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Jakarta “Since Yesterday”: The Making of the Post-New Order Regime in an Indonesian Metropolis

Arai Kenichiro*

This paper is an attempt to explore the features of Indonesia’s post-New Order regime in terms of the reorganization of the spatial, economic, and socio-political order in the Jabodetabek region. Although buoyant property investments in the last seven to eight years significantly changed the skyline of the metropolis, this paper reveals that the basic pattern did not alter after the regime change, with major developers taking control of vast areas of suburban land and creating an oligopolistic order. This paper argues that this continuity was due greatly to the developers’ ability to organize and protect their collective interests through business associations and strong ties with political parties and the administration. The paper concludes that the emerging new regime comprises privatized urban governance in satellite cities, a dual government arrangement, and widening socio-spatial cleavages. So far, the tension inherent in this arrangement has been contained by measures such as the privatization of security and the political mobilization of Islam.

Keywords: Jabodetabek, property industry, urban development

Introduction

In this paper, the author presents a political-economic analysis of the making of a new urban regime after the collapse of Suharto’s New Order regime in Jakarta and surrounding regions—Bogor, Depok, Tangerang, and Bekasi, popularly known in their abbreviated form as Jabodetabek. There are four major questions to be examined, basically corresponding with the four sections of this paper: (1) How, and to what extent, have basic patterns of urban development persisted after the regime change? (2) Why do the dominant development patterns persist even after losing the support of the government? (3) Combining spatial arrangements and socio-economic hierarchy, what kind of new social order is in the making? (4) How does the new regime maintain stability, and what kind of dynamism is observed?

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It is an appropriate time to address these questions for several reasons. First, since the collapse of the New Order, 16 years—about half the time of the Suharto presidency—have elapsed. The democratized post-New Order phase can no longer be treated as transitional. Second, the past seven or eight years have been a buoyant, booming period for the property business, with a number of newly developed apartments, shopping malls, large mixed-use complexes (“superblocks”), and gated communities, which have significantly changed the landscape of Jabodetabek.

Scholars on Jakarta and other large cities in Southeast Asia have stressed that urban spaces and built environments are crucial components in articulating class division and other social cleavages,¹⁾ and this could have various implications in understanding ongoing political or social developments. Today, the population of Jakarta is 10 million. Combined with three surrounding regencies (Tangerang, Bekasi, and Bogor) and several municipalities in them, the total population of Jabodetabek is about 28 million: more than 11 percent of the national population.²⁾ The heavy weight of the population, together with the concentration of economic and political activities in Jakarta as the national capital, makes various issues in this region more important than ever—for the whole nation and the stability of the post-New Order regime.

This paper is divided into four parts. First, the author examines preceding studies to show that the concentration of land under a small number of developers during the New Order was facilitated by Suharto’s authoritarian power, and hence the persistence or revival of the oligopoly after the fall of Suharto requires a new explanation about its political economy. The second part examines the continuities and changes in large-scale property projects and major developers, and how they retained their control over land through the process of democratization. The third part shows the new social hierarchy under the developers’ privatized government, and widening social cleavages. The last part points out several elements of the regime that function to cover social cleavages and discontents, and suggests how these cleavages and discontents bring dynamics into urban politics under the new democratic framework. By focusing on the spatial dimensions of

1) Abidin Kusno in his interpretive study of urban space and architecture has repeatedly addressed this issue (Kusno 2000; 2010). Peter Rimmer and Howard Dick, although approaching the subject from a totally different theoretical perspective, also stressed this point in analyzing how the class division of large cities in Southeast Asia is spatially articulated (Rimmer and Dick 2009, Chapters 5 and 8). Also see the analysis of Malaysia’s Multimedia Super Corridor by Tim Bunnell (2003) and Brenda Yeoh’s study on colonial Singapore (2003).

2) If we sum up the population of all regencies and cities in Jabodetabek from the annual report on each regency and municipality by BPS (such as *Kabupaten Bogor dalam Angka 2011*), the total population of Jabodetabek in 2010 was 279,426,508. The population of Jakarta in 2010 was 9,607,787, according to BPS (<http://www.bps.go.id/linkTabelStatis/view/id/1267>, accessed August 27, 2015).

a political economy perspective, this paper intends to contribute to a better understanding of the post-New Order regime, of its features, tensions, and resilience.

I Contextualizing Jabodetabek in the Making of the Post-New Order Regime

Jakarta is surrounded by three regencies: Bogor to the south, Tangerang to the west, and Bekasi to the east. Although suburbanization and deconcentration have extended the metropolitan region in all three directions, each direction is characterized by different dominant patterns of suburbanization. The south was the most natural area for suburbanization and the formation of a satellite city since the Dutch colonial period, but this trend was intentionally curbed from the 1970s and 1980s because the southern highland functions as the water catchment area for the capital city. Since the second half of the 1980s, westward development has been propelled mainly by planned satellite city projects (mainly residential ones), while eastward development has been propelled by large-scale industrial estate projects (Arai 2011).

Several studies on urban development during the New Order are available as a starting point to assess the continuity and change before and after the regime change. Among them are Andrinof Chaniago's fairly comprehensive analysis on the failure of urban development during the New Order (2001); Robert Cowherd's studies on the political economy and the politics of hegemonic discourse in the implementation and distortion of city planning (2002; 2005; 2008); Tommy Firman's series of studies on the development in the Jakarta metropolitan region (for example, Firman 2004; 2014; Salim and Firman 2011); Bernard Dorleans's studies on changes in land use, land transaction, and speculation (1994; 2000); and large-scale, multifaceted joint research on Jakarta conducted by Osaka City University (Miyamoto and Konagaya 1999). Previous work by this author (2005) also analyzed the birth and development of about two dozen large-scale satellite city projects: how these projects were conceived, and how vast spreads of suburban land were consolidated and controlled by a small number of private developers (also Arai 1999; 2001a; 2001b; 2012).

Although varied in approach and focus, preceding studies on Jabodetabek urban development have generally focused on the development of either industrial estates or predominantly residential satellite city projects. For example, while Chaniago (2001) stressed the deregulation of industrial estate development at the end of the 1980s as the major momentum to open up widespread land speculation and the commoditization of urban space, the author of this paper, along with Firman (2004) and Cowherd (2005), put

a greater focus on large-scale satellite city projects as a dominant factor in shaping the spatial order of Jabodetabek (Arai 2005; 2012).

These satellite cities indeed deserve special attention in analyzing the spatial transformation of Jabodetabek during Suharto's New Order era. First, the scale of land appropriation was unusual, especially in the context of densely populated Java. Combined together, these projects were sanctioned by development permits that covered roughly 80,000 hectares of land in this region—roughly 12 percent of the whole Jabodetabek area (663,900 hectares)—and the 22 percent of the area in Bodetabek designated for residential use in the government's spatial plans (370,716 hectares). Second, these planned cities were developed as a private business, mainly by ethnic Chinese conglomerates. This meant that a small number of private businesses were in a position to decisively influence the land and residential market of the whole metropolitan region, and hence established oligopolistic market structure.

Observers generally agree that the New Order's policy promoting privately developed large satellite cities had a serious negative impact on the economy and society. It exacerbated land speculation, funded by mushrooming new banks and a buoyant capital market. Skyrocketing land prices made affordable housing unviable and at the same time aggravated social discrepancy and antagonism. Newly developed houses were generally targeted at a small market of the middle to upper classes and caused oversupply while excluding and alienating the lower classes. Overinvestment in land and property, financed by reckless bank loans, and the resulting massive nonperforming loans became one of the most consequential factors of the economic crisis in 1997. Many large corporations experienced *de facto* bankruptcy. Nonperforming loans of roughly Rp.70 trillion were then transferred from the private sector to the government. By setting up the Indonesia Bank Restructuring Agency (IBRA in English, BPPN in Indonesian), the state managed to recover only about 30 percent of the funds already invested to salvage the banks; the burden of the remaining 70 percent—roughly Rp.50 trillion—of nonperforming loans from the property sector ultimately fell on taxpayers. In terms of results, only land resources and profits were privatized; the cost of the failure was borne by the public sector. Neither did these satellite city projects succeed in the task of providing a large number of houses to the majority of urban residents at an affordable price (Arai 2005).

In tracking how a small number of developers got such a vast spread of land under their control, previous studies pointed out the crucial role of the permits issued by the government, especially *izin lokasi*, or location permits (Cowherd 2002; 2008; Firman 2004; Arai 2005; Rakodi and Firman 2009). In a country where land titles are not well registered and are blurred and multilayered by the complex history of colonialism,

revolution, and widespread squatting, legal rights on certain pieces of land stand on a fragile base. Control over land is often determined by which of the contesting stakeholders has the most power. During the New Order, location permits sanctioned by the authoritarian government gave developers (permit holders) the exclusive right to buy, keep, and develop land, thus leaving landholders with almost minimal bargaining power.

