based on the Netherland’s Randstad urban region, where “growth centers” would house and support hundreds of thousands of occupants and would become “self-contained centres, more or less selfsufficient [sic] on employment and services” (Giebels 1986, 111–13). The report identified these centers as appropriate for industrial development, which reflected President Suharto’s industrialization programs and the booming industrial economy.

In 1957, Sukarno first announced a state of emergency and the country’s turn towards socialism, which he called “Guided Democracy.” In this year, Watts was succeeded in his UN technical assistance role by British planner George Franklin, who was particularly disappointed by the political barriers to planning that emerged during his appointment from 1957 to 1960. In the

Guided Democracy, Sukarno nationalized state industries and attempted a centrally managed economy, was also left the country an economic disaster, in spite of the major physical developments that happened in Jakarta. This period of his regime became increasingly authoritarian and lasted through Sukarno's downfall in 1965. Under the martial law of the Guided Democracy, Sukarno began directing much of Jakarta's urban development, favoring modernist architecture and vertical development, often contradicting official agencies' plans for the city and bypassing political processes. As Jakarta Governor Ngantung (1964-1965) described, "Sukarno believed that anything could be done simply by decreeing it" (in Abeyasekere 1987, 206). Sukarno, who had graduated in 1926 as a civil engineer, envisioned Jakarta as a beacon of the emergent nation, of modernity, and of international solidarity. Sukarno constructed a discourse that utilized urban development not just a symbol, but also a pathway of modernization that operated on multiple scales. He connected the city's transformations to the progress of the nation, and also to the emergence of a bloc of decolonizing countries, which he called the New Emerging Forces. Kusno argues that the modernist architecture adopted by the regime took on the statecraft objectives of the Guided Democracy, "to demonstrate the regime's commitment to a form of national discipline and the need to attract international recognition" (2000, 51). In a speech in 1962, Sukarno addressed the crowd:

Comrades from Jakarta, let us build Jakarta into the greatest city possible. Great not just because of its skyscrapers, great not just because it has boulevards and beautiful streets; great not just because it has beautiful monuments, great in every respect, even in the little houses of the workers of Jakarta there must be a sense of greatness...Jakarta is becoming the beacon of the whole of mankind. Yes, the beacon of the New Emerging Forces. (quoted in Silver 2008, 101)

Particularly, Sukarno led the remaking of Jakarta into a "modern" urban space by adding large, spectacular projects that reflected the international modernist styles he saw amidst his broad travels. Under his direction, the city remade the central square as Independence Square. Its centerpiece, which Sukarno intended to rival the Eiffel Tower, was the National Monument, an obelisk topped by a flame that. He directed the extension of the city center south and west via the Thamrin and Sudirman corridors, connecting the administrative seat to the new town that was built in the early postwar years, which housed many of the nation's civil servants. Along the new boulevards and squares the city built new roundabouts and fountains, statuary, and state buildings. Indonesia hosted major international events, including the Asian Games of 1962 and the Games of the New Emerging Forces of 1963. In preparation, Sukarno directed the construction of the Senayan stadium and sports complex, and the famous Hotel Indonesia. These projects were enabled with loans from Japan, Russia, and the US. These modernization projects gave the city a new visual order, with broader vistas of the urban landscape, and a new grandeur that privileged automobile travel. However, Sukarno redirected most of the city's available funds to these projects rather than to the basic amenities often sought by the planning agencies under him. The People's Housing Department argued that 0.1 percent of the national budget went to housing, less than 30 million rupiah in 1952, while the 4-km Thamrin boulevard took 15 million rupiah, while the Public Works budget was 688 million rupiah (Colombijn 2011, 449). In the early 1960s, Pulo Mas was designed as a social housing development that would accommodate 50,000, a satellite city in the northeast of Jakarta, reflecting the recommendations for regional satellite developments the Outline Plan of 1957 and the Master Plan of 1960. However, Pulo Mas was not initiated until after the end of Sukarno's regime, and even then, the lack of funding transformed the project into a privately funded development of upscale housing. In sum, Sukarno's administration exacerbated rather the housing crisis (See Abeyasekere 1987; Kusno 2000; Silver 2008).

Abeyasekere contrasts Sukarno's monumental city/nation-building projects—grand boulevards, fountains and traffic circles, modernist statuary, and modernist architecture of government buildings—with the reality of life for the majority of the population (1987, 171). Sukarno's administration was never empathetic towards the urban poor, and despite Sukarno's increasingly communist rhetoric, the state frequently rounded up the homeless and trucked them outside Jakarta or even shipped them out of Java to other major islands under the “transmigration” program. Jakarta's urban development during the Guided Democracy became particularly draconian. This period increasingly shaped the urban geography into fragmented territories. Sukarno focused his city-building on developing Jakarta as the image of modernity, building large boulevards lined with modern state buildings and signature architectural, while cutting off *kampung* spaces. His projects spatially isolated the self-built and largely unserved *kampung*<sup>2</sup> areas, cutting through them with new boulevards and locating them behind the new modern developments that ran along these boulevards. Under the Dutch, the *kampung* was the space inhabited by the city's indigenous residents, neglected by public works and municipal services, occupying self-built housing outside the Dutch housing estates (Fakih 2014b, 153). These areas represented a public health threat to the Dutch (Colombijn 2013, 184–99; Silver 2008, 62–73), but became much denser and more precarious following the war, when the stream of immigrants settled in *kampung* areas. Sukarno's major projects took on a particularly authoritarian when it came to clearing land. Under Sukarno's direction, the public works agency displaced tens if not hundreds of thousands of people—often deemed “squatters”—from the *kampung*. When Sukarno decided to host the Asian Games of 1962, the public authority displaced 47,000 people in two years to make way for the Senayan sports complex (Abeyasekere 1987, 198). The continued municipal neglect and fragmentation of the *kampung* areas exacerbated the inequality established during the colonial era. New residents crowded into any space they could, most facing appalling conditions. Many purchased housing, or built their own housing, and the crowding added to the deteriorating conditions in the *kampung*. The lack of public services made the *kampung* areas particularly precarious. They frequently faced major fires, and most often had no access to electricity, no trash collection, and no toilets. Describing the desperate state of accommodations during this period, Abeyasekere writes, “It is particularly shocking to learn that this city of almost two million people possessed only 84 public privies in 1954” (1987, 175). In spite of Sukarno's status as a national hero, and in spite of his increasingly communist rhetoric, the state failed Jakarta's poor, and Indonesia's beacon of modernity did not include a vision for the poor.

##### 5. Origins of the Industry: Housing Development through State Partnerships

The real estate industry emerged in Jakarta not through the spontaneous investment of entrepreneurs, but as a part of the state's strategies to remedy the housing and infrastructure crisis. Facing this shortage, municipal leaders sought creative ways to fund housing and infrastructure development, and began leveraging the private sector. In particular, a collaboration with the city government and the burgeoning real estate developer Ciputra established a model for the state's promotion of particular real estate firms to build housing and infrastructure in Jakarta. Ciputra's real estate enterprises expanded after the transition to President Suharto's developmentalist market system, and his relationship with the administration was a mutually beneficial one. Suharto provided Ciputra with exclusive access to land development opportunities, often bypassing planning and environmental regulations, and in exchange, Ciputra was entrusted to modernize the city, and informally, to direct a substantial portion of the firm's profits back to the state.

The rise of the real estate industry can be traced in large part to the Indonesian developer Ciputra. In the 1960s and 1970s there was a limited but profitable business in buying and reselling land and housing, often just one or two buildings, by a few Chinese entrepreneurs (Kusno 2016,



141). There was no large private property development industry until the state began to promote development. Ciputra began practicing architecture while still in school training at the Bandung University of Technology, in a small firm he created with two friends. Seeking clients after he graduated in graduated from his architectural training in 1960, Ciputra reportedly approached Jakarta's Governor Soemarno, who was in turn struggling to find funds for urban development. Soemarno and Ciputra founded the city's official development firm, PT Pembangunan Jaya, working around Sukarno's socialist regulations by creating a joint venture, that was part owned and managed by Ciputra. The company's first project was to redevelop the Senen market in Central Jakarta, turning it into the city's first shopping center. Following a new regulation in 1962, the company was forced to go private, but the company continued a profit-sharing scheme with the city and maintained its role as the city's development firm, and continued to emphasize that its role was in public service. As the firm's development portfolio expanded, Pembangunan Jaya became an umbrella company—the Jaya Group—that included subsidiary firms that took on new projects (See Dieleman 2011; Michael Leaf 2015; Silver 2008).

The political context changed in 1965 when Sukarno was removed in a coup, the country faced a purge of suspected communists and political dissidents, many of whom were massacred along with hundreds of thousands of ethnic Chinese around the country. Following a period of political upheaval and rapid inflation, Suharto was named Acting President in 1967. Suharto's "New Order" regime began with violence and continued to be run as an authoritarian capitalist state that exercised total control of the state. The New Order, under the National Planning and Development Agency (BAPPENAS) immediately switched to a liberal economic policy program prescribed by the IMF and the World Bank. Indonesia restructured its foreign debts, opened for foreign loans, and began to repay foreign assets that had been seized under Sukarno. With the imprimatur of these international financial institutions, as well as a newly formed group of donor countries (IGGI) that were anxious to curtail the socialist program, creditors and investors became convinced of the viability of investments in Indonesia. Foreign capital investment flowed in, and from 1967 to 1973 the economy not only stabilized but grew rapidly, driven by largely by foreign investment (Robison 1986, 131–75; Hill 1997, 28).

The new income was also a boon for Jakarta's budget, and allowed Jakarta's new governor Ali Sadikin to implement a wide range of infrastructure projects. Sadikin, who served from 1966 to 1977, was the most influential governor of the Suharto era, and he drove the urban development agenda far more than the new president. Abeyasekere writes that Sadikin adopted plans made under Surkano, "but it was Sadikin who found the funds and gained the credit for them. The gleaming white Istiqlal Mosque...was finally completed, as were the Ancol recreation complex, the parliament buildings at Senayan, and several new shopping centers" (1987, 218). Sadikin maintained the city's relationship with Ciputra, and the Jaya Group began its next project in Ancol, a swampy area along the northern coast of the city to the east of the old center of Batavia that had a reputation as a "mysteriously eerie (*angker*) place where ghosts dump dead babies" (Kusno 2011, 514). The coastal redevelopment of Ancol was originally imagined as another signature modernization project under Sukarno, which would give Jakarta a waterfront beach and a recreation area for the masses. Under the subsidiary PT Pembangunan Jaya-Ancol, the redevelopment became an elite area with a prohibitive fee for entry. The project was relatively large, over 500 hectares, and required extensive dredging to fill in the swamp. While it began with the beach and recreation facilities, Ciputra later added a theme park, Dunia Fantasi ("Fantasy World"), modeled after Disneyland (Dieleman 2011, 66), that opened in 1985.

An international rise in oil prices in 1973 through the early 1980s led to another economic boom that led to high growth. The oil revenues provided the funding for the height of Suharto's developmentalist program, in which the discourse of the state came to revolve around the concept

of transformation, and Suharto referring to himself as the “Father of Development.” In this period, the state returned to protectionist policies, and focused on state-led industrial development. Given the funding opportunities available through oil, the state was able to fund new programs. The World Bank encouraged the state to support the growth of the private housing sector.<sup>3</sup> After a national housing In 1974, the National Housing Authority was created, and with it, two new institutions that would, for the first time, make financing for housing available to the middle and upper classes. The State Saving Bank (BTN) that would provide subsidized mortgages to middle income groups, and the Housing Finance Corporation (PTPS - PT Papan Sejahtera) that would provide market rate mortgages to higher income groups. Along with the growth in the economy and the rise of a new consumerist middle class, these two programs are credited with a major stimulus in demand for housing (Winarso and Kombaitan 2004, 16–18; see also M. Lee 1996; Rosser 1983).

After the successes as a “relatively modest property business in collaboration with the city government,” (Kusno 2016, 142) Ciputra formed a wholly private conglomerate in 1971, the Metropolitan Group, to build Pondok Indah in the early 1970s. The economic boom of Suharto’s first years was bringing not only capital but foreign businessmen to Jakarta. Ciputra envisioned a development that would target not only domestic elites, but particularly expat businessmen. The development included not only upscale housing, but also a mall, a golf course, an international school, and a private hospital that would lure Singaporeans and other members of the itinerant business class to relocate their families to Jakarta rather than making weekly trips (Michael Leaf 2015, 173). One real estate insider recalls the context:

At the time Indonesia economically became a boom town, so oil was the big thing. So there was a lot of expatriates coming in. And you had to have good housing, which was on short supply because of the problems of infrastructure. So then the satellite towns like Pondok Indah came into being... The Japanese, Mitsubishi and so on, bought lots there, for expat housing. That was the first one ever, with a golf course, with a hospital, and it was like integrated planning. It was DMJM from Los Angeles, California, who [designed] that one, modeled after the Orange County.<sup>4</sup>

The Pondok Indah project repurposed 720 hectares of land that was previously a rubber plantation, and actively occupied by Betawi farmers. Abeyasekere explains that in a context in which only 35 percent of Jakarta’s land was officially registered with the National Land Bureau, and the Master Plan designated many areas for development (or which proscribed development) that were actually occupied. The administration’s priorities were for private development, and regularly conducted land clearance “like military operations.” In Pondok Indah, the occupants’ housing was demolished even as they contested the case with the Legal Assistance Bureau (1987, 226–29). Two mundane but critical elements emerged from the Pondok Indah experiment that would shape the future of the real estate industry. First, the state legitimated the development by allowing permits for private development (Michael Leaf 1994, 345). Second, the firm found private domestic financing, here in the persona of Liem Sioe Liong, also known as Sudono Salim, and his Salim Group.

## 6. Bumi Serpong Damai: Aligning Real Estate with Urban Development

The real estate assemblage and the boom in new town construction came together in the mid-1980s with Bumi Serpong Damai, the largest real estate project ever to emerge in Jakarta. However, to win the approval of state planners, the firm had to align its goals with planners’ urban development goals. Ciputra positioned himself politically to represent private real estate as a benefit for the city. The new town they proposed would be planned just like a city is planned. The firm

hired trained city planners, and went to great lengths to brand the project as an elite development—one that would match the state’s vision for upgrading the environment and the economy. Finally, the project became successful through its political and economic connections. The new town was funded through a partnership with Salim, and was connected to the regime through Suharto’s cousin.

While Ciputra began Bintaro Jaya in 1979 as another small satellite development outside Jakarta, Bumi Serpong Damai (BSD) broke the mold. BSD was an urban development project of an entirely new scale that completely transformed the real estate industry. Ciputra and his Metropolitan Group bet on the massive spread of the city’s population into the completely undeveloped peri-urban region surrounding the city. BSD was a qualitatively new phenomenon from earlier real estate developments. Pondok Indah was an elite development that was completed in a short time frame, and with a fairly homogeneous residential real estate product that targeted a limited elite class of buyers. The BSD, on the other hand, at 6,000 hectares, was larger in area by an order of magnitude. The time frame for the development was also much longer, first envisioned as three decades, but its completion now projected for 2035. The Master Plan proposed three long-term phases of development of housing “clusters,” themed gated communities, and a central business district (CBD). Further, unlike Pondok Indah, the residential properties of BSD targeted a much broader range of buyers, and commercially imagined a much more diverse set of economic activities than the retail of Pondok Indah’s mall. The 6,000 hectares were projected to house a population of 800,000, which has increased to one million, despite that only 1,500 hectares were built by the completion of the project’s first phase (Winarso, Hudalah, and Firman 2015, 225), with the project’s second phase just beginning in 2015.

Ciputra worked for years positioning himself as the leader of the real estate industry, within Indonesia and beyond. In 1972 he became the founding president of the industry group Real Estate Indonesia (REI). REI in turn became a member of the European-based International Real Estate Federation (FIABCI), for which Ciputra served as the World President from 1989-1990 (Michael Leaf 2015, 177). These industry associations provided Ciputra with the opportunity to travel and to enter a globally integrated real estate development industry. In my research, I spoke to several planners who at the time had recently graduated from planning programs, who got jobs early on in designing BSD. Not only did Ciputra seek “fresh” planning talent, but also sought the latest and most exciting and successful planning models from around the globe. A newly graduated planner working under Ciputra describes the environment:

So I had the assignment: Get the best planners, all over the world. So I went all over the place and I got the Tapiola model from Finland and I got the Tama New Towns from the Japanese, I got the *ville nouvelle* from France, and then a few in Holland. Then I went to Orange County and also to Virginia. We went to see [professional golfer and golf course designer] Jack Nicklaus...It was *exciting*.<sup>5</sup>

Budiarsa Sastrawinata, Ciputra’s son-in-law and Managing Director of Ciputra Group, recalls the talent recruitment trips in this period, specifically to get a brand name Jack Nicklaus golf course.

When I wanted to build a golf course in BSD, I wrote a letter to Jack Nicklaus in 1987. But at that time, Jack Nicklaus refused because it was too far away. But I couldn’t give up so easily...I went to his city in Palm Beach without an appointment...I rented a car, drove myself and met the Vice President of Marketing. I brought a BSD planning file prepared by a Japanese consultant. We discussed it for more than an hour. I met the Senior Vice President, but Jack still didn’t want to design golf courses in Indonesia. Jack just wanted to

be in Japan. He said Indonesia was too far away. But I still didn't give up. I tried again to make an appointment directly with Jack. What did I do while I was waiting? I played golf alone.

The third day, I was able to meet Jack Nicklaus directly. I was impressed, it turned out that Jack was very humble. I explained the plan for the new city of BSD. Less than half an hour later, he said yes.

What made me startled after meeting Jack Nicklaus when I found out that the fee was very expensive. This is unexpected. I thought, "Wow, if I go back to Indonesia, this won't look good." I asked for an appointment with Arnold Palmer, and the fee was half of Jack Nicklaus. I also met Johnny Miller in LA. But finally I concluded that I had to stick with Jack Nicklaus. (Kusumaputra 2011, translation by author)

The fee for the Jack Nicklaus contract was USD 1.2 million, while the golf courses themselves were about USD 50 million (Arai 2001, 495). From golf course designers to architects and landscape architects, Ciputra set a precedent for recruiting internationally branded design firms as a critical aspect of Jakarta's real estate development model.

As Shatkin shows, the employment of international architects and consulting firms was as much for branding and marketing as they were for the political justification of the project (2017, 124–26). The development of BSD also required years of effort by Ciputra to position himself close to the state, and to align the BSD development and the real estate industry at large with the development goals of the state. By the 1980s, the state was still using a developmental model that called for regional expansion, and building from the 1973 Plan for Jabotabek, a World Bank team prepared the Jabotabek Metropolitan Development Plan of 1981, where they focused particularly on developing an East-West corridor that would connect Jakarta to the adjacent municipalities and regencies of Bekasi and Tangerang. The state wanted to limit urban sprawl, but to direct regional growth to along this corridor. The plan specifically rejected the possibility for development of new towns to surround Jakarta, whether in finger-shaped extensions, or in the shape of concentric rings (Cowherd 2005, 174–77). Shatkin shows that the West Jakarta Urban Development Project of 1985 specifically rejected the proposed BSD satellite city. Thus, it took significant political maneuvering to make the BSD development match the state goals. The Metropolitan Group hired a Japanese consulting firm to make a private study for the BSD project. Its 1985 report rationalized the plan as fitting within the 1981 plan for the westward development into the Tangerang Regency, and arguing particularly that the new CBD would serve as a magnet for business and commerce, rather than producing sprawl and traffic associated with suburban development (Shatkin 2017, 124–26). One planner working for Ciputra explains:

So you had this massive plan for the whole of the greater Jakarta metropolitan area. It was 1980s, 1985 I suppose. The thing was East-West at that time. The Japanese said, "Ok, Bekasi and Tangerang were the two [neighboring] cities that should be the uptake of our new development," but these places were industrial at that time. There was an airport and a port and everything else. In the South we were totally banned from development because of the watershed area. And so we found an area South-Southwest which was Serpong, and I had to justify that.

The company enacted a range of strategies to get political support from the state for BSD. Ciputra brought on two powerful business groups as funding partners—the Salim group, whose founder

Sudono Salim was a close associate of President Suharto, and Sinar Mas Group, headed by Eka Tjipta Widjaya. The project was negotiated not with the Regency, but with three national ministries—Public Works, Human Settlements, and the National Planning and Development Agency BAPPENAS (Shatkin 2017, 126). This planner had to make the project seem real to the

What I had to do...took them on a train ride to Japan—all of them, all of the [officials] to tell them, “Look, I’m designing a new town.” And they don’t know what a new town is! So I had to take them to Japan, and with the assistance of our Japanese friends we went to Tama New Town. “Ok, in this new town, you have a train station,” and so on. So they could have something, so they can have a model.<sup>6</sup>

Officials in these national ministries had to be convinced of a project of this size, and of the feasibility of a real estate development that would take decades to complete. However, the capacity of the state to imagine such a project, BSD had the political connections to move the project. Besides its proximity to the state through Salim, the project also built a direct link to the president’s power by decree by stationing a member of the president’s family as an interested party in the project’s success. BSD appointed Suharto’s cousin Sudwikatmono as its Chief Executive Adviser (Silver 2008, 170).



Housing in Pantai Indah Kapuk, Ciputra’s coastal new town. Image: Author, 2015.

## 7. Land Acquisition in Jakarta’s Wild West

The new towns were premised on land acquisition at an unprecedented scale, getting legal access to purchase land, and then making it available for development. All the developers spoke of

the critical process of “land banking” before they could begin their development projects, and those developers who were able to build large land banks came to dominate the market. Following Ciputra’s work pioneering a model for new town development, new developers mushroomed in the early 1990s, attempting to lay claim to as much territory as possible as the land boom unfolded. In many ways, the state drove the growth of the real estate industry by authorizing permits for the massive new town projects. National state planners came to see the private sector and real estate development as a critical aspect of the urban economy and the urban development process.

It was not only through the legitimation of the real estate industry, or the modeling of new towns, or the political connections that drove the new towns, but also the state’s persistent struggle to provide housing that led the state to consider new towns. From the beginning of the oil boom in 1973 to the slide of oil prices in the early 1980s, the state was “awash in more oil-related resources than it could spend” (Winters 1996, xii), but rather than urban public works projects, this often went either to investment in national industries or to “discretionary spending” that enriched individuals. While the PERUMNAS program built a very limited number of low-income walk-up flats, the main success in Jakarta and other cities from this period was the widely renowned Kampung Improvement Program (KIP). KIP was a sites-and-services program, which improved the urban environment rather than directly providing low-income housing, but it became a model that was expanded by World Bank loans. In its first decade, from 1969–1979, the city led a massive effort to provide paved road and alleys, drainage canals, water supply piping, public toilets, trash bins, and health centers to kampungs in Jakarta, addressing 7380 hectares, or 61.5% of the urban area, a total of 89 kampungs in Jakarta (Silver 2008, 136–37). However, the city was still growing at a rate of 3.9 percent per year, and reached 6.5 million by 1980. This growth continued throughout as a major source of anxiety for Jakarta’s planners and led to Governor Sadikin’s futile effort to declare Jakarta a “closed city” to migrants in 1970 (Abeyasekere 1987, 229), while the national government sought to siphon off some of Jakarta’s urban poor into a World Bank-funded “transmigration” program, which was sent people from Java and Bali to populate Indonesia’s outer islands (Fearnside 1997). As the price of oil crashed in 1983 and again in 1986, and the Indonesian rupiah depreciated against the value of the yen, the city government’s capacity for public spending deteriorated. As Arai describes the mood of bureaucrats at this time, “It was unimaginable that government alone could afford to provide all the necessary investment and thus the government came to regard the involvement of private capital as an absolute necessity,” and Cosmas Batubara, Suharto’s Minister of People’s Housing, established the state policy goal of promoting the private sector’s development of new towns (Arai 2001, 483–483).

Given this mandate, in the late 1980s, the state began to issue an increasing number permits for developers to acquire land in the areas surrounding Jakarta. The land in the periphery was largely unregistered, although it was legally occupied, in a dual land system left by the legacy of colonial land law (Michael Leaf 1993). However, the *ijin lokasi* (“location permit”), became the primary mechanism that allowed for land rationalization and commodification in the Jakarta region. The *ijin lokasi* gave its holder the exclusive right to purchase land specified by that permit for development, creating a monopsony, when one buyer wields the power to set prices in a particular market (Shatkin 2017, 114; Firman 2000, 15). Leaf reports that according to BPN data, by the end of 1989, 6,100 hectares in Jakarta alone were permitted for residential housing development (Michael Leaf 1994, 345), while Firman shows that across the region, “hundreds of development permits involving 121,600 ha of land had been granted for residential development projects in the outskirts of Jakarta (Botabek: Bogor-Tangerang-Bekasi) during the period from 1974 to 1996” (2000, 17).

The *ijin lokasi* is issued by the National Land Agency (BPN), responsible for the registration of lands and the processing of land permits for development. The BPN ostensibly issued permits when a proposed project aligned with the state’s development goals, allowing a developer to move

forward in purchasing the land for development. However, the state's development goals were changing at that time, issuing in an era of growth based on privatization and foreign investment. Suharto had built his legitimacy on projecting himself as the "Father of Development," and the state successfully drove industrialization programs throughout the oil boom period, the lion's share of which occurred in Java and particularly, the Jakarta/West Java region (Hill 1997, 72–73). Suharto's national government was seeking new sources of state revenue, and the members connected to the Suharto family were seeking new productive industries for personal accumulation. The state's pro-market policies of the 1980s, particularly those issued in the 1988 "Pakto" or "Paket Oktober," liberalized foreign investment rules and intensively deregulated the banking sector. Many firms opened up their own banks to finance their development projects and meanwhile the flood of foreign investment produced its own demand for luxury real estate, leisure spaces, and office towers. As Arai explains, "At this point, two doors opened at the same time for private entrepreneurs. Firstly, there was the opportunity to grasp strategic land in urban area and secondly, there was access to the capital that was needed for that purpose... Thus began the age of the property boom" (2001, 487).

The BPN was liberally issuing *ijin lokasi* for both industrial as well as residential land use. In the context of deregulation of the mid- to late 1980s, foreign firms flooded into manufacturing and processing, often into the industrial estates established in the Jakarta region (Hudalah 2017). Firman points to the 1989 Presidential Decree 53 that allowed foreign private firms to manage industrial estates and even to add customs facilities to increase their capacity for international market connections, spurring rapid land conversion for industrial use (Firman 1997, 1037; Dharmapatni and Firman 1995, 302). A trend and not a rule, the majority of the industrial estates emerged to the east of Jakarta, in Bekasi and Cikarang, with direct access to Jakarta's port, while the majority of the residential new towns were developed to the west and southwest of Jakarta. In this context of liberalization and foreign investment, the land boom, and the rapid rural-to-urban land conversion from this period, included both industrial parks and new towns, often built by the same developers both east and west of Jakarta. Lippo Village, or Lippo Karawaci, begun by the Lippo Group in 1990 in Tangerang to the West, following the footsteps of BSD, was matched by its counterpart in the east, Lippo Cikarang, as a related pieces of the group's land development business (Hogan and Houston 2003).

Once developers obtained the *ijin lokasi*, the land still had to be acquired, and most of the land was owned either by the state or by unregistered but legal owner-occupants. Much of the land for BSD was a previous rubber plantation, but land assembly was an arduous process.

For the main road there, we had to pass so many things, so the road we had planned straight, it went like this...because you had to go through a duck farm. You had to go through a person who had some graves there. You come to a river, we build half a bridge, but the other side we could not. So we had to just basically bulldoze through it, almost like the Wild, Wild West.<sup>7</sup>

Land acquisition was a fundamentally violent process that occurred between parties with vastly unequal power. The displacement due to this land boom evokes the rapid rise of markets and violent social upheaval described by Polanyi of medieval Europe: "An almost miraculous improvement in the tools of production, which was accompanied by a catastrophic dislocation of the lives of the common people" (2001, 35). While the state legally recognized the owners' right to the occupy and cultivate land, a sort of "social use" compelled by the Basic Agrarian Land Law of 1960 (UUPA), the *ijin lokasi* transformed the animus of the land law by compelling its commodification. The process allowed the exclusive right of the developer to purchase the land,



supposedly, at a price determined fair by the state, but the process systematically allowed developers to dominate the negotiations. The developers were able to force sales of land, dispossessing inhabitants, and reaping windfall profits, and Kusno is correct in calling this “primitive accumulation” (Kusno 2016, 147).

The process of land acquisition for the new towns unfolded in as improvised a manner as the planning process. Shatkin relates stories of “open-air meetings with locals to discuss land prices extending late into the evenings, and transactions in stacks of rupiah notes conducted under the shade of village trees” (2017, 126). As one of my informants describes,

And the beginning my task was to go to the farmers with a bag, a suitcase full of cash, to actually do transactions...I had this idea of, “Ok, you can't really just go there, because it's exploitation,” yeah? So what we had to do: “Ok, you have three choices. Either you sell your land, or else we relocate you to another agricultural land somewhere there, or we relocate you in the area, but then you have a reduced area of serviced land. So we had to do all these kind of things without any government or legal framework.<sup>8</sup>

Local governments in charge of overseeing the process supported the developers, and complaints and protests against the developers were most often completely ineffectual. While many people felt that the offer from the developers gave them new life opportunities—the possibility of escape from such difficult livelihoods as wet rice cultivation—many owners “had no choice” and accepted the compensation that was offered (Firman 2000, 15). However, developers often faced significant resistance. My informant continued:

We had to assemble local hoods to protect us, but that's just the real story about urban development...So I had this very socialistic point of view, involving people's inclusion, and that sort of thing. But that had to be partly...we had ex-military commanders from Aceh coordinating out security forces. Our main problem is that the land that we bought, we had to stake out and then the stake would be gone the next day, so we had a big security force, just guarding the surveyed areas.<sup>9</sup>

Despite such slowdowns, land acquisition proceeded. One more effectual strategy was for a group of owners collectively to refuse sale. To deal with these holdout sellers, developers utilized strategies of walling-in occupants, or punishing them by grading developments higher and routing water into these lands. Despite most acts of resistance, the developers had the upper hand, making the land acquisition process frequently coercive and violent.

## 8. Developers as Planners: Fragmented Biopolitics of the Private Sector

Developers relied on city planners not only to design the new towns, but also to support the regulation of these spaces. The regulation of land rights and the new private real estate industry was transformed rapidly during this time specifically through the growth of the new towns. Regulations on the real estate development were either absent or almost completely ineffectual for site and building regulations. The permitting system, along with mortgage financing institutions, were only developed in the 1970s. The new towns challenged the way the state saw urban development, and how the new urban spaces should be developed and regulated. It was clear to the state that the new towns could provide the space to remake the Jakarta region through greenfield development, where the legacy of the negligence of the Dutch colonial administration did so completely shape the parameters of development possibilities. The new towns were a planner's dream, a *tabula rasa*.



Through these developers, the city could upgrade the city through a rational vision of urban development, which in turn, matched the city's own plans to expand in the region to manage the population pressures in Jakarta. For the city's spatial planners, this represented not the windfall profits that would go to the city's elite, but a biopolitical strategy to improve life in the city.

City planners in the employ of the developers played a major role in the way that new towns were shaped. These planners were often fresh out of planning programs, and were idealistic about the possibilities for urban development. They saw new town development as means to countervail Suharto's Jakarta, not only his lackluster attention to urban improvements and infrastructure development, but also the politics of surveillance and state violence. One planner who worked for Ciputra in the early stages of BSD explained how optimistic he was for the emergent private sector at the time. After years of state terror and discipline of the Suharto New Order (See Kusno 2000, 97–119; Vickers 2013, 174–201), the new towns seemed to offer new opportunities to shape urban life. As a student, “I was the one out there protesting and wheat-pasting posters for the new march for Palestine,” but after years of student activism, “eventually I gave up on the government as a tool for good. So I don't want to be Don Quixote, striking at windmills. As a planner with a big idea, you either go to the government or private, so I tried my hand in the private sector, built BSD. But now it's a mess. It was my baby, but it is not my child.”<sup>10</sup>

When Ciputra began Pantai Indah Kapuk (PIK), a new town of about 1,162 hectares on the coast to the northwest of Jakarta, he sought to capitalize on the vision of coastal luxury begun in his earlier Marina Ancol project as well as the newer high-end Pantai Mutiara project on the coast. It was to be a completely gated, luxury development, and with coastal and marina facilities that targeted the elite market, following an international trend of waterfront development and fascination with elite maritime lifestyles (Kusno 2011, 520). The project, near the recently opened Sukarno-Hatta Airport, was planned to be located in a coastal mangrove forest, which was specifically protected under the 1985-2005 Jakarta General Spatial Plan. A planner at the time remembers that “Everyone was up in arms saying, ‘How can the private sector be governing its own cities?’ and so things like that became hot potatoes.”<sup>11</sup> However, the project was again backed by Salim, and despite the protest of citizens and environmental groups, the project was approved by the minister of forestry as well as the Jakarta governor. Explaining this moment, Dieleman quotes then head of the city planning agency, who explains, “Agency officials often issued permits for housing projects in prohibited areas... ‘We were forced to issue such permits as there were instructions from our superiors’” (quoted in Dieleman 2011, 72). While the area was engineered with the help of the Dutch to use canals and polder system, the destruction of the mangroves and the development has been cited as a reason for Jakarta's notorious flooding problems (Pratiwo and Nas 2005, 76; “Agenda: Jakarta Coastal Defence Strategy” 2011).

One of Ciputra's junior urban planners involved in the early development of BSD described the ad hoc process of inventing institutions and standards:

I was so unprepared...how do you actually get the right legal products so that this can happen...I said, “I can do it in terms of this physical entity. But how do you govern this? What happens if somebody died there?” There's no precedent about how to govern a new area...I came back [from graduate school abroad] with this planning model which had the planning law firmly entrenched in the system. And here, one was...I had a very difficult time because I had to plan—I had to be God, basically! I had to plan it, I had to execute it, and I had to basically supervise it, so that the public and private interest were in fact aligned. And because when I first came, I went of course to the BAPPEDA in West Java, and said I am doing this new town and I want your guidelines about planning in this area. “Ok,” so they

told me, “What do you want?” I was shocked! Because I was thinking they had a framework, and a hierarchy. But what happened was that there was no model.

Not only was there no governing authority besides the negotiations at the national level, but there were no codified standards for buildings or public resources. The planner continued:

How do you get the water? I mean, there was a big river next to us, but we couldn't access it because it was sold to Jakarta. And then we had no sewer system, so in the house we had to separate the water twenty meters from the septic tank. So we had to do all sorts of tricks to make sure that the minimum basic standards of urban infrastructure was there. No institutions whatsoever!<sup>12</sup>

From Ciputra's perspective, the challenge with the Serpong site was that there was no transportation, no infrastructure. The BSD project took on what it called “integrated development.” The new Jakarta-Merak toll road to the north of the project provided some access to the area, but everything else was privately constructed. The street networks, power plants, water treatment plant, and waste management system, were all built by the company. Dieleman's study of Ciputra describes him not merely as a private sector actor, but as an influential actor involved in “institutional entrepreneurship.” Dieleman locates the rise of the new towns in the shifting space of governance and a rapidly transforming field, in which “new repertoires of institutions are being generated in which mutual responsibilities between different actors, such as NGOs, governments, and the private sector are re-shuffled in ways that suit local constraints better” (2011, 62). Here, particularly, the private sector adopted, for their own territories, the role of the state in managing the construction, ownership, and maintenance of public infrastructures, previously understood as the responsibility of the municipal government. Besides housing and infrastructure, all the social facilities—from education to religious to fire departments—were built by the firm, and became a part of its “independent city” marketing package. Silver lists the “fourteen elementary schools, eight junior high schools, eight senior high schools, four universities, four health clinics and a hospital, thirteen mosques, [and] two churches” that were built by 2005. The company's line was that it “relieved” the regency of Tangerang of the burden of infrastructural development (2008, 171–72). Most visibly, the company also offered continuous security, one of the foundations of the aesthetic of privilege and associated with the gated communities in the development. Effectively, the state conceded that the private sector should be entrusted and encouraged to do these development projects—specifically building housing and infrastructure—given the state's incapacity to fund modernization and urban development. Leaf argues that this “might best be described as a form of private government.” He shows that, at least in Ciputra's Bintaro Jaya, “the local government appreciates the benefit of this arrangement in reducing its responsibilities for service provision, while the residents benefit from higher-quality services than could be delivered through the local government (2015, 174). Many stories, however, argue that the developers deferred the infrastructural costs back onto the state, or to the public, with the spillover effects from the new towns became quite literal. Like other new towns, BSD has been accused of grading its land higher than nearby villages and channeling causing flooding from the new town into surrounding residences.<sup>13</sup> Pratiwo and Nas complain of the lack of wastewater treatment in BSD, with untreated household runoff flowing into the river (2005, 75–76).

## 9. Middle-Class Citizenship in the New Towns

The explosive market in land development spawned a proliferation of development firms on the market, all seeking to snatch up land in the urban periphery, and to cash in on the booming real

estate market. New towns were sites of investment and accumulation for developers, but also for buyers. The real rising incomes of the upper and middle classes allowed for a new housing market, and a new class that would not only buy homes in elite, gated communities that effectively separated them from the charged politics of Jakarta. These new classes went shopping in malls, bought imported commodities, spent time in public in cafes, played golf, took their families to amusement parks, and inhabited a new way of living that was only possible in the new towns. As Arai describes, “The developers’ capital accumulation goes hand in hand with the formation of a middle class and the construction of a middle-class lifestyle” (2015, 462). The new towns, then, became islands that attracted the investment not only of the developers, but a means of accumulating assets for elite buyers and for the growing middle classes.

The lifestyle that was promoted by the developers followed trends that were not merely architectural, but also brought new middle-class experiences of entertainment, leisure, and consumption. The firms that emerged during the boom of the early 1990s were diverse in origin, but they converged in their practices at a time when the new town real estate model was becoming standardized. As Leaf points out, few developers had their primary business in land development, but added land development to their other groups. Despite his role in the development of the industry, Ciputra was an exception. The Sinar Mas Group got its start using forest concessions to start Asia Pulp & Paper, but also had branches in finance and insurance, agribusiness, and mining. The Lippo Group began as a bank that later diversified into real estate development. Nonetheless, many followed similar models and trends, used the same consultants, hired the same high-profile design firms. A representative from one development firm explained the trends in branding strategies as he showed me the golf course in his new town:

Each township [new town] needs a golf course. It is part of the positioning for the product’s brand. In the early 80s, it was about having a golf course. In the early 90s, it was about having a mall, and schools that are high quality. In the early 2000s, it was all about having a theme park, or a water park. Now, it is about having a convention center like in BSD or Alam Sutera. The strategy is to attract people. You need high quality facilities and roads. See how nice our roads are compared to Jakarta?

I asked if he played golf himself, and he replied, “No...golf is for lazy people. And for lobbying. I don’t work like that.”<sup>14</sup> Ciputra, however, did play golf. So did President Suharto. While golf courses were generally not profitable, they were critical to the branding of a new town. The exorbitant membership fees, which were often more than 100 million rupiah (USD 45,000 in 1995 dollars). Arai explains the golf boom that emerged during the era of economic liberalization, which was not only about prestige, but was a business strategy, as firms paid for their executives’ memberships (2001, 495–96).

The new towns were decidedly elite projects. While they represented the emergence of a middle-class lifestyle, based on new modes of consumption, the new towns were completely dependent on automobile transportation. Leaf explains how remarkable is this form of exclusivity, given the context in Jakarta that in 1989, “less than one family in five owns an automobile” (1994, 343). However, as Hogan and Houston argue, there was always a utopian social vision that was fundamental to the form. Describing the Lippo Group, they explain that the legacy of the Garden City’s utopian vision is latent in Jakarta’s new towns. While short- and long-term profits are always at the forefront of the firm’s real estate projects, the firm also seeks “to express its own utopian hopes for designing the goof multi-functional polis that can act as both model and provocation for emulation” (2003, 253).

The new towns reshaped notions of citizenship for their middle-class residents, significantly altering the opportunities for democratic voice for the residents. One major transformation brought by the new towns was the reterritorialization of formal sub-municipal political structures. BSD was planned to sit squarely in Serpong, an area in the regency of Tangerang, to the west of Jakarta, which is now a part of the more recently incorporated (2008) municipality of South Tangerang. Previously administrative areas in the urban spaces were divided into districts, subdistricts, wards, and neighborhoods (*kecamatan, kelurahan, rukun warga, and rukun tetangga*), with a similarly hierarchal arrangement in rural areas. The smallest two levels were brought by the Japanese during the occupation in World War II, but they were adopted into a structure of Javanese leadership that reflected a not only a connection to the land, but also a cosmology in which leadership was connected to the material wellbeing of a people (Wessing 1987). However, in the privately developed “cities,” divided into neighborhoods and larger “clusters,” were organizations of private plots rather than political units, political divisions that were not duplicated under the new towns. The RW/RT system generally still does not exist in the new towns, some only in the past few years, for example, in 2017 in Lippo Karawaci, to provide ID cards for voters in order to add votes for gubernatorial elections, to which the developer was very resistant to incursions by the local branch of the General Elections Commission (KPU).<sup>15</sup> An informant confirmed that in her years living in new towns, including Lippo Karawaci, residents are organized by housing cluster, not by RW, and that the developer itself is responsible for issuing ID cards.<sup>16</sup> When residents encounter problems, for example, in regard to service delivery, they can find redress only with the company or at a higher scale, with the city.<sup>17</sup> Given the relative power of the developers, this represents a major obstacle for individuals to be organized locally, or to voice their concerns.