However, scholars differ in their view of why location permits were overissued. Firman (2004) stressed the speculative behavior of developers on the one hand, and an uncontrolled land permit system on the other, by both the National Land Agency (Badan Pertanahan Nasional, BPN) and local governments. He also pointed out that local governments had very weak capacity for managing and implementing spatial plans. This explanation stresses the weakness of the government (in terms of capacity or discipline) vis-à-vis private developers (see also Firman 2009, 332). Although this author agrees with each point of the above explanation, Firman stops short of explaining why the government was powerful in raising the position of permit holders vis-à-vis landholders while being weak in controlling the same permit holders it empowered.

Cowherd (2005) and Arai (2005) took the opposite view in stressing that the strong power of the government was a precondition of this process: developers were able to appropriate disproportionate amounts of land resources mainly because they were empowered and supported by the strong authority of the government. Although the resulting land-use patterns often deviated from what was officially planned, developers received extensive support from the government; in this sense, these deviations were intentionally overlooked (Arai 2005). A fuller explanation of this historical process has to include an analysis of the government-business relationship and internal differences of interest within the government. The political economy approach is well suited to this task.

Takashi Shiraishi (1992) pointed out the dual foundation of Suharto's New Order regime: the formal, functional hierarchy of bureaucracy, and the informal, patron-client hierarchy that was justified with the ideology equating the state with a large family. Suharto stood at the top of both hierarchies. Spatially, the apex of the formal one was the presidential office, and that of the informal one was Suharto's private residence on Cendana Street in Menteng, Central Jakarta. Members of the most privileged inner circle of this informal hierarchy were allowed to meet him privately in his Cendana home. Initially, Suharto skillfully manipulated these formal and informal aspects. However, as with the generational change within the body of bureaucracy and wider socioeconomic transformation, the two logics increasingly came apart and generated tension and conflict in the late 1980s and 1990s (*ibid.*). From this perspective, many of the policies of eco-

conomic liberalization and private-sector-driven development actually functioned for the members of the informal network to utilize the state's formal apparatus to maximize their chances of rent seeking, appropriating public resources, and accumulating wealth outside of the bureaucracy in the form of privatized capital. Cowherd took a similar view in analyzing urban development in the New Order era, naming the informal ruling elites the "Cendana-Cukong alliance" (Cowherd 2005).

Based on these previous studies, the question remains: If oligopolistic control was enabled and sustained by Suharto's Cendana-Cukong alliance, why and how did it sustain itself or change after the fall of Suharto? Firman's 2004 study presented the case that successful new-town developers were securing the support of the growing middle to upper strata by providing them with high security, good urban management, and the image of a modern lifestyle (Firman 2004). He discussed this topic in terms of segregation, but what he observed can also be framed as a "developer-middle class alliance" and counted as an alternative-support base for developers in the post-New Order era. This author finds it helpful in the following analysis. Cowherd did not try to extend his analysis in detail into the post-New Order era but hinted at the binding power of the discourse of "development" as an important factor in the continuity before and after the regime change (Cowherd 2008). Firman's more recent studies, together with the works of D. Hudalah and other scholars, seem to shift attention and effort into revealing the growing weight of new industrial centers in the Jakarta metropolitan region, and the emerging polycentric metropolitan structure (Hudalah and Firman 2012; Hudalah *et al.* 2013; Firman 2014). Although these are important issues in themselves, the analyses tend to bypass the issue of power relations, naturalizing the observed phenomena by relating them to some global trend or force (such as post-suburbanization and FDI of globally mobile capital) on the one hand, and the trend of deconcentration of industrial investment and employment on the other.

Just as the concentration of land under the New Order regime was not a natural or inevitable process, its continuation after the collapse of the Cendana-Cukong alliance is also not natural but needs explanation. This paper tries to present a brief outline of how the restructuring of social hegemony and spatial order in the post-New Order era reinforce each other, and how they guarantee the continuation of the highly oligopolistic control of land resources. This paper also argues that privatized security and the resulting employment opportunities as well as the political mobilization of Islam constitute important pillars of the post-New Order regime and guarantee a certain degree of social stability amid a polarized economic and spatial structure.

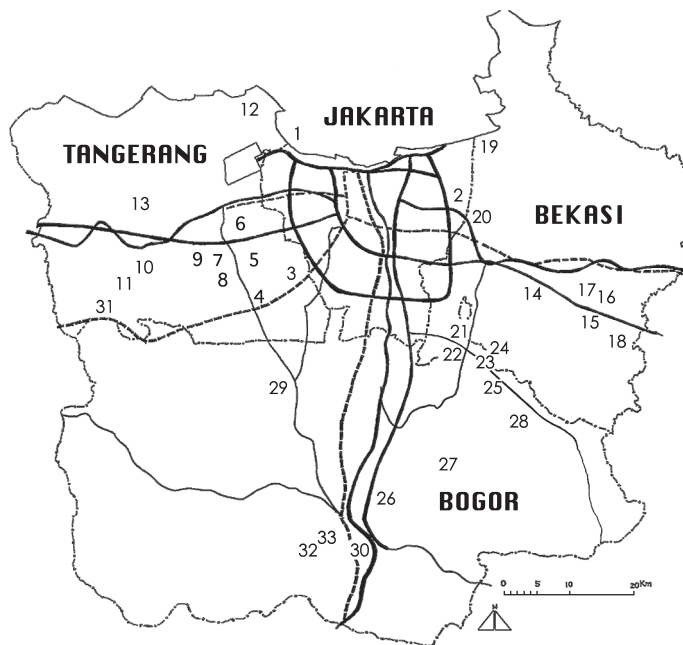
On the aspect of change, this paper maintains that the contemporary metropolitan order is ruled by a restructured growth coalition characterized by a more formalized

relationship between the government and the property business, and a highly commercialized relationship between privatized “municipal governments” and the wealthy middle to upper classes.

II Reorganizing Oligopoly

1 Planned Satellite City Projects Revisited

The first question to be asked is how and to what extent the oligopolistic control of land has changed since the regime change. This author tracks major satellite city projects after the New Order (Table 1; Map 1). Just after the economic crisis and the collapse of the New Order, almost all large developers became temporarily insolvent, and the government—as creditor—had strong bargaining power against them. At that time, the BPN expressed the intent to review the appropriateness of existing development permits of large satellite city projects. However, Table 1 shows that most satellite city projects have survived, albeit with some changes in shareholders. As for projects of more than



Map 1 Large-Scale Satellite City Projects in Jabodetabek

Source: Made by the author

Note: Numbers in this map correspond with those of Table 1.

Table 1 Large-Scale Satellite City Projects in Jabodetabek (>500 ha)

No.	New Order		Post New Order		Planned Total Size (ha)		Place	
	Name of City	Developer	Name of City	Developer	Suharto Regime	2007		
1	Pantai Indah Kapuk	PT Mandara Permai (Salim Group and others)	Pantai Indah Kapuk	PT Mandara Permai (Berca Group), Agung Sedayu Group	800		Penjaringan	North Jakarta
2	Modern Jakarta	PT. Modernland Realty	Jakarta Garden City	Keppel Land & PT. Modernland Realty	500	270	Cakung	East Jakarta
3	Bintaro Jaya	PT. Jaya Real Property	Bintaro Jaya	PT Jaya Real Property Tbk	2,321		Pondok Aren	South Tangerang Municipality
4	Bumi Serpong Damai	PT BSD (Salim, Sinar Mas, Ciputra)	BSD City	PT Bumi Serpong Damai (Sinarmas Land)	6,000	6,000	Serpong	
5	Alam Sutera	PT Alfa Goldland Realty (Argo Manunggal Group)	Alam Sutera	PT Alam Sutera Realty Tbk (Argo Manunggal Group)	700	700	Serpong Utara	
6	Kota Modern	PT Modernland Realty	Kota Modern	PT. Modernland Realty	770	770	Cipondoh	Tangerang Municipality
7	Gading Serpong	PT Jakarta Baru Cosmopolitan (Summarecon Group, Batik Keris, Agung Podomoro Group)	Summarecon Gading Serpong	PT Summarecon Agung	1,500	375	Kelapa Dua	Tangerang Regency
8			Paramount Serpong	Paramount Land Development		600	Kelapa Dua	
9	Lippo Karawaci	PT Lippoland Development	Lippo Karawaci	PT Lippo Karawaci Tbk	2,000	2,266	Kelapa Dua	
10	Citra Raya	Ciputra Group	Citra Raya	Ciputra Group	1,000	2,760	Cikupa	
11	Kota Tigaraksa	PT Panca Wiratama Sakti	-	n.a. (Tangerang Regency Government)	3,000	-	Tigaraksa	
12	Kota Wisata Teluk Naga	Salim Group	-	-	8,000	-	Teluknaga	
13	Puri Jaya	PT Jaya Real Property	Puri Jaya	PT Jaya Real Property	1,745	n.a.	Pasar Kemis	
14	Kota Legenda	PT Putra Alvita Pratama (Napan, Puteraco, Bangun Tjipta Pratama, Duta Putra Mahkota, Kalbe Land, Dharmala Group, Pangestu family)	Grand Wisata	PT Putra Alvita Pratama (Sinarmas Land)	2,000	1,100	Tambun Selatan	Bekasi Regency
15	Lippo Cikarang	PT Lippoland Development	Lippo Cikarang	PT Lippo Karawaci Tbk	5,400	2,216	Cikarang Selatan	
16	Cikarang Baru	PT Grahabuana Cikarang	Kota Jababeka	PT Jababeka Tbk	1,400	5,600	Cikarang Selatan, Cikarang Utara	
17	(Kawasan Industri Jababeka)	PT Kawasan Industri Jababeka Tbk (Sudwikatmono and others)			2,140			
18	-	-	Kota Deltamas	PT Pembangunan Deltamas (Sinarmas, Itochu, Sojitz)	3,000		Cikarang Pusat	
19	Pantai Modern	PT Modernland Realty	-	-	500	-	Tarumajaya	Bekasi Municipality
20	Harapan Indah	PT Hasana Damai Putra	Kota Harapan Indah	PT Hasana Damai Putra (Damai Putra Group)	700	3,000	Medan Satria	

Table 1 continued

No.	New Order		Post New Order		Planned Total Size (ha)		Place	
	Name of City	Developer	Name of City	Developer	Suharto Regime	2007		
21	Kota Wisata	PT Duta Pertiwi (Sinar Mas), Marubeni (Japan), LG (Korea), Land & House (Thailand)	Kota Wisata	PT Duta Pertiwi (Sinarmas), Marubeni, LG, Land & House	1,000	750	Cileungsi	Bogor Regency
22	–	–	Legenda Wisata	PT Duta Pertiwi (Sinarmas Land)		200		
23	Kota Taman Metropolitan	PT Metropolitan Land	Metland Transyogi	PT Metropolitan Land	600	148	Cileungsi	
24			Metland Cileungsi			200		
25	–	–	Harvest City	PT Dwikarya Langgeng Sukses (Duta Putra, Kentanix Supra International, Suryamas Dutamakmur)	–	1,050	Cileungsi	
26	Bukit Sentul	PT Royal Sentul Highland (Bambang Trihatmodjo & Cahyadi Kumala)	Sentul City	PT Sentul City Tbk (Bakrieland Development, Kumala family & others)	2,000	3,100	Babakan Madang	
27	Bukit Jonggol Asri	PT Bukit Jonggol Asri (Bambang Trihatmodjo, Cahyadi Kumala, Haryadi Kumala)	Sentul Nirwana	Bakrieland Development	30,000	12,000	Jonggol	
28	Citra Indah	Ciputra Group	Citra Indah	Ciputra Group	1,000	1,200	Jonggol	
29	Telaga Kahuripan	PT Kuripan Raya (Duta Putra, Napan, Kalbe, Dharmala, Eka Anugrah)	Telaga Kahuripan	PT Kuripan Raya (Duta Putra, Napan, Kalbe, Dharmala, Eka Anugrah)	750	750	Parung	
30	Rancamaya	PT Suryamas Duta Makmur	Rancamaya Golf Estate	PT Suryamas Dutamakmur Tbk	500	325	Ciawi	
31	Kota Tenjo	BHS Land	–	–	3,000	–	Tenjo	
32	Taruma Resor	PT Pasir Wangun	Bogor Nirwana Residence	PT Bakrieland Development	1,100	810	Bogor Selatan	
33	Graha Bogor Indah	Sanggraha Pelita Sentosa			57			

Source: Made by the author. As for the New Order era, basically based on the data from *Properti Indonesia* (April 1997, 241), and supplemented with other sources such as *Top Tokoh Properti Indonesia & Karya-Karyanya* (1997), and *Rumah Untuk Anda: Direktori Proyek-Proyek Real-Estate di Indonesia* (1997). As for the Post-New Order era, compiled by the author based on the data from the backnumbers of *Properti Indonesia* (especially [*Properti Indonesia* March 2007]) and supplemented with various other sources such as *Direktori Perumahan* (Serpong, Cibubur, Depok + Bogor, Bekasi) and the websites of the developers and projects.

1,000 ha, 10 old projects have survived or been revived (sometimes, completely redesigned and rebranded)—Bintaro Jaya, BSD City, Lippo Karawaci, Citra Raya, Grand Wisata, Lippo Cikarang, Kota Jababeka, Sentul City, Citra Indah, and Sentul Nirwana,³⁾—

3) Grand Wisata, although succeeding to the land-bank of former Kota Legenda project, is being marketed as a totally new project. Sentul Nirwana (formerly Bukit Jonggol Asri) was launched in 2010, after the Bakrie Group had bought up a significant portion of the shares of PT Bukit Jonggol Asri and its parent company, PT Sentul City. However, the Bakrie Group then fell into financial difficulties and had to give up most of the shares. In 2014 the Corruption Eradication Commission arrested the director of the company along with the governor of Bogor, Rahmat Yasin, on corruption charges. Because of these negative events, it is unlikely that this project, still composed of only a few residential clusters, will develop into a true satellite city in the near future.

while another project (Kota Harapan Indah) has been significantly scaled up, and other two projects (Kota Deltamas and Harvest City) were newly started in the post-New Order era. As for projects between 500 ha and 1,000 ha, seven have survived or been revived—Pantai Indah Kapuk, Alam Sutera, Kota Modern, Gading Serpong, Kota Wisata, Bogor Nirwana Residence and, (although with a doubtful prospect) Telaga Kahuripan.⁴⁾ Only three projects have been significantly scaled down to below 500 ha—Jakarta Garden City, Metland Transyogi & Metland Cileungsi, and Rancamaya Golf Estate, while five projects have disappeared or totally stalled—Kota Tigaraksa, Kota Wisata Teluk Naga, Pantai Modern, Kota Tenjo, and Puri Jaya.⁵⁾

Why have so many projects survived? First, during its most difficult and fragile period—between 1998 and 2004—the government prioritized the recovery of public money over the need for radical revision of urban development policy, such as setting up publicly managed land banks for securing the land to provide enough affordable public housing. The mission of IBRA was to recover as much public money as possible and return it to the government coffers—and thus to help finance the governmental budget—not to formulate an alternative blueprint for Jabodetabek development. Therefore, property-related assets under IBRA were quickly auctioned, while large and well-connected debtors were not robbed of their profitability but only prompted to restructure their debt into a sustainable level. The logical consequence was that the regional residential market today is as oligopolistic as in the New Order era, and the developers' position is even better after their debt has been restructured to a sustainable level.

Table 2 shows some of the 150 wealthiest businessmen from the 2007 *Globe Asia* magazine. This selection omits those whose business does not include property as a major line of business.⁶⁾ In the post-New Order era, Sinarmas has become the largest property developer in all of Jabodetabek. The group manages Kota Wisata and Legenda Wisata in Bogor, BSD City in Tangerang, and Grand Wisata and Kota Deltamas in Bekasi. With these mega projects in all three regencies in Bodetabek, the group's influence on

4) Gading Serpong is now being developed by two separate developers, but it retains coherence as a single satellite city. Telaga Kahuripan, although still exists and is being marketed, has long been stagnant and remains an ordinary housing estate.

5) Very recently, Jaya Real Property started developing a housing estate named Grand Batavia in Pasar Kemis, Tangerang, probably using a land-bank for Puri Jaya project. However, this is a quite recent event and this author does not have data whether this project signals the rebirth of long-stalled Puri Jaya.

6) Members of the Suharto family (Hutomo Mandara Putra, Bambang Trihatmodjo, Sudwikatmono, Siti Hardijanti Rukmana, and Probosutejo) and those who engaged in business with the Suharto family (Ibrahim Risjad) are underlined and also included in the excerpt, although they are not extensively engaged in the property business any more.

Table 2 Property-Business-Related Super Rich among in the Top 150 Wealthiest Indonesian Businessmen