The new towns were once imagined as a means to solve Jakarta’s housing and infrastructure crisis. In 1974, when the National Housing Authority began the mortgage finance system, it also envisioned a mechanism for leveraging the private sector to support the dire housing crisis for low-income housing. It required that in large projects—over 200 hectares—the developer would be allowed to build large houses, but for each, was required to build three medium and six small houses, to be sold at prices stipulated by the Authority. This was commonly known as the 1:3:6 ratio, and it was strongly resisted by developers, “viewed more as a ‘gentleman’s agreement’ than a legally binding regulation,” and hotly contested particularly by the industry group REI (Shatkin 2017, 129; Winarso and Kombaitan 2004, 18). Local governments were happy to accept a fee rather than housing in-kind. Silver finds only one instance across the new towns of a *bupati* (regent) enforcing the 1:3:6 regulation, leading the Lippo Group to build these low-income units in its elite Lippo Karawaci new town project (2008, 168–69). However, the earlier BSD project did include a higher percentage of smaller and medium-income housing, reflecting their understanding of the market demand.

For many of those working on the project, BSD seemed a unique opportunity to transform the quality of urban infrastructure, housing, and life available in the Jakarta region, amidst an economic boom and a feeling of change. In my conversations with people involved as junior planners in BSD and other Ciputra projects, most believed at least to some extent, in the progressive ideals embedded in their training as city planners. They understood that the persistent migration to Jakarta had created a housing crisis. While Sadikin had improve the city’s infrastructure, and even launched the Kampung Improvement Program, the city faced major infrastructure gaps. These planners were recent graduates, many from the relatively new planning school at the nation’s premier university, the Bandung Institute of Technology (ITB), and some had completed graduated degrees abroad at American or European planning schools. Reflecting on this history, my informants frequently expressed a mixture of nostalgia and disillusion.

What really happened was when we first planned it BSD was a balanced community. That's some low-, middle-, and high-income housing. But then we hired an American from San Diego who started to develop these clusters, and lo and behold, in order to sustain value they went upper-class in their building. So BSD became quite a high-end proposition. Beautiful but high-end...So now [because of] that land bank—that we developed 25 years ago—they can sustain this financial value. So the company is quite liquid in terms of that...What I created as a balanced community is now a rich man's ghetto.<sup>18</sup>

Since the financial crisis, BSD has taken a turn towards solidly up-market housing, and the land acquisition process (purchasing of the remainder of the 5,951 hectares of land that was permitted by the *ijin lokasi* for development exclusively by the BSD project), as well as the real estate development, has slowed. The company's 2018 annual report<sup>19</sup> lists 2,423 hectares in its land bank, purchased land available for development. Driving through BSD revealed enormous tracts of cleared but undeveloped land. The second phase of the project is currently unfolding, and with cluster names like Jadeite and Greenwich Park, the company is catering to a more elite market than much of the housing of the 1980s and 1990s (See Shatkin 2017, 128–31). The company early on developed what became a standard set of new town amenities—a private hospital and health clinics, elementary and high schools, and a university, which in BSD is the prestigious business school of the private University of Prasetiya Mulia. The company has tended towards a strategy of adding more diverse facilities, and has been adding to what became has been working in the past few on a new office park surrounding the BSD headquarters, a new convention center, and a “digital hub” technology-based office space, supposedly Indonesia's Silicon Valley<sup>20</sup>. Moving up-market also reflected the consolidation of the real estate industry, and for BSD, it was also the strategy of Sinar Mas Land, a subsidiary of the Sinar Mas Group that also has holdings in insurance and finance, agribusiness, palm oil, and even mining. Sinar Mas was one of the original investors in BSD, but it bought out the other owners after the Asian economic crisis. However, given that the growth of BSD has slowed significantly compared to other new towns, there is a popular perception that BSD serves its parent conglomerate more as a financial instrument, and not just for its sales-based profit stream.

This phenomenon seemed conspicuous during my fieldwork in 2014–2015, given the ongoing growth of nearby new towns that continued to add housing and commercial units, and which felt more populated and seemed visibly more active. The nearby Gading Serpong, a smaller new town at around 1500 hectares, and built by another of the major post-crisis development groups Summarecon, seemed much more lively. Its mall—Summarecon Mal Serpong—often served as a destination for the surrounding area, and as a part of my fieldwork I was invited twice to the mall and experienced two well-attended events—a Bavarian-themed Oktoberfest, as well as an outdoor concert by the apparently classic British metal band Dragonforce. The former was attended by a host of families and groups of young people, indulging in sausage and pitchers of Bintang, Indonesia's national beer brand. The latter was a crowd of teenage boys, most of whom knew the lyrics to the Dragonforce songs, emphasizing to me the popularity of heavy metal in Indonesia. Jakartans also made the trip to nearby Lippo Karawaci for its Supermal Karawaci, and in the Alam Sutera township just to the east, people queued for kilometers to visit Indonesia's first IKEA, which opened in October 2014. Besides BSD, new towns were still growing in 2014 and 2015, despite that prices seemed to be dipping after a six-year property boom.

This seemingly strange pause in the growth of BSD was not limited to the developer construction. Not only were Jakartans purchasing homes in the new towns, but they were investing in commercial spaces. While malls were certainly the icons of leisure time and retail centers, the far more common retail space was the *ruko*, or shophouse. This vernacular Chinese architectural form,

mostly in modern concrete if in Jakarta, was mass-produced in new towns. Rows of shophouses often lined the streets of the commercial districts, and were often more nearby residential areas, providing for the day-to-day needs of new town residents. Often they served as mom-and-pop shops, whereas chains would take up residence in larger retail spaces in malls or strip malls. However, across BSD, one came repeatedly across blocks of *ruko* sat vacant. Occasionally, there would be a sole occupant in one of these blocks, seemingly in vacant territory. I was surprised to learn that most of these empty blocks were already purchased. Developers explained that it was a common investment to purchase a shophouse, but to leave it empty, extensively awaiting future occupation or rental.

Even in 1997, Firman finds a similar phenomenon, “many newly built luxury houses in the new towns are unoccupied, and were purchased not for owner-occupation, but as low-risk investments” waiting for land values or demand to increase (1997, 1037). And yet, I found there was something more to this unutilized (“sleeping”) land—*tanah tidur*. It was often completely opaque whether these spaces—the vacant tracts, the empty blocks of shops—were part of any productive activity. as a profit stream, an investment, a site to store (or hide) assets, or a part of an individual or firm’s strategy for the long-term future. The multiple time frames of decades of development—real estate booms, economic crisis, and regime transition—overlapped in a way that made the various elements of investment incommensurable with a simple linear or annual profit model.

## 10. Conclusion: Legacy of the New Towns

New towns were built by a small number of real estate developers. In most instances, the head of a corporation or business group used his political connections to exploit the state-sponsored land development goals. State-led economic development strategies promoted specific businesses, and their relationships with specific business groups, particularly ethnically Chinese Indonesians, led to the rise of a new industry around real estate development. In addition to the state patronage of these private developers, their roles as owners and managers of residential estates and facilities blurred the boundary between government and private capital. Nonetheless, the new suburban spaces they created reshaped the character of the city and provided housing for the new middle class. As a business model, it was incredibly successful. As one planner reflects:

It surprises me totally if you go there now. What I had in mind and what happens now, is totally explosive. I did not imagine that the road that rural road is now nine lanes and is chock-full, and then next to it is the value of maybe billions of dollars created. We never expected those kind of side effects.

I asked, “Are you happy with the product now?” He replied solemnly, “Well, I feel guilty, let’s say it this way. Because I created a monster.”<sup>21</sup> The new towns were also an elite project. They may have improved the urban environment, but they did so in a fragmented manner that led to an economically and spatially fragmented city.

Private real estate developers made the new towns, but the new towns also made the developers. Once the first new towns were established, copycat firms followed the processes and the new town became standardized as a real estate development model, leading to the rise of further developers speculating on peri-urban real estate. There were just a few major developers in the beginning, but these few actors expanded the reach and the scale of the industry immensely. The original developers established the processes for how future developers would understand and operate within the field—to organize investment capital, to buy up land, to exploit relationships with the state, to obtain permits, and to market their properties.

As the land acquisition and development process continued through the mid-1990s, the real estate industry began to face a bubble. The production of housing dropped in 1994 and 1995, but land acquisition that anticipated returns on the purchase of housing. Developers tried to hide non-performing assets, but ultimately, the property sector bubble was about to burst. The deregulated banking sector was underwater, with IDR 400 trillion out in credit, 20 percent of which was in the housing sector (Arai 2001, 507). Winarso and Firman believe the bad loans in the property sector were instrumental in the spread of the financial crisis to Indonesia. “In Indonesia, as the world knew only too well now, a remarkably high value of credit had become bad debt, producing a crash in the financial market, triggered the economic crisis in the country” (2002, 491).

The big firms survived the crash. Ciputra sold off a significant portion of its holdings, but continued its firm, even moving its projects to other cities in Indonesia and abroad, to Hanoi and Ho Chi Minh City, as Leaf describes in “Exporting Indonesian Urbanism” (2015). Sinar Mas, one of the original investors in BSD, bought out its partners and took over the new town. The number of small and medium developers crashed, and the field was consolidated into about six major development firms came to dominate the industry. For those firms that survived, the new towns continued to be a productive source of investment, and despite the change in regime, the development model changed little (Arai 2015). Along with Ciputra and Sinarmas, Agung Podomoro, Agung Sedayu, Summarecon, Lippo, and Bakrieland used their land banks, market dominance, and political power to run the industry. Another real estate boom was picking up about the time of the US subprime mortgage crisis and the subsequent global financial crisis. This “global” financial crisis barely affected Indonesia, and the new towns continued to grow.

The new towns today are perhaps the banal suburbs of Jakarta, the sleepy hinterlands of a much more dynamic city. To my informants, the “supermall” in Lippo Karawaci, with its indoor amusement park, complete with a rollercoaster, its cinema and coffee shops and shoe stores, seemed an obnoxious chore, or a good place to rainy Sunday. They could get better food from street vendors or the informal night markets. Their relationships with mom-and-pop stores outside the mall provided cheaper and more familiar services for all their needs—laundry, groceries, notary, or shipping. The symbols of social status were not aligned with Lippo’s branding, and the aspirational affects often attributed to this new class had clearly been lost on the generation that was brought up or came of age in the new towns. However, they saw central Jakarta as an odious space that was to be avoided at all costs, and when one had to commute for work, it was only out of necessity rather than an opportunity to consume or socialize in the city. They preferred life in their own suburban island, saw themselves as residents of this new town, and attached their aspirations to their friends, family, and circulations in this space.





Sinarmas Land Headquarters, BSD. Image: Author, 2014.



Undeveloped land, BSD. Image: Author, 2014.





Phase 2 development, BSD. Image: Author, 2014.



Empty shophouses, BSD. Image: Author, 2014.



Active shophouses in Gading Serpong, a new town north of BSD. Image: Author, 2014.

<sup>1</sup> See Chapter 3.

<sup>2</sup> *Kampung* translates as “village,” and is used in such phrases as “*pulang kampung*,” which means to travel from the city back to one’s hometown. When *kampung* is used to refer to a settlement in a city, the translation is often “urban village,” but this belies the complexity of the term. The long history of the term and its use in urban settings emerged during urbanization under the Dutch, who segregated cities in different zones by race. Under the Dutch, the term *kampung* was most often been used as a pejorative, and this continued post-independence, justifying periodic targeting during urban renewal projects. The term has also been used as shorthand for “slum,” despite that the quality of *kampung* housing and amenities varies greatly, especially following periodic upgrading interventions. The term is best considered a discursive construction that seeks to identify urban space that is the opposite of the modern, formal, or legitimate, whether this connotes tradition, community, informality, backwardness, or illegality. See a discussion in “Life in the kampongs,” (Colombijn 2013, 103–40).

<sup>3</sup> I thank Jo Santoso for bringing this to my attention.

<sup>4</sup> Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, May 19, 2015.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, May 19, 2015.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Jo Santoso, Former employee (PT Bumi Serpong Damai TBK), Personal Communication, Jakarta, March 20, 2015.

<sup>11</sup> Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, 2015.

<sup>12</sup> Ibid.

<sup>13</sup> Wuragil, Zacharias. 2019. “Dituding Sebabkan Desa Terendam Banjir, Ini Jawaban BSD.” *Tempo*. January 13, 2019. <https://metro.tempo.co/read/1164515/dituding-sebabkan-desa-terendam-banjir-ini-jawaban-bsd>.

<sup>14</sup> Representative (Development firm), Interview, Jakarta Metropolitan Area, December 3, 2014.

<sup>15</sup> “Pemerintah Kabupaten Tangerang Bentuk 34 RT di Perumahan Lippo Karawaci.” n.d. deLadeni.com. Accessed March 28, 2019. <https://deladeni.com/metro1/570-pemerintah-kabupaten-tangerang-bentuk-34-rt-di-perumahan-lippo-karawaci>.

<sup>16</sup> Resident (Tangerang), Personal Communication, Online, March 29, 2019.

<sup>17</sup> I thank Michael Leaf for bringing this to my attention.

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<sup>18</sup> Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, May 19, 2015.

<sup>19</sup> <http://bsdcity.com/site/assets/files/upload/BSDE-Annual-Report-2018.pdf>

<sup>20</sup> Yuniarni, Sarah. 2017. "Sinar Mas Land to Start Construction on 'Indonesia's Silicon Valley' in H2." News. Jakarta Globe. February 6, 2017. <http://jglo.be/jH5y>; Bosnia, Tito. 2018. "Mulai Apple Hingga Startup Asing Berkantor Di Digital Hub BSD." News. CNBC News Indonesia. January 8, 2018. <https://www.cnbcindonesia.com/news/20180108175732-4-917/mulai-apple-hingga-startup-asing-berkantor-di-digital-hub-bsd>.

<sup>21</sup> Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, May 19, 2015.



## Chapter 3

### Superblocks: Situated Expertise in Urban Development

The previous chapter demonstrates how Jakarta's large real estate developers emerged through a system of patronage under the national government. It happened as the national government promoted real estate development in peri-urban Jakarta. This led to the commodification of massive tracts of land around Jakarta for development, and meanwhile empowered a small number of developers and their financiers as economic powerhouses in the new industry. This chapter describes how the real estate industry moved to the center of Jakarta developed through a new form—superblocks. The development of superblocks remade the geography of the city, leading to fragmented concentrations of residential and commercial spaces, like an archipelago of “islands” across the city. Developers utilized a specific design format for the superblock, and with a deregulated banking system, superblocks proliferated in the 1990s. The industry became even more productive field consolidated following Asian Financial Crisis, in a boom that began in the 2000s and peaked in 2012-2013. In this chapter, I describe the layout of the real estate field in Jakarta, as well as the internal structures and practices across several different firms. I show how the industry developed standardized real estate products, firm structures, and financing mechanisms, and I explain how these strategies led to the specific real estate products and a changing geography of the city. I describe the technical knowledge employed by developers and designers as the “situated expertise,” which was represented in the academy and within development firms. I argue that in the political, regulatory, and financial conditions in Jakarta, the embedded knowledge of experts constructed the forms and strategies that made Jakarta into a city of islands.

#### 1. Introduction: Islands in the City

Jakarta's superblocks are like islands in the city. Superblocks are the nodes of the city's life, the public spaces, the shops and plazas, the apartments and condominiums, the nightlife, and the workplaces for Jakarta's professional class. The superblocks are stopping places amidst the incessant movement of the city, respite from navigational toil. If “absolute traffic,” the unavoidable frustration of heat and crowds and gridlocked streets, is a “definitive experience of modern life” (Lee 2015, 235), then the superblocks are the air-conditioned counterpart to the streets. Superblocks are just one form of urban real estate in a socially and spatially diverse city, and they occupy a small percentage of the land in the city. Nonetheless, the spatial logic of the city is in many ways centered around the movement between superblocks. Traffic patterns flow between them, and many of the city's traffic jams occur at the bottlenecks of cars entering and leaving the superblocks. The city's bus rapid transit (BRT) system has stops and pedestrian overpasses that service the superblocks, and a continuous flow of taxis, buses, and motor scooters ferry workers of all classes between them. The superblocks are often physically separated from street life by high walls, landscaping, and concrete infrastructure. Security checks and limited entrances further separate superblocks from the streets and the *kampung*. Much writing about the superblocks suggests that they are like fortified castles, the exclusive domain of Jakarta's elite. But I found another story, one that integrated many classes that produced, inhabited, or exploited the superblocks. Just beyond the landscaping and advertising, along the service roads and sidewalks, or between concrete parking structures, one encounters the city's working class and informal laborers. Construction and public works crews pause amidst the city's incessant construction. Informal food areas fill the in-between spaces of the city, where food vendors serve the retail workers, and security staff mingle with custodial staff. On strategic corners,

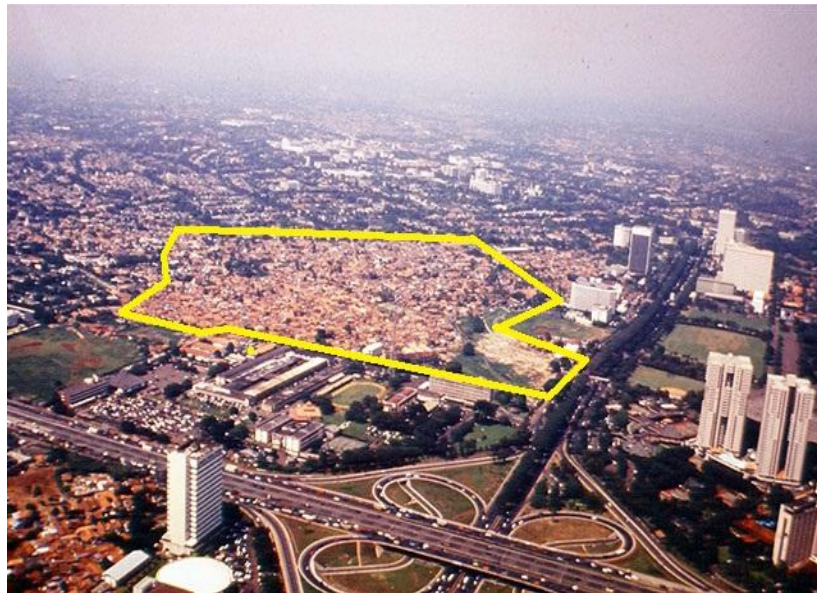
groups of men wait with their motor scooters, informal *ojek* drivers, who offer short rides on the rear of their scooter that will weave through traffic slightly faster than any taxi. Splayed out on pedestrian overpasses or under stairways are the wares of informal vendors, from candy to leather goods to face masks. Such encounters belie the impressions of superblocks as an “alternate reality,” somehow belonging to the realm of elite capitalist fantasies, and further, as being fundamentally separate from city life.<sup>1</sup>

Superblocks are an urban real estate form that came about in the 1990s in Jakarta and which continue to the present day. The term “superblock” refers to a wide variety of architectural forms across history—from early American suburbs, interwar social housing blocks in Vienna, Soviet mass housing blocks, to a contemporary plan for retrofitting Barcelona’s street grid for pedestrians. Superblocks in Jakarta follow a model of large real estate “megaprojects” in urbanizing Asia, where the “innovation” of the 1980s, according to Dick and Rimmer (1998), was to “bundle” discrete facilities and functions into single projects. In Jakarta, the superblock can be loosely defined, first, as a single real estate project with multiple uses (residential, retail, office, hotels, etc.). Second, the superblock in Jakarta is defined by its large footprint, sitting on a plot that is at minimum five hectares,<sup>2</sup> but usually larger, often up to fifty hectares or more.<sup>3</sup> To build on a site this size in a city as dense as Jakarta, superblocks are most often built on combined land parcels, but have also been constructed on state lands through long-term leases. While Jakarta’s large real estate developers cut their teeth building the new towns in Jakarta’s peri-urban region, in the 1990s and beyond, developers also focused on developing land in central Jakarta. The superblock was a way to use the same firm model and economy of scale to develop land in the center of the city. Like the new towns, the superblocks were intended to be mixed-use real estate products, including office space, commercial and retail space, residential space, and amenities. Most often, they consist of a large plot for a mall, usually with residential or office towers stacked on top of the mall or flanking it, maximizing the plot area.

The beginning of Jakarta’s superblocks coincided with a major step in the liberalization of the banking sector in 1988. The national economy had doubled twice in the previous decade, funded by an oil boom the growth of state-funded industries and a broad-reaching patronage system connected to President Suharto. With it, a middle class was emerging with a remarkable purchasing power for domestic manufactures, and more importantly for this story, for housing. The decline in oil prices from 1982, and a steep drop in 1986, led the state to adopt World Bank deregulation strategies: from finance and banking reform in 1983, tax reform in 1984, trade and investment reforms in 1986 and 1987, and major finance, monetary, banking, and capital market reforms in 1988 and 1989 (Winters 1996, 156–57). The policy package of October 27, 1988—PAKTO—created dramatically low requirements for the formation of new banks and foreign capital influx, as well as the establishment of private stock exchange. The banking sector boomed, adding ninety-four private domestic banks and thirty-two joint ventures with foreign banks, and thousands of new branches (McLeod 1999).

Meanwhile, also in late October 1988, a riot outside a Mick Jagger concert was attributed to members of low-income area across from the concert stadium. This created the political opportunity for Tomy Winata, a businessman connected to the Indonesian army, to order the violent clearance of a broad swath of low-income housing (Studwell 2014, 212–13). Winata’s firm PT Danayasa Arthatama, supported by the Indonesian army foundation, then went on to develop the area as the Sudirman Central Business District (SCBD) over an area of 45 hectares. Catering to the boom in banking and finance, SCBD became the site of a new strip of bank buildings and the new Jakarta stock exchange building, to become one leg of the “Golden Triangle.” While the bank buildings along the strip have largely transformed into office buildings, SCBD still maintains the prestige. The area contains a Ritz-Carlton hotel, the World Bank office, the Indonesia Stock Exchange, a mall

with many of Jakarta's flagship retail stores, restaurants, and nightclubs. Thirty years later, it is the site planned for Indonesia's future tallest skyscraper, the Signature Tower, also to be developed by Tomy Winata.



Top: The *kampung* that was cleared for the development of SCBD, ca. 1987. Bottom: SCBD infrastructure under construction, ca. 1992-1993. Images from *scbd.com*.

This decade of deregulation created economic possibilities to develop land in Jakarta, while the system of patronage provided the political opportunities for wealth developers to clear land and to navigate or circumvent the land regulation system. These were critical conditions for development, but they do not explain the specific ways that Jakarta's geography was completely transformed by the real estate industry, from the 1990s to the present. This chapter considers the

way that real estate islands became a standardized mode of real estate development in the center of Jakarta. The development that was begun in the 1990s could have taken a vastly different form, and could have been enacted by a much wider range of actors. Instead, a particular standard real estate model was developed, based around the design of the superblock. The superblock in Jakarta was not the natural result of the rapid growth of finance-based capital in search of profitable investments in the city, but relied on a specific design intervention. The Urban Design Guidelines (UDGL) introduced a format for superblock development that made Jakarta's redevelopment legible—for firms, for the state, and for buyers—and reproducible. Around this form, firms developed standard strategies to integrate the myriad actors required for designing, permitting, financing, and selling any given project. The chapter focuses first on the institutional space in which the UDGL was imagined, a design studio called PSUD and by Mohammad Danisworo, a planner in a specific academic setting. The chapter then moves on to describe the structure of the real estate industry as it consolidated in the mid-2000s, after the Asian Financial Crisis, when real estate development was most prolific. Scholarly discourse on development in Jakarta often describes developers as powerful but faceless actors, where capital and political connections are represented as a sort of opaque and omnipotent force that displaces at will on its profit mission (Firman 2004; Cowherd 2005; Kusno 2010; Arai 2015; Leitner and Sheppard 2018). I show that the developers did not simply colonize the city through high-rise housing and office towers. Instead, developers responded to real limitations and opportunities, which resulted in distinct patterns in firms' internal structures, in their business practices, and in the real estate products they produced. Firms developed specific geographic specializations, financing models, and marketing and sales strategies. They integrated both domestic and international firms in their development operations. I show how the field was shaped by developers (as collective actors) to understand and act upon the possibilities and limitations for development in the city. I pay attention to my interlocutors' representations of their strategies, the differences in their accounts and their representations of other developers, and the values they see embedded in firms' actions—cunning or conservative, Indonesian or foreign, caring or cutthroat. In this matrix of personal meaning, I see an explanation of how actors in real estate employed their specific knowledge and tools to advance their fields, most often with a strong belief in the value of their work in transforming the city for good.

The adoption of the legal/design mechanism of the UDGL, and the persistent use of this mechanism in Jakarta's planning system, reflect academic conversations on the productive role of expertise, the application of technical knowledge to address problems in society. The UDGL provided a new way to understand and organize urban space, and the ballooning urban economy. I consider specific practices of expertise, just like any other "actor," as possessing its own sort of "agency." I argue that the expert practices of design and development of superblocks, and not some other hypothetical mode, is what came to shape the social and physical geography of Jakarta. This reflects Rabinow's (1989) understanding of the role of expert knowledge shaped distinct forms of colonial urban administration, as well as the physical space of the city. Meanwhile, Mitchell (2002) describes the "rule of experts" and the emergence of the field of the "economy" in twentieth-century Egypt as a practice of technical interventions upon nature, in which technology was practiced through the authoritative distance of objective science and expertise. Certainly, real estate firms and their standardized forms, like the UDGL, became a vehicle to distribute value and materiality in urban space. Mitchell shows how modes of expert rule shapes the distribution of "things and powers" (2002, 97)—a reading of Simmel's description of what would later be called the "economy." For Mitchell, expertise was deployed as tool of geopolitical and economic influence. In Jakarta's case, however, "rule" in Suharto's authoritarian regime was not a question; the question was *how* to manage urban space.

Given this question of specific technique, I seek to understand the “work” of expertise embodied by particular individuals and in specific institutional settings. A related political ecology approach locates expertise in “epistemic communities,” in which specific ideological approaches and knowledge based in become hegemonic (M. Watts 2003). On one hand, Danisworo and many of his contemporaries were trained in universities in the US, Germany, and Australia, and their expertise was in part inherited from an international trajectory of planning and design knowledge. On the other hand, their context—a university design “lab”—mattered as much as the content they produced, a model for intensifying real estate development that was specific to Jakarta. I find in this case that expert approaches are variegated, depending on the specific context of a firm or design institutions, represented by individual actors with unique affective approaches. Here they were positioned to deploy their expertise through design interventions that carried the objectivity of academic truth-claims. I borrow Haraway’s notion of “situated knowledges” (1988) to think through the ways that objectivity may be radically contingent, but can simultaneously represent a set of truths in a specific context and for specific embodied (or spatialized) experiences. Danisworo, as he developed as a way of solving particular problems, with a specific set of “tools” available, against a set of challenges and limitations. Firms adopted the superblock and the UDGL as fundamental tools for their work, and built standardized strategies that nonetheless differed across firms, depending on their positions. Their knowledge of the field, and of how they could and should act within that field, in turn resulted in the changes to the physical and social conditions of the city.

## 2. Planning the Superblocks: Academics in Urban Development

While some members of Jakarta’s growing middle class were purchasing new homes in Jakarta’s new towns, developers were strategizing to move the real estate industry from the periphery to the city center. This section shows how influential actors in the city planning academy, and the expertise which they represented and deployed, were instrumental in constructing the way that urban land was commodified and developed. Land in Jakarta was not merely available for the taking by real estate firms, but had to be packaged in a form that was both legible and legitimate for the state. Despite the banking and financial liberalization package of 1988, the industry faced a couple major problems in the late 1980s with inner-city land development. The primary issue was that the constitution of real estate industry that emerged in the 1980s was based on large projects and large developers, largescale land acquisition in the city’s rural and industrial periphery. This industry strategy was difficult to transfer to the densely occupied urban center, despite that there was a large and growing middle class whose economic base was in Jakarta. The difficulties were first around land acquisition. The new town development was dominated by just a few major developers and their financiers, who were able to use their patronage connections with the Suharto government to obtain the preliminary “location permits”<sup>4</sup> to begin the process of purchasing land from rural residents in Jakarta’s periphery, for relatively low prices and often under high pressure and threats from developers. However, land in the center of Jakarta was more expensive and was formally unregistered, based on a dual titling inherited from the Dutch colonial system, which rendered much of Jakarta’s land in murky status sometimes subject to competing claims on ownership. Further, even if the land titles could be obtained, the zoning regulations often restricted development in the residential areas of the city. Finally, the large capital-intensive new town developments were based on long-term temporalities, and the rollout of similar real estate products whose value could be realized over decades; the profits from early phases helped finance subsequent phases of the project. The large developers needed a new model for the inner city. I argue here that for the early developers, transforming land into real estate was also a problem of representation. They had to



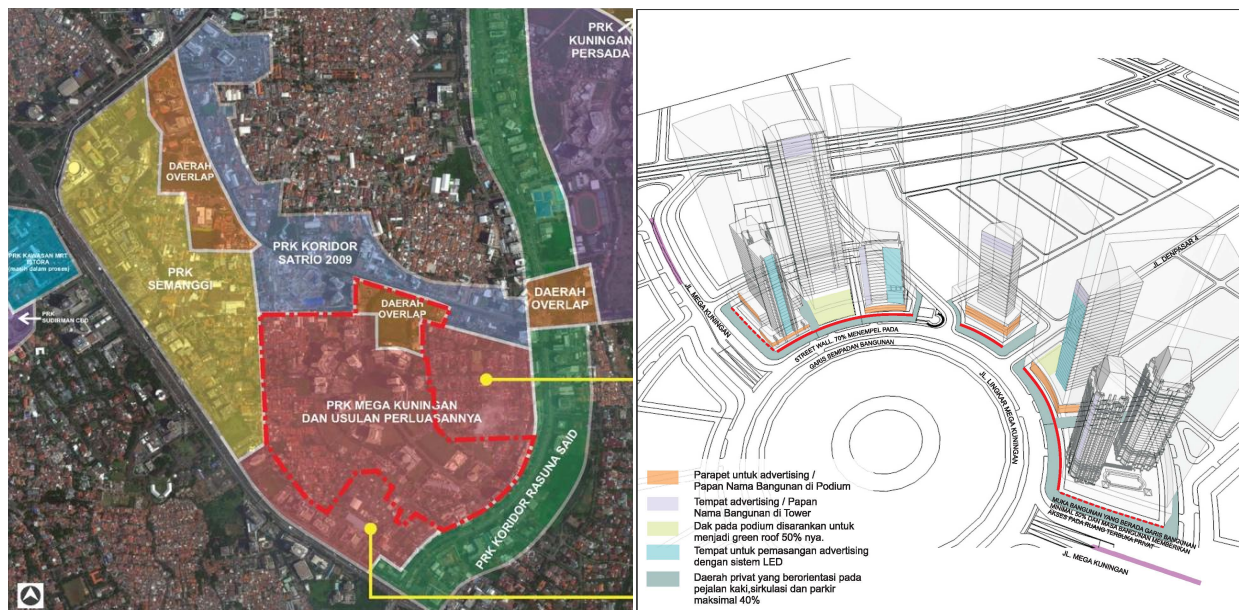
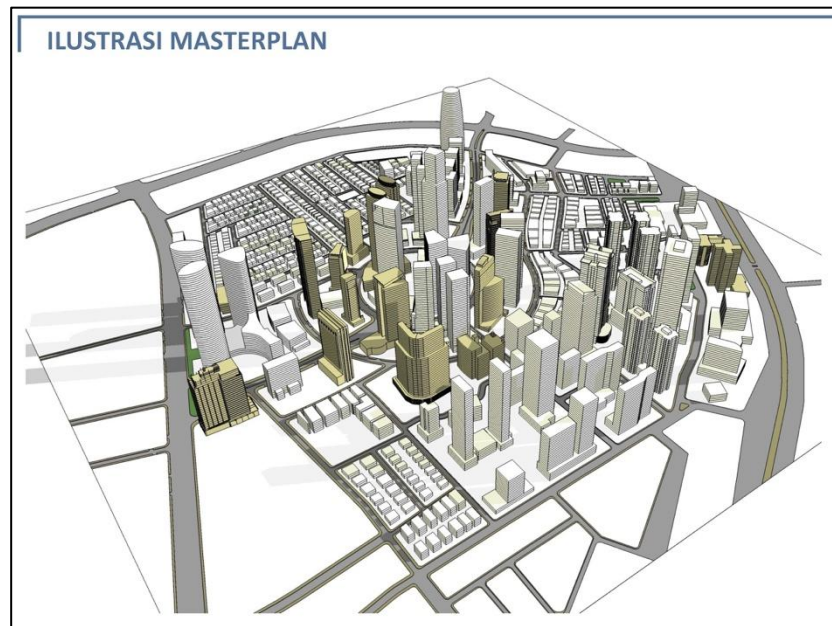
present a vision for Jakarta's future, and presenting real estate development as a legitimate, planned collaboration with the state in the production of the good city.



Mohammad Danisworo. Image from *indesignlive.co.id*.

Developers needed to build at higher densities on urban land that was largely occupied by people with formally unregistered, but quasi-legal claims, to their land and housing. The most influential response to these problems came from a city planner at the Bandung Institute of Technology, one of the most influential planning schools in the country. Teaching here, Dr. Mohammad Danisworo founded PSUD, the *Pusat Studi Urban Desain* [Center for the Study of Urban Design], an environmental design lab attached to the Department of Architecture. Danisworo developed not only the concept of the superblock for Jakarta,<sup>5</sup> but also the urban planning mechanism that represented and legitimated them—the Urban Design Guidelines (UDGL).<sup>6</sup> The “superblock,” he said, was a model he studied in the US, and he modeled after the 1920s plans, and he wanted such a large, green area, set back from the street, which would also separate cars from pedestrians. “The superblock was the concept, and the guidelines were the guide.” The Urban Design Guidelines, as Danisworo described, is a detailed plan that adds a 3D component to the existing two-dimensional detailed spatial plan. It also allowed for development on larger land plots. “In 1990, I formed PSUD...Back then [before 1990] the city was building the old way, parcel by parcel.” Danisworo’s private architectural engineering firm Encona was consulting to plan a large new project in the middle of the city, a densely populated area called Kuningan. “I moved the project from Encona to PSUD, which was more equipped as a research institute, as Encona was just architecture. So in 1990 I started a UDGL for Mega Kuningan.”<sup>7</sup> He explained that the UDGL is a “mirror” to Jakarta’s detailed spatial plan, but instead of the zoning restrictions of the detailed spatial plan, the UDGL combines the parcels as well as their zoning regulations. This means that zoning specifications like the floor area ratio and the plot ratio would now be equalized across the new larger parcel, and the maximum building height could be expanded across the plot by adding the allowances for all the parcels. Therefore, the UDGL allows for a building height much higher than for any of the uncombined parcels, as long as the floor area ratio and the plot area ratio remained the same. In other words, the building height in an area could be increased dramatically, in a tradeoff for more open space and lower heights across the combined plots. Finally, as he pointed out a few times, indicating the official seal of the Office of the Governor, after a review process the final UDGL is officially integrated into the city’s plans as a legal document.<sup>8</sup> Danisworo pitched this

concept, a leveling across parcels based on the existing regulations, as he lobbied in the 1980s for a way to insert more intensive development in the city. However, as one planning consultant explained, developers often requested more intensive development, and in practice, the new combined parcels do not actually reflect a zero-sum calculation of zoning regulations. Rather, they reflect the judgement by the review team, and ultimately, the governor's office: "For UDGL, they just approve it if the numbers look O.K." Thus, in the early 1990s, the city adopted the UDGL as a package that a design as well as a regulatory vehicle that would be the basis for clearing land and developing superblocks.



Images from UDGL for revision to Mega Kuningan superblock, 2013.

Superblocks in Jakarta were designed as a progressive intervention in a city that was and continues to be understood as irreparably dysfunctional. Designers of the superblocks first sought to address city planning problems in Jakarta through design. The superblock was more than this; it presented a new schema for constitution of the good city, as well as the exclusion of what did not belong. Rabinow describes Tony Garnier's turn-of-the-century plan for the industrial city as a "*grid of intelligibility*" for modern welfare society; "the transformation of the socio-natural milieu into a healthy and peaceful environment" that brought together the historical and natural elements in one object (1989, 12). Superblocks can likewise be understood as a combination of forms and values specific to the time and place of Jakarta in the years of liberalization. Superblocks may better resemble Ecochard's "middling modernism," a normative mode of urban planning based on universal notions of needs, and "life-styles" rather than culturally specific "ways of life" (Rabinow 1992, 179–81). Unlike the grand visions of high modernism, however, superblocks were provisional. They were rolled out as if pilot projects, Corbusian cities in miniature, although no less a *grid of intelligibility* for urban society. Danisworo explained that the superblock was often misunderstood. As he explained, it was planned not as a "big project," but a tripartite "concept." First, people and cars would be separated. Second, to encourage this walkability, it would be dense. Third, it would be mixed-use. It needed to serve residents' life needs, which could be divided into the three categories of home, work, and leisure. Further, as a private project, the superblock needed the at least three components that would generate profits, like office, retail, or hotel space.<sup>10</sup>

This specific vision was so effective not just because Danisworo and PSUD were situated in the academy, a space reserved for the production of objective knowledge and truth claims. PSUD were not ostensibly a private sector actor (until the Bandung Institute of Technology distanced itself from PSUD a decade after its formation). Nor were they state actors; and the distance from the territorial politics of Suharto's Jakarta gave them the veneer of political objectivity. Nonetheless, they positioned themselves as adjacent to the state, adopting state goals of the late 1980s and 1990s—to upgrade urban infrastructure, to provide high quality office and housing facilities, and to present the architectural and landscaped aesthetic forms of this new 1990s Asian modernization. As a means to improve walkability and accessible green space, the superblock was also intended as a traffic solution, a way of reducing automobile trips across the city. The mixed uses were also a strategy for provisioning urban residents with all needs; one could live, purchase consumer goods, work, and spend leisure time, all in one urban facility. As the form progressed, the term "mixed-use" was a way to add complexities to the superblock schema for an imagined urban life: a hospital, a clinic, a private school, a small university, a hotel, sometimes a helipad. The superblock was a way of reframing urban life through exemplary sites—a vision of the life of urban subjects through a limited number of categorical functions and amenities. These functional categories also excluded the images of the state or the municipality, spaces of history and the nation. Whereas Sukarno's modernization projects filled Jakarta with fountains, statuary, and modernist nods to traditional Javanese architecture along the city's broad new avenues (Kusno 2000, 49–70), this late-Suharto urban vision excluded symbols or physical spaces of the municipality or national governance, and posited an exemplary site in which governance operated through the developer rather than the state.

While Danisworo acknowledged that it was a "higher end concept," the superblock became his strategy of transforming the city through urban design. "Urban design," he explained, "is about quality of life within the urban environment. Its components are function, the visual, and environment."<sup>11</sup> In 2018, for his eightieth birthday, Daniworo was celebrated for his role in shaping the field of planning and design in Indonesia. At one of the events, he posed the question, "As an architect who has the responsibility to design space, what has been given by the architect as a contribution in creating a place that supports the transformation towards a better civilization"? (Aziz 2018). It was Danisworo's vision of transforming the city through urban design that so influenced

the city's planning trajectory, and Danisworo's unique role as an expert planner that positioned him to deploy such influence. Danisworo came across the notion of urban design from a while working towards his bachelor's degree in architecture at the Bandung Institute of Technology. There he recalls one influential professor who encouraged him to think not just about buildings, but the design of urban space that extended beyond and between buildings. This professor was from the University of Kentucky, part of the University of Kentucky Contract Team, sent by the International Cooperation Administration, the predecessor to USAID. The UK Contract Team, as it was called, been sent to various departments and universities to support the development of higher education for civil service positions in Indonesia following the country's independence and Sukarno's ouster of Dutch nationals. Meanwhile, the Bandung Institute of Technology's School of Regional and City Planning opened in September 1969, with support from the UN as well as Harvard's Department of City and Regional Planning. The cosmopolitan planning consultant Jaqueline Tyrwhitt, from Harvard, was particularly influential in developing the institution, and helped establish UN fellowships that would fund exchange programs at universities in the United States to train Indonesian students as future faculty (Shoshkes 2013, 197–202). Danisworo received a fellowship and chose a Master of Architecture program at the University of California, Berkeley, where he also sought out training in urban design. He first went to Kentucky to learn English and to do a cultural assimilation program. He was in the US when Sukarno was overthrown in 1966 and Suharto assumed the presidency in 1967. After graduating in 1968, Danisworo was recruited by SOM and moved to Chicago, a period he describes as transformative, not only because SOM did urban design, but also because he was able to learn “the architecture of the high-rise.” The superblock seems to combine his early interest in design along with his experience designing skyscrapers for SOM.