Rank	Name	Company	Net Worth US\$, million	Business
1	Budi Hartono	Djarum	4,200	Cigarettes, banking, property
3	Eka Tjipta Widjaja	Sinar Mas	3100	Palm oil, pulp & paper, finance, property
4	<u>Sudono Salim</u>	<u>Salim Group</u>	<u>2,800</u>	<u>Food, palm oil, telecommunication, property</u>
8	Aburizal Bakrie	Bakrie Group	1,050	Energy, property, telecommunication
14	Mochtar Riady	Lippo Group	585	Property, retail, healthcare
20	Trihatma Haliman	Agung Podomoro Group	505	Property
23	Osbert Lyman	Satya Djaja Raya	400	Timber, property
26	Dasuki Angkosubroto	Gunung Sewu Group	365	Manufacturing, property
27	Murdaya Poo	Berca Group	350	Manufacturing, property
29	Jan Darmadi	Darmadi Corp.	340	Property
30	Ciputra	Ciputra Development	335	Property
37	Eka Tjandranegara	Mulia Group	278	Property
38	Sugianto Kusma	Agung Sedayu	275	Property
39	Alexander Tedja	Pakuwon	270	Property, malls
41	The Ning King	Argo Pantes Group	260	Textile, property
49	Handoyo Santosa	Ometraco	240	Feed mill, property
50	Henry Onggo	Ratu Sayang Group	235	Property
52	Didi Darwis	Ling Brothers	225	Investment, property
53	<u>Hutomo Mandara Putra</u>	<u>Humpass</u>	<u>220</u>	<u>Shipping</u>
54	Soetjipto Nagaria	Summarecon	213	Property
55	Mu'min Ali Gunawan	Panin	210	Banking, property
61	Binawan Tjondro	CNI	170	Consumer goods, property
62	Rudy Sulawati	Mid Plaza	165	Property
65	<u>Bambang Trihatmodjo</u>	<u>Global Media Com</u>	<u>160</u>	<u>Media</u>
68	Luntungan Honoris	Modern Group	156	Property, Fujifilm
70	Soedjono	Wirasakti Adimulya	150	Property
77	Sri Sultan Hamengkubuwono	Sultan of Yogyakarta	140	Property
80	<u>Cahyadi Kumala</u>	<u>Bukit Sentul</u>	<u>130</u>	<u>Property</u>
82	G.Lukman Pudjiadi	Jayakarta Group	128	Property, hotels
85	Pontjo Sutowo	Nugra Sentana Group	125	Property, hotels
91	Sukamdani Gitosardjono	Sahid Group	110	Property, hotels
93	<u>Sudwikatmono</u>	<u>Indika Group</u>	<u>110</u>	<u>Entertainment</u>
95	GS Margono	Gapura Prima	110	Property
103	A Siang Rusli	Kurnia Tetap Mulia	98	Entertainment, property
106	<u>Siti Hardijanti Rukmana</u>	<u>Citra Lamtoro Gung</u>	<u>90</u>	<u>Investment</u>
108	Putra Masagung	Gunung Agung	90	Book store, property
110	<u>Ibrahim Risjad</u>	<u>Risjadson</u>	<u>90</u>	<u>Investment</u>
111	Hendro Gondokusumo	Dharmala Intiland	87	Property
117	Kahardin Ongko	Ongko Group	85	Property, ceramics
118	Benjamin Soeryadjaya	Surya Internusa	85	Property, finance
130	SD Darmono	Jababeka	70	Property
133	MS Hidayat	MSH Group	70	Property
138	Hendro Setiawan	Pikko Group	63	Property
139	Bambang Wiyogo	Kuningan Protama	62	Property
140	<u>Probosutejo</u>	<u>Mercu Buana Group</u>	<u>61</u>	<u>Property</u>
143	Frans Siswanto	Saka Agung Abadi	58	Property

Source: Edited from *Globe Asia* (August 2007, 130–134)

Note: Underlined are the business of Suharto's family members and those most closely related during the New Order era.

the landed residential market is stronger than any other developers operating in Bodetabek.⁷⁾ In 2010 the group consolidated all these projects under a new umbrella company, Sinarmas Land, and located the national headquarters in BSD City.⁸⁾

The Summarecon Group has also risen to be a major player. After garnering huge profits from various projects in Kelapa Gading (North Jakarta), the group succeeded in revitalizing the once-stagnant Gading Serpong project in Tangerang and is currently developing a new project in Bekasi (Summarecon Bekasi, 240 ha). The Paramount Group from Singapore has joined in the development of Gading Serpong by purchasing the share previously owned by Batik Keris.

In Bekasi, Kota Jababeka (Cikarang area) and Kota Harapan Indah (Bekasi Municipality) have emerged as unique and influential players. Bekasi is characterized by the presence of several huge industrial estates and is becoming the industrial heartland of Indonesia. Since a substantial number of factory workers migrated to Bekasi, both Kota Jababeka and Kota Harapan Indah until recently grew by marketing relatively affordable housing to factory workers. In the case of Kota Jababeka, the developer also operates one industrial estate, contributing to make Cikarang the industrial center of Bekasi (Hudalah and Firman 2012). As a result, the class compositions of these satellite cities look more balanced and less exclusive than those in Tangerang or Bogor.

In contrast to these “winners,” some business groups have largely dropped out of the property business in Jabodetabek after the New Order. The Salim Group has lost its share in major property projects in Jabodetabek—such as Bumi Serpong Damai, Pondok Indah, Puri Indah, and Pantai Indah Kapuk—and largely withdrawn from the business landscape. The group’s shares in these projects were acquired by the Berca Group (headed by Murdaya Poo). The acquisition of these projects made Murdaya Poo one of the emerging property tycoons in the property industry in Jabodetabek. With the decline of the Salim Group, Ciputra, once renowned as the property king, also lost management control of projects such as Pondok Indah, BSD, Pantai Indah Kapuk, and Puri Indah. Ciputra’s family gave up most of the remaining shares in these projects during the restructuring process in order to save the projects of their own family business, the Ciputra Group. As far as the Jabodetabek region is concerned, the group’s projects are

7) The Sinarmas Group developed Banjar Wijaya in Tangerang City, Telaga Golf Sawangan in Depok City, and Kota Bunga in Bogor (Puncak area). These are smaller than 500 ha, so they were not included in Table 1. See *Properti Indonesia* (March 2004).

8) The company is listed on the Singapore Exchange and headquartered in Singapore on paper, but the company’s projects outside Indonesia are almost negligible. For the company’s projects in Indonesia, Singapore, China, and Malaysia, see the company’s annual report (Sinarmas Land Limited 2012) and homepage (www.sinarmasland.com, accessed October 6, 2015).

either too peripherally located (Citra Raya and Citra Indah) or too piecemeal (Citra Garden Estate and Citra Gran) for it to be regarded as a dominant player. However, this does not mean the decline of the group itself. It has rapidly expanded business into the residential markets of dozens of smaller provincial cities in the whole of Indonesia, such as Surabaya, Semarang, Pekalongan, Sidoarjo (Jawa), Balikpapan, Banjarmasin (Kalimantan), Lampung, Medan, Pekanbaru (Sumatra), Makassar, Manado, Gowa, (Sulawesi), and Ambon (Maluku).⁹⁾

The children of former President Suharto have largely exited from the property business in Jabodetabek. During the New Order, Bambang Trihatmodjo was engaged in large-scale projects such as Bukit Sentul and Bukit Jonggol Asri in Bogor regency (*Properti Indonesia* March 1996, 20–27; August 1997, 36; November 1998, 20; Soesilo 1998, 134). In 2010, the Bakrie Group bought significant shares of both of these projects and announced that it would develop the 12,000 ha Sentul Nirwana satellite city in Jonggol (*Properti Indonesia* February 2011, 20), only to release it again amid the group's financial difficulty and scandal over development permits.¹⁰⁾

2 *Back to the City: Apartment Business in the Center of Jakarta*

One of the new and important developments of the post-New Order metropolitan region is the rapid proliferation of high-rise apartments. During the New Order, even at its peak in the mid-1990s, the annual supply of apartments was at best a few thousand units. The cumulative supply of apartments throughout the three decades of the New Order era was at most about 20,000 units, mostly targeted at the rental market for expatriates, and therefore had a relatively negligible impact on the general housing condition in Jabodetabek.¹¹⁾ However, with the worsening of traffic congestion, apartments built at strategic locations in or near the center of Jakarta are gaining in popularity among those who work in Jakarta. New developments in the post-New Order era have proliferated, with the cumulative supply of strata-title apartments in 2012 already reaching more than 100,000 units (Colliers International 2012). Although the majority of middle classes still prefer a landed house, living in a high-rise apartment is rapidly becoming part of a normal

9) See www.ciputra.com for the group's multiple projects spread all over Indonesia (Accessed October 6, 2015). Also see *Bisnis Properti* (March 2004) and *Properti Indonesia* (October 2011) for the business strategies of the Ciputra Group in the post-New Order period.

10) "Kasus suap bupati Bogor, Bakrie kembalikan Bukit Jonggol ke Sentul City" (DetikNews, May 9, 2014, accessed September 23, 2015) [<http://news.detik.com/berita/2578098/kasus-suap-bupati-bogor-bakrie-kembalikan-bukit-jonggol-ke-sentul-city-tahun-lalu>].