Back in Indonesia, Danisworo performed several influential roles that shaped the field, and where he could promote his vision of urban design and improvements for the urban environment of Jakarta. He spent the 1970s teaching at the Institute of Technology Bandung before returning to the US to study at the University of Washington in the early 1980s, where he received a master's degree in urban planning, a certificate in urban design, and a doctorate in urban planning. Returning to Indonesia in 1984, his role “I brought back ideas from the US, basic planning principles like plot ratio, etc. I was able to transfer knowledge back to the schools and to the planning authority.”<sup>12</sup> Danisworo was a faculty member in Bandung, and he opened his urban design laboratory, PSUD under the aegis of the university's architecture department. He also founded an architecture and engineering firm, Encona. A frequent adviser to the city, he served as the chair for the architectural review board (TPAK), an independent body whose approval was required for large projects.<sup>13</sup> Finally, after the collapse of Encona in the wake of the Asian Financial Crisis, he formed another, smaller firm, known as PDW.<sup>14</sup> PSUD and PDW continued to prepare the majority of UDGL plans. The use of the UDGL migrated beyond superblocks to other types of projects, such as transit hubs and corridors, since such projects likewise call for increasing density. In September 2019, PDW won the Singapore Institute of Planners Awards for the UDGL for a transit-oriented development (TOD) project in Jakarta's Golden Triangle.<sup>15</sup> Finally, Danisworo played a significant role as an educator and public intellectual in the planning and design field, which shaped the discourse in the field and the expertise employed by civil servants and private planners in Jakarta. His student Heru Poerbo went on to write his doctoral thesis on the role of the UDGL in Jakarta, in which he sought to provide an exhaustive explanation of the regulatory form and its purpose in urban design (2001). Poerbo remains staff at PSUD and is faculty in the School of Architecture, Planning and Policy Development at Bandung. The school remains one of the primary sources of staff for the Jakarta government, as well as for planning and architectural firms that do work in Jakarta. Faculty from the school frequently serve as consultants for city agencies, to make and review plans for Jakarta, and to draft local and national policy on urban planning.<sup>16</sup>



Despite the ostensible success of the superblock (if measured by its proliferation), not everyone was as sanguine about the superblocks as Danisowo. In fact, for many in Jakarta, the superblocks represented everything that was wrong with the city, citing problems with design to the environmental to neoliberal capitalism to government corruption. A spatial planning officer in Jakarta was critical about the concept, that it led to more rather than less traffic: “Well look at Bakrie for example, in Kuningan. The idea just didn’t work. The idea is that people in the city who have the money to live in a superblock will live in a self-contained area. Live, work, and recreate in the superblock. But it just didn’t work. People don’t have jobs in the same superblock complex where they happen to live.”<sup>17</sup> Karnaya, an architect who studied urban design at the Harvard Graduate School of Design, had a different vision of urban design. He spent time on the architectural review board, and was also a direct adviser to the city planning department, where he encouraged the city to focus less on elite towers and more on what he called “the urban,” or human-scale spaces that would lead to a desirable social life. His firm had designed superblocks and prepared UDGL in the 1990s, but he argued that “the UDGL was not really about urban design, but closer to planning and physical development.” In spite of his role, Karnaya was cynical that developers exploited the process only to get changes to the planning regulations, and he wished that the city had not given up control of its space to developers.<sup>18</sup> (Danisowo himself is critical of some of the “social” problems that emerged from the superblock model. He mused that reported that he regrets that cars were ever allowed in superblocks, and that superblocks failed to improve urban traffic, and that Jakarta’s famous street food vendors, the *kaki lima* are excluded).<sup>19</sup>

Worse, the “urban environment” created through the superblocks often came at a cost to the ecology of the rest of the city. As Kusno argues, “The superblock exploits the city’s deteriorating environment...[It] stands out by selling tickets to an ark (or cruise ship) to salvage the upper middle class from the deteriorating built environment” (2013, xx). An influential educator in the planning field, Gunawan Tjahjono, a professor of architecture at the University of Indonesia who was trained at UCLA and UC Berkeley, approached the field with a corrective ecological vision. He became the chair of the architectural review board (TPAK) in 2004. In his tenure, he sought to play a strong regulator role, but one that could push towards better practices by negotiating with developers, what he called “soft power.” He had rejected a recent proposal and told the owner that its foreign architect was taking shortcuts, and “not the kind of architect we want designing buildings for Indonesia.” Tjahjono was passionate about the issue of the detrimental environmental impacts of development. For Kemang Village, a superblock on a 15-hectare site built in a low-rise and flood-prone area in South Jakarta, Tjahjono recalls sending the proposal back to the developer nine or ten times to address flooding. The developer ultimately hired a Dutch water management consultancy and installed a water retention system of eight large pools that could fill with water in a flood event.<sup>20</sup>

Finally, some critics believed that urban design in Jakarta was a farce, a charade of regulations that barely masked the rampant capitalism and violence that came with development in the 1990s. One industry insider argued that Danisowo was so successful with the UDGL only because of his privileged political position, which he earned by playing the “real estate game.” He designed for developers, while his university-adjacent “design lab” had a near-monopoly on designing UDGL plans. Simultaneously, as the chair of the review board, he worked for the city to approve the very same projects. Corroborating sources confirmed that Danisowo’s plans utilized the system of bribes to ensure that his plans were appropriately marketed and approved. I even heard a nickname, “Mr. 500 million,” [rupiah] suggesting Danisowo had a standard price for a development project.<sup>21</sup> It did seem that the superblocks were designed with little sense that they were accountable to the city’s official processes or plans. A PSUD staff member bragged about the design lab’s superior vision for the city’s future, and was dismissive about standing regulations: “We almost never follow the RTRW [Jakarta’s spatial plan.] They are made by consultants only, we

cannot rely on it.”<sup>22</sup> Nor did the city’s official plans represent some broader public interest. Another insider told me how city planners collaborating with the developers were able to slip higher allowances into updates of the detailed plan (RDTR) for planned superblocks. He showed how the five-year updates to the detailed plan became open for public review, but the data tables were only released after the plans’ approval. “No one knows,” he said. “It is one tiny line of this table.” He called these “gifts to the developer,” which made it easier for developers to negotiate higher allowances through the UDGL, or helped them avoid paying the fees for higher allowances. “But it is not needed, especially for the big developers, because the raises are already built into the [detailed plan] which is revised every five years.”<sup>23</sup> While these issues seemed like egregious circumventions of policy and ethics, it is unlikely that Danisworo could have avoided the politics of Suharto’s Jakarta, which operated through patronage—personal connections and opaque transactions. While the campaign against corruption have sought to reform the field, such payments are still considered a requirement of doing business in the real estate industry.<sup>24</sup> The problem for my informants and critical public voices was the superblocks themselves as these centers of exploitation.

In citing these criticisms, I do not seek to expose the design or social “failures” of the superblocks. Nor do I seek to expose how the superblocks are implicated within the already well-documented system of patronage relationships in real estate, nor the illicit market in permits and approvals that extend to all as a requirement for doing business in Jakarta. Instead, I point out these critical positions to demonstrate the prominence and power of the superblock *as a form* and a *standardized set of practices* in Jakarta, and to explain how the UDGL became a normative technical intervention. The politics of land development in Jakarta centered around the superblocks.

### 3. Developers in Jakarta

The UDGL and the superblock model provided an important opening for real estate development in central Jakarta, but these real estate firms were also a set of actors still in formation. In this section I define and describe the real estate development firms, or “developers,” that emerged in the 1990s, and continue to practice in Jakarta. As a definition, real estate developers in Jakarta are actors that organize and manage production of real estate products. Developers coordinate processes that include a project feasibility study, land acquisition, project design, permitting and legal issues, financing, construction management, marketing, sales, and property management. Many of these roles were handled internally, but the developer also contracted a host of contractors to fulfill roles in these diverse areas. I understand the field of real estate developers in the context of two distinct periods; the late Suharto era and the post-Suharto era. The first period was characterized by *proliferation*, a boom in real estate value, activity, and new developers in the early 1990s. The market peaked in the mid-1990s and crashed along with the Asian Financial Crisis in 1997. The second period could be called *consolidation*, as the number of firms was drastically reduced as bankruptcies led to the sale of land banks at a discount, thus enlarging firms that survived (see Arai 2015). Those that survived the crisis, as well as the new entrants—a total of five or six big firms across the Jakarta region—were responsible for larger market shares. Meanwhile, following forced restructuring, their financing strategies and corporate structures looked much different than before the crisis. While some scholars (Hadiz and Robison 2004; 2013; Arai 2015) point to the persistence of political connections and “cronyism” in the Indonesian economy and real estate industry, I take up the anthropological project of understanding firms as situated actors that shaped the city in specific ways. I consider these firms as a social collective that that represents a set of knowledge and strategies about development that was specific to Jakarta. Their understandings of the field, with both its possibilities and limitations, was not necessarily internally consistent between and within

firms, but collectively, the knowledge and practices they employed collectively shaped the specific ways that Jakarta developed.

During the Suharto years, in the period of developer *proliferation*, developers had to find ways to acquire land in Jakarta. As the Sudirman Central Business District (SCBD) story demonstrated, one way to clear land for development was wholesale violent displacement. While developers did pay for land, they also employed “Mafia-like” *preman* (“thug”) organizations, who used violence and the threat of violence to force sales for holdout owners (Dorléans 2002, 49). However, for the most part, developers had to navigate the quite complicated strategy of acquiring large tracts of occupied land. The “dualistic” land registry system in Jakarta, a legacy of the colonial state, left many individuals’ land formally unregistered with the National Land Agency, but recorded in the local sub-municipal administration office of the *kelurahan* as a “land rights claim” (Kusno 2013, 145). As Leaf explains, the corporate development sector’s access to finance was dependent on formal land registration, the corporate sector was driving the process to remove the *kampung*<sup>25</sup> and formally register lands with the National Land Agency (2015, 16). Further, the dual registration system created two land markets, one that largely consisted of the *kampung* lands, housing the majority of the population although often remaining out of compliance with building and zoning codes, and a second constituted by corporate land development. On the one hand, the unregistered land status served as an “immense low-cost resource” for corporate developers, as the value of parcels shot up when they were registered, and on the other hand, unregistered lands protected *kampung* residents from speculation on the formal market (1994, 17). As land became formally registered for new development projects, land rights were transferred from Javanese customary *girik* rights to formal ownership and use rights associated with Dutch colonial property categories. Developers often collected land with a range of development land rights, including the right to use, right to build, and the right to manage, but had to negotiate with the state to consolidate the parcels into one type, the best of which could be full ownership, but is most typically *hak guna bangunan*, the right to build (Dorléans 2002, 54–56; Michael Leaf 1993). Land values also soared in the early boom; Dorléans finds land values on the avenue Rasuna Said, one stretch of the Golden Triangle, going from Rp. 700,000/m<sup>2</sup> in 1988 to Rp. 5 million by 1992 (cited in Arai 2001, 492). Developers cited relative ease of land acquisition in the beginning that was complicated immensely by the need for increasingly complex methods of financing.

The proliferation period—the quick establishment of a large number of real estate development firms—happened in the context of the deregulation and liberalization of the Indonesian economy that occurred in stages during the 1980s (Winarso and Firman 2002). This well-documented phenomenon redirected the state’s economic goals from state-led and state-financed industrialization for domestic consumption, to export-oriented, private sector growth. As economist Hill writes, “After 1985 there was an unambiguous change of direction...For the first time in the history of the New Order, exports and the private sector became the primary engines of growth” (1997, 29). The liberalization of the finance sector was led by the UC Berkeley-trained Indonesian economists, known as the “Berkeley Mafia,” along with the quiet influence of World Bank analysts. Studwell writes that these were not ideologues (an implicit comparison to the Chicago School’s direct intervention in Chilean policy), but reformers campaigning for a free market that could discipline the irrationality of Suharto’s system of cronyism (2014, 209–11). Foreign direct investment flooded the economy and the burgeoning finance industry—“Within 2 yr [*sic*] (1988–1990) the number of companies listed on the market rose by 400 per cent and the market capitalisation by 2500 per cent” (Winarso and Firman 2002). With this influx of foreign investment and the boom in finance, a new demand for office space and residential facilities (Arai 2001, 487). The spark for the growth of the real estate industry, however, was the restructuring of the banking sector, which drastically reduced the barriers to entry for new banks. However, the liberalization of markets did

not result in well-behaved market actors, but incentivized the opposite. Banking deregulation led to a boom in cheap credit that was available for real estate projects. It also allowed a number of firms—whether they were founded as developers or otherwise—to open banks to self-finance their real estate projects. Studwell writes, “By the mid 1990s every major business in the country, and many lesser ones, had a captive bank, leading to an orgy of related-party lending... Suharto’s children had banks, Suharto’s bribe-gathering foundations had banks and different factions of the military had banks” (2008, 105). Many of these actors also had real estate projects, despite that some projects existed only on paper, or only as branches of what were essentially finance firms, projects that often were never developed.<sup>26</sup> Winarso and Firman counted sixty new developers in Tangerang (the western district of the Jakarta region) and found that over half were subsidiaries of just a few large groups with ties to the president’s family, while only one of these sixty developers actually originated from the land development industry. While an initial boom was slowed in the early 1990s when the state raised interest rates, further deregulation and easing of construction and permit procedures stimulated a second boom that was well underway by 1993. By 1995, developers were raising funds on the stock market, and combined with the enormous amount of credit extended to the housing sector, much of which was considered bad loans, Winarso and Firman conclude that the debt load of the real estate sector was at least in part responsible for triggering Indonesia’s economic crisis (2002).

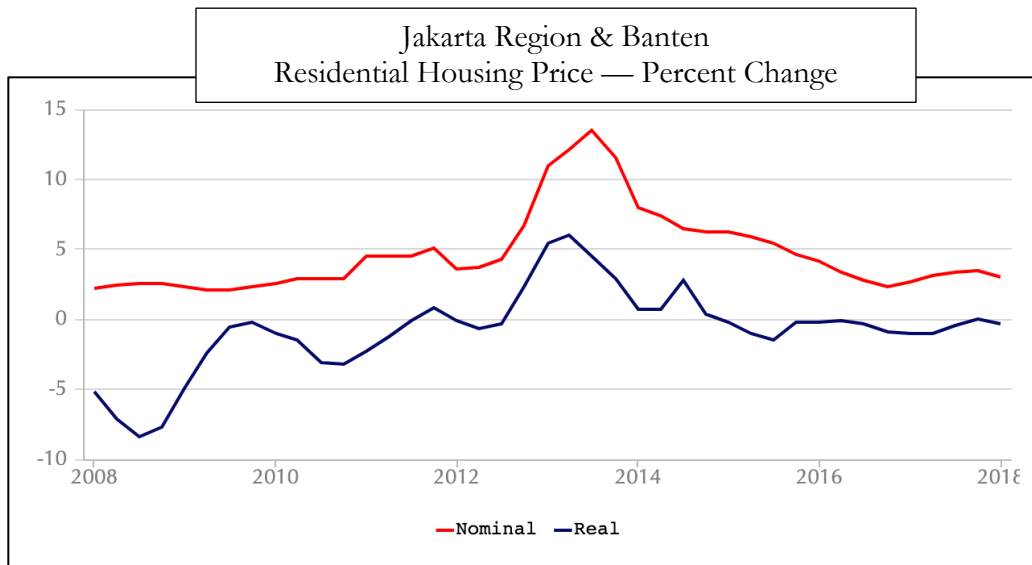
The *consolidation* period began after the Asian Financial Crisis. The economy collapsed, forcing many of the development firms out of the industry, leaving space for larger and more powerful firms. With bankruptcies across the country, developers and their financiers alike were obligated to address their bad debt through the IMF-negotiated restructuring organization, the IBRA. The Salim Group, who often served as the financier for the developer Ciputra, was forced to surrender its bank BCA and to raise a sum of USD 5 billion, amidst the negotiated corporate restructuring (Dieleman and Sachs 2006, 529–30). Many developers folded, while their lands—acquired at the height of the recent land boom—were auctioned off for a fraction of their purchase price (Kusno 2016, 148–49). About six developers emerged as the most powerful and prolific after the crisis: Sinarmas, Summarecon, Lippo, Ciputra, Agung Podomoro Land, and Bakrieland. With the exception of Bakrie, this list includes some of the original founders of the industry—ethnic Chinese family developer firms with connections that were able to establish themselves in the industry through their connections with the Suharto family. Some scholars focus on the political connections that allowed for the rise of these large developers, as well as the persistence of patronage politics. Winarso and Firman, in particular, include a meticulous charting of the political connections of firms within the Suharto regime (2002, 501), while Arai charts the persistence of these connections, and even refers to the post-crisis reconstruction of the field as “reorganizing oligopoly” (2015). However, the political and regulatory space did change after the crisis, and the real estate industry changed along with it. Arai also points out that members of the Suharto family largely left the industry after the end of the Suharto regime (2015, 457). Dieleman and Sachs suggest that the post-Suharto regulatory and political economy required a transition from a “relationship-based” to a “market-based” business model. Firms also reported that the new political era required much more transparency, and not just because for the government or to comply with new banking norms, but also for shareholders and investors.<sup>27</sup> Noting that influential political relationships continue to be a necessary precondition to be a successful developer, I seek to describe in this section how the field of development firms are structured, and how development proceeds in Jakarta from the perspective of people in the real estate field. I pay attention to how employees present their practices, the conditions of legibility that structure the field, the matters of concern where affect, culture, and ethics shape their approaches.



The crisis did lead to significant changes in the ownership structure of many of the development firms. The largest developer that emerged after the crisis was the Sinarmas Group, a conglomerate that includes business areas in pulp and paper, palm oil, insurance and finance, and mining. Sinarmas was an early investor in BSD City, the iconic new town in Tangerang, but after the financial crisis, the firm out the remaining shares of the project from the Salim Group and Ciputra. It bought up properties across the region, and in 2010 consolidated its projects under a publicly traded real estate company, Sinarmas Land. The Salim Group largely left the real estate industry, and Ciputra also sold shares from its pioneering projects in Jakarta—Pondok Indah, Pantai Indah Kapuk, and Puri Indah, while the Berca Group bought up many of its shares, and operates and PIK with the longstanding northern Jakarta developer Agung Sedayu Group. Lippo maintained its flagship new town in Tangerang, Lippo Karawaci, as well as the Lippo Cikarang new town to the east of Jakarta. Lippo went on to build the Kemang Village superblock in South Jakarta, in addition to its projects overseas. Summarecon developed the western Gading Serpong new town, followed by another new town in Bekasi, to the east. The Agung Podomoro Group became a more prominent actor than in the 1990s, specializing in mall-and-apartment based superblocks in the northern half of the city. Bakrieland, which emerged on the scene in the 1990s with its massive and centrally located Taman Rasuna apartments, redeveloped as Rasuna Epicentrum in the 2000s, expanded its project portfolio, even becoming a major investor in the massive Sentul Nirwana project after Salim and Suharto's son Bambang pulled out.<sup>28</sup> However, with a major debt burden, Bakrieland projects stalled and it the company sold its shares of the Sentul development (Arai 2015). Some new towns, like Kota Modera in Bekasi Alam Sutera in Tangerang, survived the crisis but did not expand their development businesses. Finally, Ciputra slowed its trajectory in Jakarta, and moved towards projects in secondary cities in Indonesia, as well as Vietnam, Cambodia, China, and India (Michael Leaf 2015).

#### 4. Real Estate Firm Operations in the Democratic Era

While the real estate developers diverged in many of their business strategies, the basic structure of the firms and their operations broadly coincided. Jakarta's real estate firms operate, as Simone describes (2014, 68), through *modularity*—the use of standardized forms that can replicated in different spaces and projects. The 1990s was a period of innovation, characterized by a rush to establish new firms, to try new real estate products, and to buy up land, especially in the periphery. After the crisis, however, with fewer firms doing the majority, the development of new towns continued, while much of the development activity moved inside Jakarta's official borders. The post-crisis period was actually far more productive than the first land booms of the 1990s. Arai counts the annual supply of apartment units in the 1990s at a few thousand, totaling at most 20,000. In the post-crisis land boom that began in the late 2000s, apartment buildings proliferated in the city, reaching a total of 100,000 apartment units by 2012 (2015, 457). The economy was booming; the national gross income grew at or above 5 percent each year since 2004, with the exception of 2009, when it dipped down to 4.6% while much of the world experienced a major recession. A real estate boom followed the economic expansion curve. Both supply and prices boomed in the second half of the 2000s, but peaked in 2012 and 2013, with prices stabilizing by 2016. Developers were able to supply such high productive levels by standardizing their operations and their products. The superblock, as a model form, understood within the industry, as well as future commercial tenants and residential buyers, was a critical intervention that helped standardize the field. Likewise, the UDGL, the plan that served as both a legal and design vehicle for the superblocks, facilitated the interactions between the city and the developers.



The housing market in the greater Jakarta region and neighboring Banten province peaked in 2013. Data from Bank of Indonesia. Chart from *www.globalpropertyguide.com*.

Most developers have four main divisions: land acquisition and project management, architecture and design, permits, and marketing and sales. Each of these departments includes both in-house as well as a broad range of consultants and subcontractors. These subcontractors included a mix of Indonesian firms and international firms. Often the in-house work and Indonesian firms were cheaper and more readily available, and were employed for quotidian work. Internationally branded design and engineering firms were brought on to raise the profile of projects for marketing. International real estate consultants provided critical data for developers, but they also legitimated projects to banks and investors when their names were on feasibility studies, as did international design firms when their names were on master plans. On the other hand, Indonesian firms provided “local knowledge,” which, developers always emphasized, was critical for successful projects. Finally, local firms were also used for construction, and as the construction field was actually dominated by state enterprises, the rates were considered standard and cheap.<sup>29</sup> Some projects went with private sector firms like Nusa Raya Cipta and Total Bangun Persada, but for the developers I interviewed, any one of the major firms worked.

The first step in a development project was the feasibility study, which considered development possibilities for a development on a specific plot of land. For one of the main developers, Ciputra, this was handled by their Strategic Business Development division. I had a meeting with representative who worked for years with Ciputra, me in a conference room in a skyscraper in Ciptura World 1, a superblock in the central Setiabudi district. After going through a couple elevators, graduating through security checks, I was ushered past a wood-paneled gallery with models of Ciputra projects and into the wood-paneled conference room. Leather chairs sat around the conference table, a map of Ciputra World 1 covered one wall, and a gold-plated statue sat next to a picture window with a panoramic view of the city. My informant met me and told me about his work for Ciputra, where he had worked on feasibility studies and land acquisition for years. He only did work inside Jakarta, which he said was very different from the development process in the new towns—the architects, contractors, and licenses. Superblocks also had fundamentally different time frames and financial strategies, requiring more capital layout, and a faster construction period. Ciputra World 1, where we sat speaking, had taken only four or five years to build, although land acquisition had taken much longer. He estimated the project’s value at almost Rp. 5 trillion, or USD 350 million. The superblock model relied on both the recurring income from renting space—retail,

office, or hotel space—and from the immediate income of selling, usually for residential units. Both of these, however, require a complete or near complete project before occupancy. He compared this to the new town model, which can take decades, and which uses gradual financing, construction, and sales. The new towns grew incrementally and required less capital up front, and they could be more responsive to changes in demand.<sup>30</sup>



Top: Conference Room in Ciputra World. Bottom: View facing northwest from conference room of flyover and Kuningan area. Photos by author, 2015.

Developers were likely to contract international consultants in for the division of design. This broad use of firms with headquarters and offices outside Indonesia complicated concerns that the real estate industry was fundamentally related to global, or the real estate products it produced, should be indigenous, or traditional. Even since the colonial era, Indonesia has a history of imagining an architecture that could represent both the modern and the indigenous. In its post-Independence era, Sukarno was particularly concerned with a built environment that could portray the universality of modern forms while representing the specificity of an imagined national history (Kusno 2000, 49–70). However, the international designers seemed to produce remarkably similar pieces, a sort of international design aesthetic, with its glass-and-steel materiality featured in most of the superblocks, especially those built since the early 2000s. Ridwan Kamil, the UC Berkeley-trained architect, a native and now governor of Bandung, founded an architecture firm Urbane Indonesia that sought to bring Indonesian symbolism and aesthetics to its “Archipelago” superblock design. Kusno argues suggests that this was either mere rhetoric or a total failure. Instead, he says, the design reflects the new character of the nation, but one that exists in “global space.” Kusno blames this generic transnational design repertoire on the nature of the “global intelligence corps” (citing Olds) whose outputs can never “localize” (2010, 88–91). I attribute this “transnational” quality of the both to designers’ training and experience in such firms, as much as to the need for standardization and legibility in the production of superblocks. In spite of such criticisms of the generic architecture of superblocks, the norms of the field largely recruited from the array of international designers and their signature aesthetics. As Gunawan, in his role on the architectural review board, explained, “Now [Governor] Jokowi wants all buildings to have the character of Betawi [ethnicity indigenous to Jakarta], but it is difficult to make this happen now. The classic Betawi look—with a base, tower, and head—I tell architects they can translate this abstractly. This is not the way of the future or the present.”<sup>31</sup>

While any one superblock was designed by a range architectural firms, the ones that mattered for promotions are those with recognizable names. At a promotional event of the opening of sales for a future property of Agung Podomoro Land, the firm brought in representatives the high-profile design and engineering firms that contributed to the project design. For this new project, a large reclamation that would be developed in the Bay of Jakarta, the international architectural firm Skidmore, Owings & Merrill—SOM—did the master plan, while the maritime engineering firms Boskalis and Van Oord were both contracted for the island’s construction. Each consultant was presented along with references to their other projects—the Burj Khalifa for SOM, and the Dubai Palm Jumeirah islands for Van Oord. Not only was this important for marketing, explained my informant from Ciputra, but the international consultants (he called them “foreign” consultants) are more cosmopolitan and sophisticated. “Local consultants lack the exposure. They have no experience staying in Four Seasons or Ritz Carlton. They have no experience with modern high-rise buildings in Singapore or Hong Kong. I can say that foreign architects still have better quality.” He listed some of the foreign consulting firms, which included firms for architecture, landscape architecture, structural and mechanical engineering, interior design, and architectural lighting. However, he added, after the major inputs came from the big names, much of the details and design drawings are done by locals. Further, not all projects required such a parade of firms. For a small office tower in West Jakarta, for example, the firm just used a local architect.<sup>32</sup> Moreover, explained another representative, foreign design firms always had to work with in-house planners, through the many iterations of the design and permitting process, because the in-house expertise navigating the difficult regulatory framework.<sup>33</sup>

The division that used expressly *local* consultants was the permits department of the developers I interviewed. Also called the “legal department” or the “government relations department,” the developer’s permits department was the primary interface between the city and the

developers. In most developments, even where the zoning height and density allowances were maximized by combining plots through the UDGL, the developer still sought to increase the intensity of development by paying a standardized fee (the “penalty”) for such increases. In fact, this was one of the primary strategies used by the city to direct private development. The city sought to incentivize development in the west and east of the city with lower penalties for such increases, while disincentivizing development in the center and south of the city by leveraging higher penalties.<sup>34</sup> Calculating such increases and their costs was a complicated and negotiated processes, as the code and permits “are subject to different interpretations” as one representative diplomatically explained.<sup>35</sup> However, as a representative from one developer described, “We do have an in-house team for the documents, but we also hire a third party to do the process. Permits are always a difficult issue for us.” The specific difficulty is that permits have to be procured with extra payments, and the developers were becoming increasingly vulnerable to being discovered in acts of bribery. The structural legacy of Suharto’s patronage system was still part of the system for distributing permits, but without the impunity that the system once provided. Another developer concurred, “For protection in [our] office, we always go through a third party.” The displacement of this responsibility was a part of the system, but one better displaced to other agents. One developer, confirming that significant bribes are required for all permits, explained, “We don’t want to quote-unquote ‘bribe.’ That is our policy, so that’s why sometimes, we fight bad things like this. So if something has to be done, we don’t want to know. It’s left to the third party.” A high-profile corruption case of a bribe in Bogor had recently spooked developers. The topic of permits and bribes was quite sensitive for these informants who represented developers.<sup>36</sup> As the corruption cases revealed, a third party offered little actual protection for developers, but was merely a standardized channel for transferring illicit funds.

## 5. Land Acquisition

The politics and strategies of real estate development that emerged when the economy recovered in the 2000s had everything to do with land acquisition. Even as firms grew larger and incorporated the territories of smaller firms as the industry was consolidated after the financial crisis, they also tended to specialize in specific project types and locations. This depended on specific areas of competency in the firm, often built over years of working in an area or with a particular model. Some developers focused on peri-urban Jakarta, developing either or both to the east and west, with new town projects in the largely residential western Tangerang area, or new towns or industrial parks in the largely industrial eastern Bekasi area. Some focused on largely residential superblocks in northern and western Jakarta, while south-central Jakarta (such as Kemang) also offered more of a market for development in business and entertainment districts, while the southern strip of the Jakarta Outer Ring Road (JORR) became a growing business corridor and area for new office towers. One developer representative, who was hesitant about expanding development areas, explained with what seemed a latent excitement about the growth in the south: “Simatupang JORR will become a new CBD. Now it’s already going up, one building after another. The Japanese and Koreans like the South, and also the Europeans. Something like 90 percent of the expats live in the South, in Cito and Kemang.”<sup>37</sup> This area was a new development corridor, one of a couple that was opening in the mid-2000s, which included both superblocks as well smaller projects. New norms around transit-oriented development (TOD) were also shaping where developers sought new projects. City planners encouraged TOD, and it promised a boon for developers seeking to increase the zoning allowances in spaces along transit routes. Developers supported the city’s development of the new Mass Rapid Transit system (MRT), which opened its first north-south line in 2019, and locating their developments near stops on this line was considered a promising strategy for new

development.<sup>38</sup> While large developers commanded the possibility for large developments in prime locations, not all was based in the real estate sector. A representative from the Indonesian automotive firm Astra was doing marketing for a single tower the firm decided to build on the Sudirman avenue in the Setiabudi business district, “because the market was hot.” When the MRT line came to Jakarta, Astra sponsored the Setiabudi station across from the tower.<sup>39</sup>

Aside from such opportunities, decisions about where to locate new projects was primarily based on any developer’s strategies and expertise for land acquisition. “Land banking,” the speculative purchase of land that could be used for future projects, was a critical part of the industry in the 1990s, and real estate consultancy firms played an important role in targeting land for new development. Some of the original developers, like Ciputra, acquired large land banks in the city, and these were critical not only for surviving the crisis (Kusno 2016, 148–49), but also for continuing to roll out large projects, especially in central Jakarta near the business districts. One representative of Ciputra, who had a history of working specifically with the superblocs, explained, “We started buying in the 90s, plot by plot from individual owners. . . Now it is much more difficult to buy plot by plot than twenty years ago. Landowners are far more aware of the potential value of land.”<sup>40</sup> The land acquisition process required a complex strategy of both formal and informal tactics that took years to develop. On the formal side, the land acquisition department worked with the business development team to produce feasibility studies based on the land availability. The department had to investigate land ownership, parcel by parcel, piecing together Jakarta’s of the dual land registration system, and the many claims on land. My informant reported that around 80 percent of the work was done in-house, but that they also used third parties—“because the banks like it”—international real estate consultancy firms like Jones Lang LaSalle, Colliers, Procon, and more recently, Savills. They graded the land parcels by availability:

To find out if it is available, we go to a public notary to tell if the land is *bersih* [clean], *abu-abu* [gray] or *hitam* [black]. *Abu-abu* meaning that there may be some small issues in acquisition, but black is what we totally stay away from. The public notary checks with the BPN [National Land Agency] to see if the land is registered. In most cases, we can get the land. Or we see if it is in the courts, there are five courts in DKI [Jakarta], one for each area. But most important is the *informal* information. You have to check with the RT, [administrative subdistrict] and with the RW [lowest administrative subdistrict]. If there is no title, the [National Land Agency] asks a letter from the *lurah*, the head of the village or neighborhood who knows what is going on, who owns what.<sup>41</sup>

By some estimations, this work by real estate consulting firms directed the land development process more actively than the developers themselves. As the chair of the Indonesian Planners Association argued, “Property consultants. . . are dictating where are the next big developments and what it is. Look at the Grade A office buildings going up in the south. James Long LaSalle and Colliers make these predictive reports. I am their biggest critic! They don’t follow the [spatial plan]”<sup>42</sup> Whether because of the quality of their data, or because developers were incentivized to use them to secure bank loans, all the developers with whom I spoke relied on such firms.

In addition to the real estate consultants, the established developers also had strong networks of informal informants in the field. As Simone notes, “*real* governance in cities like Jakarta has long depended on the subcontracting of management to a wide assortment of authorities, both formal and informal” (2014, 67, italics original). Property consulting firms and corporate developers were much the outsiders for any locality, where the majority of the land was still unregistered with the National Land Agency, but where owners did have legal occupation through land claims that were mediated through the local administrative office of the *kelurahan*. However, these land claims



were quite complicated. When the *lurah* mediated claims, they often relied on personal relationships and history in a space, making them opaque to any outsider, especially when complicated inheritance disputes or spurious land claims complicated the process (see Simone 2014, 66). It was essential, therefore, that a development firm employ insiders to translate between the two systems. In his study of rural-to-urban land conversions in the periphery during the 1990s, Firman finds that the *calo tanah* or informal brokers, played an enormous role in a field that lacked an effective control mechanism to guard the interests of small landholders. Firman cites a study by Dorléans, who finds that these *calo tanah* collected as much as a ten percent commission from land sales (2000, 15). For the developers in the city center, informal agents were also a critical aspect of land banking. As the representative from Ciptura explained, they employed informants: “We have a specialist on the ground, who lives in the area. Someone who lives right in the *kampung*, knows the area and the people, knows who died, knows who wants to sell, et cetera.”<sup>43</sup> The work of the informant was critical, especially because prices would skyrocket if there were rumors that a developer were assembling land in an area.

Most developers had developed their land banks slowly, over years, and they always used shell companies and a range of intermediaries for purchases. A representative from one of the big developers told me of land acquisition, “It is a very difficult, complex project. We are very prudent. You have to be like a detective, like a spy. We want to get the best land at the best price.”<sup>44</sup> Everything had to be done with the utmost secrecy, using agents and intermediaries. Another informant, who worked in a family firm in the aggregate industry (crushed rock, sand, and gravel), which worked closely with many of the developers to their concrete supplies, had recently witnessed such secretive land deals. A family member working with what he described as a one of the “top ten Chinese real estate firms” was seeking entry into Jakarta’s real estate market. The firm was quietly looking in the Sunter Agung area in North Jakarta, and had found a seller. However, according to the story, the seller could not know the name of the prospective buyer, but needed to confirm the legitimacy of the sale. They had to have a meeting with a representative from the bank and the lawyer of the seller to provide valid but anonymous financial details of the seller before drawing up contracts.<sup>45</sup>

In addition to the difficulties of navigating the dual land system, many land parcels could not be purchased in a clear manner because they faced multiple land claims. Some savvy scammers made a business of making false land claims, and the developer, the outsider, was always the vigilant outsider, wary of being duped. As a representative from Springhill described:

Now there are lots of new offers to sell. Lots of brokers—this is not an official title because in Indonesia, there is no land broker license—they are coming to Springhill with offers to sell. Many times they’re not real brokers and their offers are shady or entirely fake. Therefore, there is a philosophy that I use that is “*jodoh-jodohan*” or the perfect match, almost like fate or destiny. If it’s a good match, I’ll even pay more for it. This is because life must be about getting [achieving] harmony. If you start with a project, there must be harmony from the beginning, you don’t want to go into a project [plagued] by land disputes.<sup>46</sup>

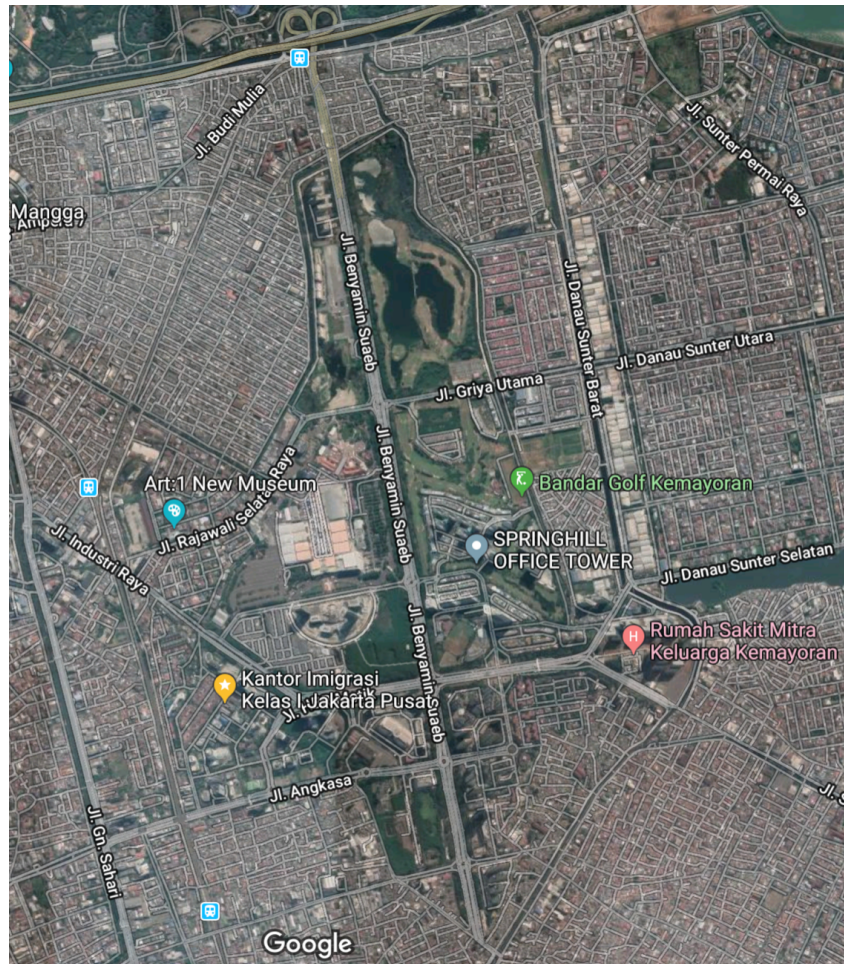
Likewise, a representative from Agung Podomoro Land told me that it was difficult to maintain land after it was purchased. “We must develop immediately, or it is susceptible to the “*mafia tanah*” [land mafia]—the people who make spurious land claims—they come up with false papers—which turns into a legal disaster and can stall development indefinitely.”<sup>47</sup> I asked an informant from Ciputra whether they had to settle land disputes in court, and he knocked on the table—“not yet.” To deal with intractable owners or holdout land claimants, the representative replied with a dark image:

[We] Cannot do anything. You can only persuade them to sell, or you have to exclude that plot. Like in Ciputra World 2. There was a woman holding out and we had to totally reorient the project so we could work around her plot. We started building and she came to us offering to sell, and we said we didn't want the land. She held out too long.<sup>48</sup>

As in the new towns, where developers were known to punish holdout sellers with walls or other forms of exclusion. Nonetheless, developers do not have the power to acquire whichever parcels they sought. On the contrary, they are forced to great lengths to ensure that land acquisition seem as legitimate as possible, in spite of the interruptions by others gleaming from the real estate process.

For most developers in Jakarta, land was becoming scarce, especially in the contiguous parcels that could be combined into a plot large enough for one of their projects. Like other developers, by the time I interviewed a representative from Ciputra in 2015, the firm faced difficulties in assembling the large plots necessary for superblocks. "Generally, it's too difficult to acquire land, so more development in West Jakarta now, because it's easier to get land." He recalled one lucky opportunity some years before, being able to buy 7.5 hectares for the Puri project directly from a landowner.<sup>49</sup> I commented that Ciputra had been diversifying its portfolio with developments in other cities, its resort in Bali, and its move towards the international market, and I asked whether we should expect land development to stop in Jakarta because of the lack of land. My informant replied, "No, we still have land in our land bank, about 3 hectares here in [Central] Jakarta. Also, we are still trying to buy land, but it's just more difficult."<sup>50</sup> Meanwhile, Agung Podomoro Land, which did not enter the post-crisis era with a large land bank, developed a different model based on rapidity of their production. They sought to acquire and build directly from landowners with larger plots and to develop them immediately. My informant said, "It's best to find a partner who has the land and needs a developer. There are different models: the owner may want to sell the land 100 percent, or to have a share in the development." The firm was happy to arrange a joint venture with the landowner, but most often the owner preferred a direct sale.<sup>51</sup>





Google Maps satellite image of what was the previous Kemayoran airport, the green central area, the street Benyamin Suaeb previously the runway. Springhill Group is developing land on state-owned property through a revenue-sharing arrangement. Screenshot October 29, 2019.

Facing land shortages, developers devised a range of ways to access new lands in the city. One way to quickly get cheap land was to arrange with the state to develop, using a long-term lease arrangement through the Ministry of the State Secretariat, a land right referred to as *bak pengelolaan lahan* (HPL), or the right to land management, as in the case of the Gelora Bung Karno Stadium Authority leases to the Senayan City and Plaza Senayan complexes. The large developers sought to own land—not a freehold ownership, *bak milik*, which was rare—but the right to build, which a secondary type of land ownership, *bak guna bangunan* (HGB). The larger developers avoided the HPL land management right. A representative of Agung Podomoro Land (APL) told me, “HPL [land management rights] worked maybe twenty years ago, but now APL doesn’t want. HGB is the normal one. As we always say, ‘HGB [over] HPL.’”<sup>52</sup> Customers have a psychological aspect that HGB is better. Too difficult to negotiate HPL.”<sup>52</sup> However, for smaller developers with less capital to lay out ahead of time, the revenue sharing system, could provide an excellent opportunity to get in the market in Jakarta. Springhill Group, a smaller firm founded in 2005, was developing land in an area that was once the Kemayoran Airport in North Jakarta, and had land management right (HPL) arranged with the government, a 45-year contract that could be renewed every twenty-five years. As my informant narrated, “We were gambling with this development...Not everyone wanted it

because Indonesians want to own their own land.” Apparently it was a good gamble, because, as he bragged, “After the success of Springhill, all the developers are trying to get in—Ciputra, Sedayu, Podomoro.”<sup>53</sup> He described how the firm acquired the land:

Every time there is a sale [of a unit on the property], Sekneg [Ministry of the State Secretariat] gets 11.5%-12.5% of the revenue (not the profits but of the revenue of the sale). But this is still a successful business model for the company because we [only] had to give the *uang muka*, or the down payment, which is 20% of the land, assessed by third-party appraiser.

Asked how the deal was brokered, he answered:

Publicly. There was a public tender and Springhill bid on the land. Before the area was *rawa-rawa* [swamp]. This area was [originally] supposed to be for low cost housing according to government policy. There were many tenders, because the area is so big—458 hectares, and Springhill is only 15 hectares. All the other agreements actually collapsed. Maybe they were fake developers?<sup>54</sup>

Following their land acquisition from the state, and after some initial sales of their basic townhouses in 2006, Springhill Group expanded to secondary Indonesian cities—Palembang, Malang, Lampung, and a resort in Bali—and in 2009, started building high-rises in the Kemayoran property.

Finally, some firms were restarting large projects that would give them more access to land. A large new town in Bogor, Sentul Nirwana, whose origins dated back to the Suharto era, where some 30,000 hectares of land, much of it protected forest, were to be converted to developable land, but the project was stopped after a bribe for the conversion was discovered by the Corruption Eradication Commission.<sup>55</sup> Meanwhile, some developers were looking to the north coast, and a land reclamation project that began under Suharto and was picked up again in the late 2000s. Looking at land reclamation in the water on the coast as a cheaper strategy than acquiring land in Jakarta’s tight market, Agung Sedayu and Agung Podomoro were both working on their land reclamations in the Bay of Jakarta—constructing islands that replicated the model of the superblock. I was unable to get an interview with Agung Sedayu, but Agung Podomoro was much more publicly visible firm, and I was able to get a better profile of the firm. As a representative of Agung Podomoro Land told me, “Now days, you cannot do a 1000-hectare land bank. Even ten hectares of land is difficult to obtain...Which means that for now, reclamation of the ocean is cheaper than acquisition.” My informant often expressed his frustration with market capitalism in city-building, despite that he never acknowledged his role in it. In this instance “Even for a small piece of land, you have to pay people, and it takes maybe ten years to negotiate with a landowner—too long for a project. Lots of legal disputes, legal aspects. So I prefer to expand to island reclamations.”<sup>56</sup> After its own bribery scandal and years of protest against the reclamation projects, the current governor Anies Baswedan issued a regulation that has indefinitely paused the development of the island projects. The city seems poised to allow both companies to develop the islands they have begun, but will prohibit the development of the remaining fourteen islands along the coast.

## 6. Financing, Pre-sales, and Marketing

Financing the superblock developments was a puzzle for developers, and while had a slightly different strategy, they also followed similar structure, as in the category of land acquisition. The matrix of strategies is unique to the specific field of the industry in Jakarta, from its emergence in the

late 1980s to the consolidation of the field in the 2000s. If real estate development in Jakarta in the 1990s was financed and facilitated by the boom in banking and unscrupulous construction loans from developers' own banks, the post-crisis real estate boom from the mid-2000s was funded through developer equity and through a mechanism that relied on the famously high savings rate in households in East Asia: pre-sales. Here, developers offered real estate units for sale that were yet constructed, relying on residential homebuyers' savings and loans as the source of funds. Because of the relatively tight limit on construction loans and since 2012, the limits on mortgages for unbuilt projects, real estate development is primarily financed by assets rather than credit or finance implements outside the sales of stocks. Only one of the developers—Lippo—was purported to use real estate investment trusts (REIT) as part of its finance schemes. As such, the industry has not been “financialized” in the sense that the US housing mortgage market has been integrated through securitization or other financial strategies into what could be called “finance circuits” (Gotham 2009; Fernandez and Aalbers 2016). Thus the Indonesian model, post-crisis, seems to be based on demand, where real estate credit flows are closely regulated by the Bank of Indonesia.

Indonesian developers had a monopoly on the real estate market. Few foreign firms were in the market, which was due in part to the monopoly position of the major developers, and in part because of the restrictions on entry to foreign firms. One reason was that foreign firms are not allowed to own property in Indonesia, following the standing Basic Agrarian Law of 1960—a holdover from the Sukarno era—that prohibited foreigners from owning land outright (see Lucas and Warren 2003). The exception is that foreign firms could participate in land market through joint ventures with Indonesian firms. A few smaller foreign real estate developers were active on the market, notably the Singaporean Paramount Group, which partnered with the large Indonesian firm Summarecon on the Gading Serpong new town, and Keppel Land, also from Singapore. For smaller Indonesian developers, the influx of foreign funds allowed them necessary capital. For example, in 2016 Keppel joined a 50/50 partnership between the Indonesian developer Metropolitan Land for a relatively small 12-hectare development in Tangerang, to the west of Jakarta, of 450 landed houses.<sup>57</sup> Another model is that a foreign firm with strategic interest in a location in Jakarta would form a joint venture property firm to build its headquarters or industrial properties. Summitas Property is a joint venture that was formed as a subsidiary of the Japanese Sumitomo Corporation, which built just two towers in the Sudirman CBD.<sup>58</sup> More common is for foreign firms that are investing in industrial activities to partner in the development of industrial estates to the east of Jakarta. Sumitomo partnered with an Indonesian firm to build the East Jakarta Industrial Park. The industrial estate Greenland International Industrial Centre was a joint venture between the largest Indonesian developer, Sinarmas, and the Japanese Sojitz Corporation, while Korea's Hyundai Corporation partnered to build its own industrial estate (Hudalah 2017). However, foreign developers remained marginal in the real estate industry, especially inside the boundaries of Jakarta. In 2015, there were rumors that Chinese investors were seeking to enter the market,<sup>59</sup> but Indonesian developers seemed secure in their positions in the market. I asked a representative from Agung Podomoro Land if foreign developers were a threat. “No way!” he replied. “They will be handicapped because they don't know how to do marketing. Maybe they can enter as builders, but the system of being a developer is so complicated they will have a lot of trouble entering.”<sup>60</sup> One industry insider believed that international partners was the problem with the fluctuations in the exchange rate: “We've see the rupiah fall from like 11,000 to 13,000 on the dollar. So they have to peg the rupiah to a certain dollar value price at the beginning of the contract, and they pay a premium to pet the rate.” However, I also saw that foreign investment fundamentally undermined the monopoly controls that the large developers maintained over the market. The developers' model was often to control supply by limiting development, and releasing units in new development in stages. Asked why they did not partner with foreign firms, even medium sized Indonesian firms

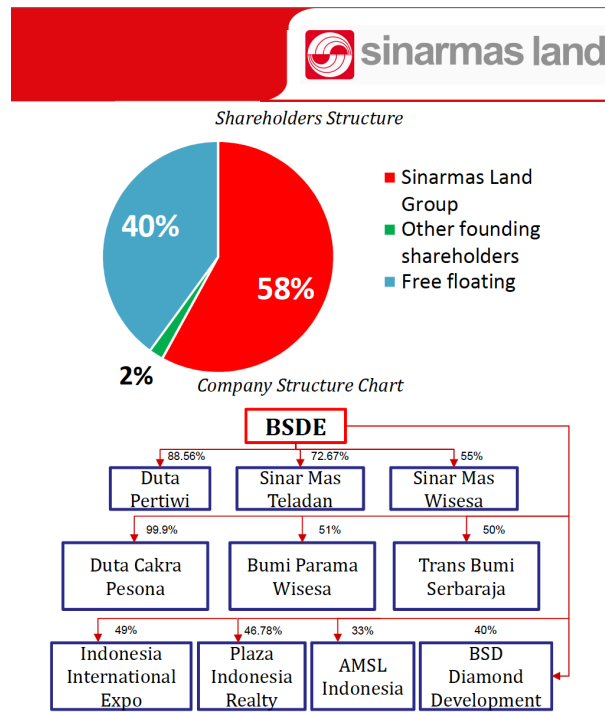
responded that they did not need the capital. A Springhill representative told me, “Singaporean and Chinese investors are looking to us, but we don’t need the money. Until now we have not been greedy to get a loan. We are very conservative, planning in case there is a downturn in the economic cycle. We don’t want to be destroyed by the bank.” A small debt burden was also good for brand building and a future IPO. “Not like Lippo—which is super aggressive.”<sup>61</sup>

The one major company that was purported to be raising money internationally involved with raising funds in internationally was Lippo, which was sometimes described as primarily a finance firm that also does development. Developers distanced themselves from Lippo, for which not only the capital was foreign, but the model itself. One developer representative told me, “I once worked for Lippo. The management style was very different, very American. But [our firm] is very Indonesian. We are very humble, our program is very conservative. We want the best quality for the customer.”<sup>62</sup> Lippo Group was founded by Mochtar Riady, who began in banking and helped the Salim Group build its Bank Central Asia before founding his own eponymous bank, which in turn, helped fund the Tangerang new town Lippo Karawaci. Riady’s sons Stephen and James, and grandsons John and Michael, have continued to manage separate parts of the business. Lippo Group spans across Asia, and has major holdings in Europe, Australia, and the US, where the family business became tied in the “Lippogate” scandal for its illegal campaign contributions to Bill Clinton.<sup>63</sup> Vinh calls the Lippo Group a “gypsy empire, a rootless organization that uses shopping to negotiate between politics and development” that lacked connections Indonesian politics, and particularly to the Suharto family (2001, 433–34). A former Lippo employee told me how about some of the company’s approaches to development financing. One of those is the REIT—real estate investment trust—which worked by selling future profits to the trust. The could be public or private, and hedged real estate developments by dividing the profit from many firms into shareholder dividends. The developer still got a management fee of around ten percent, and would also probably have dividends. The REIT was good for any development that included recurring income, like malls or hotels, but especially hospitals. (Internally, I noted the moral hazard of the sale of a hospital to an REIT). While there are both mortgage- and equity-based REITs, Lippo’s used the equity model, given the limited mortgage market in Indonesia. While it had explored REIT markets in Malaysia and Hong Kong, Lippo went through Singapore for its ease of permits and lower taxes. Lippo was also beginning to finance projects through private equity. The Lippo grandson Michael Riady was the CEO of the Blacksteel Group, new developer that focused on malls, and he was raising private equity funds through Northstar Pacific, an Indonesian joint venture with the Singaporean Northstar Group.<sup>64</sup>

The representative explained the REIT strategy through an example. The model was to sell future income from the project for a specified period of time. For a project in Bandung, the land cost the company about Rp. 250 billion, while the build cost Rp. 150 billion, for a total of Rp. 400 billion. They sold the profits on the project to the REIT for Rp. 700 billion and profited Rp. 300 billion. The profits go to the REIT Lippo for an indefinite time, the company promised nine percent growth for the first three years. “The tough part is that you do have to guarantee growth, so we had to do a scheme.” The company used its profit from the REIT sale to establish a mall management company, an “operational company,” which put Rp. 100 billion in an escrow account. My informant explained with a diagram, showing that if in a year, the Normally a retailer pays the mall directly, but for this situation the mall paid its profits to the operational company—“And the profit is always nine percent.” If in any year the actual profit is less than nine percent, the operational company would use the escrow account to pad the profit. If it were more, the operational company absorb the profit. This representative predicted a slowing in the real estate market, because “there is no more big land in Jakarta.” There was undeveloped land in the townships (the peri-urban region), such as

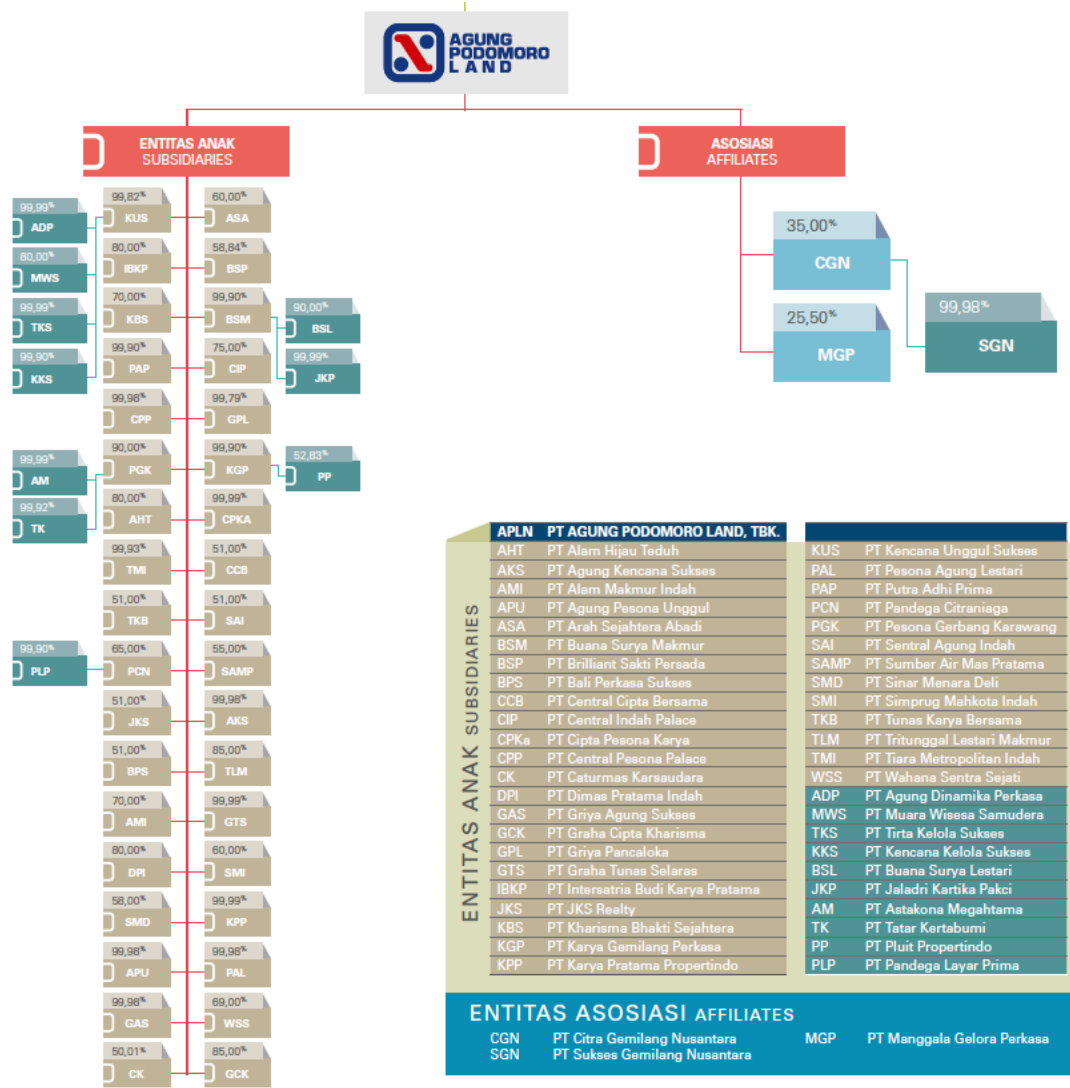
the approximately 3,500 hectares of unbuilt land in BSD City, but he predicted the real estate development industry moving to Bali and secondary cities.<sup>65</sup>

Every new development project required its own firm, a subsidiary of the larger land development firm, which was itself often a part of a complex web of ownership. This was not just because of the post-crisis bank restructuring, explained a representative from Agung Podomoro Land, but also to make it easier to get permits, or to sell shares to other firms.<sup>66</sup> New projects were financed through their own discrete means, as per the example above, but their finances were also caught up in the business operations of parent companies. As in the chart below, more than one company with shares in BSD City (“BSDE” below) was a subsidiary of Sinarmas Land, of which BSD City was *also* a subsidiary. Sinarmas Land itself has land development branches in Indonesia, China, Singapore, Malaysia, and the UK. Sinarmas Land, in turn, is a relatively smaller division of the Sinarmas Group. A Simone points out, “Even when most developers raise funds through legal, if not always transparent and accountable, means, such developments are also used to regularized illicit money” (2014, 68–69). BSD City seemed to be moving quite slowly in its rollout of new properties (only about half the 6,000 hectare site was developed since its opening in 1989). It is quite plausible that the project is now utilized as a financial mechanism than for property sales. As one insider complained, “The problem with capital in development is that you never know who owns it. And where it’s coming from. For example, the multi-finance scheme [non-bank lenders]. The developer puts money in multi-finance, and borrows it at a higher interest rate than available at the local bank. Why?”<sup>67</sup> Strategies of moving value around suggest a form of domestic financialization, built around Indonesian firms, rather than the global capital circuits suggested by examples in Cambodia and Vietnam.



BSD City Corporate Structure, from BSDE Annual Report 2018.<sup>68</sup>





Agung Podomoro Land Corporate Structure, from APL Annual Report 2014.<sup>69</sup>

The corporate structure of Sinarmas Land is more complicated due to its integration in the activities of the Sinarmas Group, although other large developers in Jakarta still had complex ownership models. These developers nonetheless had to finance each of their new projects. Funds came from the developer's equity, bank loans, pre-sales, and the stock market. While I was unable to obtain feasibility studies or internal data on finances, I did poll developers during my interviews. Since the crisis, bank loans could only be used for construction, and not for buying land. It was hard to get more than 30 percent of the funding for any project from bank loans. Bank loans often had to come from a variety of banks, and two developers told me they preferred private banks because they could negotiate for better terms. An initial public offering for a particular project, or for its parent company, like Agung Podomoro Land, could generate a large amount of funding, but the developer had to be well-established for a high valuation. And IPO also required a mode of producing recurring income, such as retail or hotel space. Developers also used the equity in their firm to fund projects. As the Springhill representative described, when the firm wanted to embark on a new project, "The shareholders were kind. I said, 'I can't give you the profit from the townhouses, I need the profit to build the high-rises.'" However, the firm was developing on state land, and it struggled

to get bank loans without the land as collateral.<sup>70</sup> So for Springhill, and almost universally for other developers, the great majority of the financing for any project, often 50 percent or higher, was in pre-sales.<sup>71</sup>

Lippo was one of the early firms to use pre-sales—the pre-construction sale of units—to finance its in Jakarta. Pre-sales, introduced as a financing mechanism by a couple of firms in the 1990s, became the primary way that projects were funded after the bank restructuring and the tightening of banking regulation after the Asian Financial Crisis. The new regulations that followed the restructuring drastically tightened the ability of developers to get construction loans, and thus, they looked to the savings and mortgages available to homebuyers to finance project construction. Pre-sales, also known as forward sales, became popular in Asian some countries—notably Taiwan, Korea, China, and Hong Kong—as their economies grew rapidly, but they still lacked formal or sufficient housing finance systems (Chang and Ward 1993), and it has even been used by Hong Kong buyers in Vancouver (Olds 1998). Lippo introduced pre-sales in its massive Lippo Karawaci new town, which opened in 1993, while Bakrie also used pre-sales for its central Taman Rasuna apartment complex. In the post-crisis boom that began in the mid-2000s, pre-sales were used ubiquitously as the primary source for project funding. This required that any project include a large portion of residential units to raise funds for commercial spaces. Some developments included small commercial spaces that could also be marketed for pre-sales, reflecting the vernacular Chinese “shophouse” form. Such small retail spaces were far more common in the new towns, but were sometimes included in the superblock developments in the north of Jakarta like Pantai Indah Kapuk, which more closely resembled new town development styles. Developers also experimented with commercial/housing hybrids, such as mini-office “Bizshop” units marketed for Pluit City, or the two-story “Small Office Home Office” (S.O.H.O.) units in the SOHO apartment tower in the Podomoro City superblock in West Jakarta.

A few years into the 2000s housing boom, the Bank of Indonesia became concerned that the availability of loans for homebuyers for pre-sales was leading to a real estate bubble and an unsustainable debt burden. The experience regulating the market resembled that of Hong Kong in managing its own pre-sales sector in the 1990s. Based on the Hong Kong case, some scholars have suggested that pre-sales may stabilize market prices, but that they must be regulated to help avoid speculative behavior (Wong et al. 2006). As in Hong Kong, the Bank of Indonesia first implemented regulations that drastically dampened the pre-sales sector, but later relaxed these regulations. In Hong Kong, both policy moves served to reduce market volatility. The housing market and regulatory measures in Indonesia were somewhat different. At the height of the real estate boom, in 2012, the growth of mortgages (KPR/KPA for houses/apartments) was growing at between 30 and 49 percent year-over-year. The Bank of Indonesia implemented loan-to-value (LTV) ratio regulations in 2012, and tightened these regulations in 2013. The property market cooled immediately, and since then, the LTV regulations have been periodically relaxed to stimulate the housing sector. The LTV regulations required that the loan had to be based on an asset, not a future asset, and as such, measured the loan disbursement against construction completion. Further, the regulations required increasingly higher percentages of down payments for second, third, and fourth homes. This disincentivized individual homeowners’ involvement in debt-based financing for speculation, or otherwise, property investment. Despite the slowdown, many Indonesians bypassed the mortgage system altogether. In a study in 2015, about 15 percent of homebuyers paid for their homes directly in installments, while just under ten percent paid in cash.<sup>72</sup> During my fieldwork in 2014-2015, developers certainly bemoaned the policy’s effect, but were also realistic about the need for such a policy.

<b>Home/Apartment Ownership Credit (KPR/KPA): Stage of Construction and Maximum Cumulative Disbursement Rate</b>		
<b>House/Shophouse/Shop</b>	<b>Apartment</b>	<b>Conditions</b>
40%	40%	Footing Finished
80%	70%	Rooftop Finished
90%	90%	Letter of acceptance signing
100%	100%	Letter of acceptance w/ deeds of purchase & mortgage authorization

Loan-to-Value Ratio for construction in stages as of 2016 (relaxed again after August 2018).  
From Bank of Indonesia via [www.indonesia-investments.com](http://www.indonesia-investments.com).

Marketing for real estate proliferated everywhere in Jakarta. The pre-sales system also incentivized major marketing campaigns, and disciplined developers to ensuring at least a satisfactory quality in their products. As Chang and Ward note, “The pre-sale system, though reasonably efficient for financing property development, has a significant effect on the distribution of risk between developer and buyer...the buyer is asked to bear the business risk of project failure that the developer would otherwise accept” (1993, 218). Buyers were vulnerable both to project stalls and failures, as well as scammers selling units and then disappearing, especially during the market exuberance of the early 1990s (Arai 2001). Given their need to evoke trust, developers relied heavily on their brand to build the trust of homebuyers, and all developments were highly branded. Developers spent enormous sums on marketing campaigns, special events, grand openings, early-bird sales events, drawings for free automobiles, and ubiquitous convinced buyers to become “investors” in their projects, and thus, in their own lives. Billboards around the city marketed green living in the new towns, sophisticated high-rise apartments in elite superblocks, or sea-view apartments on the coast. In every mall, a large swath of central space was given to real estate marketing booths. Real estate agents working these booths would invite passersby to view the models, and to look through iPads with renderings of the planned development. Most important were the price lists, which often featured unit prices based on two or three scheduled releases, with the prices going up significantly after the first release. Unlike the other glossy materials, the price lists were often photocopied prints of spreadsheets, but agents were anxious to guide interested buyers to look through the list to envision actual units and to compare prices. Which floor? City view or golf view? How many square meters, and how many bedrooms? Early bird price ends this month. These agents had a difficult job, and one that paid little. Agents were instructed to approach buyers of the opposite gender, based a presumptuous notion of sex appeal. Two or three were typically stationed at any booth on a normal business day, and as they were paid through commission, they were in competition with one another.<sup>73</sup> Nonetheless, the pre-sales scheme worked, enough to raise the majority of funding for any development.



### RENTAL YIELD SIMULATION : STUDIO B (36.5 sq-m)

INVESTMENT	
24x Installment Price*	: IDR 695,720,300
Furniture & Appliances**	: IDR 80,000,000
<b>Total</b>	<b>: IDR 775,720,300</b>


RENTAL	
Monthly Rental*	: USD 1,500
Full Service Cost**	: USD 400
Sub Total	: USD 1,100
Rental Commission*	: USD 75
Total	: USD 1,025
<b>Total ( In Rupiah)</b>	<b>: IDR 12,078,600,- @11,784</b>

Monthly Expenses	
Service Charge*	: IDR 511,000
Cable TV*	: IDR 75,000
Internet*	: IDR 150,000

**NET INCOME PER MONTH = IDR 11,342,600**  
**NET INCOME PER YEAR = IDR 136,111,200**  
**RENTAL YIELD PER YEAR = 17.5%**



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**Hylands**

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 in Resort Atmosphere

**EXOTIC LIVING IN MODERN TOUCH**





Real estate sales booth and marketing materials, Central Park mall. Photos by author, 2014.

## 7. Conclusion

This chapter shows how developers and designers in Jakarta redeveloped the city with model of the superblock, and why they constructed a city whose geography often seems like an archipelago of real estate islands. I explain this not through a political economy approach, but as a the work of experts in the design and implementation of real estate projects. This approach allows me to pay attention both to spatial analysis as well as the spatial regulatory codes at the scale of the site. I trace the beginning of large-scale real estate development in Jakarta in the early 1990s, showing how the deregulation and the economic boom provided the conditions in which a robust real estate industry emerged. In this era, a specific design intervention provided the legal and design vehicle for constructing the superblocks—the Urban Design Guidelines. I argue that the superblock, and the Urban Design Guidelines, were so successful because they represented the “situated expertise” of internationally trained designers and were located in the top university, and thus they served as an authority for how to manage urban change. Likewise, the development firms built upon this expert model with their own expert strategies. I describe the real estate industry as it consolidated after the financial crisis, which led to a boom in the real estate market and the production of superblocks. I also look at the internal structures and strategies of firms, showing how the firms were structured similarly, even as they differed in their specific business strategies. In their own ways, firms addressed challenges of acquiring land, planning, designing, permitting, financing, marketing, renting, and selling real estate in the superblocks. The strategies they used to address opportunities, challenges, and limitations structured the real estate development of Jakarta.

Developers in every aspect worked within a range of boundaries for their development practices. They were limited by factors like Indonesia’s dual land registration system, and while they employed violence, they also sought legal clarity in their land purchases. They complied zoning regulations and produced new multiple design iterations to be approved by the independent architectural review board. While they paid the requisite bribes for permits and for height and density increases, they sought to externalize risk of incrimination by using third parties. They sought to improve their projects profile by bringing highly branded international real estate firms, but also relied on in-house designers and legal experts to review and edit these generic plans to fit Indonesia’s specific regulatory and cultural contexts.

Real estate developers were both collective and individual actors, and I interrogate this distinction as a way of understanding how expertise “works.” One of my main findings is that developers are ethical actors. By this I mean that the ideological space of the field considered the improvement of the city, and they considered their work amidst their expert knowledge as well as their personal values about how their work could improve the city. Many employees were trained as architects, engineers, and designers, fields that are founded on the premise of progress and improvement. The original designer of the Jakarta superblock, Danisworo, wanted to create a strategy for a greener, walkable, and more pleasant urban environment, his strategy for what he saw the city lacking in infrastructure and capacity. Currently, developers are concerned for the environment and considerations like transit-oriented development. The Springhill founder had helped found Green Building Indonesia, the national agency that certified green buildings, the equivalent of a LEED certification, which ranks buildings according to their level of sustainability. Springhill also imagined itself as a developer that was improving the city with better design—its “green design concept” would feel less like a high-rise.<sup>74</sup>

Sometimes developers located their work amidst a cynicism and sometimes helplessness about the direction of their own field, the state of the city and its infrastructure, and the vagaries of urban and national politics. Some were quite self-conscious about the negative effects of real estate



development on the city. An official at Agung Pomodoro Land was extremely concerned that the new growth to the south in Jakarta was coming at great environmental cost, specifically that the area was needed for water absorption for the aquifers under the city, and to slow the city's major problem with land subsidence and flooding. He regretted that the city seemed incapable of restricting this development.<sup>75</sup> In relation to this feeling of regret, developer representatives imagined themselves as doing the best they could, in spite of adverse circumstances. The same representative also lamented the current capitalist land development system in which he worked, arguing that there was not urban vision. He expressed a common nostalgia for the first president's urban development process, and its capacity to take on major urban developments, amidst a regime that was both authoritarian and socialist: "When Sukarno made the Jakarta bypass in 1960 (now the toll road since 1985), the government needed land for roads, and gave housing to people the government needed land for roads, and gave housing to people. Tebet is full of people relocated from Senayan. Gave housing in lots of other places too. Now it's different, when you want land, you just pay people." This history does not mention that the displacement from Senayan was a violent chapter in Jakarta's history (Abeyasekere 1987, 197–98). However, it does iterate a frustration I heard across the city, from developers and taxi drivers alike—that a strong head of state would be more efficient for making the city "work." Discussing the toll road, a developer told me, "It was built in the 80s, but now you couldn't do such a project because it's so hard to acquire land. We need someone strong like Suharto."<sup>76</sup> In this space, however, developers still saw themselves as doing necessary improvement for the better of Jakarta's citizens and for improving the quality of public spaces and infrastructure. And the tools they had at their disposal was bound in the development of superblocks, islands in the city.







Grand opening pre-sales event for Agung Podomoro Land's Pluit City.  
Bay Walk Mall, North Jakarta. Photos by author, 2015.

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<sup>1</sup> See (Lamb 2016; Kusno 2010, 71–97).

<sup>2</sup> The minimum plot that requires the Urban Design Guidelines (UDGL) is five hectares (see 2018), which can be substituted for the superblock, for which the UDGL was designed. While the UDGL have been used for more interventions than what may be called “superblocks,” such as for increasing density around transit in TOD projects, the outcome is fundamentally the same—to insert special zoning exceptions and to specify the site plan for large parcels.

<sup>3</sup> For example, see chart of planned superblocks in Jakarta sourced from economic weekly *PROSPEK*, 1993. Among twenty-seven projects planned or completed in 1993, the median value is 13 hectares, while the mean is 27 hectares (Arai 2001, 488).

<sup>4</sup> See Chapter Two

<sup>5</sup> Kusno attributes the superblock model to Aguan’s Agung Sedayu Group, with the project Harco Mangga Dua (2016, 141). For the purpose of this analysis, I am not concerned with the question of who “invented” the superblock in Jakarta, and in fact, with the pressures on real estate development in the city, my guess is that several developers were at least planning some sort of large, mixed-use developments in Jakarta by the late 1980s. My concern is to demonstrate the importance of the form in the growth of the city.

<sup>6</sup> The Urban Design Guidelines, or *Panduan Rancang Kota* in Indonesian, was a plan most commonly referenced by the English acronym UDGL.

<sup>7</sup> Mohammad Danisworo, Principal (PDW Architects), Interview, Jakarta, February 16, 2015.

<sup>8</sup> The Jakarta RDTR-PZ includes both the detailed spatial plan + zoning regulations.

<sup>9</sup> Karnaya, Principle (Arservo), Interview, Jakarta, February 23, 2015.

<sup>10</sup> Mohammad Danisworo, Principal (PDW Architects), Interview, Jakarta, February 16, 2015.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> The Tim Keindahan Kota (TKK) or “Tim for City Beautification” was instituted in the mid-1970s under the Department of City Planning (then DTR), which mainly dealt with stylistic concerns on the main boulevards. The team later became the Tim Penasehat Arsitektur Kota (IPAK) or “Architectural Advisory Team,” whose members were appointed by the governor. In the early 2000s, this became the Tim Ahli Bangunan Gedung (TABG), the “Expert Team on Building Construction,” which evaluated architecture as well as structural and mechanical quality for building proposals for large and other special category buildings.

<sup>14</sup> PDW is a planning and design consultancy firm, and its acronym refers to both Indonesian and English names: Pandega Desain Weharima/Planning and Development Workshop.

<sup>15</sup> See Fitria, Aulia. 2019. “MRT Jakarta dan PDW Architects dapat Penghargaan dari SIP Awards.” News. IDN Times. September 17, 2019. <https://www.idntimes.com/news/indonesia/aulia-fitria/mrt-jakarta-dan-pdw-architects-dapat-penghargaan-dari-sip-awards>.

<sup>16</sup> Tommy Firman, Professor, (School of Architecture, Planning and Policy Development, University of Technology Bandung) Interview, Bandung, April 6, 2015; Teti Argo, Professor, (School of Architecture, Planning and Policy Development, University of Technology Bandung) Interview, Bandung, May 6, 2015; Andi Oetomo, Professor, (School of Architecture, Planning and Policy Development, University of Technology Bandung) Interview, Bandung, May 6, 2015.

<sup>17</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 24, 2014.

<sup>18</sup> Karnaya, Principle (Arservo), Interview, Jakarta, February 23, 2015.

<sup>19</sup> Mohammad Danisworo, Principal, (PDW Architects), Interview, Jakarta, February 16, 2015.

<sup>20</sup> Gunawan Tjahjono, Professor, (Dept. of Architecture, University of Indonesia) Interview, University of Indonesia, Depok, February 4, 2015.

<sup>21</sup> In accordance with my informants’ wishes and to respect the sensitive nature of these claims, I leave these comments unattributed.

<sup>22</sup> Designer (PSUD), Interview, Bandung, April 6, 2015.

<sup>23</sup> Here again because of the sensitivity of these claims, I leave these comments unattributed.

<sup>24</sup> See Chapter 4 for a discussion of the reform campaign against corruption.

<sup>25</sup> See Chapter 2 for a discussion of the *kampung* in Jakarta.

<sup>26</sup> Jo Santoso, Professor (Graduate Program in Urban Planning, University of Tarumanagara), Personal Communication, Jakarta, February 3, 2015.

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- <sup>27</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014; Representatives (Springhill Group), Interview, Jakarta, February 12, 2015.
- <sup>28</sup> Representative (Bukit Jonggol Asri), Interview, Bogor, November 28, 2014.
- <sup>29</sup> See “Indonesia Construction Industry.” 2015. News. Global Business Guide Indonesia. 2015. [http://www.gbgingonesia.com/en/property/article/2015/construction\\_firms\\_find\\_strong\\_growth\\_in\\_indonesia\\_11124.php](http://www.gbgingonesia.com/en/property/article/2015/construction_firms_find_strong_growth_in_indonesia_11124.php).
- <sup>30</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>31</sup> Gunawan Tjahjono, Professor, (Dept. of Architecture, University of Indonesia) Interview, University of Indonesia, Depok, February 4, 2015.
- <sup>32</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>33</sup> Representative (Bukit Jonggol Asri), Interview, Bogor, November 28, 2014.
- <sup>34</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 24, 2014.
- <sup>35</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>36</sup> Here again because of the sensitivity of these claims, I leave these comments unattributed.
- <sup>37</sup> Representative (Agung Podomoro Land), Interview, Jakarta, March 3, 2015.
- <sup>38</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 24, 2014. Also see Tang, Winny. 2019. “Developers See 2019 as Good Year for Building near Transit Stops.” News. The Jakarta Post. January 9, 2019. <https://www.thejakartapost.com/news/2019/01/09/developers-see-2019-as-good-year-for-building-near-transit-stops.html>.
- <sup>39</sup> Representative (Astra International), Interview, Jakarta, November 26, 2014.
- <sup>40</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>41</sup> Ibid.
- <sup>42</sup> Bernardus Djonoputro, Chair of the Indonesian Planners Association (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.
- <sup>43</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>44</sup> Anonymity requested: Representative (Large development firm-anonymous), Interview, Jakarta, March 24, 2015.
- <sup>45</sup> Employee (Aggregates Firm), Personal communication, Jakarta, April 14, 2015.
- <sup>46</sup> Representative (Springhill Group), Interview, Jakarta, February 12, 2015.
- <sup>47</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014.
- <sup>48</sup> Ibid.
- <sup>49</sup> Representative (Ciputra World 1), Interview, Jakarta, March 27, 2015.
- <sup>50</sup> Ibid.
- <sup>51</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014.
- <sup>52</sup> Representative (Agung Podomoro Land), Interview, Jakarta, March 3, 2015.
- <sup>53</sup> Representative (Springhill Group), Interview, Jakarta, February 12, 2015.
- <sup>54</sup> Ibid.
- <sup>55</sup> See Chapter 4 for a discussion of these projects.
- <sup>56</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014, March 3, 2015.
- <sup>57</sup> Boon, Rachel. 2016. “Keppel Land, Metland to Build Landed Homes in Greater Jakarta.” News. The Straits Times. December 23, 2016. <https://www.straitstimes.com/business/property/keppel-land-metland-to-build-landed-homes-in-greater-jakarta>.
- <sup>58</sup> Representative (Summitmas Property), Interview, Jakarta, October 16, 2014.
- <sup>59</sup> Nangoy, Fransiska, and Cindy Silviana. 2016. “Foreign Developers Bet on Indonesia Property as Mortgage Rules Eased.” *Reuters*, December 28, 2016. <https://www.reuters.com/article/indonesia-property-idUSL4N1E03D1>.
- <sup>60</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014.
- <sup>61</sup> Representative (Springhill Group), Interview, Jakarta, February 12, 2015.
- <sup>62</sup> Anonymity requested: Representative (Large development firm-anonymous), Interview, Jakarta, March 24, 2015.
- <sup>63</sup> Kanter, Rosabeth Moss. 1996. “Using Networking for Competitive Advantage: The Lippo Group of Indonesia and Hong Kong.” *Strategy+business*, July 1, 1996. <https://www.strategy-business.com/article/17609?gko=8d039>; Jackson, Robert. 2001. “Clinton Donor Riady Pleads Guilty to Conspiracy Charge.” News. Los Angeles Times. January 12, 2001. <https://www.latimes.com/archives/la-xpm-2001-jan-12-mn-11506-story.html>.
- <sup>64</sup> Former employee (Lippo Land), Interview, Jakarta, April 9, 2015.
- <sup>65</sup> Ibid.
- <sup>66</sup> Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014.

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<sup>67</sup> Jo Santoso, Professor (Graduate Program in Urban Planning, University of Tarumanagara), Personal Communication, Jakarta, February 3, 2015.

<sup>68</sup> <https://sinarmasland.com/annual-reports>

<sup>69</sup> <https://www.agungpodomoroland.com/resources/areport/AR2014%20Agung%20Podomoro%20Land.pdf>

<sup>70</sup> Representative (Springhill Group), Interview, Jakarta, February 12, 2015.

<sup>71</sup> In this section I refer to developer representatives' estimates of their projects rather than hard data. My interviewees were all in a position to know how much projects cost and how they were financed, and their accounts were consistent.

<sup>72</sup> Rizki, Nilufar, and Fransiska Nangoy. 2016. "Indonesia c.Bank Eases Property Loan Rules to Spur Spending." *Reuters*, August 31, 2016. <https://www.reuters.com/article/indonesia-loans-property-idUSL3N1BC3KI>; "A Closer Look at Bank Indonesia's Latest LTV Ratio Relaxation." 2018. News. Indonesia Investments. June 30, 2018.

<https://www.indonesia-investments.com/news/todays-headlines/a-closer-look-at-bank-indonesia-s-latest-ltv-ratio-relaxation/item8867>.

<sup>73</sup> Sales agent (Agung Podomoro Land), personal communication, Jakarta, January 24-25, 2015.

<sup>74</sup> Representative (Springhill Group), Interview, Jakarta, February 12, 2015.

<sup>75</sup> Representative (Agung Podomoro Land), Interview, Jakarta, March 3, 2015.

<sup>76</sup> Representatives (PT Agung Podomoro Land, PT Bukit Jonggol Asri), Personal communication, Jakarta, April 4, 2015.



## Chapter 4

### Waterfront Islands: Reform, Transparency, and Corruption in Planning after Suharto

The previous chapter describes the real estate development industry in Jakarta, focusing on developers as experts in their field. I first show how an academic established the city's strategy to use real estate developers to the city's urban development by improving the urban environment. I show that representatives of developers often adopt the language and vision of urban development framed by the city to guide their work in the private sector. In this chapter, I describe the politics of city planning in the democratic era, and the strategies to reform the planning system to make it more coordinated, transparent, and accountable. The city government, and planning agencies at both the city and national levels, are responsible for the dual projects of managing *urban development* and regulating *real estate development*. But in this role, planning agencies are often at the center of controversies around the legitimacy of private gains from real estate development amidst the failure of the state to improve urban infrastructure and governance. One major reform strategy explicitly connected private and public goals, by requiring real estate developers to "pay" for permits and development rights by building public infrastructure, which the city called a "cross-subsidy." As such, they formalized the trade-offs between public and private, and utilized the private sector for what I describe as "biopolitical" interventions in improving the urban environment. However, this and other reform strategies that brought mechanisms for accountability or coordination were often impracticable or counterproductive. Urban planning reform became further complicated as planning and development became entwined with anti-corruption programs. I use the example of a planned project for island reclamation along the Bay of Jakarta to illustrate the politics of reform and how they shaped the urban development assemblage. Like other large development project in this time, especially those associated with the Suharto era, these waterfront islands face increasing scrutiny and public criticism. While developers have reclaimed a few islands on coast, the city halted further development of waterfront islands amidst unpopularity and anti-corruption campaigns.