11) For a fairly comprehensive list of apartment developments during the New Order, see *Properti Indonesia* (June 1997, 24).

lifestyle in Jakarta.¹²⁾

Within the apartment industry of the post-New Order era, the most conspicuous phenomenon is the rise of the Agung Podomoro Group. As one of the relatively old players, the group itself was established in the 1970s through the development of landed housing estates in places such as Sunter, North Jakarta. Around the year 2000, when many developers were still struggling with debt restructuring, the group succeeded in developing and marketing a new and exclusive housing estate, Bukit Gading Mediterania, in Kelapa Gading, North Jakarta. However, the real breakthrough for the group came when it concentrated its resources into the development of high-rise apartment projects. Mainly through the brand name of Mediterania apartments, the group became the top apartment developer by providing a massive quantity of small-sized apartment units (36–54 m²) at a relatively low price. Since around 2004, the group has succeeded in selling these apartments to the lower middle-strata market in places such as Tanjung Duren, Kemayoran, Ancol, Kelapa Gading, Sudirman, Kalibata, and so on.¹³⁾

Another important player in the apartment sector is the Bakrie Group, which entered the apartment market in 1993 when it launched Taman Rasuna Apartments (Arai 2001b, 489). The group's apartment projects are concentrated in about 53 ha of land near Rasuna Said Road. In the post-New Order era, the group renamed the area Rasuna Epicentrum and marketed new apartment towers, such as The 18th Residence, The Wave, Grove, and so on. However, currently the group is heavily in debt and selling remaining land stocks to other developers, such as the Sinarmas Group.¹⁴⁾

12) In 2011, *Weekly NNA Consum* magazine conducted a survey on 100 white-collar workers aged older than 20 (both male and female) who lived and worked in Jabodetabek. Asked what kind of house they hoped to live in, the majority of respondents chose a landed house with two floors (60 percent) or a single floor (31 percent). Only 1 percent answered that they hoped to live in an apartment, testifying to the strong desire to live in landed houses (*The Weekly NNA Consum*, October 21, 2011, No. 159, 5).

13) Gading Mediterania Residences (Kelapa Gading, North Jakarta, 1,650 units), Mediterania Boulevard Residences & Mediterania Lagoon Residences (Kemayoran, Central Jakarta, about 1,200 units), Mediterania Garden Residences I, II (Tanjung Duren, West Jakarta, about 5,700 units; more than 8,000 units in Podomoro City superbloc as a whole), Mediterania Marina Residences (Ancol, North Jakarta, 1,900 units). Sudirman Park (Jl K.H. Mangsyur, Central Jakarta, 1,500 units) is also one of the group's project with a similar price range, although it is not branded as "Mediterania." For the details of the group's major projects, see *Signature Properties in Jakarta* (2010), the group's official website (www.agungpodomoro.com, accessed October 6, 2015), and several real-estate directories. For the phenomenal growth of the Agung Podomoro Group in the post-New Order era, see *Bisnis Properti* (February 2004, 12–26).

14) The Bakrie Group sold 3 ha to the Tiara Marga Trakindo Group in 2011, and another 5 ha to PT Bumi Serpong Damai Tbk under the Sinarmas Group in 2014 ("Lima indikasi bangkrutnya Bakrie," *Merdeka.com*, February 12, 2014, accessed September 23, 2015, <http://www.merdeka.com/uang/5-indikasi-bangkrutnya-bakrie.html>).

Another noticeable development in the post-New Order period is the growth of sub-CBD (central business district) areas outside of the golden triangle, including the areas alongside T.B. Simatupang Road, Pondok Indah, and Kemang in South Jakarta; Kembangan/Puri Indah in West Jakarta; and Pluit and Kelapa Gading in North Jakarta. These places have one common feature: in the late New Order era, all were well-known as relatively tranquil suburban residential areas for the upper class, although there were also some non-residential facilities such as shopping malls. However, with the rapid increase of the commuter population in the Bodetabek satellite cities, the worsening of traffic congestion, and the steep rise of property prices in the CBD area, developers are targeting these areas as the next growth centers and equipping them with new office buildings, apartments, and ambitious mixed-use complexes.

The most prominent actor in these areas is the Lippo Group. The group grew first as a major private bank in the 1980s and then entered the property development business in the early 1990s. Lippo Karawaci (Tangerang) and Lippo Cikarang (Bekasi) are two of the most prestigious satellite city projects in Jabodetabek. Through the development of these projects, the group acquired various new lines of business catering to upper- to middle-class residents, such as a department store (Matahari), hotel (Aryaduta), private school (Pelita Harapan), and hospital (Siloam). It added a bookstore chain (Times bookstore), an English newspaper and magazine publishing company (Globe Asia), and even a cemetery business (San Diego Hills). The group is most competitive when combining these various businesses together into one township and creating synergistic effects. In the post-New Order period the group applies a similar strategy, but not by developing new satellite cities (which would require acquiring hundreds of hectares of land); rather, it develops high-rise mixed-use complexes. The group's recent projects include Kemang Village (Kemang, South Jakarta), St. Moritz (Kembangan/Puri Indah, West Jakarta), and Holland Village (Cempaka Putih, Central Jakarta).¹⁵⁾ The Pondok Indah Group, which was controlled by the Salim Group and then acquired by the Murdaya family, is also engaged in ambitious CBD developments in both Pondok Indah (South Jakarta) and Kembangan/Puri Indah (West Jakarta).¹⁶⁾

This section has examined the continuities and changes in major satellite city projects and dominant developers. Although the dominant trend is that of modified continu-

15) For the Lippo Group's major activities since the first decade of the twenty-first century, see *Globe Asia* (August 2007, 162–166), the annual reports of Lippo Karawaci Tbk, and the company's website (www.lippokarawaci.co.id, accessed October 6, 2015).

16) The group is developing Pondok Indah through PT Metropolitan Kentjana while developing the Kembangan area through PT Antilope Madju Puri Indah. See the official website of Pondok Indah Group (www.pondokindahgroup.co.id, accessed October 6, 2015).

ity, there are some interesting changes that also deserve attention. During the New Order era, almost all the big business groups tried to engage in large-scale satellite city projects. In the post-New Order era, each developer tends to focus on a specific sector in which to concentrate its resources and to have a competitive edge over its rivals. The Sinarmas Group is dominant in large-scale satellite city projects in Bodetabek, while the Lippo Group focuses on high-rise mixed-use projects in new CBD areas, the Agung Podomoro Group on high-rise apartments, and the Ciputra Group on dozens of residential projects in many provincial cities in Indonesia.

3 Adapting to Parliamentary Democracy

After learning about the resilience of major satellite city projects and prominent developers, the next question is why their dominance persists even after the collapse of the Cendana-Cukong alliance. One of the key factors is that a formal channel between developers and policy makers, such as business associations and parliament, has replaced the informal Cendana-Cukong alliance of the New Order era.

First, developers today can protect their collective interests by negotiating through formal business associations. In fact, REI (Real Estate Indonesia) has grown to be one of the best-organized business associations since the New Order era. Its leadership posts have also functioned as an entry into a political career for ambitious businessmen (such as Siswono Yudohusodo, Mohamad S. Hidayat, and Enggartiasto Lukita) (Arai 2012, Chapter 5).

Second, developers have strong supporters within parliament. While most political parties are, by and large, accommodating to the interests of large business groups, especially interesting is the reorganization and resurgence of Golkar (Golongan Karya) from the rubber-stamp machine of the New Order regime to a major political party (Partai Golkar). What was salient through this reorganization process was that those who had strong ties with large business groups (such as Akbar Tanjung, Jusuf Kalla, Aburizal Bakrie, Mohamad S. Hidayat, and Enggartiasto Lukita) acquired prominent political positions (*ibid.*). Even though Golkar has lost some political clout since President Yudhoyono managed to strengthen his own party base with Partai Demokrat (Democratic Party) in his second term, thus pushing some influential Golkar members to other parties, it has played an important role as a representative of the collective interests of dominant domestic business groups, the majority of which have some kind of a property business division.

Third, the Indonesian Chamber of Commerce and Industry (KADIN) has a close partnership with the government and has become very influential in policy formulation (Sato 2011, 195). Yudhoyono's cabinet included many politicians with a business back-

ground, such as Aburizal Bakrie (the chairman of KADIN 1994–2004) and Jusuf Kalla. The series of road maps for economic development formulated by KADIN have heavily influenced the government's economic policy (Matsui 2005, 300). It is also worth noting that Mohamad S. Hidayat, the former general secretary of REI (1989–92), was the chairman of KADIN from 2004 to 2010 and also became the minister of industry in Yudhoyono's second cabinet (2009–14). This testifies to the weight and heavy presence of property developers among Indonesian business circles and the top strata of ruling elites.¹⁷⁾

The consequence is very clear. It is highly implausible that the government would take measures against big businesses controlling land. These big businesses have slimmed down their huge debt through restructuring deals with IBRA and have retained control over vast amounts of land in the metropolitan region without much of a debt burden. As long as urbanization pressure remains strong, they will continue to wield significant power to control and keep raising the price of land and houses in the region, regardless of whether tacit cartel agreements exist or not. New large-scale projects such as superblocks, office buildings, shopping malls, and apartments continue to proliferate. Businesses have the confidence that their huge investments on acquired land and infrastructure will never be disputed or disturbed by the government, at least in the foreseeable future. However, it is impossible for the new ruling elites to stabilize the dominance of big business without securing support from the wider urban masses. How does this new coalition of ruling elites sustain the support of the middle to lower strata?