#### 1. Introduction: Reordering the Politics of Urban Planning and Development

This chapter examines the reordering of urban planning and development in Jakarta in the democratic era that arose since the end of the Suharto regime, and the ways that urban development was implicated in the reform politics that sought to correct the ills of the New Order. I show how state reform strategies have created a new configuration of institutional and political possibilities. As I argue in this dissertation, the state brought the rationale of national development to the space of urban development, whose goals were both to grow the private economy and to improve the urban environment by providing critical infrastructures, which I argue is as a type of biopolitics. However, the inclusion of the private sector as a goal and mechanism of urban development led to frictions and contestations. Thus I show how the project of *urban development* overlapped with the capitalist project of *real estate development*, and the state's attempt to regulate this relationship in a transparent manner was a fundamentally impossible project.

The National Planning Law of 2007 sought to formalize the public-private relationship, a strategy to capture public benefits from private development and to make these benefits transparent and auditable. to require developers to construct new infrastructure for the right to their projects, connecting private growth with public benefits, in an arrangement they called the "cross-subsidy." However, in practice, this system produced continuous slippage and erasure. While the government's new rhetoric emphasized the standardization and transparency of urban practices, its

urban development strategies nonetheless relied on large scale private developments and resulted in the increasing fragmentation of the city into islands. Finally, anti-corruption campaigns at city level, led by Governor Ahok, and at the national level, led by the Corruption Eradication Commission, often overshadowed attempts from inside planning and development agencies to make the system more rational and transparent. This led to new spaces for contestation, and political dramas rather than transparent systems of urban regulation dominated the course of urban development reform. In this analysis, I interrogate the tricky relationship between the state and the private sector in the context of development, and how urban politics in Jakarta are often articulated around on real estate development and the role of the state.

To explore how reform politics shaped the regulatory institutions and practices of urban development, this chapter focuses on one particular development project that spans both eras. In the 1990s, the Suharto government endorsed a plan for the reclamation and development of the north coast of the city. The state divided the coastline into segments and issued development rights to a few of the major developers. While a couple minor reclamations were completed, the projects were abandoned when the country was hit by the Asian Financial Crisis. Nonetheless, the early plans for coastal development laid the foundation for the vision of Jakarta's elite waterfront. Later, amidst a real estate boom in the late 2000s, national development planners brought the plan back to life and recognized the rights of those developers. The project was re-drawn in 2012 as seventeen new islands just off the coast. However, this development became subject to reform strategies of the contemporary era, including strategies to develop the coastal infrastructure, as well as anti-corruption investigations. In spite of the city's attempts to transparently regulate the coastal developments, the corruption charges and public contestations have indefinitely halted the development of the coastal islands.

This chapter first gives a historical background of the regime transition and reform programs of the democratic era. It also suggests a theoretical approach to understanding the “transparency” and “legitimacy” of reform and anti-corruption campaigns as qualities that must be “produced,” whether through audits or other optics of transparency—the cross-subsidy. Second, the chapter follows the plan for the *Pantura* coastal reclamation project and the promotion of the waterfront development and shows how this project re-emerged in the late 2000s under a new urban development system. The chapter focuses on planners working on this project to interrogate the reform spaces in Jakarta's urban planning and development assemblage. I demonstrate how this supposedly “regulatory regime” sought to reshape the state's relationship with private developers using the logic of the audit, through the cross-subsidy and through strategies of vertical coordination. Next I show how planners understand and negotiate the discrepancies in the planning system, and how planners and developers alike negotiate a seemingly intractable system of bribes still accompanies development projects. The final part of the chapter focuses on how the talk of corruption shaped the moral context as well as the politics of development, bringing urban real estate projects into the space of urban and national politics and the national conversation around corruption and reform.

## 2. Regime Transition, Reforms, and Constructing Legitimacy

By the late 1980s real estate boom, the different projects of “development” in Jakarta were brought together in a moral economy in which economic growth was synonymous with both real estate development and the general improvement of Indonesian society. The state was an active market actor supporting the real estate industry. The state encouraged development primarily through the liberal provision of permits for land development, bypassing environmental and planning regulations, and legitimating displacement. The system of exchanges of development rights

for kickbacks often led to the enrichment of state officials, a standard but informal the network that captured and distributed wealth to civil servants. However, real estate projects in Jakarta sometimes benefitted state coffers, as when national ministries allowed private development on state lands. In spite of a law that required state lands be used for the purposes of the state, state agencies justified long-term leases to private developers as supporting their agency's budget (Kusno 2010, 85). For any major land deal, the decisions went through national ministries, whether it was pushed by an official in BAPPENAS or PERUMNAS.<sup>1</sup> State officials acted not only in their official roles, but also used their insider positions to become privately involved in the land development deals. In her study of the logging industry in Kalimantan, Anna Tsing explains that liberal market categories simply did not apply in Suharto's Indonesia:

It was difficult to distinguish among domestic, foreign, and government ownership in New Order Indonesia, given the mix of investors, the central importance of patronage, and the slippage back and forth between military and private enterprise. The confusion proliferated at every level. Foreign was domestic: Foreign aid formed a major portion of domestic revenue, and foreign firms worked through domestic partners. *Public was private: The explicit goal of the government was to sponsor entrepreneurship at every level.* (2005, 37)

The urban counterpart to this capitalist frontier was the "Wild West" of the urban real estate industry, which was likewise a boon to the state and to state officials. The confusion in the categories of real estate development/urban development/national development nonetheless was an incredibly productive urban development system, which transformed the landscape of the city, grew the economy, and enriched private developers as well as state officials.

Suharto was forced to step down as President of Indonesia in 1998 after several years of challenges to his political legitimacy. A democratic reform movement arose in the 1990s, in several waves of student protests, and in the national Parliament in 1996. Despite the suppression of "political" speech that characterized the regime, a new public discourse of dissatisfaction and challenge emerged. Heryanto points to the rise of a new middle class alliance as the locus of resistance, its diverse members including student activists, NGOs, professional and blue-collar labor, union leaders, religious leaders, academics, artists, and women's groups (1996). The regime lost all remaining legitimacy in the aftermath of the devastating Asian Financial Crisis of 1997. The state was particularly damaged by the bankruptcy of many of the business empires that had also been informally financing the state. Meanwhile, student demonstrations across the country called for the end of the Suharto regime, and on May 12, 1998, four students were shot and killed by soldiers. Riots erupted in cities across the country and escalated attacks on Chinese Indonesians. President Suharto's resignation on May 21, 1998, signaled the end of decades of authoritarian rule, not only Suharto's "New Order" regime, but also the "Guided Democracy" period of increasingly authoritarian rule of Sukarno. With the advent of market reform and democratization, including genuine reform of electoral institutions and decentralization of political authority and the state revenues, many expected that Indonesia would become a liberal market-based democracy. The corporatist authoritarian rule of Suharto was overturned, and prominent business and industry actors successfully positioned themselves in influential positions in national and local politics.

When Suharto stepped down, the country faced major economic and political challenges. The economy shrank by thirteen percent in 1998, the worst of the four countries hit hardest by the financial crisis, while urban poverty jumped from 13.6% in 1996 to 21.9% in 1998 (Hill and Shiraishi 2007). Three presidents followed in quick succession before the first direct elections in 2004. Two major processes characterized this early *reformasi* era: decentralization and democratization. Decentralization began after the Regional Administrations Law and the Law on Inter-Government

Financial Balance were enacted in 1999, radically shifting the central administrative system to the responsibility of local polities. Local administrations were allowed to take on the responsibility for spatial planning and infrastructural development, and were also given the authority to raise revenues through taxes and fees (Hudalah 2017). Democratization also proceeded rapidly at all levels of the state. Under Suharto, the elections were ceremonial affirmations of the president's authority, and the single political party was understood as a functional association. When Suharto stepped down, much of the state's decision-making power was moved substantively to provincial and local political levels, along with higher shares of the national budget. Political parties sprang up as the elections were rolled out across the country. Indonesia held its first direct presidential election in 2004, and Jakarta held its first gubernatorial elections in August 2007.

The country underwent a wide range of liberal market and political reforms. The rise of a functioning electoral democracy was accompanied by political speech, the removal of restrictions to the press, political speech, and the formation of civil associations. The state underwent major transformations to make the budget and fiscal operations transparent, and enacted new systems of financial monitoring for state institutions. Under the direction of the IMF, the Indonesian Bank Restructuring Agency (IBRA) led the process of managing the country's collapsed banking system, both the assets and liabilities of the banks absorbed by the state. None of the country's large state or private banks were solvent, and the IBRA took on most of the assets of the banking sector and determined if and how the banks' creditors would be repaid. The IBRA was first to determine which banks that were structurally unsound and to close these banks. The more difficult challenge was to restructure the debts of those that remained open and to inject capital to restart the sector, all at enormous cost to the state. Debt restructuring involved the seizure and sale of the assets of debtor companies that belonged to the owners of the failed private banks. Recouping the public losses meant challenging some of the most powerful conglomerates in the country, which the IBRA was largely unable to achieve (Fane and McLeod 2002; Hadiz 2004, 187–222).

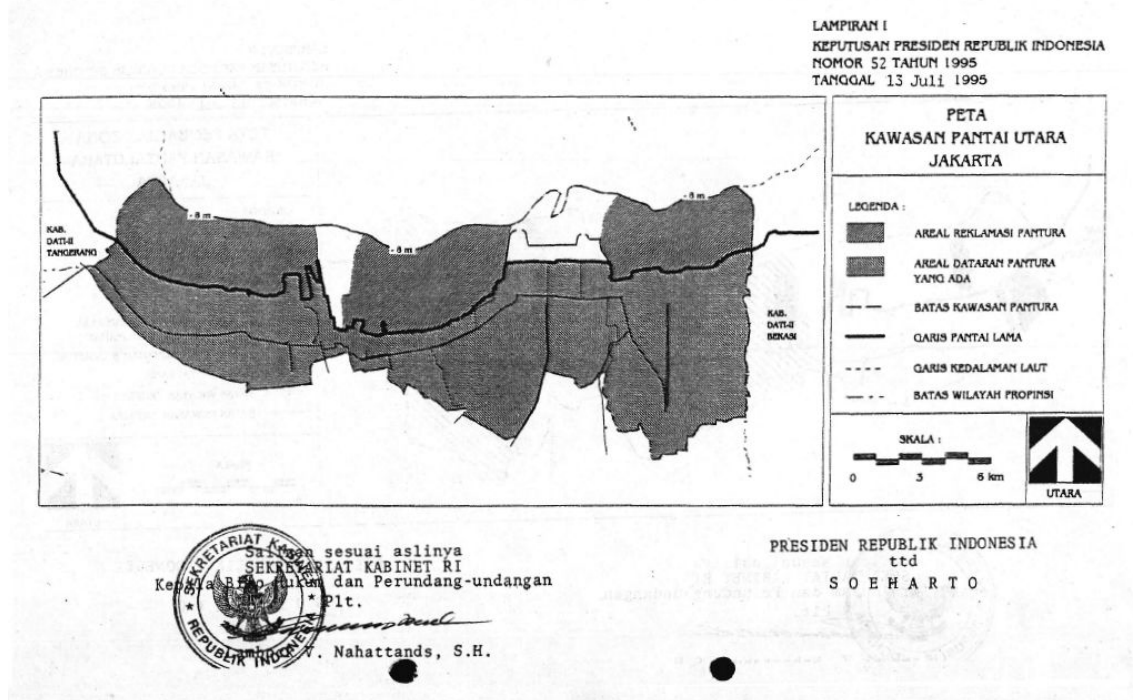
A related reform movement sought to address *korupsi, kolusi, dan nepotisme* (KKN); “corruption, collusion, and nepotism.” The protest movement that rose against Suharto in the 1990s often framed its complaints around corruption. Civil society organizations sprang up, pushing for laws and institutions to quell corruption (Setiyono and McLeod 2010). This movement was particularly successful with the establishment of the Corruption Eradication Commission—*Komisi Pemberantasan Korupsi* (KPK). The KPK was mandated in 2002 as an independent governance body that would fight corruption, generally following Hong Kong's gold-standard model that functioned through education, prevention, and investigation. However, as Schütte notes, the KPK differed from comparable agencies as it held both investigative and prosecutorial powers, complementing the work of the police and the Attorney General's Office. To limit the cases it would address and to clarify the agency's role, the Supreme Court decided in 2005 that the KPK would only investigate cases that happened after the passage of the Anti-Corruption Law in August 1999 (2012). Suharto's New Order government has been frequently described as promoting a “culture of corruption,” characterized by widespread payment of bribes in exchange for political favors, permits, state contracts, discounts for purchases, or natural resource concessions. Corruption happened at all levels of the state, from petty interactions like small bribes for a driver's license, to the enormous sums paid to high level officials to win government contracts. William Liddle describes this as the “New Order pyramid: a dominant presidency, a politically active armed forces, a decision-making process centered in the bureaucracy, and a pattern of state-society relations that combines cooptation and responsiveness with repression,” or in short, an “institutionalized presidential-military-bureaucratic complex” (1985, 70–71). Cowherd likewise explains the system as the “Cendana-Cukong alliance,” linking the president's family (stationed on Cendana street) to the Chinese businessmen (*cukong*—derogatory) at the head of family-owned conglomerates (2005, 169).

There is a range of approaches to describe the transition in the political regimes in Indonesia during and after Suharto, and the relationship of the state with the military and private capital. The most common version of the story charts the fall of a fundamentally corrupt authoritarian regime that functioned through a widespread patrimonial system, which was replaced by a democratic polity that has been slowly experiencing the market reform and democratization (Bunnell and Miller 2011; Mietzner 2009; Schütte 2012). Even outside academic circles, what I call “talk of corruption” became a common framing for the public’s grievances with the state, and “*korupsi*” was a common response to any casual discussion of quotidian problems. Taxi drivers would inevitably blame “corruption” when describing their problems with the political system—whether a reduction in fuel subsidies or the traffic around the construction of the MRT. Scholars blamed corruption for the slow pace of urban infrastructure development. Developers blamed corruption for the protracted and expensive permitting process. My friends blamed police corruption for traffic problems, explaining that people disobeyed traffic laws because they always knew they could pay a small bribe to avoid a ticket.<sup>2</sup> The dramas of the Corruption Eradication Commission were regularly featured in the news, and sensationalized by reporters snapping lurid pictures of politicians being brought in on corruption charges. However, the generality and liberal use of the term “corruption” suggests that the use of “corruption” as an explanation for so much of the Indonesian experience needs some deconstruction. The focus on corruption that emerged in the 1990s by the World Bank, the IMF, the UN, and others, constructed a normative analysis that pathologizes developing countries for their deviation from idealized models of the “Western experience” (Theobald 2010). Critical approaches to the study of corruption emphasize the contingency of political spaces that construct or dissolve distinctions between “private” and “public,” the plurality of legal regimes in which corruption is defined and regulated, and the contextuality of the moral claims about corruption (Torsello and Venard 2016).

I show how strategies to reform the urban development regime were shaped in part around a corruption discourse, and how the new ethos of transparency and accountability led to new politics in urban development. Anthropological approaches to the study of corruption suggest that corruption does not just “exist,” but is a relational discourse that situates actors within specific narratives and processes (Muir and Gupta 2018). “Narratives of corruption” shape the state’s biopolitical interventions, a critical element of governmentality that normalize bureaucratic practice and state violence (Gupta 2012, 111–14). If corruption is a relational category that is reproduced through narratives, then its opposites—accountability, legitimacy, transparency—are also contingent categories. Strathern describes “audit culture” as a set of institutional practices and approaches that exist at the meeting of the financial and the moral. Audit culture subjects matters of concern to “rituals of verification,” and through these produces “accountability” (2000), borrowing practices from the field of accounting and applying them to new social and political fields. These practices construct the accountability and legitimacy through the quantification and review of people, institutions, and practices. Meanwhile, studies of market practices help describe how quantifications rely on transformation of facts through new optics. Callon describes how “spaces of calculability” are constructed by reordering a set of relations through a numerical or statistical grid of judgement—“An invoice, a grid, a factory, a trading screen, a trading room, a spreadsheet, a clearing-house, a computer memory, a shopping cart” (Callon and Muniesa 2005, 1231). Such spaces were essentially technologies of selective optics that made a specific qualities visible and comparable quantities. Such an approach helps explain the reform politics within the state which sought first to exorcise personal relationships from government, and to replace “corrupt” practices with optics of legitimate exchange between public and private. However, I show, these strategies of drawing lines between what is legitimate and illegitimate—people, firms, practices, and state agencies—create new sites of political power and contestations, and ultimately, the erasure of incommensurable data.

### 3. Planning the Coastal Reclamations from the New Order to the Democratic Era

In the land development boom in the early 1990s, a plan emerged to develop the north coast, the *Pantai Utara*, or “*Pantura*.” The development plan was for a broad territory of land reclamation along the norther shore of the city and into the neighboring regencies of Tangerang and Bekasi. Kusno explains that the coast was identified as the new frontier of development in the 1990s, not merely as a boon for developers, but as a state project to orient Jakarta outwards from its coast to the rest of the globe. In 1995 the president issued a decree, the Keppres No. 52/1995, that mandated coastal reclamation and development of the *Pantura*. Specifically, the state embraced a global imaginary for Jakarta’s development and for Indonesia’s role in the economy in an era of globalization. Kusno interprets the *Pantura* reclamation plans through Suharto’s 1990 speech on the nation’s development strategies—that Indonesia, advancing from its backwards colonial origins, could achieve the “take-off stage” and a new “National Awakening” through globally oriented development. The development of the coast was justified in part through allusion to Indonesia’s historical maritime identity. It was also imagined as signify the nation’s global aspirations, as if the coast would be the gateway between Indonesia and the rest of the globe (2011, 517–19). The themes of private real estate development, imagined elite capital circuits, national maritime identity, and “global” geopolitical prominence, were collapsed into one project.

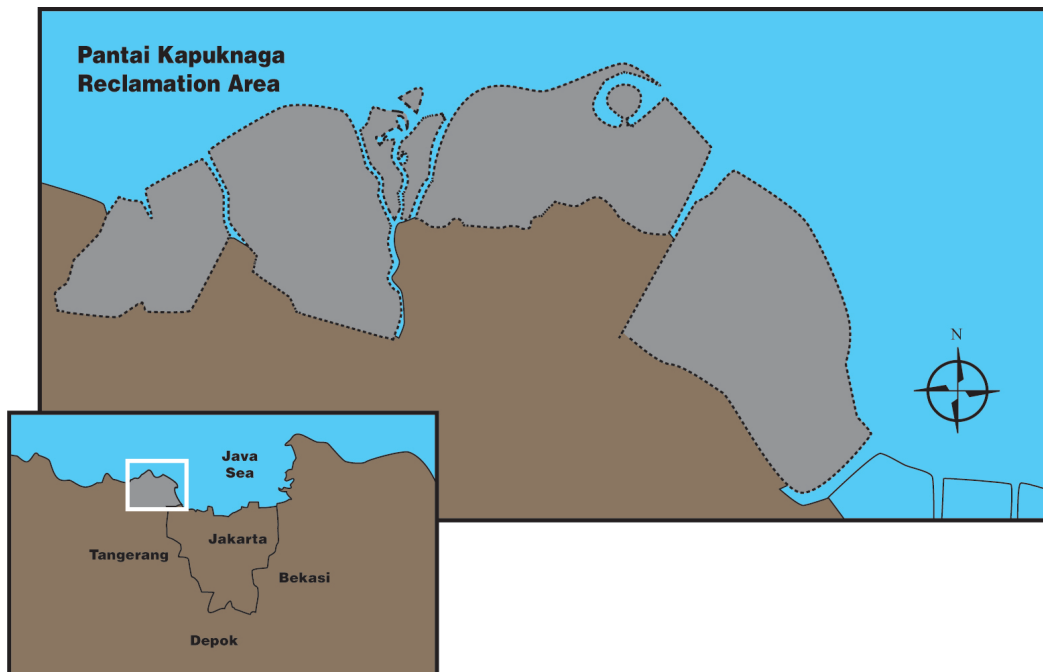


Land reclamation plan in Suharto’s national decree of 1995.  
Retrieved July 10, 2019, from BAPPENAS digital archives: Keppres No. 52/1995,  
<http://perpustakaan.bappenas.go.id>.

Hendro Gondokusumo, head of the Dharmala Group, set a precedent for luxury coastal property development in the 1980s with Pantai Mutiara (“Pearl Beach”), a luxury gated residential development in which some housing featured their own quays for private yachts. Kusno underscores that the President’s decree would be a boon for developers. “As was often the case under Suharto, the Jakarta Bay project immediately attracted members of the oligarchic regime,

which included the president’s children and members of his extended family.” He lists some of the major developers, all of whom had personal relationships or personal connections to the president. “These groups, well-connected to the circle of power, are early birds and before other proposals came in they had already piled the desk of the municipality’s planning department with their design proposals” (2011, 518–19).

One planner was working as a planning team lead on a project in Tangerang, Pantai Kapuknaga Indah (KNI), a development that would include significant reclamation and would cover 10,160 hectares, or three-fifths the area of Washington, DC. The project was being planned by Agung Sedayu Group, a major Indonesian real estate development firm that often worked with the Salim Group as its financier. This planner recalls the firm’s design competition for the site, and showed me images of the winning plan by Californian firm Design Group. The plan also won two of the prestigious Gold Nugget Awards in 1992 in a US construction trade association meeting, the California Pacific Coast Builders Conference. The international press, he claimed, would have been very good for the project’s branding and marketing, had the project ever been developed.<sup>3</sup> The project was known to have major ecological and social impacts—increased flooding, damage to coral reefs, damage to protected irrigated rice fields, and damage to mangrove forests, in addition the destruction of fishing villages (Rukmana 2015b, 359). In spite of objections, the project was approved by presidential decree in 1995, and the Governor of West Java was made the chair of the development board.



Development site for new town *Pantai Kapuknaga*. Original site plan by Design Group, 1992. Map recreated from originals by Renae Johnson.

Rukmana claims the *Pantura* project was initiated that Jakarta developers as a strategy to obtain low-priced land (Rukmana 2015b, 359–60). Likewise skeptical about the state’s role in what seemed a giveaway, I sought to understand the role of city planners in the project, and was surprised that it was rationalized through a national development strategy that was founded on remediation of Jakarta’s social and environmental problems. One planner who worked on the project for the city’s



planning and development agency, BAPPEDA, claimed that it really was the state that was behind the project. She explained that North Jakarta was desperately in need of attention, especially since Jakarta itself was one of the “strategic development areas” of the national development plan:

No [not the developers]; it was a government team that came together which was concerned about the future of Jakarta... Jakarta was named at the time as a strategic area. When it comes to the details of the problem, North Jakarta was getting worse. The environment, the traffic, so many slum areas, the estuary, so much illegal housing, so many warehouses supporting the harbor, which also led to traffic problems. Traffic was too dense there, and land use is not arranged rationally. People were taking water from wells, and this water is getting worse because of the intrusion of sea water into the groundwater, the aquifer. This was also causing land subsidence already at the time. In the delta, the bay of Jakarta was also very polluted, the iron content was very high in the bay. Also, so many areas made reclamation already without coordination. They got the permits but there was not one big plan. Pantai Mutiara, Ancol, PIK [were already developed].<sup>4</sup>

The reclamation plan was to address the haphazard coastal developments as well as the environmental degradation for North Jakarta, the area with the highest incidence of poverty in the city. Further, as another planner working on the Kapuk Naga Indah development explained, the city was redirecting its growth priorities in the early 1990s. “To the East and West there is no space, and to the South (or ‘upstream’) it is supposed to be [protected]. So our solution was to expand to the North.”<sup>5</sup> There was the sense that Jakarta’s regional development strategy had failed to protect the hilly slopes of Bogor, to the south of Jakarta from development, an area critical to the absorption of rainwater and the prevention of flooding in the city. Uncontrolled development in the South of the city was so rampant that the 1981 regional plan was completely revised after a review in 1993, in an attempt to push all new development along an East-West corridor in the north (Cowherd 2002). The strategy to improve the infrastructure and build housing along the north coast was also an attempt to redirect urbanization, a magnet for a new urban center.

Under the liberalized economy, Jakarta’s finance economy boomed, and the waterfront development took root as developers and planners alike set their sights on the coast. Kusno points to a renewed interest in 1994 in a heritage project for the redevelopment of Sunda Kelapa, the site of the historic precolonial port, and the nearby site of the Dutch colonial city Batavia (2011, 522–24). With precedent of the fantastically successful Pantai Mutiara in the 1980s, and Ciputra’s two major coastal projects, Ancol and Pantai Indah Kapuk (PIK), it was clear that the model of coastal investment worked for the real estate industry. The vision of an upgraded economic base for Jakarta continued to animate the coastal development plans. My informant at BAPPEDA explained:

So the Governor and BAPPENAS and the Ministry of Public Works and BAPPEDA had a vision to improve Jakarta. They wanted to develop something like a waterfront. But of course the problem was money, where does it come from? We realized that we can learn from other cities in the world, if we make a new reclamation waterfront, value added will be huge, and we can use the value to improve the environment.<sup>6</sup>

The logic of the waterfront project at this time still reflected the basic model of modernization theory in the developmental logic of Suharto. A new elite waterfront for the city was considered a way to upgrade the city’s global status and to improve the economy in general. This plan reflected the state’s ambiguous treatment of the public and private sectors. There is a sense in the quotation

above that private profit could be leveraged for the city's public infrastructural improvements, but the terms were still unclear at this point.

After the president's decree in 1995, the project began to move forward at the city and national agencies. The problem was to coordinate the roles of different state agencies and developers, and to deal with technical problems that emerged. Despite the seeming success of the Pantai Mutiara peninsula, the technical capacity of developers to do reclamation in the bay was uncertain. My informant mentioned one major setback with a developer that constructed one reclaimed island that completely washed away in the tides. The project was the largest my informant had worked on, and included, amongst others, several national ministries—BAPPENAS, the Ministry of Public Works, the Ministry of the Interior, the Ministry of the Environment, the Ministry—and a range of agencies from Jakarta, including the Vice Governor's office, the North Jakarta Mayor's Office, and Jakarta's public works and planning agencies. It was a busy and exciting time: "BAPPEDA is where it all happened, the kitchen to cook the ideas. Also KPU [Ministry of Public Works]. We had a high position employee there who was helping us." AusAid, Australia's international development agency, was also involved in providing technical support in the project. "Australians were always in the office at Badan Pelaksana, up in Ancol. I was doing half time, mornings, at BAPPEDA, and afternoons I went to Ancol."<sup>7</sup>

The Australian team approached the project with liberal norms around categorical distinctions between market actors and the public, and they encouraged the project to develop public facilities. While the beachfront in Ciputra's Ancol development required a remarkably high fee for daily entry that was prohibitive for locals (Kusno 2011, 521), the Australians wanted to see project proceed with a public beach separated from private real estate developments with a boulevard. The Australian team also tried to give input on institutional arrangements for managing the private sector, and how the project could proceed as a Public-Private Partnership. The Australians also wanted to see public tenders for all the development concessions, but Suharto's state functioned otherwise. The baseline for the project was that the western stretch of Jakarta's coast would be developed by the private sector, and territory was already divided into segments and assigned to developers, although the state quickly decided to leave some of the coast for the city's own development corporations. "After we gave out the first area [in the West] to private companies, we gave the rest to our own companies—Ancol, JakPro, and Pelindo [Pelabuhan Nasional, the national port corporation] in the East."<sup>8</sup>

The entire project was halted when the Asian Financial Crisis hit Indonesia. Many of big developers and their financier-banks failed, and the Bank of Indonesia halted all credit flows for real estate development and stopped all use of land as collateral (Arai 2001, 507). The trajectory of the project reflects the changing political spaces of planning and urban development in the post-Suharto regime. Not only did the project represent a remnant of illicit wealth and land deals of the Suharto regime, but it would be damaging to the coastal ecology, particularly the ecosystem of the mangroves, just as Ciputra's Ancol and PIK projects had been. The project was protested by environmental groups, and in 2003 the Ministry of the Environment issued a declaration that declared the project environmental problem, and sought an order from President Megawati to revoke the project. However, the ministry was in turn sued by the city's North Coast Management Agency along with six developers involved in the project (Rahardiansah 2018). As Kusno shows, Jakarta's governor Sutiyoso, who served from 1997 under Suharto until 2007, was still a champion of the project and of the vision of the elite waterfront. When the project's legitimacy was challenged, Sutiyoso sided with the developers: "It would be illegal, according to the governor, to revoke the previous government concession" (2011, 526). As one planner related, the developers may have contributed up to one billion rupiah each towards the project, an unaccounted-for sum that was attached to the MOUs issued by the state, and there was certainly a case for honoring their

concessions.<sup>9</sup> This reversal is emblematic of the state efforts to construct legitimacy in urban development and the contingency of reform—to create clear distinctions between public and private, to distinguish legitimate business practices and assets from corruption, and to standardize transparent and auditable policies for urban development.

The *Pantura* project was challenged again by a national ministry, BAPPENAS—the National Planning and Development Board—which cancelled Suharto’s presidential decree of 1995 in its publication of the 2008 Jabodetabekpunjur Regional Spatial Plan that (Rahardiansah 2018), but the plan also gave guidelines requiring any future reclamations to be at least 200m-300m off the coast. However, the city was still committed to the project, and undeterred, it began to redesign the project to address the environmental concerns. In 2010,<sup>10</sup> Jakarta and the neighboring provinces of Banten and West Java reached an agreement with the Ministry of the Environment to allow the *Pantura* project to continue with a new strategy that would preserve the existing coastline by separating the land extensions from the mainland with a channel. The project was officially reauthorized through the inclusion of the seventeen islands of the in the twenty-year spatial plan, the Jakarta 2030 Spatial Plan, which the city approved in 2012. In a further step, Governor Fauzi Bowo in the last month of his term in office issued a gubernatorial decree—Pergub No. 121/2012—that specifically authorized the coastal development as a strategic development area that would proceed in accordance with the new spatial plan. In his Preface to the Jakarta 2030 Spatial Plan, Fauzi Bowo explained that coastal infrastructure was critical to address climate change and flooding, “as well as to increase the potential of Jakarta as Waterfront City that can compete internationally.”<sup>11</sup> As per the 1995 reclamation plan, the coast was divided functionally into three areas. The western section was for private developers, the central area for city’s development corporations, and the eastern area was for national port. The western segment was planned as mostly residential with some limited commercial and office amenities. The central area was initially designed to be high profile urban showcase, dedicated to tourism and trade, the sector referred to as MICE (Meetings, Incentives, Conferences, and Exhibitions). The eastern segment would be for the national port and yet-undetermined industry (Kusumawati 2017). Governor Fauzi Bowo also issued principle permits and reclamation permits for several of the islands to developers within days (Ismail 2016; Rahardiansah 2018). Thus, the *Pantura* was re-animated as seventeen islands, each reflecting a land concession for a specific developer.



Plan for island reclamations in Jakarta 2030 Spatial Plan.<sup>12</sup>

Reclamations planned to the east lie outside Jakarta territory and are not shown in this map.

#### 4. Reforming Urban Development in Jakarta

Despite the seeming continuity of the *Pantura* development from 1995 to 2012, the rebirth of the project occurred under a somewhat reformed a planning system. The reform efforts of the post-Suharto planning regime sought to rectify the ambiguity of Suharto's development arrangement, to clarify the goals and mechanisms of development, and to draw firm lines between public and private. The Spatial Planning Law of 2007 and the regulations that followed attempted to clean up the informality associated with Suharto, and replace them with rational and transparent processes. The chair of BAPPEDA, Sarwo Handhayani, explained in her preface to the Jakarta 2030 Spatial Plan,

A paradigm shift *from discretionary system to regulatory system*, which means that spatial planning that was originally open to the interpretation of each individual, especially the government officials that have authority in spatial planning permit, has now turned into spatial panning with legal certainty for all related matters will be set up in a detailed written document. (2012, ii)

City planners in Jakarta often used this language, describing the new system as a transformation from a “discretionary” to a “regulatory” regime. One planner explained, “With UU 26/2007 [the Spatial Planning Law] there are legal consequences for shifting the land use for government officials. So we are moving from a discretionary regime to a regulatory regime.”<sup>13</sup>

When I spoke with them in 2015, planners working on the project distanced themselves from the patronage politics that mediated development in the 1990s. The development rights issued for coastal developments still had currency when the *Pantura* project was begun anew in the property of the next decade. A planner at BAPPEDA, working on the next round of coastal development plans, explained that the original MOUs were distributed like a gift from the president. “Back in 1990s, 1995 or before, the developers got the project with no effort, you know Pak Suharto ya? If you know someone, you can get the project.” The initial developers had supposedly contributed to an initial working fund, but that fund had dried up or disappeared with no record when the project was cancelled. “In 2008 we want to re-plan this *Pantura* thing, naturally, they have given us this [contribution], so we should maintain that MOU, which has existed from 1995 up to now. So all the developers are exactly the same developers dealing with us back in the 1990s.”<sup>14</sup> In actual fact, the developers were not exactly the same, but through corporate mergers or purchases of firms and their holdings, those coastal development concessions were still being honored. One planner explained, “At this moment, we don't question it anymore. The reclamation is there, the developers are there. It is a continuation of an agreement from 1995. Back then, it wasn't by regulation, the 1980s-90s style was the relationship.”<sup>15</sup>

Even more recently, the governor of Jakarta, Basuki “Ahok” Tjahaja Purnama, was on a campaign to clean up the city administration, and many sensed that change was happening. Ahok was the deputy governor under the popular reformist Governor Joko Widodo, and he became governor himself in November 2014 when his predecessor was elected president. Ahok was known as an activist governor, he implemented a new system of performance standards for civil servants, replacing the tenure system with a review system. In his first year in office, he fired over 120 and demoted 2,500 civil servants deemed corrupt or low-performing.<sup>16</sup> He also implemented a significant raise for many civil servants in order to disincentivize the system of taking bribes to supplement the low salaries of civil servants. He sought to increase public accountability by implementing the app

“Qlue” as a hotline for reporting urban service needs as well as incidents of corruption or illegal behavior. The complaints were logged and mapped publicly on the city’s smart city website. He also enlarged and more aggressively utilized his predecessor’s special body, the Governor’s Team for Accelerated Development (TGUPP), a way for him to intervene directly for critical issues in the city and to be more responsive to the needs of the public.<sup>17</sup>

Planners with whom I spoke were generally happy with the changes in the regulation of urban development, especially because it seemed to reduce the irregularities they saw in their work. A planner in Jakarta’s Department of City Planning (DPK) commented, “You may have heard about Ahok and what he is doing to improve our work...A few years ago, our regulation was more accommodating especially for developer, and [we did not consider] that when we produce something like permit for developer, we do have a side impact...congestion or traffic jam.” The main changes he saw were the limitations to flexibility in interpreting plans. “Before the [Jakarta 2030 Spatial Plan] arose, we do have [Spatial Plan] 2010, that was more accommodating... After 2012 [Jakarta 2030 Spatial Plan] has arrived, it made the regulation more rigid. No more increasing [floor-area ratio], [lot coverage], especially [lot coverage], not allowed any more to increase.” As a good urbanist, the planner began to drawing a map to explain. “You can see that like in Sudirman, it is just signed by average 5-9 KLB. That was the old. But now, in RTRW, RDTR especially, we do not [use averages anymore], we just only say this is KLB 7, that’s all.” Asked further about the new governor’s administrative shake-up and agency restructuring, this planner was again optimistic. “Mr. Ahok, the governor’s [office], they are changing the structure of our bureaucracy and also the officials behind it. I think it’s a good thing, but every decision has a side impact.” The planner was even forgiving of the shortcomings of some of the governor’s new initiatives. “Like now if you have heard the BPTSP [the One-Stop integrated service agency]...I think it’s a good idea to...speed up this permit process but the human resource of the BPTSP needs time to adapt with a lot of permit process. It still does not work properly, but we still have time.”<sup>18</sup> This planner, and others, also explained that the clarity of the new rules allowed their processes to work better. They were excited about transit-oriented development, increasing density close to public transit hubs in anticipation of the planned subway and light rail systems.<sup>19</sup>

## 5. The Private for the Public: The Cross-Subsidy

More than any other reform, the adoption of the cross-subsidy into planning policy transformed how urban planning and development proceeded in Jakarta. The cross-subsidy was a simple technology of exchange that brought together actors and beneficiaries of urban development in a new political, social, and material assemblage. The cross-subsidy was the state’s neoliberal answer to the persistent lack of funds for investment in the public—public infrastructure, public works, and public housing. In the national Spatial Planning Law of 2007, the cross-subsidy was made a part of the state’s national city planning mechanisms, a standard arrangement in the state’s urban development projects in the city. The idea was to require developer contributions to the city’s infrastructure as one of many “compensations” for all types of development rights, such as concessions like extra height allowances in exchange for the construction of a toll road connector and overpass. The arrangement was clearly pro-growth, but in the late 2000s, the economy was growing steadily and the value of real estate in Jakarta was booming. The state’s relatively low business taxes meant led the state to find new ways to capture value from this boom, and so the city adopted a range of ways to tax projects directly rather than taxing profits, in the form of fees for permits or extra fees for development rights in particular areas. For Jakarta, the cross-subsidy was further shaped when the city began to require that payments to the city were given in-kind, in the form of material infrastructural developments. This was simultaneously a strategy to encourage the

development of public infrastructure as well as a way to avoid the system of bribery that universally accompanied the approval of development permits. While the cross-subsidy does reflect standard planning practices, such as the exchange of height allowances for a setback, or an inclusionary housing requirement in a large residential development, the context in Jakarta was one of rectifying the unruly and nontransparent mode of development that happened under the New Order. However, the mechanism of development still reflected the old system, in which well-connected developers competed for scarce land in the city and built elite island developments across the city. Further, it used the logic of development in the New Order, which promoted private growth as one of the primary mechanisms to deliver public goods. It merely legitimated private growth in accordance to the values of the post-Suharto reformist ethos that valorized transparency and legibility.

This cross-subsidy sought to leverage public value from private development, and followed from Suharto's developmental logic. One such program, the so-called 1:3:6 rule, required developers to match each luxury house by building three small houses—*Rumah Sederhana (RS)*—and six very small houses—*Rumah Sangat Sederhana (RSS)*, one of many programs that sought to provide low-income housing either through state or market mechanisms (Salim 2015, 12–13; Silver 2008, 168–69; Michael Leaf 1994, 344). This cross-subsidy arrangement was formalized and standardized in Jakarta under Ahok. Specifically, for any large developments, developers were required to produce transparent physical infrastructure. A planner at BAPPEDA explained,

All the developers know if they develop this bit of land here or if there should be a road here or a park—public infrastructure—they know they have to build the road and build the park and give it to us as our asset, and we charge them this. For people [development firms] who want to build on land more than 10,000 square meters. They have to give us all the land and park which is stipulated in the city planning to us.”<sup>20</sup>

The relationship became a fundamental part of the city's project planning, and thus, the *Pantura* reclamations became a means to fund the improvement of the city's flood mitigation infrastructure. “We will invite investors. The *kompensasi* is that they build the dike, and they get the reclamation city that will fund the dike project.” The planner optimistically explained, “It is a chance to ‘flip the threat to an opportunity.’”<sup>21</sup>

Not everyone in the planning and development institutions celebrated the adoption of this arrangement. The Indonesian Planners Association (IAP) chair was concerned about the direction of the city. “Another quite disturbing school of thought when thinking about the need for developers or infrastructure; the belief that the private sector is the answer to all problems, that a PPP can fix this problem. This mentally creates an environment where you think that the project will pay for itself.”<sup>22</sup> The chair pointed me to a concerning passage in the recently published Jakarta 2030 Spatial Plan, but was perhaps the best description of the spirit of the cross-subsidy:

[Jakarta's spatial planning goals 2030] can not be done under conventional development methods but require further breakthroughs and innovations...the role of all stakeholders related to the utilization of space in Jakarta should be increased...changing of perspective *from stakeholders concept to shareholders concept*, where all parties not only demand their rights but there are also obligations need to be performed, that are to contribute actively, synergize, and minimize conflict. (2012, ii, emphasis added)

The chair was worried that this was essentially the financialization of the city, a city for the rich. “Shareholders have rights, and those with more shares have more veto power!”<sup>23</sup> While the use of

the finance metaphor may have been alarming, the passage nonetheless seems to emphasize the city's power to make demands of the developers, and not the reverse.

The planning for the cross-subsidy associated with the *Pantura* project was far more than a spatial design with zoning regulations. It was a constructive negotiation in which the city sought to define what was public infrastructure and what was private responsibility, wherein all parties sought to externalize costs of development. In a conversation, two planners working on the *Pantura* development plans in 2015 explained how the cross-subsidy was helping the city fund the construction of a new sea wall and flood protection measures along the coast. They needed to reinforce the existing sea wall and build five new pump houses:

Planner 1: So then it is the idea of the government to ask the developers of the seventeen islands to contribute to the pumps, the dikes.

Planner 2: But even for the Phase A dikes, several private companies must participate because they have land there, like PT Bogasari [a flour manufacturer with a factory on the shore once a part of the Salim Group empire], so they must build the [sea] wall there because it is adjacent to their land.

Planner 1: Like Pantai Mutiara.

Planner 2: Well Pantai Mutiara is one of the *Pantura* concession holders. But one private sector company which is not in the group of seventeen island holders is PT Bogasari.

Author: Are they doing it?

Planner 1: Not yet, but they have shown a commitment.

Author: So basically the only thing they do is pay a developer?

Planner 1: Not pay a developer...it comes out of their pocket. We provide the detailed design, the criteria, safety, etc. They develop it with their own contractor. It's based on their concession.

Planner 2: So we receive it in the form of a dike not the money. If it comes in the form of money, it just goes into a big pot of money and it's too complicated.<sup>24</sup>

This suggests that the transparency in the exchange of value needed more than the city's ledger, but a different optical grid, or "space of calculability." In this case, the cross-subsidy made private and public exchange of value transparent through the construction of physical pieces of infrastructure. The spectacle of hard infrastructure was the proof of the legitimacy of the project. The physical infrastructure was a certain proof of payment of the developer's contribution, and this in turn legitimated the state's part in providing concessions and permits.

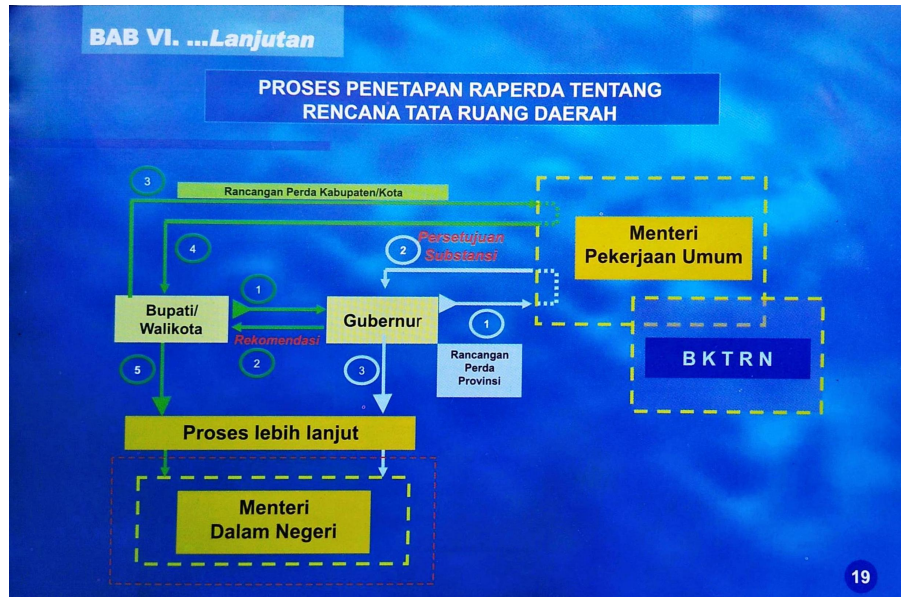
## 6. Coordination from Above

The Spatial Planning Law of 2007, Undang-Undang Republik Indonesia No. 26 tahun 2007 tentang Panataan Ruang, was issued by the national government to standardize planning practices across the country. Rukmana (2015b) explains that, at its core, the 2007 law sought to clarify



responsibilities and provide enforcement mechanisms that were insufficient as codified by the Spatial Planning Law No. 24/1992. The 2007 law created a standard language for those plans, including standard categories for land use and zoning, and required minimums for public space and green space in cities. It determined that spatial and development plans would be developed by the local administration for all provinces, districts, and cities. The law also provides mechanisms for planning agencies to provide incentives and disincentives for development, as well as the ability to police violations of its code through fees and even criminal charges. The spirit of audit and reform were also present in the new law. “The principle of accountability is included in the new law presumably to correspond with the enthusiasm of Indonesian people for a more transparent and accountable system of government. The new law also stipulates the minimal standard of services in spatial planning” (Rukmana 2015a). However, the 2007 law was also a strategy by central planning agencies to make claims to the reach of its administrative authority, which were ambiguously ceded through the decentralization processes. The law created a hierarchy for provincial, district, and city plans, with the national spatial plan at the top. Not only would the local plans be required to match their plans with the national spatial plan, but it also mandated that local plans be reviewed and approved by the national government.

One informant, the Urban Director in the Directorate General for Spatial Planning of the Ministry of Public Works, explained the level of support and oversight that his office would have over the plans, which was a significant amount of training for those areas who had no planners or who had never done spatial planning. He emphasized that the plans would have to be approved by his office to ensure that they complied with the national development plans. They would have to be reviewed by the National Board for Coordination of Spatial Planning, which included representatives from the Ministry of Public Works, BAPPENAS, the Ministry of the Interior, the Coordinating Ministry of Economic Affairs, and he showed me a pamphlet that his office was distributing to local governments across the country to explain the Spatial Planning Law of 2007 in simple terms and diagrams. The director explained that decentralization made the cities and regions autonomous, but for the purposes of “harmonization” the country was still quite centralized. When I was surprised at this level of centralization, he explained, “In the US you are federal. We are *negara persatuan* [a unified country]. Our control of city governments is very important.” I pressed further and he switched to Indonesian, replying, “Indonesia is composed of 17,000 islands and so many ethnicities. So if they have their own sovereignty they may become independent.”<sup>25</sup> While it was unlikely that central control over spatial planning played a role in deterring Indonesia’s separatist movements, the concern around sovereignty expressed here suggests a general anxiety at the “center.” Many of my informants expressed a strong nostalgia for Suharto, the clarity of political leadership in the New Order, and the effectiveness of the authoritarian regime (see Mietzner 2009). They lamented lack of a strong central figure, a sentiment that Kusno describes as anxious “looseness at the center” (2010, 49–70). For the Urban Director in the Ministry of Public Works, there was clear a lack of control swirled behind the state’s strategies for centralized supervision—a chaos of unregulated market-driven development and spatial planning—that contradicted the centripetal vectors of the national state’s designs.



National control of local spatial planning mandated by the Spatial Planning Law of 2007: Local spatial plans must be approved by the Ministry of Public Works, the National Board for Coordination of Spatial Planning, and the Ministry of the Interior.  
(Image from instructional materials published by the Directorate General for Spatial Planning)

Agencies at the national and city level often tried to clarify the chaos and blurry lines with new regulations and review processes. However, these strategies that also had the effect of staking claims on political spaces of judgement. New requirements for compliance frameworks, inter-agency coordination, and actual capacity for review and sanction were often at odds with overarching strategies manage development. The Spatial Planning Law of 2007 mandates the central government provide guidance for the development of spatial plans at the provincial and local levels. The law lists relatively unspecific practices of “supervision of the performance of regulation, guidance and implementation of spatial planning, including supervision of the performance of meeting minimum service standards in the spatial planning sector through monitoring, evaluation and reporting activities.” In the Directorate General for Spatial Planning, the Ministry of Public Works interpreted its supervisory role as also holding policing power to audit actual development.<sup>26</sup> In 2013, the Directorate General for Spatial Planning embarked on an audit of the Jakarta region that reviewed the land use in the region. A forum on the review decided on a method that involved comparing satellite imagery against the 2008 regional spatial plan, but which ultimately had to rely on sampling. The Urban Director suggested that violations could result in “sanctions, withdrawal of permits, or also the possibility of demolition of buildings.”<sup>27</sup> However, the process resulted in ambiguous results and hundreds of discrepancies—one source lists 778—which had to be verified through an onerous and possibly infeasible “ground check.”<sup>28</sup> It was unclear how the ministry would proceed with such a broad audit, or how the various municipalities and districts that constituted the Jakarta region would cooperate.

The Director’s concern with centralized oversight and management of urban spatial planning was justified by his primary concern, that spatial planning was not effectual because developers in Indonesia had so much power. “According to our monitoring, development is not in line with our spatial plan. Our spatial plan is more or less bureaucratic, however, development is market-driven.” He explained that developers effectively controlled the development process, bending the rules to

their needs. “For example, some little planning office gives a permit to someone for land where it is forbidden to develop...maybe there is a company and [the city] would rather give the permit than have the company leave. So they are forced to.” His concern was that there was a wide gap between the plan and the implementation. The problem, he said, was twofold: “One, we have limited capacity. And two, a lack of control. We don’t have enough instruments for control. It is still a new system—only 2007. We don’t know the instruments to implement, how it will work.”<sup>29</sup> In the meanwhile, his strategy was to standardize spatial planning processes from the center, and to try to provide oversight to provincial, district, and municipal planning across the country.

## 7. Planning for Transparency, Slippage, and Erasure

For city planners in Jakarta, the power of the developers to evade regulations was a constant backdrop of the urban planning system that often frustrated their work. Even in the case of the 1:3:6 arrangement for private developers to build subsidized housing for their large projects, the requirement was rarely obeyed (one exception is in the first decade of development of BSD). Land acquisition was expensive in Jakarta, and even when allowed to build their contribution of subsidized housing off site from their projects, developers most often resisted this requirement successfully. With ongoing pressure from the real estate industry association REI, the requirement was eventually reduced to a 1:2:3 ratio, and it was effectively suspended by the time of my research in 2014 and 2015.<sup>30</sup> As an official in the Ministry of Public Housing explained of the 1:2:3 rule, “It’s not enforced. Not all local governments even have regulations supporting it...In DKI [Jakarta] the problem is that the land is expensive, so they [the city] take the money instead of the ‘3.’ And developers still avoid delivering!”<sup>31</sup>

The state had neither the will nor the capacity to measure the exchanges envisioned by the new audit system, and developers often failed to produce the in-kind payments. Part of the problem was that planners found it difficult to direct the course of urban development. In a conversation with a group of four officials variously involved in city planning and development, they explained that the city did not need to direct land in Central Jakarta, it was already developed. For decades, the city had tried to push development to the North, East and West. But in spite of their plans, development proceeded based on where it was profitable. They explained that the main way they saw to promote development where they wanted it was to provide “incentives” for development. These incentives included roads and infrastructure to support development in areas where they wanted, as well as a system of taxation that charged higher for permits in areas where they wanted to discourage development, and respectively, much lower in East Jakarta, West Jakarta, and North Jakarta. They were actively trying to move all industrial functions to the adjacent eastern municipalities of Bekasi and Cikarang, and were eliminating zoning for warehouses and industry, because “Jakarta should be a service city.”<sup>32</sup>

The problem of overdevelopment in the wrong areas was not merely due to a lack of incentives, but to the capacity of developers consistently to evade regulation. As one planner in BAPPEDA lamented, “Frankly the government’s role is to contain or control developers, already is a built environment and there are requests for development continuously, so the idea is to reign them in and manage them.”<sup>33</sup> One official in from the Department of City Planning complained,

“The South is overdeveloped because of much illegal or unpermitted building...Because there are not enough inspectors. There are only two to three inspectors only for each area. This happened due to the central government’s plan to cut its employees. Their master plan is to decrease employees in city government. When I started, it was 125,000 employees in

Jakarta, now 90,000, and they still plan to reduce it. The Badan Kepegawaian Daerah [Bureau of Human Resources] does this.”

When I asked directly about the commonly invoked problem of corruption, she also hinted gently that the payment of bribes for permits was still a major part of urban development.<sup>34</sup> Bribes were rumored to be endemic in the system, from the petty to the enormous. But for these planners, there was little they could do. They had a set of planning tools, but in the spaces between planning, permitting, and inspections, development did not go according to plan.

Despite its new role in bringing transparency to the system, the cross-subsidy was an imperfect mechanism. As the conversation continued, one of the officials from the Department of City Planning joked, “So the main problem we’ve had with developing in the East and West is actually with these lazy guys.” Indicating with his eyes to the official beside him, he said, “PU [public works] doesn’t want to follow the RTRW [Jakarta Spatial Plan].” His neighbor, seemingly unoffended, took this instigation as a cue to describe the major hurdle in the work: “There are too many problems to acquire land. When there is a project with a big developer, the developer has the obligation to build the roads. It’s easier for us if the big developer just does it *aja*.” This resonated with the sentiment that the cross-subsidy was not only straightforward, but also seemed *cleaner* than the official public works department. “This [land acquisition] is another site of corruption for people in the department, because there are issues of payment to the wrong party. There is money for acquisition of roads, but often it is given to the wrong payee. People in the department have been jailed for this.”<sup>35</sup> I was reminded of how intolerably dysfunctional the public works often seemed to Jakartans, often expressed in their frustrations with traffic jams. Lee writes about the discourse of traffic in Jakarta, “While the measure of progress and modernity is often conveyed in terms of time-space compression’s enhanced circulation, I argue that absolute traffic’s inanimation forms the definitive experience of modern life for urban Indonesians” (2015, 235). Once, driving through traffic with a friend on a small and winding gravel road that we took between the new towns to the west of Jakarta, we encountered road construction. A few workers were paused in the middle of a sweltering day amidst what looked to be repairs in a gully that washed out part of the gravel road. As we slowly passed, my friend stopped to pay the workers, whom, he explained, was the city taking collections for the construction. When we got to the new town, the multi-lane roads were paved and had traffic lights. There was traffic in the new towns, but my friend contrasted the gravel roads with the *lancar* “smooth flow” in the new towns. He expressed a rare moment of frustration at how much better the private developers provided for the people in the city.<sup>36</sup>

Despite the mandate for local spatial plans in the the City Planning Law of 2007, there were fundamental problems—both technical and political—that seemed impossible to surmount. The plans themselves were based on a positivism that was unachievable given the conditions of the city, and the distance between the technocratic assumptions of the plan and the tasks of planners led to a troubling cognitive dissonance. Kim describes a phenomenon in Ho Chi Minh City, where a proliferation of contradictory plans amidst a development boom led to competing desires to control the city and to define its future through planning. This constructed a “false dichotomy between the ideal plan and a purportedly fragmented and unplanned city” (2017, 3). One of my informants described being completely frustrated by his work for a planning consultancy. He was working on the Detailed Plan and zoning ordinance, for the district east of Jakarta, the Kabupaten of Bekasi. He showed me the maps from the old Detailed Plan, which they used as the basis for their new design plan.

Our biggest problem is that Kabupaten Bekasi doesn’t have a high scale map (1-5000) or (1-20,000). The highest scale they have is (1-45,000). The old [Detailed Plan] is almost useless.

We have no idea what the lines in the drawing refer to in real life. The boundaries on the map are just made up. It was never surveyed. And we can't go surveying ourselves; we don't have the budget. Especially after giving the kickback, we have a fake budget and they underpay the staff. In these areas, what happens is the developers propose a project, and projects happen. The government says, ok, this is close enough to the [Detailed Plan].<sup>37</sup>

Another planner described the same problem in Jakarta's spatial plan, that they were so spatially and categorically vague they could easily be manipulated for developers' benefit. She pointed to one area that was zoned as a mixed-use service park, or *jasa taman*. "But what the hell is *jasa taman*? Along the main road, you can keep stretching south as long as your development is attached to the main road, claiming that it is still in the purple zone. It is prone to misinterpretation."<sup>38</sup> These frustrations were often aimed at the positivist tools they used, which always seemed to result in a gap between the plan and the future. The plan was supposed to be the tool for regulating urban growth, but instead it always turned into a fiction. Like others, these planners wanted new planning tools. Some wanted more "flexibility" in planning, while others wanted more rigid strategies for staged interventions. Speaking of the design for the *Pantura* in the Jakarta 2030 Spatial Plan, "Is it reclamation or total regeneration? The document does not spell out the ways that the intervention will happen."<sup>39</sup> These planners wanted better, more specific goals, but more power to develop interventions.

Back in conversation with one of the planners working on the Detailed Plan for the *Pantura* project, the planning was moving forward, but it was frustrating. He opined,

We put a lot of hope into that new land, that it will become a new Jakarta, unlike the old Jakarta, that is crowded and without proper regulation or proper enforcement. We want it to be comfortable for us, for living, for working, for playing. But then, I feel the governor, or my bosses up there, don't give their wholehearted effort to design and to plan what we want to do there...I mean it's a shame. It's a new land, and all the developers use our see for free. It's not theirs! ...We keep saying we want a Jakarta Baru [new Jakarta], and not repeating the same mistakes in the main Jakarta, so in that sense I'm a bit disappointed.<sup>40</sup>

The draft of the RDTR was needed to move the project forward. It would have to be authorized by the Office of the Governor, but it was going slowly due to resistance and negotiations with developers.

I state in my Perda *Pantura* [here, the RDTR authorization draft] that for every commercial strip, I want that front area, from that front garden, to be free from cars, from parking, but then I cannot. I just met [a development firm representative] two weeks ago, so when I mentioned that to him, he significantly resisted that idea because he feels it will reduce the demand of the investors there, that people don't like if we force them to walk to a parking building and they just want to park in front. I feel like it shouldn't be like that on our new island...But if we don't have support from the upper management, then I cannot enforce that in the Perda. Because apparently the developers resist...And I feel, why doesn't the government have all the power and privilege to stipulate something!<sup>41</sup>

All the important decisions seemed to be happening somewhere over their heads. Development was certainly proceeding on the *Pantura* islands, but they could only watch or warn. I told one planner about a housing expo I attended in January 2015, where Agung Podomoro Land (APL) was pre-selling housing units for its Island G. "That is so illegal," she responded. "Island G they only have

the *Izin Pelaksanaan* permit for reclamation only. After this they need more facilities permits, different permits for construction. But they are a tycoon and no one has the guts to stop them.”<sup>42</sup>

Finally, the cross-subsidy itself was failing to become the innovation it promised, an instrument of transparency, accountability, and innovative public infrastructure delivery. It had become more of a spectacle of reciprocity than a disciplinary mechanism. First, there was the problem of accounting for the value of the developer “contributions” to public infrastructure. Two planners working on the *Pantura* described the lack of a process to determine how to transform infrastructure into permit payments. “We have an appraisal consultant who tells us what the value is, but it’s just not a good process. Is it sufficient? We don’t have a model for the percentage of the project that we should ask in return for a concession.” They explained that they were not as clear as the 1:2:3 arrangement for subsidized housing, which was mandated by law.

There are no rules actually, just agreement, which is ok, but then it became more...well, it’s wild. We cannot know who got to build that rusun [apartment blocks] or this road. And then everyone, every developer can come up with it, ‘I built that,’ and then, ‘Please charge that as a contribution to this project.’<sup>43</sup>

Another planner working on the project this gap “If it becomes city assets, there is no way of registering it. No Building Permit, no AMDAL [environmental impact assessment], and there’s no asset value.”<sup>44</sup>

Second, the pressure of the reformist campaigns shaped the behavior of city planners. The logic of transparency constructed developers as compliant actors, and in turn led planners to ignore or erase the results of noncompliant developer practices. With the city’s demands for legitimate projects, and fair exchanges of public benefits for private profits, planners were under pressure for their projects to be perceived as legitimate. However, planners were challenged when developer “contributions” to public infrastructure diverged from the city’s spatial plans. A bridge would be built in the wrong place, or an unplanned highway exit leading to a new town would appear. In a process of retroactive “planning,” city planners had to update their plans according to what was developed.

Ahok has been asking developers to build roads in return for permits. He is having them build roads everywhere. But there is no procedure or coordination. There are no permits, no *izin prinsip*, no *izin* construction [required permits]. And they are supposed to turn it over to us, to DKI Jakarta. But there is no info on the website. So we have to just go back to the maps and *memutihkan* [“make it white”; legalize it], and that sucks! We just legitimate it.<sup>45</sup>

In Ho Chi Minh City, Kim describes this as “catch-up planning,” in which “master plans essentially operate by conforming to a defiant past rather than projecting into the future” (2017, 6). With the cross-subsidy, the demand for accountability led to its opposite. Considered as a space of calculability, the cross-subsidy made a spectacle of hard infrastructure, and brought both public and private into juxtaposition in the same grid, to be judged against each other and to serve as a proof of private contribution and public benefits. However, this grid simultaneously led to the deletion of other critical data: both the imagined quantitative referents for a fair exchange, as well as the city’s previous plan, the standard of reference for public benefits.

## 8. Corruption Eradication, Talk, and Theater

While planners in national agencies struggled to manage planning and development below them, and local planners in Jakarta struggled to roll out orderly development projects, urban development also became completely imbricated with another space of reform politics: corruption. The Corruption Eradication Commission (KPK) had been reshaping national politics since the early 2000s. As Mietzner argues, “The impact of the KPK’s campaign on the daily lives of state officials and politicians cannot be overestimated.” The KPK conducted its operations publicly, releasing lurid details to the press, and shaming transgressors even at very high levels of the state, “sending a clear message that virtually nobody is off-limits for the KPK” (2009, 108–019). The drive to identify corruption, to reform the system established under Suharto, and “to eradicate” corruption in the post-Suharto era became a backdrop for city and national politics, and for the field of urban development. Corruption “eradication” became one expression of Indonesia’s application of auditing to reorder society through the review of the critical points where bribes may have occurred. Investigating the *Pantura* project, the KPK focused on the critical moment when the permit was issued.<sup>46</sup> However, its investigations always seemed to spill over into secondary political spaces. The investigations of the KPK also became a space of theater, which created secondary politics challenging the legitimacy of reform efforts themselves. The capacity of the state to urban development regime was challenged when the legitimacy of development projects or the KPK became the stage of national theater.

Much like the conversations about “traffic,” talk of corruption was ubiquitous in everyday life in Jakarta. It was a common denominator for politics of all shape, and was a way of managing personal experiences with a reality that seemed out of order. Even traffic itself could be blamed on “*korupsi*.” Narratives of corruption were often similar to the trope of democratization as a project in formation, which served to defer moments of political discordance to the near future, when democratization were complete. The trope of *korupsi* was often used to defer the need to solve the inexplicable or unsolvable, to manage expectations, to request sympathy for frustrations, or to locate oneself in relation to the city and its transformations. As Gupta writes, “The phenomena of corruption cannot be grasped apart from the narratives of corruption.” Narratives, he suggests, become a way of experiencing and analyzing exchanges that actually happen in secret. Therefore, “The experience of corruption on the part of all parties involved occurs in a field overdetermined by stories about such acts, stories whose reiterability enables the participants in that particular social drama to make sense of their actions” (2012, 112). I understand corruption not as a set of concrete practices that are being progressively eliminated, but as a set of contextual and relational understandings of the legitimacy of those with the power to shape life in the city. Talk of corruption in Jakarta constructed personal and collective relations to the state, to developers, and to the experience of urban development.

Talk of corruption cast politics through a moral lens, and carried with it a judgement of legitimacy and justice. The language created a discursive space for critique of institutions and authorities—religious institutions, the government, the police. Common stories related to real estate was about how people witnessed bribes, confirming or refuting their perception of a particular firm or government agency. “[Our company] won the tender to do the RDTR for Bogor. We were paid 100% but 30% went for a kickback.”<sup>47</sup> In another nuance, the perceived universality of corruption also justified ways that people participated in the system. A contact explained his role as a supplier of parts to the national oil company. His business model was based on kickbacks, and the understanding that parts were rarely delivered. He couldn’t actually supply the parts, he explained, because of *korupsi*. He would lose his position if he supplied the parts, because there would be no extra revenue and no kickback.<sup>48</sup> Like other talk of corruption, it was impossible to decipher to what



extent this story were true, or believed to be true by the narrator, but the point was that it was a way of locating himself morally in relation to the conditions of possibility.

One corruption story that was related to me explained the patronage relationship between Suharto and developers. The story narrates the rise of the famous developer Ciputra, who is often narrated into the founding stories of development in contemporary Jakarta. According to the story, Ciputra was not immediately welcome in Suharto's new government. To approach the new president, Ciputra bought a large fish tank that he filled with beautiful and exotic fish for the president's parlor. Because they were the president's fish, and thus required special care, Ciputra insisted on cleaning the tank and caring for the fish himself. He thereby obtained regular proximity and attention from the president, all the while ingratiating himself through this act of service. This style, said the narrator, represented the Javanese culture of servitude to the king. Eventually, the two became close, and the king rewarded Ciputra by arranging for the generous bestowal of land permits for the new town BSD in Tangerang, a project that launched Ciputra as the preeminent developer in the late 1980s.<sup>49</sup>

Talk of corruption cast the real estate firms as universally corrupt. However, the real estate model development was vastly different than the field that arose under Suharto. The practice of founding banks to finance real estate projects was completely over, thanks to the post-crisis bank restructuring led by the IBRA. The Salim Group was one example of a major real estate market player that had to transform its business model and adopt standards for accountability and transparency. Dieleman and Sachs argue that the Salim Group, Suharto's favorite financier, notorious for the monopolies it enjoyed due to state contracts and protections, transformed from a relationship-based model to a market-based model. The group was forced to pay off 5 billion USD in debt reimbursements and fines, to forfeit its bank, BCA, to diversify its portfolio, and to develop better corporate business practices (2006). Arai shows that the preferential relationships between Suharto's family and real estate developers—the “Cendana-Cukong alliance”—largely ended with the fall of Suharto, perhaps with the exception of the ex-president's son Tommy Suharto, who is still involved in real estate. Land holdings were consolidated through mergers and auctions after bankruptcies and restructuring that followed the crisis, and are run with new corporate models (2015). My own interviews relate stories that firms almost universally adopted more transparent business practices in the post-Suharto era. Many development firms or their subsidiaries were publicly traded, and they became subject to the public scrutiny required of investors, as well as the new requirements of the state.<sup>50</sup>

In spite of the reforms to business practices, a system of payment of bribes nonetheless permeated the development system as a necessary and seemingly intractable condition. A former head of a reform NGO, Kemitraan, the Partnership for Governance Reform in Indonesia, explained that bribes were rampant in the interface between the city and the private sector, from top to bottom, the petty to the major. At the highest levels, they were related to official corruption, but in everyday life, undermined the state's disciplinary measures. “Smaller informal processes like the permit system doesn't work, they just come to get the money from the builders, the payoffs.”<sup>51</sup> Stories abounded about the payment of bribes, confirming the likelihood of corruption, but also lending a melodramatic tenor to the reformist project. The stories seemed to relish in the lurid details, and the complexity of the payment scheme.

I can answer about the ‘wheel’ thing. It's probably dirty. I was involved in BAPPEDA, working with [planning firm] in how they plan their annual budget. My role at the time was to convince them that the title of the proposal fit with the subtitles of the *anggaran* DKI [Jakarta budget]. BAPPEDA invited [planning firm], and BAPPEDA got kickback money, maybe twenty percent or more of the payment to [planning firm] to give money back to

other parts of BAPPEDA... We were doing the tourism planning. There were three projects, like community planning and *sosialisasi*. There were two types of *anggaran*, because there are always amendments, moving parts around the budget. Meetings were sometimes inside the office, sometimes outside; I was one of the younger people involved. I got fed up and left the project. Of course, it's a wheel. I was invited to informal meetings, and found out in one meeting that this is not right. But! We were [a top planning firm]; it must be done, no other planners can do it. I'm not sure if money came from developers or tourism industry or individuals who want to build something there. The kickback was twenty to thirty percent: BAPPEDA gives "X" amount for the project, [Planning firm] gives twenty percent of "X" to the person in BAPPEDA, who distributes it amongst themselves. In some cases the consultant from BAPPEDA gets the money, and circulates the money through means like seminars or *sosialisasi*. And you also have to pay the journalists—there is an *amplop* ["envelope," also "bribe"] for the journalists. They write it up, promote the project, the new design or policy.<sup>52</sup>

The drama around corruption situated the narrator in relation to immoral action or injustice. The stories of corruption also charged the reform efforts, which, like the payment of bribes, were often seen as unverifiable. Two informants in BAPPEDA, an agency they described as insulated because they do not issue permits, told about a colleague who had "taken the fall" in the Department of City Planning, a victim of Ahok's shake-up.

Planner 2: He's an example, he's been downgraded. We don't know what the reason is. No feedback etc. One day you come in and follow the regulation and find out, 'Oh I'm being downgraded.' That's really brutal and true. I feel that it's unfair.

Planner 1: It happened that the new guy who was inaugurated to the position met the old guy who was still in his position then the new guy came.

Author: Into his office?

Planner 1: *Iya*, and said, 'Sorry, I'm the new guy; you are no longer. Get out.'

Planner 2: And the worst thing is without feedback or reason. Not unless you ask or you complain. Maybe some of us don't choose those steps, so we just live our life wondering why.

Planner 1: Well he is one perfect example. Well he is a great guy, but he does admit, yes it is embarrassing to him, to his family, to his staff. The judgement in the public, of the society, if you have been downgraded is that you're doing corruption. That's what I'm saying it's only about subjectivity and the boss can determine anything. No review.<sup>53</sup>

The Department of City Planning was consistently under fire. The award of permits was a critical moment for the viability of any project. "Sometimes after we meet [developers] give us something like this: 'You help us and I give something to you.' But it's not allowed. But always they insist on us to do it." While the backdrop of oversight under Ahok made him nervous, this official found that the oversight was helpful. "We always work according to the rules in this department. We do not break the rules because it's easy to check out."<sup>54</sup>

Developer employees also had stories of corruption, which located them in relation to state agencies, to the KPK and national reform program, or to the firms they represented. My inquiries were often too direct for Indonesian etiquette, and I was sometimes rebuked when I made inquiries. However, some developers were very straightforward about the process, although most asked not to be made identifiable in my write-ups so as not to incriminate them or their firms. One developer representative described the requisite bribes:

Author: Is the [regulatory system] better in Jakarta under the current regime, from [governors] Jokowi to Ahok? Perhaps better than the past, or better than in [nearby municipalities] Depok or Tangerang?

Informant: The bureaucracy reformation? *Belum berhasil*. [It has not yet come to pass.] Maybe for small things like getting your KTP [identity card]. But not permits. Everything is under-the-table. Every time you got to a meeting.

Author: In an envelope? You have to pass it to them under the table?

Informant: No! [laughs]. Envelope is not big enough! Maybe a bag, a suitcase! Also it depends on the level—or the *kepala* [head of a division] it's a lot more. Before meetings, the permit people handle this [in separate event that] also includes entertainment.<sup>55</sup>

Whereas developers were often cast as the universal villains, their accounts but most often located them as victims of circumstance, forced to participate in practices they condemned.

In Jakarta, for development, every developer must pay. There are twenty-eight permits required for each project, and each permit requires payment. This payment is often specified as a certain amount of rupiah per square meter. So the permit cost is incredibly high for each new project. They're trying to change this under Jokowi. But it's a drain on the economy. The corruption money doesn't go to the office or agency, or for the public interest, but to individuals to pad their pockets. For example, the first permit is the location permit. You have to pay the transportation fee and per diem for the person to come to the site. Then you have meetings with them, with a few people in their office, three to four times, to have iterations of the plan. Each meeting requires each person in the meeting to be paid. Then you get the approval and you need the signature, but each signature costs more money.<sup>56</sup>

Developers across the board described themselves as the victims of a corrupt system, and the requirement to pay bribes was an unfortunate part of their field. “Of course we don't want to pay,” said an employee of a development firm, “It is actually very expensive. The location permit, permit to acquire land...The IMB cost is per square meter at permit price. So 50,000 to 70,000 rupiah is the legal amount. But in reality, multiply it by two or three times.” This also made for bad business practices. “The cost of project is very difficult to calculate. We cannot go to the Japanese [investors] with these weird out-of-budget line items, they will say, ‘What is this cost?’”<sup>57</sup>

Developers also explained that bribes were not optional, and that there was not a range of developers who were more corrupt than any other in their dealing with the city. Two representatives from a smaller firm described a typical scenario:

Representative 1: The problem though is that the rules are really not realistic. DTR's land use plans are not realistic. Of course the owners want to change it. For this particular land

site, there were only a few floors allowed. The KDB and KLB was very small. And the regulation on the penalty [cost for increasing allowance above that permitted], the *kompensasi kenaikan* has yet to be decided, not by Jokowi, and still not by Ahok.

Representative 2: You always have to pay for permits. The consultant does this. Each developer does the same thing. You cannot go around and do the permit process yourself if you don't know the agencies, if you're a new developer like us. The government will be afraid you are a mousetrap.

Representative 1: But a typical change would be like this. The official penalty *kenaikan* would be \$1000. Under the table penalty is \$200 and then you pay off the officer for \$200, so the total is \$400. You pay per meter squared. You still have to pay under the table even if you don't break the rules. You have to pay to make the permit faster.

Author: What if you don't pay? [Informants look at each other and laugh.]

Representative 2: Then the permit takes two years. Even if you have your proposal 100% correct, they will say, 'Look you didn't follow the rules.' At all levels. DTR, TABG, DP2B [review agencies]. You have to pay your third-party consultant to handle this all. Still it's not that expensive, the permit is less than 5% of your total project cost.<sup>58</sup>

Talk of corruption was not merely about relating stories of illicit exchanges or lurid backroom deals, but also about KPK and its investigations, amplifying the meanings of politics with moral judgements of the corruption discourse. The KPK had an exceptionally high level of public support, but it often struggled to command the authority for its investigations. The former chair of the Partnership for Governance Reform in Indonesia described the KPK as being completely overwhelmed with the extent of the investigations and the challenging tasks of figuring out how to target institutions. "For example, for the inspector, the internal auditor in the ministries, the inspector is under the minister, so if the minister is part of the problem, the inspector cannot do anything. Same thing in the lower levels."<sup>59</sup> Its strategy of public investigations challenging the highest levels of authority in an institution or firm located in a maverick hero's role, but also made it consistently the unpopular with the politicians, officials, and firm chairs it investigated. In this national drama, the KPK sometimes took on dimensions of absurdist theater, putting the KPK at center stage of national politics. In 2013, then-governor of Jakarta Joko Widodo came under the spotlight of the KPK, and his encounter made for another story about corruption, this one about the absurdity of corruption eradication efforts. An avid fan of the metal, the president was given a signed bass guitar from the Metallica bassist Robert Trujillo. However, the gift caught the attention of the KPK in a photo of Widodo holding the bass. The agency made a show of the words "giving back" scrawled along with the signature, suggesting this could signal some unseen reciprocity. The bass was confiscated by the KPK, which made the unbelievable claim that the bass could have been a means to expedite a permit for a Metallica show in Indonesia later that year.<sup>60</sup> The episode cast the KPK as an amateurish busybody, but it did demonstrate the agency's hard line on the prohibition for public officials from receiving gifts, and made a claim about the agency's power to investigate high-level officials.

This Metallica guitar event was followed by another scandal that would challenge the institution's legitimacy. In January 2015, just months into his presidency, President Widodo named Budi Gunawan as the sole candidate for the National Police Commander General, the national watchdog position. Gunawan was former president Megawati Sukarnoputri's aide for years, and it

was well known that as a political outsider, Widodo depended on her political machinery to back him. However, Gunawan had been named one of several “dirty” police generals in 2010 after an investigation by the PPATK, a national investigative body for financial transactions that monitored money-laundering. The nomination disappointed anticorruption advocates who hoped Widodo would name someone to clean up the notoriously corrupt national police (POLRI), which was formerly part of the military. In response, four days after the nomination, the KPK publicly named Gunawan as a suspect in a graft case they had been investigating for six months. POLRI then retaliated by arresting the KPK commissioner Bambang Widjoyanto on graft charges. It opened cases against the KPK chair Abraham Samad and two other KPK deputies, “effectively wiping out the KPK’s leadership and threatening its remaining investigators with criminal charges,” the agency’s moral standing matched ironically by police investigator’s promise of “cleansing the police force of ‘traitors’” (Baker 2015). Eventually the standoff ended when the KPK handed the Gunawan investigation to the Attorney General. The scandal challenged the KPK’s status as being above politics, but also the notion that Indonesia could be rinsed of corruption.<sup>61</sup>

In spite of the national political drama, the KPK made prosecution for bribery a legitimate threat to developers. In a parallel to the *Pantura* development, a major project was devised under Suharto, failed during the crisis, and was restarted in the late 2000s. This planned new town—Bukit Jonggol Asri—would cover 30,000 hectares in the forested hills of Bogor to the south of Jakarta. It was the largest ever conceived for the Jakarta metropolitan region, five times larger even than BSD. The development was initiated in a coalition that included Suharto’s third son, Bambang Trihatmodjo, and his company PT Bimantara Citra. “Salim had the money, Bimantara had the political power, and Sentul City Group, headed by Kwee Cahyadi Kumala, was the expert in land acquisition,” said a representative of the developer. Development in the area began in 1994 with Sentul City, a new town planned to cover 3,000 hectares, about half of which was developed in the 1990s. Following a trip to Orange County, they hired the landscape designer from Irvine Ranch, Roger McFarlane, and the architect Joe Ambrose. The landscaped subdivisions of single-family housing “clusters” were set amidst rolling hills. We drove by clusters with names like Sentul Highlands, Venesia, Pasadena, Green Golf Hill, and Imperial Golf Estate. The development had a much different feel than the hotter, flat riverbed on which the rest of Jakarta was built.<sup>62</sup>





Housing in Sentul City, Bogor. Images by author, 2014.

Bukit Jonggol Asri collapsed with the financial crisis, but it was restarted in 2010 as a 50% partnership between Sentul City and the developer Bakrieland, an established developer with a portfolio of real estate projects in central Jakarta. In 2011, they announced the plans for the Sentul Nirwana project, which would use 12,000 hectares of the original 30,000 planned in the 1990s. The project's representative explained that the project had already acquired 2,000 hectares from an old rubber plantation, planned to purchase 5,000 hectares from locals ("poor people," he said, "they

were happy to give up the land for cash”), and 7,000 hectares of forest land was to be bought, using a land exchange for forest land in another part of the province.<sup>63</sup> This final portion, the forest, became the centerpiece of a KPK investigation that led to the arrest of Bogor officials and heads of the company. The KPK determined that the developer paid a large bribe to the Bupati—the top political official for Bogor, on par with a city’s mayor—to allow the conversion of the protected forest to commercial use for land development. The bribe amounted to 4.4 billion IDR, about 325,000 USD.<sup>64</sup>

The case became public when the KPK arrested the Bupati, Rachmat Yasin, in a restaurant in Bogor, along with the head of the Department of Agriculture and Forestry, Muhammed Zairin and Yohan Yap, who was working for the developer. The KPK’s arrests were high-profile media spectacles. The KPK tipped off journalists, and upon the arrest they dressed suspects in bright orange vests that had become a national mark of shame. Suspects were then ushered to the KPK headquarters in business district of Kuningan in Central Jakarta where more journalists waited to capture their arrival. The developer representative said the episode had been devastating, humiliating.

So for real estate people, business people, we know what it’s like. So when you see a crackdown like this, it hurts. Almost forty people in PT Bukit Jonggol Asri were investigated and interviewed, including me, and we all were scared. It is scary to be investigated, even the director. But it was crazy. It wasn’t our fault, you know, the Bupati asked us for the money. They should arrest him.<sup>65</sup>

He had to testify in the case, and it was a harrowing experience. As a planner, he presented himself as an expert on the land use regulations and the ecology of the development. For years, the firm had carefully addressed the technical viability of the site. The master plan for Sentul Nirwana included large portions of land that would be left undeveloped to support the unique ecological conditions of the area. There were plans for protecting watershed area as well as the wildlife. Further, the issue of the forest seemed constructed, he said. “There was no protected area, since the 2008 plan for Jabodetabekpunjur. Even the Ministry of Forestry doesn’t know the status of the area. The KPK is only about bribery, not the forest status.” He wanted to explain the problem of the status of the forest, but they shut him down, and only questioned him about the bribe. He felt the system was stacked against him. “We try to do it with no money. [Even] the low staff member refused us, saying ‘No money? Ok, go to the KPK and get your permit.’”<sup>66</sup> Despite the firm’s participation in the bribery, the representative saw the punishment as utterly unjust. The investigation and arrests resonated closely both as a personal threat and a limit to the possibilities for the industry. The project was still underway, but its scope had to be narrowed to match the new political conditions.

## 9. Conclusion

On a Saturday morning in April 2015, I met with two men who knew each other as old friends, both employees of development firms. We ate a small snack of dim sum from a cafe on the balcony on the top floor of a Baywalk Mall that overlooked one of the sites for a future island of the *Pantura* project. The two friends were warm with each other as they caught up, exchanging updates about their families and recent vacations. However, the conditions of their lives were diverging. One of them worked for Agung Podomoro Land, the firm that owned the mall and was beginning the land reclamation offshore. Just three months earlier, at the housing expo, the future island was only a prospect, but in April we could already see mounds of sand rising up through a feat of engineering in the expanse of the bay. The hints of reclaimed islands foreshadowed the “new Jakarta” envisioned



for decades by the city's politicians and planners, by design firms in LA, and even the president. In spite of the protests of the fishermen's associations and environmental groups, the project was charging forward. The other friend worked for Bukit Jonggol Asri, the new town under investigation in the South. His situation was deteriorating, and it seemed that the project may be going under. He seemed pained as he described the conditions in the south, saying, "The investors have pulled out. The MOUs are worth nothing now. It's really bad. They don't have money, and we can't continue with the construction." He had been through more hearings with the KPK, even though, as he said, he had nothing to do with the money. At this point he felt so demoralized he was ready to leave the industry.<sup>67</sup>

The two men, and the two firms, were on different trajectories, and the divergence in their lives seemed an arbitrary outcome of the assemblage of actors and objects in the planning and development system. Both projects were begun in a political system in which personal relationships with the Suharto family determined who would become a mogul. Both projects were restarted with new corporate structures under a reformed urban planning system and a new political rationality. Both projects operated simultaneously in a field that required payments for permits, but which were also under the scrutiny of the KPK. Both men viewed their projects as improvements to Jakarta's conditions of housing, infrastructure, traffic, and livability. They approached their respective development projects not as exploitative capitalists or shadowy collaborators, but as planners. As planners, they operated in the space between technocrats and visionaries who addressed the technical problems of master planning and design with a belief that their future islands could be steps to improving their city.