III Constructing New Social Order

1 Privatized Municipal Governments and Middle Class Formation

While securing their business interests via relations with the democratized central government, how do developers consolidate their position at the local level? In the following argument, this author basically extends Firman's (2004) suggestion and maintains that the developer-middle class alliance is building up another strong base for the stability of the new urban order. In this respect, one of the important factors is that new town developers take on the dual role of property developers and a privatized "municipal government," and, with the increase in the settled population, the weight of the latter role has been increasing both as an opportunity and as a burden. During the New Order

17) Also see *Properti Indonesia* (March 2004, 28), which interviewed M.S. Hidayat about the relationship between KADIN and the property industry.

era, except for a few projects such as Bintaro Jaya and BSD, it was not end-buyers but speculators who led the residential property market (*ibid.*; Arai 2005). As a result, even though houses were built and handed over to consumers, the majority of them were vacant or underutilized. This “hollowness” of satellite cities made the developers’ dominance fragile. In the post-New Order era, however, the rapid expansion of retailers into these satellite cities (in the form of hypermarkets, malls, and trade centers¹⁸) together with the improvement of access to Jakarta (such as new direct-connection roads to highways) make these satellite cities comfortable and convenient enough for a large number of people to settle in. As a result, in such areas as Serpong-Karawaci (South Tangerang), Cibubur-Cileungsi (Bogor), Cikarang, and Bekasi City (Bekasi), the population has grown rapidly.

Who are the people in-migrating to these new satellite cities? The prices of houses in satellite cities vary greatly depending on the location, the targeted segment, and the scale of the projects. However, those who can afford to buy a house in one of these satellite cities are, as a whole, a relatively small proportion of the population in Jabodetabek and collectively constitute the conspicuous core of the *kelas menengah* (middle class). As Solvay Gerke pointed out, the middle-classes construct their identity by constantly distancing themselves from the poorer “Other.”

Typical in its formation, the culture of the ‘new middle class’ is one marked by an ongoing attempt to demarcate itself against the lower strata of the society. Its formation is thus bounded in a complex process of distancing itself from the poor ‘Other.’ In Indonesia, the ‘new middle class’ was in the strategic social position to construct hierarchies via the creation and promotion of a ‘modern’ lifestyle through consumption. (Gerke 2000, 145)

Developers capitalize on this desire for social distinction and upward orientation by providing an exclusive living environment (Rimmer and Dick 2009, 47–48). Exclusive residential estates function to delineate class lines between the middle to upper classes and the lower “others,” first by filtering privileged residents from the other urban masses by a certain price level, and then by delineating the space inside from the surrounding local sociocultural context and recontextualizing it into an imagined cosmopolitan sphere. It is only with this spatial separation and articulation that people of varied ethnic, vocational, and income backgrounds take on a similar appearance and somehow acquire a coherent identity as a middle class. In this sense, the developers’ capital accumulation goes hand in hand with the formation of a middle class and the construction of a middle-class lifestyle.

18) In Jabodetabek, a “trade center” is a type of shopping center where all or the majority of retail space is subdivided into hundreds of relatively small compartments and sold in lots.

The price of houses functions to filter out those who live within a planned residential district of a satellite city. In major satellite cities such as BSD City, Gading Serpong, and Alam Sutera (20–25 km radius from the center of Jakarta), the majority of houses available are being sold at more than Rp.1 billion. Even the smallest and lowest-priced ones in the secondary market cost about Rp.600 million.¹⁹⁾ Assuming that one is buying one of these lowest-priced houses with a 20 percent down payment and an 80 percent mortgage, with a fixed interest rate of 9.5 percent and a payment period of 20 years, the monthly payment will be about Rp.4.7 million. Assuming that a sustainable maximum loan payment is a third of monthly income, potential buyers need a monthly income of at least about Rp.14 million. Lower-priced units are available only in more remote or less prestigious satellite cities or the small residential estates scattered around them. For example, buying a small house for Rp.220 million in Citra Raya (about 35 km from the center of Jakarta) with the same assumptions as above requires a monthly income of about Rp.5 million. We can thus assume that the lower limit for buying a modest house in a planned satellite city or residential estate is a stable monthly income of about Rp.5 million.

How many Jabotabek residents meet this requirement? A large-scale study by JICA, the Japanese official aid agency (together with the coordinating ministry of economic affairs of the Indonesian government), divides households in Jabodetabek into five income groups (CMEA and JICA 2012, 36) (Fig. 1). The agency defines households with a monthly income of up to Rp.900,000 as "low income," Rp.1–5.9 million as "medium income," and more than Rp.6 million as "high income." JICA's threshold of "low income" corresponds roughly with the official minimum wage in 2010 of Jakarta (Rp.1.18 million) and Banten Province (Rp.960,000). This graph highlights several important points. First, the average household income rose significantly between 2002 and 2010, and "low income" households declined from a quarter to less than 15 percent. Second, households that can afford to buy a house from developers are still around 10 percent to 15 percent. The table bundles the monthly income of Rp.3–5.9 million into a single bracket, and hence does not specify the proportion of households with income above Rp.5 million. However, even if we add a third of this income bracket to the "high-income" group, they as a whole

19) Examples of housing prices here are loosely based on the search results of a property Web site (<http://rumah123.com>, accessed October 6, 2015) in early February 2014. For example, a house (building 70 m²/ land 72 m²) in Nusa Loka District (one of the old, non-clustered districts) in BSD City was on sale for Rp.590 million (listing ID hos145285), while another house (B: 60 m²/ L: 78 m²) in Neo Catalonia cluster was priced at Rp.760 million (listing ID1029026). In Citra Raya, a house with B: 21/L60 was Rp.185 million (hos1167187), and another one with B90/L72 was Rp.220 million (hos1150987). The assumption of interest rate is based on KPR Bank Permata in early February 2014.

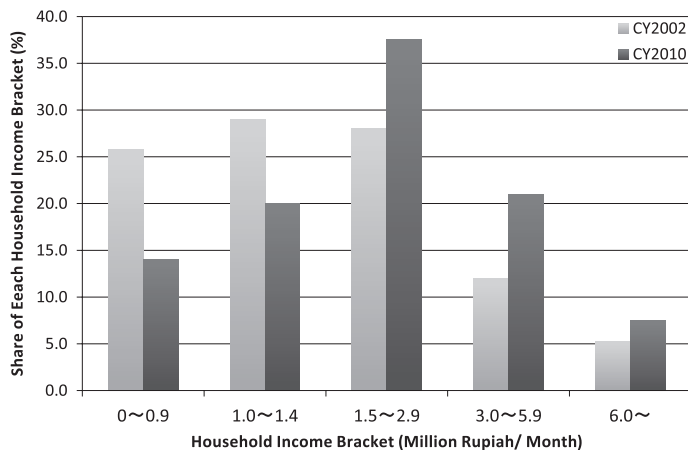


Fig. 1 Changes in Household Income

Source: CMEA and JICA (2012, 36)

comprise only the upper 15 percent of society. This means that what I have viewed as the middle-class core is rather the upper strata in terms of income. Their “middle-ness” should not be understood as average but as the embodiment of a social ideal type or exemplary center of lifestyle. Third, JICA’s “medium income” households (not the above-mentioned “middle-class core”) constitute the actual majority in Jabodetabek (almost 80 percent in 2010). Most of them probably still cannot afford to live in housing estates. However, with the general trend of rising income, many of them—especially the upper half—must have felt that their purchasing power had improved and experienced rising expectations. Many of those with Rp.3–5.9 million living in a kampung may well identify with the middle class or regard themselves as “middle class in the making.” This corresponds with what Aiko Kurasawa calls “pseudo middle-class.” Based on a series of detailed case studies in an urban kampung on the fringe of South Jakarta, she points out that there are many residents in urban kampung who have a strong upward orientation, pay keen attention to educational achievement, and display rational or selective consumerism. They selectively appropriate the attitude, values, and lifestyle of the middle-class core while adjusting to the kampung’s social and economic environment (Kurasawa 2013, 1–8). This is a very heuristic observation in understanding the dynamics of class differentiation in contemporary Jabodetabek.²⁰⁾ In the following analysis, this author only

20) Kurasawa’s “pseudo middle-class” is defined primarily by lifestyle and value, and income level is given secondary importance. However, in explaining a typical image of this class, Kurasawa mentions that monthly household income is around Rp.3–5 million. This also fits well with this paper’s analysis that Rp.5 million was the lower threshold of the middle-class core around 2010.

changes the term, calling them "semi-middle class" to avoid the negative connotation of "pseudo."

Let us take the example of Bekasi regency to examine the size of the middle-class core from different data. In Bekasi regency in 2009, there were 229,060 persons working in 788 manufacturing companies. This accounted for 14.6 percent of the population of productive age (15 to 64 years old), which was about 1,568,924 (BPS Kabupaten Bekasi 2010). On the other hand, another study by BPS showed that it was generally only those above the levels of managers and supervisors (plus accountants and secretaries) who received a monthly income of more than Rp.2.5 million (BPS 2011, 62, 70, 78, 79). We can assume that Rp.2.5 million was the lowest threshold of potential customers of developers' housing, because if they got married and worked together, their combined monthly income could reach Rp.5 million.