The relative success of the *Pantura* did not last. The coastal islands also came under scrutiny of the anti-corruption audits. A KPK investigation in 2016 found that the APL executive director Ariesman Widjaja paid a bribe to a city councilor to influence a favorable zoning plan for the coast (RZWP3K), as well as a bylaw for the north Jakarta strategic planning area, and to lower the profit-sharing arrangement with the city from fifteen percent to five percent.<sup>68</sup> However, the *Pantura* did project was not stopped with the arrest, but underwent a series of stops and starts based on new investigations, local and national decrees, and court rulings. The project became more than a city planning problem or a means to subsidize upgrades for coastal flooding, but became a political position. National ministers and local Jakarta politicians alike positioned themselves as supportive or unsupportive of one or both development firms actively working on the development.<sup>69</sup> As governor, Basuki "Ahok" had allowed the project to continue, but his political challenger, Anies Baswedan, made a campaign promise to end the project. Basuki's tenure was ended by a scandal that pitted Muslims against Chinese and Christians and led to his imprisonment for blasphemy, and Anies was elected governor in 2017.<sup>70</sup> In spite of the ongoing support for the project by national government figures like Coordinating Minister for Maritime Affairs Luhut Binsar Pandjaitan, in September 2018, Anies revoked the permits for the project. He renamed the islands from C, D, and G to "*Pantai Kita*," "*Maju*," and "*Bersama*" ("Our Beach," "Progress," and "Together") and declared them state property.<sup>71</sup>

The reform of the urban planning system in the post-Suharto period was characterized by attempts to develop a rational and transparent system of regulating urban development, managing the private sector, and funding public infrastructure. The cross-subsidy was emblematic of the strategy to shape the arrangement of development under Suharto into a just and transparent urban development mechanism. I show, however, that the processes of urban development was shaped by the developmentalist logic from previous regime, which entangled actors in informal processes and blurred the lines between public and private. The efforts to construct a transparent and rational system continuously spilled over the capacity to decree, to monitor, to standardize, and to enforce. Reform efforts often vacillated between decentralization and central control, flexibility and rigidity,

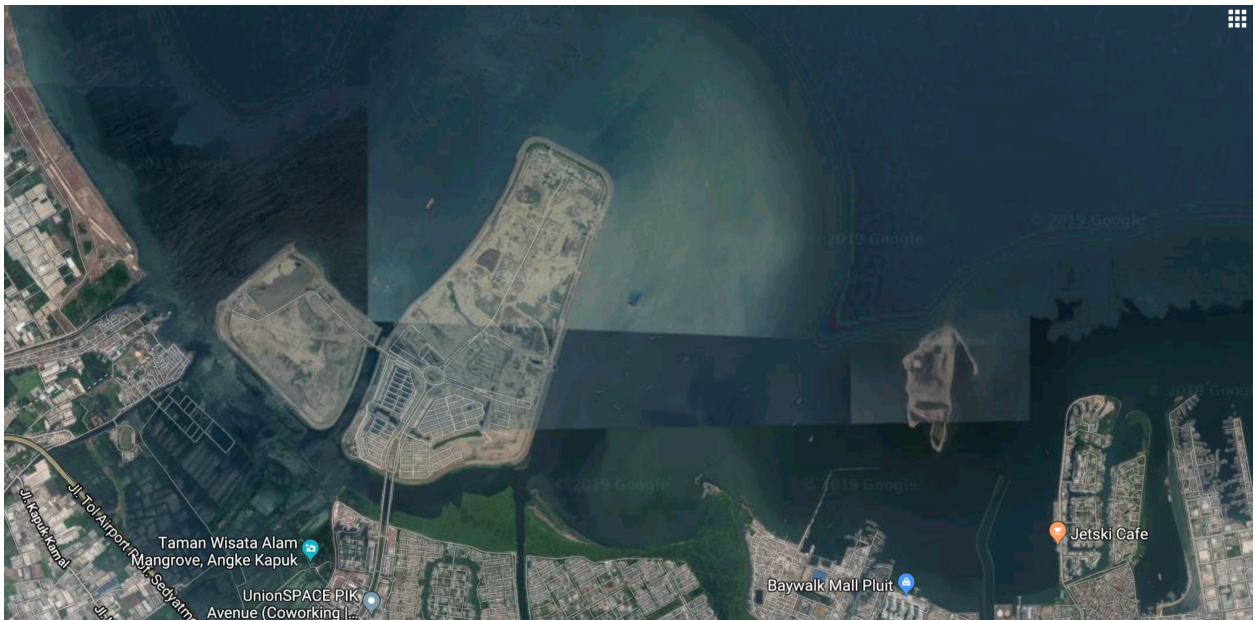
systems and proclamations. Planners working on a regulatory framework for the new islands were often frustrated to find themselves in contradictory spaces, in agencies working at cross purposes at different scales of the city and national government, or planning regulations in agencies unwilling or unable to regulate the development firms. Finally, local and national political dramas shaped the viability of developers and their projects. The public reform mission of the Corruption Eradication Commission, and the talk of corruption itself, lent a polarizing politics to the course of development, which overdetermined the social meaning of development as national wellbeing and progress. The high-profile development projects, especially those attached to Suharto's legacy, could not be brought into a standardized regulatory system because they had become political symbols. Years after the transition to democracy, the neoliberal dreams of the transparent cross-subsidy were curtailed by the politics of reform. However, democratic reform was not constructed through the rationality of the accountability and transparency, but through the moralizing lens of political theater.



Bridge from Pantai Indah Kapuk (PIK) to Island D, Golf Island, under development by PT Kapuk Naga Indah, subsidiary of PT Sedayu Group. Image by author, 2015.



Golf Island reclamation. Image by author, 2015.



Google Maps satellite image of *Pantura* reclamation projects. Left: Islands C and D, owned by PT Kapuk Naga Indah, subsidiary of Agung Sedayu Group. Right: Island F, currently stalled. Owned by PT Muara Wisesa, subsidiary of Agung Podomoro Land. Screenshot July 17, 2019.



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- <sup>1</sup> Former Housing Ministry official (PERUMNAS), Interview, Jakarta, February 5, 2015.
- <sup>2</sup> Field notes, March 6, 2014, April 4, 2015, May 21, 2015.
- <sup>3</sup> Former planning consultant (PT Kapuknaga Indah), Interview, Jakarta, February 23, 2015.
- <sup>4</sup> City planner (TGUPP), Interview, Jakarta, April 15, 2015.
- <sup>5</sup> Former planning consultant (PT Kapuknaga Indah), Interview, Jakarta, April 27, 2015.
- <sup>6</sup> City planner (TGUPP), Interview, Jakarta, April 15, 2015.
- <sup>7</sup> Ibid.
- <sup>8</sup> Ibid.
- <sup>9</sup> Ibid.
- <sup>10</sup> This year is listed alternately as 2010 and 2011 by two similar BAPPEDA documents detailing the unfolding of the project.
- <sup>11</sup> “Jakarta 2030: Regional Spatial Plan.” 2012. Number 1 Year 2012. BAPPENAS, iii.
- <sup>12</sup> Ibid, 161.
- <sup>13</sup> Bernardus Djonoputro, Chair of the Indonesian Planners Association (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.
- <sup>14</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>15</sup> City planner (BAPPEDA), Interview, Jakarta, March 4, 2015.
- <sup>16</sup> “Cleaning House: Governor Ahok Has Fired 120 Civil Servants and Demoted 2,500 so Far This Year.” 2015. News. Coconuts. September 16, 2015. <https://coconuts.co/jakarta/news/cleaning-house-governor-ahok-has-fired-120-civil-servants-and-demoted-2500-so-far-year/>.
- <sup>17</sup> Aulia, M Rodhi. 2016. “Anak Aguan Dicecar KPK soal PT Kapuk Naga Indah yang Dapat Hak Reklamasi.” News. Media Indonesia. April 20, 2016. <https://mediaindonesia.com/read/detail/41461-anak-aguan-dicecar-kpk-soal-pt-kapuk-naga-indah-yang-dapat-hak-reklamasi>.
- <sup>18</sup> City planner (Dinas Penataan Kota), Interview, Jakarta, May 8, 2015.
- <sup>19</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 4, 2014.
- <sup>20</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>21</sup> City planner (BAPPEDA), Interview, Jakarta, March 4, 2015.
- <sup>22</sup> Bernardus Djonoputro, Chair of the Indonesian Planners Association (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.
- <sup>23</sup> Ibid.
- <sup>24</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>25</sup> Director of Directorate General of Spatial Planning (Ministry of Public Works), Interview, Ministry of Public Works, Jakarta, March 19, 2015.
- <sup>26</sup> “Audit Tata Ruang Kawasan Jabodetabekpunjur.” 2013. Government. PU-Net: Kementerian Pekerjaan Umum Dan Perumahan Rakyat. May 31, 2013. <https://www.pu.go.id/berita/view/8872/audit-tata-ruang-kawasan-jabodetabekpunjur>.
- <sup>27</sup> “Tata Ruang Kawasan: Menyimak Jabodetabekpunjur saat ini.” 2013. News. Bisnis.com. February 11, 2013. <https://kabar24.bisnis.com/read/20130211/186/135577/tata-ruang-kawasan-menyimak-jabodetabekpunjur-saat-ini-2>.
- <sup>28</sup> Hana, Oktaviano DB. 2013. “Audit Tata Ruang Jabodetabekpunjur, Verifikasi Diyakini Mundur.” News. Bisnis.com. August 21, 2013. <https://ekonomi.bisnis.com/read/20130821/45/158096/javascript>.
- <sup>29</sup> Director of Directorate General of Spatial Planning (Ministry of Public Works), Interview, Ministry of Public Works, Jakarta, March 19, 2015.
- <sup>30</sup> Eddy Hussy, Former Chair (Realestat Indonesia), Interview, Jakarta, April 19, 2015.
- <sup>31</sup> Housing Ministry official (Kementerian Perumahan Rakyat), Interview, Jakarta, April 2, 2015.
- <sup>32</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 24, 2014.
- <sup>33</sup> City planner (BAPPEDA), Interview, Jakarta, November 21, 2014.
- <sup>34</sup> City planners: Spatial Planning Department; Department of Transportation, Water, Green Space, Infrastructure and Facilities (Dinas Penataan Kota), Personal communication, Jakarta, November 24, 2014.
- <sup>35</sup> Ibid.
- <sup>36</sup> Field notes, November 3, 2014.
- <sup>37</sup> Planning consultant (Planning firm), Interview, Jakarta, March 26, 2015.
- <sup>38</sup> Bernardus Djonoputro, Chair of the Indonesian Planners Association (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.

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- <sup>39</sup> Ibid.
- <sup>40</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>41</sup> Ibid.
- <sup>42</sup> City planner (BAPPEDA), Interview, Jakarta, March 4, 2015.
- <sup>43</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>44</sup> City planner (City agency), Personal communication, Jakarta, April 15, 2015.
- <sup>45</sup> Ibid.
- <sup>46</sup> The plans in question: Raperda tentang Rencana Zonasi Wilayah Pesisir dan Pulau-pulau Kecil tahun 2015-2035 dan Raperda tentang Rencana Tata Ruang Kawasan Strategis Pantai Utara Jakarta. See Aulia, M Rodhi. 2016. "Anak Aguan Dicecar KPK soal PT Kapuk Naga Indah yang Dapat Hak Reklamasi." News. Media Indonesia. April 20, 2016. <https://mediaindonesia.com/read/detail/41461-anak-aguan-dicecar-kpk-soal-pt-kapuk-naga-indah-yang-dapat-hak-reklamasi>.
- <sup>47</sup> Planning consultant (Planning firm), Interview, Jakarta, March 26, 2015.
- <sup>48</sup> Field notes, October 30, 2014.
- <sup>49</sup> Former Housing Ministry official (PERUMNAS), Interview, Jakarta, February 5, 2015.
- <sup>50</sup> Representative (PT Bukit Jonggol Asri), Interview, Bogor, December 3, 2014; Representative (Agung Podomoro Land), Interview, Jakarta, December 4, 2014; Former employee (PT Bumi Serpong Damai TBK), Interview, Jakarta, May 19, 2015.
- <sup>51</sup> Former chair (Kemitraan—Partnership for Governance Reform in Indonesia), Interview, Jakarta, January 22, 2015.
- <sup>52</sup> Former planning consultant (Planning firm), Personal communication, Jakarta, February 23, 2015.
- <sup>53</sup> City planners (BAPPEDA), Personal communication, Jakarta, May 28, 2015.
- <sup>54</sup> City planner (Dinas Penataan Kota), Interview, Jakarta, May 8, 2015.
- <sup>55</sup> Developer representative (Development firm) Interview, 2014.
- <sup>56</sup> Ibid.
- <sup>57</sup> Representatives (PT Agung Podomoro Land, PT Bukit Jonggol Asri), Personal communication, Jakarta, April 4, 2015.
- <sup>58</sup> Representatives (Development firm), Interview, Jakarta, February, 2015.
- <sup>59</sup> Former chair (Kemitraan—Partnership for Governance Reform in Indonesia), Interview, Jakarta, January 22, 2015.
- <sup>60</sup> (Michaels 2013).
- <sup>61</sup> "Bagman Budi' Finds Hearing for Top Cop Job a Breeze." 2015. News. Jakarta Globe. January 14, 2015. <https://jakartaglobe.id/context/bagman-budi-finds-hearing-top-cop-job-breeze>; Putra, Fana F.S., and Markus Junianto Sihalo. 2015. "KPK to Indonesia's Rescue From 'Dirty' National Police Chief Candidate." News. Jakarta Globe. January 14, 2015. <https://jakartaglobe.id/context/kpk-indonesias-rescue-dirty-national-police-chief-candidate>; Clough, Jim. 2015. "KPK vs Polri: Children of Light and Children of Darkness." *The Jakarta Post*, February 18, 2015. <http://www.thejakartapost.com/news/2015/02/18/kpk-vs-polri-children-light-and-children-darkness.html>; Trianita, Linda. 2015. "KPK Hands over Budi Gunawan's Case to Attorney General, Polri." *Tempo*. March 2, 2015. <https://en.tempo.co/read/646446/kpk-hands-over-budi-gunawans-case-to-attorney-general-polri>.
- <sup>62</sup> Representative (PT Bukit Jonggol Asri), Interview, Bogor, November 28, 2014.
- <sup>63</sup> Ibid.
- <sup>64</sup> "KPK Cekal Dua Petinggi PT Bukit Jonggol Asri Terkait Dugaan Suap di Bogor." 2014. News. Kompas.com. May 9, 2014. <https://nasional.kompas.com/read/2014/05/09/1128168/KPK.Cekal.Dua.Petinggi.PT.Bukit.Jonggol.Asri.Terkait.Dugaan.Suap.di.Bogor>; "Ini Profil Bukit Jonggol Asri Yang Terseret Kasus Rachmat Yasin." 2014. News. Detik. May 9, 2014. <https://news.detik.com/berita/d-2578128/ini-profil-bukit-jonggol-asri-yang-terseret-kasus-rachmat-yasin>; "Komisaris Utama PT Bukit Jonggol Asri Didakwa Suap Bupati Bogor." 2015. News. Tribunnews.Com. February 18, 2015. <https://www.tribunnews.com/nasional/2015/02/18/komisaris-utama-pt-bukit-jonggol-asri-didakwa-suap-bupati-bogor>.
- <sup>65</sup> Representative (PT Bukit Jonggol Asri), Interview, Bogor, November 28, 2014.
- <sup>66</sup> Representative (PT Bukit Jonggol Asri), Personal communication, Jakarta, April 4, 2015.
- <sup>67</sup> Representatives (PT Agung Podomoro Land, PT Bukit Jonggol Asri), Personal communication, Jakarta, April 4, 2015.
- <sup>68</sup> "Podomoro's Ariesman Gets Three Years in Prison." 2016. News. The Jakarta Post. September 1, 2016. <https://www.thejakartapost.com/news/2016/09/01/podomoros-ariesman-gets-three-years-in-prison.html>; Kahfi, Kharishar. 2017. "KPK Questions City Deputy Speaker over Jakarta Bay Project." News. Jakarta Post. November 1, 2017. <http://www.thejakartapost.com/news/2017/11/01/kpk-questions-city-deputy-speaker-over-jakarta-bay-project.html>.
- <sup>69</sup> Gokkon, Basten. 2017. "Jakarta Reclamation Project Allowed to Resume, but Opposition Remains." News. Mongabay Environmental News. October 18, 2017. <https://news.mongabay.com/2017/10/jakarta-reclamation-project-allowed-to-resume-but-opposition-remains/>.

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<sup>70</sup> Cochrane, Joe. 2017. "A New Jakarta Governor Takes Office, and a Predecessor Sits in a Cell." *The New York Times*, October 16, 2017, sec. World. <https://www.nytimes.com/2017/10/16/world/asia/jakarta-governor-anies-baswedan.html>.

<sup>71</sup> "Beda Ahok Vs Anies Soal Reklamasi." 2019. News. Detik. June 25, 2019. <https://news.detik.com/berita/d-4600085/beda-ahok-vs-anies-soal-reklamasi>.

## Chapter 5

### Seawall Islands: Hyper-planning and the *Great Garuda*

The previous chapter focuses on the complex of city planning and development agencies that work in Jakarta. It analyzes the changes in the orientation of the planning system by exploring the planning and development of the seventeen *Pantura* waterfront islands. By focusing on the planning for these waterfront islands, I show how the planning system was reoriented during the democratic era. Specifically, I argue, planners sought to regulate private development in a way that provided the city with public infrastructure, but planners have struggled to enact their vision of a transparent regulation between public and private. This chapter is the second part of that story, showing how planning has been reoriented in the post-Suharto era. It picks up the thread of waterfront development, showing how planners sought to leverage the private sector to construct a deep seawall to address Jakarta's major flooding problem. In this project, planners imagined the extension of the waterfront real estate islands of the *Pantura* project to include a seawall. If the developers were already reclaiming islands for real estate development, they would have an incentive to build further into the bay, in projects that could include a seawall. However, I show, the project that was planned was far more than a seawall, but a global spectacle. The "*Great Garuda*" was more than a seawall, but a deep-water archipelago that symbolized the nation and the rebirth of a new Jakarta. It captured the imagination of planners in a way that moved the project through the planning system, and the plan itself stood for new possibilities for Jakarta's future.

#### 1. Introduction: A Flood of Ambition

In February 2007 the Jakarta metropolitan region was hit by a devastating flood, which left eighty people dead, displaced hundreds of thousands of residents, and destroyed private housing and public infrastructure. Much of North Jakarta is sinking, and as a result, floods have become more frequent and more destructive. A New York Times cover story in December 2017 portrayed a partially submerged mosque just on the water side of Jakarta's coastal seawall, titled with a stark warning: "An Ultimatum for Jakarta: Redevelop or Drown."<sup>1</sup> Since the flood of 2007, a consortium of Dutch maritime engineering and design firms worked with the Indonesian government on plans for a deep-water seawall to protect Jakarta from future flooding. In 2013, the consortium presented a plan that would become the most prominent vision for Jakarta's future. This plan combined proposals for the deep seawall with a private real estate template, employing the same real estate developers that were actively constructing new private islands on the north shore of Jakarta. The new plan envisioned a megaproject composed of infrastructure and private real estate on an archipelago of reclaimed islands that would be shaped like the *garuda*, a mythical eagle-shaped creature, and Indonesia's national symbol. The *Great Garuda*, as it was colloquially known, would display the city's global prominence as a "New Jakarta" on the water, its wings stretching across the breadth of the bay and its head protruding into the sea. Finally, the seawall would be constructed by private real estate developers, and the real estate sales, it was planned, would pay for the seawall infrastructure. Hence, it extended the logic of the *Pantura* waterfront developments described in Chapter 4, island reclamations for private real estate, and the state's vision attempt to exchange private development rights to fund public infrastructure. The plan for the seawall islands of the *Great Garuda* are thus a paradigm of the urban development assemblage in Jakarta's democratic era, a system that valorized private development to the extent that it provided a public good.



However, none of the plan for the *Great Garuda* was based in a feasible reality. The plan did not fix what all studies identified as the main cause of sinking—land subsidence, caused by groundwater extraction in the absence of piped water. The project would be an environmental and social disaster, and the fishermen’s association has consistently protested that it would destroy both the ecology of the bay as well as their livelihoods. Worse, the project was physically implausible; it required an enormous amount of natural materials, including concrete aggregates, boulders, and especially sand. As the private developers currently building along the coast have found, there is a severe shortage of sand in the bay of Jakarta, and the proposed *Great Garuda* would require exponentially more sand since it would be located in much deeper water. Nor had any of the prominent real estate developers participated or committed to the project; they privately scoffed at the impossible cost. Finally, as the head of the Indonesian Association of Urban Planners noted in a critical op-ed, the *Great Garuda* may serve as a barrier against seawater intrusion, but it would also capture the water, sewerage, and solid waste flowing down the city’s thirteen rivers that drain into the bay, effectively creating the “the largest toilet in the world” (Djonoputro 2014).

The question, then, is why the *Great Garuda* continued to be advanced by planners and technocrats in three national ministries, in the governor’s office, and in the provincial planning office, in spite of the criticisms listed above, and without any indication of backing from the private sector. The stakes are about how planning and development experts apprehend truth and make decisions, and how, alongside official processes, planning actually happens. The environmental studies and design for the project were advanced outside of Jakarta’s system of short, medium, and long-range spatial planning. Instead, the *Great Garuda* became a favorite project of top planners because of its iconographic power, and it was made a reality through the circulation of images of the project. For its champions, the plan presented a symbol of the future of the city and the country, a symbol of modernization and progress for Jakarta. The plan itself was productive, and it created a new symbolic language of urban aspiration through which the city could be known, represented, and even leveraged. Scholarship on global cities shows that architecture and aesthetics are the terms of inter-urban competition, and further, the means for geopolitical representation as a strategy of rule. I argue here that it was the plan itself for the *Great Garuda*, which, through its symbolic power and through its circulations, made it possible represent Jakarta “on the map.”

The aesthetics of the plan for the *Great Garuda*, compiled by top international design and engineering firms, reflect the trend of spectacular global architecture in Southeast Asia, but cleverly incorporate notions of indigenous and national identity within the global. The *garuda* projects Jakarta as a triumphal symbol of the nation, and simultaneously configures the city amidst the new global spaces of high-pedigree capital and high-profile design. Ong borrows the term “hyperbuilding” from Rem Koolhaas to describe the construction of architectural spectacles in Asia as a means to project the nation in the space of the global (2011a, 207). Likewise, I show that the symbolic work of global projection happens also through high-profile plans. The planning process for the *Great Garuda* was justified as an ecological imperative, but more importantly, it served the political role of projecting the city as an urban success in global space. Long before any construction has occurred, the plan itself emerged as a performative object in a process I call “hyper-planning,” or planning for the global spectacle. Hyper-planning is not about successful projects, but about new symbolic meaning conferred through high-profile planning processes. Circulating plans and images provide a shared vision and vocabulary of global ambition through which state officials and private actors can make claims about the future of the city and the nation.

The *Great Garuda* appealed to the desire of political and planning elites in Jakarta to mark a transformation of the city through urban spectacle. Upon its emergence, the *Great Garuda* was embraced as a signature development for Jakarta and Indonesia, using the language of global city aspirations and explicit references to the Dubai Palm Islands. However, the plan for the *Great*

*Garuda* was even more ambitious than “Dubai.” The project came to be framed as a means to “save the city,” (Koch 2015; Fitch 2016), a catch-all urban intervention that spilled far beyond goals of water management. It was touted as a means to solve flooding, crowding, traffic, and even corruption and political disorder, the gamut of problems that frustrate everyday life of Jakarta’s citizens. Envisioning the national capital as an archipelagic *tabula rasa*, the *Great Garuda* would relocate the center of Jakarta’s government and social life, just as Brasilia was birthed in the heartland of the nation, where the aerial view of the bird/airplane was a spectacle of both urban modernity as well as national transformation (Holston 1989, 14–20). The Master Plan for the *Great Garuda* portrayed a modernized city center, complete with a central business district, and elite residential and commercial areas. It utilized a cosmopolitan design vocabulary of green and public space, all bound to the aesthetic of the elite waterfront. In this move, planners are organizing the future of the city around the construction of what they called a “New Jakarta,”<sup>2</sup> in a collection of islands that symbolically extends the archipelagic nation into its world-class, modern future.

The chapter proceeds as follows. I first discuss understandings of “global” urban strategies as an aspirational based on the referential logic of global cities. Here I show discuss the literature on the context in which infrastructural objects take on meaning beyond their “function” as infrastructure. I move on to describe Jakarta’s “dualistic” water management system, and the way that the legacy of colonial-era infrastructure has impacted the present conditions. I then describe the reaction to Jakarta’s seawall when it was drawn as the *Great Garuda* plan. I show how the plan did not reflect the standard linear channels prescribed by Indonesia’s rigid planning system, but instead, moved in productive circulations across agencies and NGOs. Using Butler’s notion of performativity, I show how the plan itself was a “performative object.” Finally, I argue that the *Great Garuda* was a financial fix to the problem of funding Jakarta’s flooding infrastructure, by deferring the costs to the private sector, and a political fix for a democratic system in crisis. However, I warn, this vision comes with an enormous price tag, which the private sector will most certainly avoid, if any of the project should be built. The plan would exacerbate the city’s deteriorating coastal ecology and its high level of social inequality. For all their work in their “improvements” in Jakarta’s islands, Jakarta’s private developers will not be able to solve this issue of flooding in Jakarta, and the seawall islands envisioned through the *Great Garuda* should be understood as a utopian aspiration.

## 2. Global City Aspirations and the Poetics of Infrastructure

While the discourse on “global” urbanism refers to a broad range of processes and characteristics, one common mode of knowing the global city is its architecture. The logic of the global city correlates spectacular, signature architectural projects in Asia with a particular pedigree, as well as the governmental strategies to achieve this status. Hence, discourse of the “global” is often tautological, where the signifiers of the “global” serve to confer a particular status to the city, and locate it within a network that functions above and beyond the scale of the national. Global city scholarship was once connected to globalization studies, emblemized in Castells’ theorization of “network society,” that reshaped urban space itself, leading to a new global forms of “networked” connectivity (2009). The scale of the “global” profoundly shaped urban studies. Taylor’s work on world city networks argues that cities can be ranked through specific characteristics, but Sassen shows that the economic imperatives of new networked finance economies have reshaped the global geographies of cities, where particular cities linked to finance economies have been reshaped through (Sassen 2001; Taylor 2005). From a political economy perspective, scholars often understand the production of global cities as a result of neoliberalization, exemplified by the international market model of competition as the definitive logic of urban governance (Goldman 2011; Das 2015). Marshall argues that an “emerging urbanity” is shaping cities in Asia through the

proliferation of “global projects,” large projects that feature global architectural forms. He argues that the state promotes these global projects in order to *appear* attractive, in order to attract foreign investment (2002). Ren shows that planners used urban master plans in Beijing as a strategy of urban promotion (2008, 521–524). However, the aesthetic of the global city goes far beyond intra-urban competition, and has become an integral optic of urban governance. Ghertner argues that the new world class aesthetic order has become a logic of governance in Delhi, where one outcome is to legitimate the demolition of slums, a “nuisance” to the aesthetic of the global city (2015). Meanwhile Bunnell shows that Malaysia’s Petronas Towers were intended not only to make the city “investible,” and with this global spectacle, the city adopted a new mode of governance that was simultaneously oriented towards domestic governances and outside the state (2004).

Other scholarship on Asian cities emphasize Asian histories of state-led development and read the global city as a discursive project through which Asian governments imagine and project national and collective aspirations and produce new ways to be registered in the world. In *Worlding Cities*, Roy and Ong argue that global city-making functions through “inter-referencing” (Ong 2011b, 18), which locates cities in a particular discourse of urban visibility and allusion, an aspirational strategy to achieve status by articulating in the same series as other cities deemed important, or “global.” In the same volume, Ong argues that “hyperbuilding” in Asia brings together logics of global capital and nationalism, a means for the state simultaneously project the “spectacularization of urban success as well as of national emergence” (Ong 2011a, 206). Inter-referencing is therefore a means for cities to arrive in a discursive space beyond the subaltern categories of megacity and developing country, to reach the telos imagined at the end of the trajectory of development. This suggests that the global city as a project extends beyond elite schemes and governance strategies, but can be understood as urban desires and ambitions that register collectively across society, reshaping the ontological categories of the city. Bunnell and Goh explore the frame of urban aspiration to broaden understandings of the processes and changes that currently shape Asian cities. They refer to Appadurai’s (2004) conception of the subaltern “capacity to aspire” that orients understandings of culture towards a future-oriented developmental subject. Thus they show the collective nature of aspirations, as well as the shifting alliances that make it impossible “to map discrete geographies of aspiration from ‘below’ and ‘above’” (Bunnell and Goh 2012). Even as Asian futures are imagined in the contemporary at all levels of society, these futures emerge through plans and projects in an unstable, contested, and political terrain.

While this work on state projects and global architecture shapes an understanding of architecture, it does not help understand the role of *planning* in global city processes. How do plans themselves shape discourse on any city in relation to others? Further, how can plans for high-profile architectural and infrastructure in turn obtain legitimacy and influence? I turn to Science and Technology Studies (STS) to frame the transformations of the deep seawall to the *Great Garuda* and to show how particular plans move through expert networks, achieve authority, and shape bureaucratic programs. STS scholarship shows how scientific objects are also politically contingent, and Mitchell uses the term “techno-politics” to show how technical knowledge is subject to political desires, the authority of experts, and the materiality of objects under inquiry (2002). In a political ecology approach, Colven follows Mitchell in explaining the influence of the techno-political network of experts who imagined the *Great Garuda*, particularly the colonial history of the Netherlands in Indonesia, and the persistent influence of Dutch technical consultants and designers. Colven argues that the *Great Garuda* was legitimated through this matrix of technical planners, the technical authority of the former colony in pushed Indonesia to adopt the plan for large, concrete, hydrological infrastructure. In addition to this power of technical knowledge, I focus here on the symbolic power of the plan itself, and the circulation of the plan. The Larkin calls the “poetics of infrastructure.” Larkin claims that infrastructural objects can “operate on the level of fantasy and

desire...vehicles whereby those fantasies are transmitted and made emotionally real” (2013: 333). The plan conveyed this infrastructural poetics, serving as a new vision of the city’s future and creating a new language for collective “global” aspirations. Planners in Jakarta adopted the aspirational vision of the *Great Garuda*, a discourse that located the city among other “global cities,” and signified a rupture from the nation’s past.

### 3. Water Management in Jakarta and the Specter of the Flood

The floods of February 2007 devastated Jakarta,<sup>3</sup> but in many ways, the city was built to be flooded, with specific areas and populations left more vulnerable by design. The city was built in a flood plain of thirteen rivers that run into the Bay of Jakarta, the site of a twelfth century port of Sunda Kelapa, and later as Batavia, the fort and headquarters of the Dutch East India Company. Even in the colonial era, water management has been a persistent challenge for city administrators and engineers. The late nineteenth- and early twentieth-century period established the infrastructural conditions of what development scholars would later read as “dualism,” the synchronic existence of modernized and traditional economies in the same society (Boeke 1953; Higgins 1956). Kooy and Bakker show that the city’s first centralized artesian water system was developed by the 1870s to provide piped water to Europeans, but overwhelmingly denied water delivery to houses for the native population for decades, justifying this as a native “preference” and “tradition.” “The physical and discursive divisions between populations, spaces and waters became entrenched within the urban landscape with the creation of the colonial water supply infrastructure,” but that modernization in the post-Independence era “further cemented these divisions, as network expansion was confined to areas of the city inhabited by ‘modern’ and ‘developed’ urban residents” (2008, 385). As the city of Batavia was expanded to the south, the Dutch managed water through a system of canals and floodgates that directed water out of newer Dutch residential areas. Thus the city’s water infrastructure, both the artesian water sources, as well as the management of rivers and runoff, continued to be constructed exclusively for the Dutch. This infrastructural “dualism” of the city was inherited by the post-Independence government. President Sukarno’s large modernization projects further divided the *kampung* from the modern boulevards lined with state buildings, and Suharto’s highway-building continued the trend of bypassing the *kampung* instead of connecting it to urban transportation or infrastructural grids. These large modernization projects exacerbated flooding in low-lying *kampung* areas (Silver 2016). Despite the in-situ retrofit of the Kampung Improvement Program (see Das 2017), the city never rolled out centralized piped water or sewerage or other water infrastructure to homes in the *kampungs*. The disparity of water delivery and management was built into the city, leading particular areas, most often poor areas, to continue to experience the violence of flooding events as major crises.



Flooding in January 2013 inundated Jakarta's iconic central fountain, Bundaran HI. Image from Jakarta Globe on [www.facebook.com](http://www.facebook.com), 2013.

Moreover, private real estate development reshaped the Jakarta region and its ecology. As this dissertation describes, this strategy of piecemeal urban development became one of the main strategies by which the city upgraded its urban infrastructure. The arrangement between private and public was shaped by the country's "developmentalist" approach, but when applied to the space of the city, private real estate development became operationalized in the city's approach to the provision of public goods. The city relied on developers to provide amenities like electricity, piped water, and sewage to the privileged residents of new town estates and superblocs created a new geography of urban segregation into "islands" of private development. Much of the real estate development went "uncontrolled," bypassing regulations that would have protected the city's fairly precarious ecological conditions. Despite planners' attempts to limit growth and to manage the ecology of the region, especially in the forested areas to the south of the Jakarta that were critical for water absorption, planning reshaped the geography of the city. One of the most egregious examples was Ciputra's Pantai Indah Kapuk development through land reclamation on the northern coast of the city. The site was located in a protected mangrove area, considered critical for water management in the city. Still, under Suharto's system of patronage and political favors, the project was approved and developed. As Douglass shows, the increasing floods were certainly cause at least in part, by rapid urbanization and especially by uncontrolled development in the green areas in the south of Jakarta that are critical to water absorption (2010).

The city's long history with flooding, which emerged through the very process of urbanization, is perhaps the reason why floods have long been understood as natural phenomenon, what Kusno has referred to as "flood culture" in which cyclical bouts of flooding have shaped the city.<sup>4</sup> However, by the mid-2000s, following a series of major flood events, experts and citizens alike began to worry that floods were becoming larger and more frequent. After the unprecedented flood

of 2007, climate change became the dominant logic that would explain the increasingly devastating flooding. An article reporting on the United Nations Climate Change Conference of late 2007 in Bali warns, “Many of Indonesia's islands may be swallowed up by the sea if world leaders fail to find a way to halt rising sea levels.” Around the same time, a Jakarta environmental management official claimed that “Global warming is altering ocean tides [and] has melted ice in the two poles, so the sea level is rising and you can see floods more often now in coastal areas here.”<sup>5</sup> The lens of climate change presented a shift in how the state came to view flooding as a climate disaster, and a new mode of governance through which it seeks to remediate this disaster. As Swyngedouw claims, the “apocalyptic imaginaries” of climate change were a new sociopolitical lens, which compels immediate action to ameliorate anthropogenic ecological crisis (2010, 214). The immediacy of the threat of flooding in an urban Asian environment perceived as increasingly vulnerable to climate change led the state to look to development NGOs to accelerate its flood response. The World Bank funded the Jakarta Emergency Dredging Initiative, which was to be a comprehensive dredging of the canal system, but in the context of the 2007 flood, this seemed far insufficient. According to Rukmana, “Neither dredging the canals and rivers nor building new canals is a sustainable solution for preventing future flooding in Jakarta.”<sup>6</sup>

The immediacy of the threat of flooding led the state to turn towards international development agencies, water engineers, and technical consultants to accelerate its flood response. Seeking a more comprehensive solution, the government turned towards water international technical consultants. By November 2009, Indonesia formed a partnership with the Netherlands Partners for Water, a coordinating body of private and nonprofit agencies, to study the situation and to recommend a more effective intervention. This consortium completed a study of the region from October 2010 and September 2011, which confirmed that “rapid urbanization along with severe uncontrolled and over-extraction of groundwater in areas not connected to the municipality water supply” from aquifers below Jakarta have led to continuous land subsidence at rates of 7.5-10cm per year, and in certain locations, up to 25cm per year. The report warned that areas in North Jakarta will soon be four to five meters below sea level.<sup>7</sup> To address this emergency, the report proposed a massive infrastructural technological infrastructure object—a massive deep-water concrete dike that would stretch across the Bay of Jakarta, the Jakarta Coastal Defence Strategy.

Deep Seawall Schematic: Jakarta Coastal Defence Strategy

The deep-water seawall plan proposed to create two reservoirs in the Bay of Jakarta, which would capture river drainage and from which water would be pumped into the sea. A gap in the wall would create space for water access to the enlarged shipping port, pictured here in yellow.

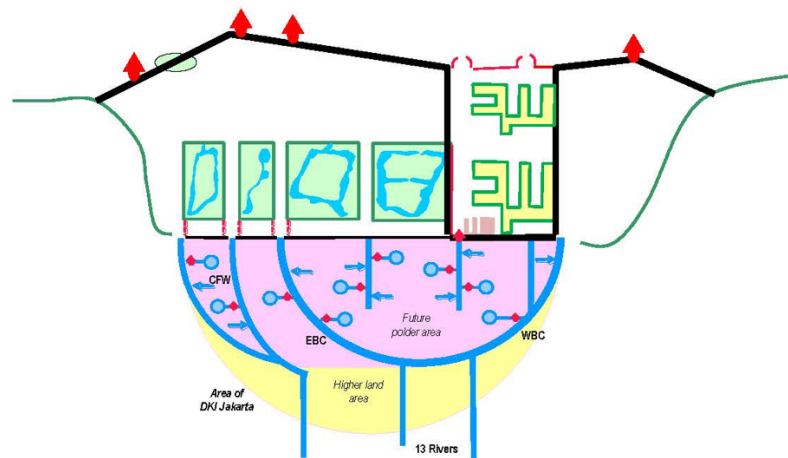


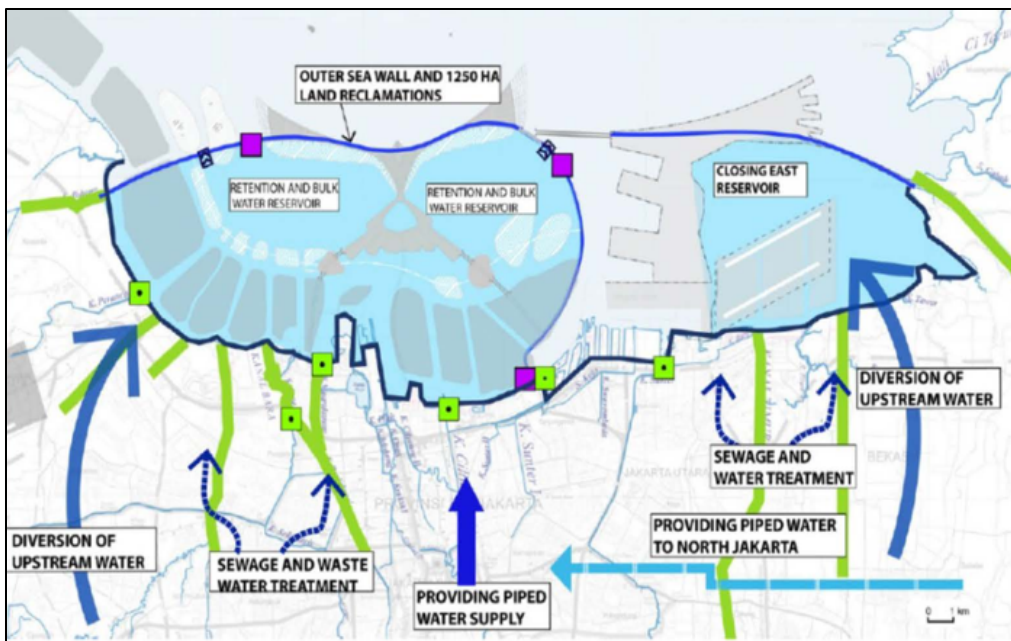
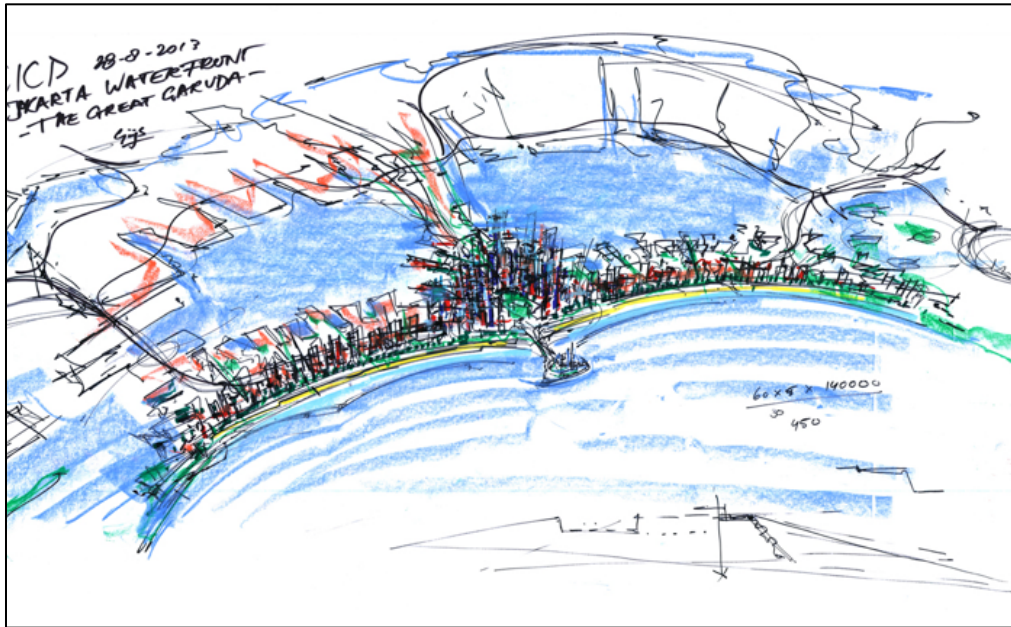
Image from JCDS Agenda.