However, this study does not tell us the percentage of managers and supervisors. Kensuke Miyamoto's case study of three Japanese manufacturing companies in Bekasi in 2000 showed that those above the level of supervisors comprised only 5.2 percent of total employees (Miyamoto 2002, 146 Table 4-11). Assuming that roughly 5 percent to 10 percent of the manufacturing workers in Bekasi regency were above the supervisor level (supervisors, managers, and other professionals) in 2009, their number would be between 11,454 and 22,906. In addition to this, we may also count some civil public servants (14,187) and schoolteachers (42,557) as stable wageworkers and hence potential consumers of developers' housing. Even if we sum them up all, their number would be around 68,000 to 80,000, or only about 5 percent of the population of productive age. The actual percentage of those with real purchasing power for developers' housing would be lower, because many of the above-mentioned people would not attain a monthly income of more than Rp.5 million; only those already married and having a dual-income household would.

Lastly, we have to add the manager class from the non-manufacturing sector (such as hotels and retail), other professionals (doctors, lawyers, etc.), successful businessmen, and the higher strata of military personnel to this wealthy population with real purchasing power. Unfortunately, this author does not have data on their number. However, even if their total number rivaled those of the manufacturing sector and public servants plus teachers, the total population of those with purchasing power for developers' housing would be between 5 percent and 10 percent of productive-age residents. The proportion would be higher in Jakarta and relatively wealthy cities such as Depok and South Tangerang. However, together with the data from JICA, we can estimate that the proportion of those eligible to form the middle-class core in Jabodetabek would be around 5 percent to 15 percent of households, depending on the regency and municipality.

To serve this limited but growing population, private developers provide various municipal services, such as the construction and maintenance of roads, supply of clean water, waste water disposal, landscaping and gardening, security service, shuttle bus transportation to Jakarta, and so on. For example, BSD City, the largest satellite city, is managed by PT Bumi Serpong Damai Tbk, a listed company with 49 percent stake held by PT Sinarmas Land. According to the company's 2011 annual report, it had as many as 1,599 employees—35 top management, 185 managers, 604 staff, and 775 “non-staff”—and had such divisions as planning, city infrastructure, estate management, landscape, nursery, and so on (PT Bumi Serpong Damai Tbk 2009, 13; 2011, 71). In short, Bodetabek today is characterized by the existence of dual governments—a public one and a privatized one. The public government greatly benefited financially from various economic activities in the privately managed satellite cities. For example, about 80 percent of the income of Tangerang regency is earned through various permit fees (such as building permits) in Serpong, Cisauk, Kelapa Dua, Pagedangan, and Legok, where BSD City, Gading Serpong, and Lippo Karawaci are located.²¹ It would be difficult for public local governments to take over the role of these developers and continue to provide the same quality of services, even if the developers handed over all the above “municipal functions” to the former. It is here that the interests of satellite city developers meet and overlap not only with those of local governments but also with those of settled residents who hope to keep the high quality of services, living environment, and asset value. As a result, the increasing population of homeowners provides a kind of “constituency” for the continued presence of developers even long after the completion of residential areas. On the other hand, these developers are profit-oriented private enterprises. Naturally, what “municipal functions” they select and how they manage them follow the principles of profit-oriented business.

Satellite city developers often avoid installing infrastructure in existing settlements (*kampung*) and instead develop planned districts named *perumahan kluster* (“clustered housing estates” or gated communities) piece by piece. The resulting land-use pattern is a patchwork of well-planned walled estates and existing *kampung*. By confining the building of infrastructure to within the walled estates, developers and residents create a simple and direct relationship between the providers and customers of various services. At the same time, the obvious difference in living environments within and outside the walled estates becomes a clear medium to demarcate between the middle class and the poorer “Other.” Differences in income level, profession, and ethnic back-

21) “More Malls in Tangerang” (Tempo.co, August 27, 2013), accessed September 23, 2015, “Pendapatan Retribusi IMB dan HO Lampau Target” (Satelitnews, June 20, 2013), accessed June 4, 2015.

ground among the residents are blurred by this strong contrast against outside kampung residents.

Taking the example of BSD City again, this satellite city consists of various "grand clusters" of about 40 to 70 hectares, each composed of multiple "clusters." Each cluster is a walled single-gate complex with 50 to a few hundred houses. The grand clusters are often located side by side with existing settlements and administratively belong to local *kelurahan* (towns) and *kecamatan* (districts). However, clusters' residents rarely visit or deal with the town or district government offices. More often, it is the privatized "municipal government" (i.e., the developer) that they find it necessary to negotiate with to improve or maintain the living environment; and for this purpose, they organize *forum warga* (residents' forums). All the examples above show how developers acquire a kind of legitimacy to function as a privatized "government" in return for providing a spatial foundation for the distinctive lifestyle and living environment for the aspiring middle to upper classes.

2 Widening Social Cleavages and Urban Problems

For those who cannot afford to buy a house in a walled residential estate or high-rise apartment building, the hurdle to homeownership has been rising, especially for those with a fixed salary. Despite the official minimum wage being revised repeatedly, it has lagged far behind the rapid hikes of land prices in the metropolitan region. Another barrier to homeownership is that regular staff jobs decreased drastically after the massive layoffs during the Asian economic crisis. As a compromise between labor movement groups and globally mobile capital, in 2003 a new labor law was introduced, enabling and encouraging companies to replace regular staff with fixed-term contract workers and outsourced workers (Arai 2011, 185–188). Such changes of employment structure also impact the place of living, because regular staff can apply for mortgage loans while fixed-term workers and agency workers generally cannot do so.

On the other hand, we have to realize that property development affects people's lives not only through the price and control of land, but in more diverse ways. With the rapid increase in the population with strong purchasing power, satellite cities, to some degree, have become a new source of job opportunities, even for those who cannot afford a house in them. Construction and many related industries have enjoyed a boom. The mushrooming of shopping centers, hypermarkets, and numerous other retail shops has also created significant numbers of jobs in the retail and service sectors. Various businesses targeting the growing middle class strata—restaurants, fashion retailers, auto sales, property brokerages, medical services, and so on—have also enjoyed a boom. The scale of business activities has not yet reached the point of creating a huge

demand for office buildings within these satellite cities; most office workers living in them still commute daily to Jakarta. However, the increase in business activity has already attracted enough business travelers to stimulate a boom in new hotel construction. Universities are also setting up new campuses or aggressively expanding existing campuses, for example, Universitas Pelita Harapan (Lippo Karawaci), Swiss German University and Prasetiya Mulya Business School (BSD City), Universitas Multimedia Nusantara (Gading Serpong), Universitas Bina Nusantara (Alam Sutera), Universitas Pembangunan Jaya (Bintaro Jaya), President University (Kota Jababeka), and Institut Teknologi dan Sains Bandung (Kota Deltamas) (*Housing Estate* March 2011, 46–52). As a result, existing kampung settlements in and around large satellite cities have become denser, receiving growing numbers of immigrants who cannot afford a home inside the residential estates.

The widening social cleavages create serious problems, including housing and traffic congestion. During the New Order, the government tried to resolve the housing shortage by facilitating the development of affordable landed housing (*rumah sederhana*) in satellite cities. Large-scale development and mass production of housing were expected to have the advantages of scale and enable developers to cross-subsidize the cost of affordable housing. A joint decree by three ministers in 1992, for example, obligated each developer to build six affordable houses and three medium-priced houses for each luxury home.²²⁾ However, without any effective sanctions against violation, the decree did not have enforcing power and large satellite-city developers generally skipped the obligation. The advantages of scale were simply absorbed as business profit or by a corrupt bureaucracy (Firman 1996; Cowherd 2005).

In the post-New Order period, the development of affordable housing in Jabodetabek has generally been stagnant. The government's priority during the debt restructuring process was to recover loans from debtors rather than make fundamental revisions to the existing land-use plan. As long as vast amounts of suburban land are under the control of about three dozen satellite-city developers, it is obvious that most of the land will be marketed to the middle to upper classes at the highest possible price. There is no incentive for developers to build and sell affordable housing with minimum profit margins, particularly since the policy supports for affordable housing have decreased rather than increased under the post-New Order government. In addition, in the highly decentralized post-New Order government structure, various ministries and local governments move

22) Surat Keputusan Bersama Menteri Dalam Negeri, Menteri Pekerjaan Umum, Menteri Negara Perumahan Rakyat tentang Pedoman Pembangunan Perumahan dan Permukiman Dengan Lingkungan Hunian Yang Berimbang.

more independently and sporadically for their own interests. The government has thus failed to provide a coordinated and integrated business environment for affordable housing developers, such as securing the budget for the subsidization of low-interest mortgage loans (Arai 2003).

Because the government and private developers have not provided enough affordable housing, those who cannot afford to buy expensive houses within planned housing estates tend to concentrate in existing kampung settlements in and around large satellite cities. Statistical data of West Java in 2009 show that a relatively high percentage of households live in their own home or the home of parents or siblings. For example, 73 percent of households in Bogor regency and 78 percent in Bekasi regency live in their own home, while 11.7 percent of Bogor regency households live in the home of their parents or siblings (BPS Provinsi Jawa Barat 2010, 213, 214). These figures are surprisingly high in view of the general price level of commercial housing, suggesting that inheritance and informal housing in existing kampung areas have played a major role in meeting the housing demand. On the other hand, satellite-city developers have, through piecemeal infrastructure development, effectively skipped the burden of improving the infrastructure in these kampung settlements and hence betrayed the original policy justification for large-scale development.