Despite the urgent specter of flooding, the proposal failed to inspire, and its infrastructural aesthetic, amongst its cost, environmental destructiveness, especially of mangroves and fish, made the plan unpopular across state and public sectors.<sup>8</sup> While the plan made space for private sector as a major stakeholder and contributor to the realization of the project,<sup>9</sup> it primarily benefitted the Dutch water engineering firms (see for example “Market Opportunities for the Dutch Water Sector”).<sup>10</sup> The cost went far beyond the budgets of the city or even national government, around USD 16-17 billion, leading the national Financial Oversight Agency to report skepticism about the city’s capacity to fund the project.<sup>11</sup> Finally, the massive concrete dike was uninspiring, reminiscent of the 1960s World Bank steel-and-concrete infrastructure, and it did not match planners’ global aspirations for the city. National public works planners I consulted were skeptical that the deep-water seawall would have helped Jakarta’s water management system. While it could have provided a secondary level of coastal defense against sea level rise, it was unclear whether the deep seawall were a necessary addition to the seawall being constructed along the coast. The large reservoir that would be created by the second seawall, the deep-water seawall, seemed a functionally redundant, and came at a great cost.<sup>12</sup>

#### 4. Hyper-planning: Plans as Performative Objects

The infrastructural solution to Jakarta’s flooding and land subsidence problems took a major turn when the deep seawall was reconfigured as just one part of a larger project. The new plan, drawn up by Gijs van den Boomen of the Dutch design firm KuiperCompagnons, envisioned a real estate and infrastructural megaproject in the shape of the symbolic Indonesian *garuda*. The plan for the *Great Garuda* enlarged the drab concrete seawall to an entirely different scale. While the seawall had fallen under the purview of the city, the *Great Garuda* was graduated to a national government project, was renamed the National Capital Integrated Coastal Development (NCICD).<sup>13</sup> Its costs, estimated at 49 billion USD,<sup>14</sup> would be triple that of the seawall. The Master Plan for the *Great Garuda* spared no restraint in design possibilities. The wingspan of the *garuda* would create a large reservoir in Bay of Jakarta. The level of the reservoir would be managed through a series of pump houses in order to address changes in river and sea level. In turn, the reservoir would protect the rivers and land mass from flooding due to seawater intrusion from tidal fluctuations or climate change. The reservoir could also be used as a source for fresh water to a Jakarta that currently is not serviced with potable drinking water, or it could be used for maritime and leisure activities. It would supposedly be environmentally friendly, reserving areas to develop new mangrove and wetland areas. On the islands, there would be recreation and green space: a central park, the Garuda City Square, smaller urban parks, an urban beachfront, a waterfront nature park, and finally, piers and wharfs on all sides. On the body of the *Garuda* would be the civic center, where Jakarta’s government and administrative buildings would be relocated. It would be the heart of the new city’s social and civic life, with “shopping malls, cafés, restaurants, bars, clubs, galleries etc.” The waterfront and downtown parts of the body would be high-density residential and commercial real estate, while the density would decrease along the wingspan. The head would be reserved as an open space and “civic icon,” showcasing Indonesia’s maritime heritage while pointing towards its urban future, “the feeling of being at sea and standing at the gateway to the city but also at the gateway to the thousand islands.”<sup>15</sup>



Great Garuda images. From Ministry of Public Works, promotional slides, ca. 2013.

The plan for the *Great Garuda* emerged in what could be described as a flurry of confusion and desire. When the renderings of the *Great Garuda* emerged, it became immediately popular across a range of agencies.<sup>16</sup> Long before the publication of the Master Plan, circulations of images of the new project could be found in unexpected contexts and formats around the city. A proliferation of visual representations moved around the city; drawings, electronic images, 3D renderings, diagrams, and photocopies of printed PowerPoints presentations. These images landed not only in the offices of unrelated state agencies, but also showed up in the presentations of local NGOs and real estate marketing materials. Further, these images included vastly different renderings and design

possibilities. Some images included a highway connecting Bekasi and Tangerang, neighboring provinces to the east and west of Jakarta. Some designs included an extension of the mass rail transit system (MRT) currently under construction in Jakarta.

I refer to Butler's theory of "performativity" to understand the impact of the *Great Garuda*, and the effects of the unplanned and unforeseen processes that resulted through the circulations and reproductions of its images and its plans, which remade the possibilities for Jakarta's future. While Butler adopted the term "performativity" to describe the way that gender identities do not reflect a person's essential characteristics, but are tenuous constructions that are constituted and transformed through the "stylized repetition of acts" (Butler 1988, 519). However, after two decades during which the notion of performativity was itself applied in contexts far beyond the field of gender studies, Butler revisits the term to think through the ways that the theory of performativity can help us denaturalize the boundaries around categories like the "state" and the "economy." She writes:

So in this sense, it seems possible to conclude first, that performativity seeks to counter a certain kind of positivism according to which we might begin with already delimited understandings of what gender, the state, and the economy are. Secondly, performativity works, when it works, to counter a certain metaphysical presumption about culturally constructed categories and to draw our attention to the diverse mechanisms of that construction. Thirdly, performativity starts to describe a set of processes that produce ontological effects, that is, that work to bring into being certain kinds of realities or, fourthly, that lead to certain kinds of socially binding consequences. (Butler 2010, 147)

As such, the *Great Garuda* can be understood through its *effects* rather than its contents, and through the *contexts* in which it emerged rather than through its essential identity as a plan. Performativity of the plan itself restructured the ontology of the city, locating in series with other "global cities," and directed the future towards the northern coast. The performativity of the plan gave a language to urban boosters in the national ministries, the national and urban planning and development agencies (BAPPENAS and BAPPEDA), real estate firms, and even NGOs. While some planners saw the plan as anathema to the future of the city, the *Great Garuda* changed the meaning of Jakarta and the nation, and the ways that its residents and officials imagined their future.

The flurry of circulations and reproductions of the *Great Garuda*, an image and a dream of a global spectacle, I call "hyper-planning" in Jakarta. The performativity of the plan also had a materiality, and the circulations of the image moved between physical and digital representations, its print-outs, its three-dimensional renderings, and its projections on displays in presentations. As Hull reflects on the materiality of bureaucratic documents in Pakistan, "Graphic artifacts are a kind of semiotic technology...material means for producing, interpreting, and regulating significance for particular ends" whose efficacy "comes as much from how they circulate as from what they say" (2012, 24, 27). The dispersion and iterations of the *Great Garuda* was not a planned strategy of elites, experts, or officials. However, the plan in its written and graphic language, profoundly affected the global imaginaries of Jakarta's future. Planners across the city accepted the *Great Garuda* as the next major step towards Jakarta's future and pushed the project ahead. Besides the Ministry of National Development Planning, the *Great Garuda* found champions in two more major ministries, the Ministry of Public Works and the Ministry of Economic Affairs, where it became the pet project of the Ministers Hatta Rajasa and his successor, Chairul Tanjung.<sup>17</sup> One of my informants, an official at the Ministry of Public Works, was actively devising funding programs to begin the project, arrangements with various countries' foreign development agencies—Japan, Korea, the Netherlands, Australia, and the US—as well as the World Bank and the Asian Development Bank, and optimistically announced that Korea would be funding a \$9.5 million US feasibility study and

detailed plan.<sup>18</sup> As the plan was adopted by top officials in the city, the images and promotional materials proliferated further, showing up not only in programs and studies, but increasingly in international reportage.

Many officials actively promoting the plan were not familiar with the origins of the *Great Garuda*. One official speculated, “Maybe Van Oord? [Dutch engineering firm of Dubai Palm Islands design].” Another: “We don’t know...Lots of people claim to have drawn the eagle.”<sup>19</sup> As one city level planner complained, “No [*Garuda*] ideas are actually in a formal document so I can never be sure. We don’t know if roads will come through the islands... Also, how big is the Garuda? The size projections constantly change.”<sup>20</sup> However, these images performed more than confusion, but also became a means to leverage the future island city, and not only by the state. One developer—*not* participating in the *Great Garuda*—nonetheless used images of the *Great Garuda* and a 3D animation of the MRT across the wingspan to promote its private coastal real estate project. The use of the *Great Garuda* pointed toward the future value of the coastal properties and the imminent relocation of the center of Jakarta to the waterfront. Depending on the context, these images provided a new vocabulary of futurity and aspiration, shaping the space of the present with new possibility.

##### 5. From Concrete to Real Estate: The *Great Garuda* as Financial Fix

The provision of water infrastructure profoundly affects the health and welfare of the urban populace, and yet, the “infrastructure gap” remains an insurmountable challenge for countries in the Global South. Across the South, countries are seeking new financing schemes to raise capital for infrastructure, which often requires creative ways to involve the private sector.<sup>21</sup> The strategy to constitute the *Great Garuda* of real estate islands was largely a financial fix. The only feasible way to fund such an enormous project as the seawall was, ironically, to make it even larger, but also to provide incentives for the private sector to become involved. In this new scheme, private developers would fund the island reclamations, and in return, they would be able to develop valuable real estate in the bay, funding up to seventy percent of the project costs. In return for allowing new permits to developers, the city would get its climate infrastructure, and its new gateway to Jakarta. As one planner explained, it is a way to “flip the threat to an opportunity.”<sup>22</sup> This follows the logic of the “cross-subsidy,” a version of the private-public partnership that imagines an exchange of mutually beneficial values rather than a collective effort. Lacking the financial patronage system that supported major infrastructure projects under the Suharto regime, the neoliberal logic of the post-Suharto planning system brought about the cross-subsidy became a means for the state to fund infrastructural development, and was encoded in the National 2007 City Planning Law. The terms of the cross-subsidy replicate the logic of patronage under the Suharto regime, but are reconfigured as a process of transparent and auditable exchange. In this new relationship, all developer payments to state agencies, for everything from permit fees to density allowances, must be paid in-kind and negotiated for like values in public works contributions to the city.



Top: Regatta apartments and hotel. Bottom: private residence and yachts, Pantai Mutiara.  
Images by author, 2015.

The developer-funded, real estate-as-infrastructure solution was both legible and feasible in the context of Jakarta's real estate development template, especially as some of the largest private developers were already in the process of reclaiming land for a series of islands along the north shore of Jakarta. The project matched the repertoire of land development familiar to the city, encoded in a regulatory regime, and practiced in the real estate industry, through an assemblage of domestic and international market consultants, design and engineering firms, construction

companies, and marketing mechanisms. The private real estate developers were the critical link to the imagined reality of the *Great Garuda*. The city could have its future islands, the public would have orderly and hygienic spaces. The city's notorious financial and political problems would be resolved through a new approach to planning, a rational and transparent planning consortium of agencies and the private sector. The city would harness the capacity of the developers to build a new Jakarta.

Advocates of the plan cited the crowded land market in Jakarta,<sup>23</sup> that developers would jump at the opportunity for free land because of soaring real estate prices and diminishing supply of open land for development in Jakarta. However, despite the concessions of "free" hectares being offered, developers are still skeptical. As I chatted with representatives of two major developers, they laughed about the project, saying, "The city thinks the private sector will do the *Garuda*, but it is not profitable. They want to build 20,000 hectares but only leave 1,200 hectares for commercial land. No one will want to do it!"<sup>24</sup> Worse, the *Great Garuda* relies on the state's simultaneous completion of other major projects, providing comprehensive piped water to stop groundwater extraction, city-wide public sewerage, and an effective waste management system, none of which figure into the \$49 billion estimated cost (Van Dijk 2016; Mohsin 2015; van der Wulp et al. 2016). While this plan has been criticized as a scheme for developer profits, there are no real estate partners to date, making the *Garuda* a state-driven project. However, this has not stopped developers from using the plans for the *Garuda* to market coastal properties.

## 6. Political Functions of Planning for the Global Spectacle

Perhaps more powerful than the financial fix was the global symbolism of the *Great Garuda*, the assertion of sovereignty and control over urban space and national politics. The plan projected the identity of the nation in the symbol of the *Garuda*, and simultaneously offered an opportunity for Jakarta to be recreated as a waterfront city; ordered, elite, and visible to the international gaze. One planner explained to me that this was a moment of progress for Indonesia: "Many Indonesians are now thinking 'Why are we not Dubai?'"<sup>25</sup> In fact, many planners with whom I spoke referred directly to the Dubai Palm Islands in imagining the *Great Garuda*. The capacity to dream Jakarta as Dubai is what gave the *Garuda* its wings, its traction amongst the planners and bureaucrats of Jakarta's city and national agencies. The projection of Jakarta into a space of global commensurability, "inter-referencing" the Dubai Palm Islands, locates the city and the nation at the arrival of its developmental *telos*. I point to the particularity of this project as a new mode of governance of the national space. The *Great Garuda* was a mechanism to project the city beyond its past failures, and more specifically, past the nostalgia for authoritarian rule, past the perceptions of uncertainty of the current regime.

The plan emerged in a context of a continuously transforming regime, following more than a decade of halting democratization processes, and shifting modes and scales of governance (Hudalah 2017). Many in Jakarta hold a perception that in the absence of a strong central state, the government is unable to manage urban problems (Mohsin 2015). Conforming to this narrative of Jakarta as disaster, certain planners and officials occasionally promote a plan to abandon Jakarta and relocate the national capital city to another of Indonesia's major islands.<sup>26</sup> Competing with this plan, but in the same spirit, the *Great Garuda* plan sought to restore the capital city by extension of the old. It was a strategy to imagine and enact a "new Jakarta," to present the current political regime as successful and effectual, and to distinguish the state from the political regime of Suharto by giving new life to Jakarta. The plan for the *Great Garuda* simultaneously mobilizes popular frustrations with floods and traffic, in a political theater plagued by corruption scandals and political challenges.<sup>27</sup> As a catch-all plan, planners claimed the *Garuda* would solve an entire range of urban crises, vacillating between problems of flooding, urban density, traffic, and transit. As one enthusiastic official



explained, it would be “the biggest project ever in Indonesia’s history” and the chance to renew the city:

For me, the [*Garuda*] project is important because, 1) Jakarta is always flooded. 2) Jakarta is very crowded. It needs new land and business areas. The [*Garuda*] is very important for developing the future. I think it is feasible. Thinking about the [toll road], which came after we had the *Garuda* idea, a highway from Bekasi to Tangerang.<sup>28</sup>

Schemes for urban renewal on the coast began long before this project, as Kusno explains, from a mid-90s dream that the final frontier of capitalist development would be the waterfront. While “traffic jams and the rapid and uncoordinated formation of new towns have given Jakarta an atmosphere of unruliness and hopelessness...the waterfront seems to promise a city that would flow.” Even in 1995, boosters dreamed of relocating the current “golden triangle” central business district of Jakarta to the coast (2011, 517). The coast was a symbol of deterioration, and being so long ignored, Jakarta planners imagined that real estate developers could remake the image of the city itself by investing in a new gateway—the waterfront.

The vision of the elite waterfront is critical to the project. The officials emphasized to me that the new city would not be land-locked, but would be a “City from the Water,” and would match Indonesia’s archipelagic national identity.<sup>29</sup> The city already had examples of elite development on the waterfront, where developers had reclaimed coastal land for elite private developments. The *Pantai Mutiara* (“Pearl Coast”) development was one of the iconic success stories of land reclamation in the bay. It featured a gated community of landed houses with direct access to a canal with private quays for mooring yachts. At the tip of the peninsula are the ten apartment towers of the Regatta project, all shaped like sails. This project resembled the sail shape of Dubai’s Burj Al Arab hotel, and like the Dubai model, *Pantai Mutiara* and the Regatta towers present the nautical theme as an elite experience of upper-class recreational activities, where the waterfront is a lifestyle rather than a livelihood. Meanwhile, immediately next to the *Pantai Mutiara* peninsula is the fishing port of Muara Baru, and along with the Tanjung Priok port further east, these ports demonstrate a coastal landscape shaped in an earlier era through the fishing industry, national industrial development, and commercial shipping.

The *Garuda* confers a symbolic continuity between the nation, the private elite real estate, and global architecture of the new islands, simultaneously evoking national emergence, but also new figures of Indonesian subjectivity. As Bunnell notes of the Petronas Towers, the “site/sight is actively bound up in the (re)formation of geographical subjectivities” (2004, 74). Similarly, according to the Master Plan, the *Great Garuda* is planned as a “gateway to the world,” a “new face of Indonesia,” and a “new chance” for Jakarta, where the spectacle of global capital is only imagined through the evocation of a new Indonesian citizen. The Master Plan projects the vision of the *Garuda* not just as an orderly space, but also of an orderly populace, where good design contributes to “civic pride,” and the “viability and vitality” of the new city. This vision is necessarily a classed profile of civility; literally, “for those who can afford to live there.”<sup>30</sup> It contrasts popular perceptions of a disorderly populace, characterized by excess and unmanageability, figured through images of crowds in the marketplace, the usurpation of sidewalks across the city by vendors, self-built housing teetering on stilts along the edges of rivers, the trash and solid waste of millions floating down Jakarta’s rivers. The Master Plan has no considerations for the millions of informal laborers who currently live and work in Jakarta, or any plan to house or transport the construction and service workers to this new waterfront city. In this plan, the fishermen who live along the shore of Jakarta are also absent. Instead, the *Great Garuda* is a projection into the distant future, a time when problems of poverty and infrastructure have somehow been overcome. Or perhaps, they have

merely been left behind in this vision, abandoned on the mainland, while the new Jakarta emerges as an entirely distinct city. The beautiful island future of the *Great Garuda* suggests a subplot, a dystopian mainland counterpart to the triumphal eagle.



Great Garuda rendering. Image from NCICD Master Plan.

## 7. Conclusion

The floods of 2007 were an emergency for Jakarta, and not just in the deaths, property destruction, and human displacement, but also as a governance challenge. The state struggled to claim legitimacy, both in providing for its urban populace, and as a functioning government almost a decade after the fall of Suharto, a problem that Kusno describes as a “looseness’ at the center” (2010, 36). When the *Great Garuda* emerged, it was a fix to both of these problems. It would be funded through a system of private incentives embedded in the country’s new city planning law. Better, it fulfilled an aspiration for global recognition, a symbolic emergence through its association with Dubai, with the aesthetics of a signature mall instead of a World Bank dam. This state-led project sought to harness the capacity of private developers and their visions of an elite waterfront city in order to mobilize popular aspirations for life in a city that works, uninhibited by the specter of the flood and the frustrations of traffic. The project would be a planning panacea—a climate change solution, a signature global project, and a total renewal and relocation of Jakarta. I argue that the project is driven by a dream of national becoming, where spectacular visions of the elite city, rising up from the sea, physically and temporally mark a rupture from the Suharto era, the “old Jakarta.” This was hyper-planning Jakarta, a process in which the planning and development bureaucracy produced a new vision for the city’s future, but only by extending the current mode of private and elite development. Domestic developers would build this dream, while middle-class and

elite Indonesians would inhabit and enjoy its benefits, just as the middle class currently inhabits the elite real estate “islands” of contemporary Jakarta.

The relocation and reinvention of Jakarta through the *Great Garuda* is nothing short of a utopia. It would be iconic, visible from space, a signature real estate and planning project, and a model for coastal flood management. However, the planning for this global spectacle produced a particular denial about the gaps in the reasoning of the plan, displacing contingencies and impossibilities beyond the purview and obligations of the state. This represents a neoliberal utopian logic—the private sector will have the answers for problems that the state cannot currently address. Through the performance of the plans and images, the state produced the possibility of a legible and manageable city on a pristine urban archipelago. Focusing on this futurity, planners are using the plan to perform the aspirational vision of the global city, hyper-planning Jakarta through the circulating images of the *Great Garuda*.



Great Garuda renderings. Images from NCICD Master Plan.

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- <sup>3</sup> Mydans, Seth. 2007. "Jakarta Remains Partly Submerged After Flood." *The New York Times*, February 5, 2007. <http://www.nytimes.com/2007/02/05/world/asia/05cnd-indo.html>; Mydans, Seth. 2007. "Flood Toll Rises, and Indonesia Braces for Disease." *The New York Times*, February 6, 2007, sec. Asia Pacific. <https://www.nytimes.com/2007/02/06/world/asia/06indo.html>; United Nations Office for the Coordination of Humanitarian Affairs. 2007. "Indonesia: Floods in JABODETABEK (Jakarta-Bogor-Depok-Tangerang-Bekasi) OCHA Situation Report No. 9." ReliefWeb. February 15, 2007. <http://reliefweb.int/report/indonesia/indonesia-floods-jabodetabek-jakarta-bogor-depok-tangerang-bekasi-ocha-situation-4>.
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- <sup>5</sup> *Sydney MX (Australia)*. 2007. "Floods May Destroy Isles," December 4, 2007. Accessed February 18, 2016; *The Jakarta Post*. 2007. "Global Warming 'Causing More Floods,'" November 1, 2007. <http://www.thejakartapost.com/news/2007/11/01/global-warming-039causing-more-floods039.html>.
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- <sup>8</sup> City planner (TGUPP), Interview, Jakarta, April 15, 2015, Design Firm Representative (Witteveen+Bos), Interview, Jakarta, April 27, 2015.
- <sup>9</sup> "Aturan Main: Jakarta Coastal Defence Strategy." 2011. Jakarta Coastal Defence Strategy (JCDS) Cooperation Between Indonesia and the Netherlands, 48-53. "Jakarta Coastal Development Strategy End-Of-Project Review." 2012. Programme Water Mondiaal; Programme Partners voor Water. <http://www.partnersvoorwater.nl/wp-content/uploads/2012/07/FinalMissionReportdefversion.pdf>, 19.
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- <sup>12</sup> City planner (BAPPEDA), Interview, Jakarta, March 4, 2015, Design Firm Representative (Witteveen+Bos), Interview, Jakarta, April 27, 2015, Public works official (KPU-BBWSCC), Interview, April 28, 2015.
- <sup>13</sup> I continue to refer the NCICD as the *Great Garuda*, in part to avoid a plague of acronyms and in part to emphasize the spectacle that animates the project.
- <sup>14</sup> The Master Plan does not include figures or tables for project cost. Hence for the total project cost, I use just one of several estimates circulating. See "Agenda: Jakarta Coastal Defence Strategy." 2011. Jakarta Coastal Defence Strategy (JCDS) Cooperation Between Indonesia and the Netherlands; Pelupessy, Dicky. 2014. "The Giant Sea Wall and National Disaster-Risk Reduction." *The Jakarta Post*, October 18, 2014. <http://www.thejakartapost.com/news/2014/10/18/the-giant-sea-wall-and-national-disaster-risk-reduction.html>.
- <sup>15</sup> "Master Plan: National Capital Integrated Coastal Development." 2014. Kementerian Koordinator Bidang Perekonomian Republik Indonesia.
- <sup>16</sup> Public works official (KPU), Interview, March 2, 2015; Chair of the professional association of planners (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015; City planner (BAPPEDA), Interview, Jakarta, March 4, 2015; Director of Directorate General of Spatial Planning (Ministry of Public Works), Interview, Ministry of Public Works, Jakarta, March 19, 2015.
- <sup>17</sup> Kusuma, Adriana Nina, and Gyatri Suroyo. 2014. "Indonesia to Build \$263 Mln Sea Wall to Protect Capital." *Reuters*, October 9, 2014. <http://www.reuters.com/article/us-indonesia-infrastructure-idUSKCN0HY16720141009>; "Master Plan: National Capital Integrated Coastal Development." 2014. Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 10.
- <sup>18</sup> Public works official (KPU), Interview, March 2, 2015.
- <sup>19</sup> Public works official (KPU), Interview, March 2, 2015; public works official (KPU), Interview, March 26, 2015.
- <sup>20</sup> Chair of the professional association of planners (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.

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<sup>21</sup> Kusuma, Adriana Nina, and Gyatri Suroyo. 2014. "Indonesia to Build \$263 Mln Sea Wall to Protect Capital." *Reuters*, October 9, 2014. <http://www.reuters.com/article/us-indonesia-infrastructure-idUSKCN0HY16720141009>; "Master Plan: National Capital Integrated Coastal Development." 2014. Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 10.

<sup>22</sup> City planner (BAPPEDA), Interview, Jakarta, March 4, 2015.

<sup>23</sup> Public works official (KPU), Interview, March 2, 2015; Chair of the professional association of planners (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.

<sup>24</sup> Representative (PT Agung Podomoro Land), Personal communication, Jakarta, April 4, 2015.

<sup>25</sup> Public works official (KPU), Interview, March 2, 2015.

<sup>26</sup> This proposal, originating in the Sukarno era, emerged yet again in a new wave of proposals and reportage during the writing of this dissertation. See Conclusion.

<sup>27</sup> Jakarta's former Governor Basuki "Ahok" Tjahaja Purnama, often criticized for his aggressive urban interventionist attitude, embattled as a minority Chinese and Christian, completed a two-year prison sentence following a scandal in which he was accused of blasphemy upon citing the Qur'an. He was replaced in elections by the conservative, military-backed Anies Baswedan. (See "Anies" 2017; Nairn 2017). Cochrane, Joe. 2017. "A New Jakarta Governor Takes Office, and a Predecessor Sits in a Cell." *The New York Times*, October 16, 2017.

<https://www.nytimes.com/2017/10/16/world/asia/jakarta-governor-anies-baswedan.html>; Nairn, Allan. 2017.

"Trump's Indonesian Allies In Bed With ISIS-Backed Militia Seeking to Oust Elected President." *The Intercept*. April 18, 2017. <https://theintercept.com/2017/04/18/trumps-indonesian-allies-in-bed-with-isis-backed-militia-seeking-to-oust-elected-president/>.

<sup>28</sup> Public works official (KPU), Interview, March 2, 2015.

<sup>29</sup> Public works official (KPU), Interview, March 2, 2015; Chair of the professional association of planners (Ikatan Ahli Perencanaan), Interview, Jakarta, March 3, 2015.

<sup>30</sup> "Master Plan: National Capital Integrated Coastal Development." 2014. Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 103–4, 110).



## Conclusion: Towards the End of Island Development

On December 3, 2019, a 170-meter segment of the seawall on the north coast of Jakarta collapsed. The concrete wall was under construction by the Ministry of Public Works, and it was a major failure in the project to save Jakarta from sinking into the Sea of Java.<sup>1</sup> This coastal seawall was only the first stage in the much scaled-down coastal defense project (the NCICD II). The secondary stages include a highway to run along the seawall, as well as pumping facilities along the north Jakarta coastline, an area that is already meters below sea level. The city is rapidly trying to defend itself against a major problem—with only a quarter of residents connected to piped water, much of the city uses wells drilled into the aquifers below Jakarta. The resulting land subsidence has put much of north Jakarta below sea level and has exacerbated major flooding in the city. The problem with water permeates Jakarta, and its issues with water management complicated by a lack of sewage and waste treatment. Jakarta is built on a floodplain, where thirteen rivers flow into the Bay, many filled with trash and raw sewage. The collapsed seawall serves as evidence against the viability of the city's defensive strategies against sea level rise. A photogenic mosque, flooded and abandoned for a decade, now sits in water on the bay side of the seawall, and images of its ruins are often used as portents of the future of the city itself.



Image: Christoffer Rudquist, 2019, [www.wired.co.uk](http://www.wired.co.uk).<sup>2</sup>

The seawall's collapse came only five years after the plan to renovate Jakarta with a massive iconic island development project, the *Great Garuda*, the eagle-shaped archipelago that would include a protective seawall and would house a “new Jakarta” built on reclaimed islands in the bay. This project (the first NCICD) gave planners the language to make global claims about the city's triumphal emergence, even locating Jakarta on par with Dubai, whose palm islands remains the model for the nationalist urban spectacle. However, years later, that NCICD has been shelved, the reclamation of private islands on Jakarta's coast has been shuttered, and the city and national public



works agencies are leading the construction of the seawall. In an even more ironic turn for Jakarta, in 2019, the national government began to make concrete plans to move the nation's capital entirely out of Jakarta and off the island of Java.<sup>3</sup> While the country had suggested moving the capital in the past, this time they seemed serious, and even began surveying land in the rainforest of southeastern Borneo for potential sites. In five years, the discourse about the Jakarta shifted from describing it as an emergent metropolis to a total failure, from global city to sinking city.

In the past thirty years, Jakarta became a city of islands, which served as the nodes of modern life. The geography of the city revolves around the city's new towns and superblocks, which stand like islands amidst a sea of people, cars, and traffic. The city feels modern, contemporary, hip, elite, and important. The country's largest electronic music festival, the Djakarta Warehouse Project, brought a lineup of the most sought-after DJs in the world, and pop-up events in old wet markets and the illuminati of Jakarta's annual fashion week make the city feel immersed and connected to global culture. The city feels like it is growing and changing under your feet, and cranes dot the skyline, while the shells of incomplete buildings illuminate the night sky as construction work continues around the clock. Simone (2014) calls this space of provisional modernity the "near-South," suggesting that the city has a legibility and a similitude with the North, but that the architectural spectacles nonetheless retain a spectral quality, a proximity to Southern tropes of precarious livelihoods and dysfunction. Of course, as Simone demonstrates, many of the city's "urban majority," its everyday residents, live amidst between a broad diversity of popular spaces and megaprojects, devising novel relations that "draw the city together." While life in the city consists of so much more than these islands, this research focuses on how Jakarta's islands have emerged to shape life in the city, to make piecemeal improvements amidst a scene of what can feel like dysfunction, deterioration, or failure.

This dissertation demonstrates how new developers exploited a rapidly growing and urbanizing economy in Jakarta, redeveloping the city and the region with new and modern spaces. I show two of the main processes in the urban development assemblage in Jakarta. First, I show the tools and strategies of developers, and the ways they navigated the industry at the peak of the land boom in the mid-2010s. Second, I show how the government sought to regulate development through an almost Faustian deal, in which private development could continue apace as long as developers would contribute to public projects and urban development goals. However, I show, this arrangement favored rampant development and was impossible to regulate. The attempt to render development transparent, through mechanisms like the "cross-subsidy," were often subverted. The very surfeit of planning initiatives, even to produce coordination, often had the opposite effect. Meanwhile, the irruptive politics of the anti-corruption campaign often made planners feel they were ironically part of a less transparent system. Further, I show how planners' aspirations for Jakarta as a global city, in turn, shaped the way urban development was rolled out. The big real estate plans animated the globalist dreams of planners. Plans like the spectacular *Great Garuda* islands moved through national and city planning agencies not because they were particularly good, or even feasible, visions for the city, but because they represented a powerful vision of modernity.

Much of the research on Asian development looks the way that the "global city" model (Sassen 2001), through its aspirational discourse, and its architectural aesthetics, was adopted by Asian cities as a state-led speculative strategy (Olds 2001; Marshall 2002; Bunnell 2004; Ren 2008; Goldman 2011b; Roy and Ong 2011; Ghertner 2015; Nam 2017; H. Kim 2017). Taking into account the state strategies that envision great economic returns through the strategic enhancement of connectivity with "global capital" and "global forms," my research contextualizes the not-so-new spaces of "global" Asian urbanism within the context of the history of the developmental state in Asia. This dissertation responds to a gap in the literature identified by Doucette and Park: "There is a missing *urban* story to work on East Asian developmentalism as well as a missing *developmentalist*

story in research on East Asian urbanization” (2018, 3). I connect Jakarta’s island development to the history of developmentalism in Indonesia, a project that sought to modernize the nation, and to secure the wellbeing of the population. Li connects the Indonesian developmentalist project to Foucault’s notion of governmentality, or “biopolitics,” the provision of the well-being of the population, which she calls the schemes of “improvement” (2007). While Li’s work is focused on rural populations, agriculture, and conservation schemes, I focus on the how developmentalism animated urban interventions. Thus I consider how biopolitics, which was understood by Foucault at the scale of the national population, can also frame urban government strategies and interventions.

Biopolitical concerns of the government focused at once as the provision of the population’s basic needs, not only as formulated by Sukarno—*perut, pakaian, perumahan, pendidikan, pergaulan*<sup>4</sup> (stomach, clothing, housing, education, society)—but also the development of the economy that could provide for these critical elements of life. Asian countries’ developmental trajectory occurred much later than their South American counterparts, and the economically successful “Asian tiger” economies achieved dramatic economic growth and economic largely through a combination of market liberalization and staged export-oriented industrialization from the 1960s through the 1990s, and were followed by the Southeast Asian “tiger cub” economies whose economic booms were slower but more steady. The developmentalist strategy was capitalist—the growth of markets and the upgrading of its economy were its goals—but its mechanisms were based state intervention, rather than liberal notions of market freedom, and Japan, Taiwan, and Korea all grew their economies through the direct intervention of the state in organizing business groups around chosen industries and firms, setting prices for international trade, and promoting technological development through research and education programs (Johnson 1982; Amsden 1989). Indonesia, likewise, achieved a boom in industrialization through targeted programs that bolstered extractive and manufacturing sectors, funded by economic liberalization and then an oil boom in the 1970s, followed by further liberalization in the 1980s (Hill 1997). However, this standard story of Indonesia’s developmentalist history often ends with the state’s reorientation towards economic liberalization and urban development, which presumes the retrenchment of state projects of improvement in social wellbeing, leading to concepts like “postdevelopment” (Sidaway 2007) and even the “afterlife of development” (Rudnykyj 2010).

While the programs for national development based on industrialization did characterize development in a certain era, this account omits the urban spatial factors of economic development and social change, as well as the reorientation of biopolitical projects towards urban space. In Indonesia, the shift towards urban development was just as interventionist as the project of national industrialization. In the late 1980s, the government supported the growth of a small number of real estate firms by providing them privileged access to land and permits, and supporting their access to banking and finance markets. This led to a real estate boom that transformed the city with the construction of privately developed “islands”—new towns in the periphery, superblocks in the inner city, and reclaimed islands along the northern coast of the city. The arrangement sought to leverage private development to fund the state’s urban development projects, joining the two interrelated threads of Suharto’s development rhetoric in a relationship that valorized both. In the first sense, the state celebrated economic growth as the nation’s modernization and emergence from its colonial past. The city’s rapid urban transformation, due specifically to the rise of the private real estate sector and the influx of international capital, was considered both the cause and the evidence of the booming urban economy.

However, while private real estate developments had developed public infrastructure in the new towns and superblocks, there was a distinct contrast with the infrastructure throughout the rest of the city. Shatkin refers to this mode of city-building as “bypass-implant urbanism,” a strategy that

relies on elites not to improve, but to *bypass*, the decaying and marginalized areas of the city, and to implant capitalist urban projects amidst the older vernacular forms of the city (2008). The contrast of Jakarta’s chronic infrastructural deterioration with the modern real estate islands—its congested streets running along polluted rivers juxtaposed with planned developments and high-quality infrastructure—gave Jakarta the quality of the island city. It is this provisional, fragmented, and bypassed space that Simone describes as the “near” of the near-South he finds in Jakarta. Amidst the navigations of that space that cross over official plans and narratives, the intersections and contestations of official plans, he shows that the urban majority itself is what makes the city “work” (2014). Caldeira goes further to name this contested space a fundamental aspect to Southern cities—“peripheral urbanism”—which contests official narratives and processes through “transversal logics” (2017). The island space I describe in Jakarta is has produced what is certainly a heterogeneous and profoundly unequal city, but nonetheless it is a city in throngs of people make their way by incorporating and bypassing the programmed islands of “improvements” in the urban environment.



The dip in GNI in the Asian Financial Crisis in 1997 was recovered by 2003. Since then, the growth rate has hovered around or above five percent, with growth flagging temporarily in the mid-2010s.

Data from [www.worldbank.org](http://www.worldbank.org).

In spite of the success of the urban development assemblage across the past three decades, there is evidence that Jakarta’s mode of island development may be coming to an end. For one, the politics of the city seem to be shifting away from “development” as an issue that animates politics of the city. This may be due to the city and the country’s remarkable growth during the first two decades of the 2000s, a period which also saw a steady rise in the Human Development Index, which indicates an improvement in the general well-being of the population. The city has taken on major infrastructural upgrades, particularly the first phase of a mass rapid transit system, a project that cost the national government USD 1.2 billion.<sup>5</sup> This suggests a greater role for public interventions, and figures like the new deputy governor, Oswar Mungkasa, is pushing for a stronger role for state solutions to Jakarta’s water problems.<sup>6</sup> This approach suggests an end to a reliance on

the private sector to provide the public infrastructure needed by the city. Second, the discourse of development and improvement may have succumbed to the rise of a new politics centered around a nationalist Muslim identity. The recent governor Basuki Tjahaja Purnama, known as a strong, if undemocratic, city-builder, was jailed for blasphemy against Islam during a campaign speech. The Muslim political right wing has commanded a greater control over national politics. Even the progressive President Joko Widodo adopted Ma'ruf Amin as his vice president, the right-wing leader of the top Islamic body in the country. Next, with less land available in the city, development may no longer be economically feasible for developers. It is increasingly difficult to obtain contiguous plots of land for the large developments that is the basis of the business model of the real estate industry. The renewal of the waterfront islands project was a response to the shortage of land, but developers found that the scarcity of sand was a real problem for island reclamation. Developers have increasingly moved their portfolios outside Jakarta, to other major cities in Java, Bali, and Sumatra, while some have even developed projects in India and Vietnam. Finally, developers have been under increased scrutiny from the public, which has led to real consequences for their business model. The two large projects that originated in the Suharto era—the new town in the highlands of Sentul to the south of Jakarta, and the waterfront islands on Jakarta's northern coast—were both implicated in corruption cases and faced a great deal of public protest for their attempts to bypass environmental concerns. The public pressure includes both the work of the Corruption Eradication Commission in high-profile investigations and convictions of major real estate players in corruption cases, as well as an increased level of public scrutiny from officials, particularly the dissent from the Minister of Seas and Fishing, Susi Pudjiastuti, as well as pressure from civil society groups such as the fishermen's associations and the environmental group WAHLI.

Even if the construction of large island developments should slow down or cease in Jakarta, the city has been indelibly reordered through the urban growth of the past three decades. The geography of the city is a patchwork of middle-class and elite housing, office towers, and malls. They give the city its claims to modernity, as well as its spatial manifestation of inequality. The urban development assemblage transformed Jakarta, with new modern urban spaces that ranged from sleepy suburbs to rooftop clubs. The state's experiment in managing the private sector to upgrade the urban environment led to a fragmented urban landscape, private infrastructure grids, and the sharp juxtaposition of leisure spaces and working-class spaces. Further, urban development was frequently a proxy for the politics of democratization, where society collectively legitimated or condemned new directions for the city, and where institutions were shaped around new strategies and cultures. If Jakarta's future revolves around its capacity to conjure a strong public sector, and to ward off the threat of land subsidence and flooding, its islands will remain as a memento to that era of private growth the role of real estate in urban development.

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<sup>1</sup> Andapita, Vela, and Sausan Atika. 2019. "Coastal Wall Collapse Raises Safety Concerns." News. The Jakarta Post. December 7, 2019. <https://www.thejakartapost.com/news/2019/12/07/coastal-wall-collapse-raises-safety-concerns.html>.

<sup>2</sup> Guest, Peter. 2019. "The Impossible Fight to Save Jakarta, the Sinking Megacity." *Wired UK*, October 15, 2019. <https://www.wired.co.uk/article/jakarta-sinking>.

<sup>3</sup> Simon, Matt. 2019. "Jakarta Is Sinking. Now Indonesia Has to Find a New Capital." *Wired*, May 2, 2019. <https://www.wired.com/story/jakarta-is-sinking/>.

<sup>4</sup> See (van der Kroef 1962).

<sup>5</sup> Singgih, Viriya, and Arys Aditya. 2019. "The \$43 Billion Race to Fix Jakarta's Choking Traffic." News. Bloomberg.Com. February 26, 2019. <https://www.bloomberg.com/news/articles/2019-02-26/the-43-billion-race-to-fix-jakarta-s-choking-traffic-starts-now>.

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<sup>6</sup> Guest, Peter. 2019. "The Impossible Fight to Save Jakarta, the Sinking Megacity." *Wired UK*, October 15, 2019. <https://www.wired.co.uk/article/jakarta-sinking>; "Oswar Mungkasa: Jakarta's Sustainability Initiatives in Place." 2019. News. NOW JAKARTA. May 31, 2019. <https://nowjakarta.co.id/oswar-mungkasa-jakarta-s-sustainability-initiatives-in-place>.

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