A growing immigrant population further burdens the poor infrastructure in settlements in rapidly urbanizing areas. Available statistical data on West Java Province in 2010 show that almost two-thirds of the residents of Depok city (63.85 percent) and Bekasi city (63.12 percent) were immigrants from outside. This means that there were about 1.47 million immigrants in Bekasi city and 1.11 million in Depok city (BPS Provinsi Jawa Barat 2011, 66, 67).²³⁾ In these cities, the percentages of those living in rented rooms or rented houses are much higher than in regency areas: 26.66 percent (103,687) households in Depok city and 20.34 percent (114,542) in Bekasi city (BPS Provinsi Jawa Barat 2010, 213, 214). Even in regency areas, which tend to be more rural, 22 percent of residents in Bogor and 36.7 percent in Bekasi were immigrants.

Worsening traffic congestion is another logical consequence of the population increase in large satellite cities and their surroundings in Bodetabek. During the three decades of the New Order, neither the government nor private businesses invested in opening new commuter lines between Jakarta and Bodetabek. Limited investments in

23) Assuming that the average size of immigrant households is 3.35 persons, about 44,000 households in Bekasi and 33,100 households in Depok city are made up of immigrant families. The average household size in Jabotabek is roughly 4 persons, but in the case of Bekasi regency in 2009 it was 3.35 persons. Because the immigrant population can include a relatively high percentage of singles and young couples, their average household size could be much smaller than 3.35.

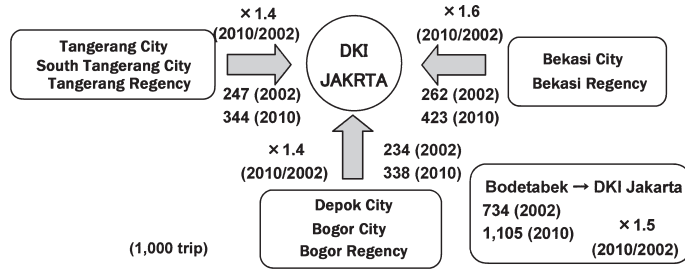


Fig. 2 Increase in Commuter Traffic from Bodetabek to Jakarta; 2002–10
 Source: JICA (2012, 2–63)

Table 3 Motorization in DKI Jakarta, Depok, Tangerang, and Bekasi (Excluding army and CD [diplomatic] vehicles)

	No. of Registered Vehicles (,000)				Registered Vehicles per 1,000 persons				Growth Rate of Registered Vehicles (% p.a.)		
	1990	2000	2005	2008	1990	2000	2005	2008	90–00	00–05	05–08
Motorcycle	804	1,620	4,647	6,766	47	77	197	258	7.3	23.5	13.3
Passenger Car	486	1,053	1,767	2,035	29	50	75	78	8.0	10.9	4.8
Truck	190	334	500	539	11	16	21	21	5.8	8.4	2.5
Bus	169	254	317	309	10	12	13	12	4.1	4.5	–0.8
Total	1,649	3,260	7,230	9,648	97	156	306	369	7.1	17.3	10.1

Source: Excerpt from JICA (2012, 2–5, Table 2.1.3)

the train sector were used to improve the existing lines inherited from the Dutch colonial period. In contrast, the New Order government constructed four new highways (Jagorawi, Jakarta-Merak, Jakarta-Cikampek, and Outer Ring Road). Almost all the large satellite cities were developed to capitalize on the improved accessibility between Bodetabek and Jakarta via these new highways. From the very beginning, developers assumed that the majority of residents would use private cars as a basic mode of transportation, and they designed the cities accordingly. Indeed, many residents do commute via their own private cars. According to JICA’s studies, from 2002 to 2010 the volume of traffic from Bodetabek to Jakarta increased 1.5 times, becoming about 1.1 million trips a day (JICA 2012, 2–63) (Fig. 2). Registered passenger cars in Jadetabek (without the data on Bogor) doubled to more than 2 million between 2000 and 2008 (Table 3). Among high-income households, 52.5 percent of trips in 2002 were made in private passenger cars (JICA 2004, ii) (Fig. 3). In 2010, 44 percent of their travel was still by private car (JICA 2012, 3–8) (Fig. 4).

With the rise in incomes and proliferation of auto loans, middle-income (about 80 percent of Jabotabek) and low-income households have adapted to the private-car ori-

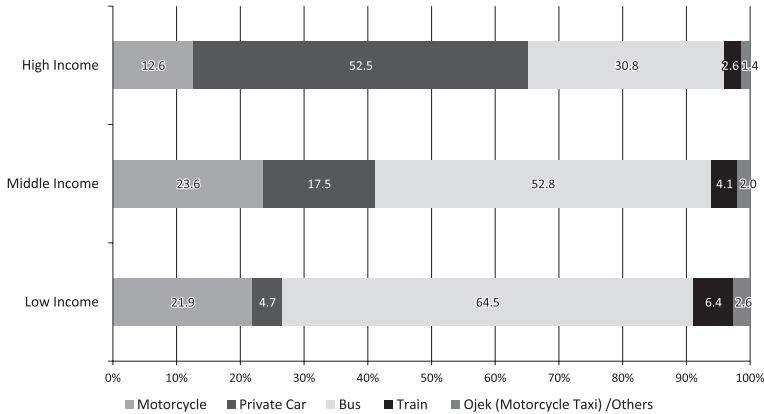


Fig. 3 Daily Mode Share by Income Group in 2002 (% of trips)

Source: JICA (2004, ii)

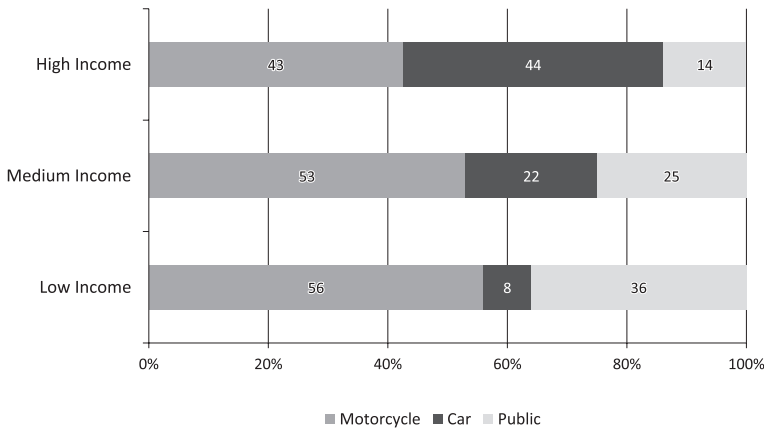


Fig. 4 Daily Mode Share by Income Group in 2010 (% of trips)

Source: JICA (2012, 3–8)

ented urban structure by procuring motorcycles. The number of registered motorcycles in Jadedabek (without the data on Bogor) jumped from 1.62 million in 2000 to 6.76 million in 2008, meaning 258 vehicles per 1,000 persons (Table 3). Considering that the average household size in this region is about four persons, motorcycles already outnumber households and have shifted from being a luxury item to being an essential commodity. This has resulted in a drastic decline in public transport. In 2002, the share of buses as a mode of commuting was 38 percent, while motorcycles accounted for 21 percent and private cars 12 percent. In 2010, the share of buses dropped to 17 percent (a drop of

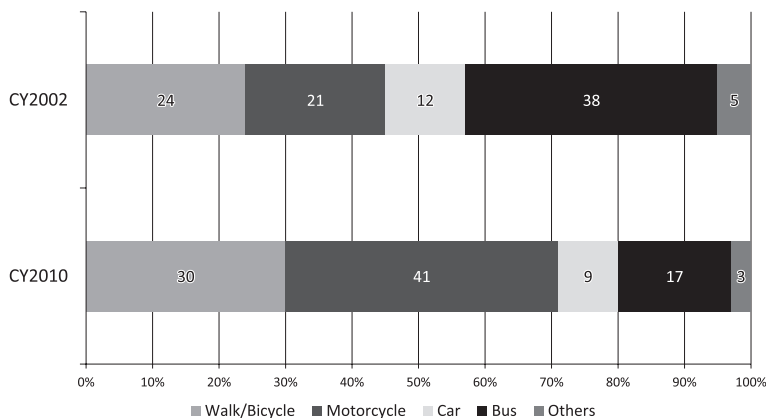


Fig. 5 Changes in Mode Transportation for Commuting

Source: CMEA and JICA (2012, 38)

more than half in eight years), while the share of motorcycles doubled to 41 percent, making it the dominant mode of commuting (CMEA and JICA 2012, 38) (Fig. 5). Especially among low-income households, the share of motorcycle traffic was the highest (56 percent). Although this may be an effective adaptation strategy for individual households, the collective outcome has been a devastating vicious circle. The average travel speed in Jakarta during weekday peak hours is 20 km or even below 10 km per hour on many arterial roads in and around the CBD area (JICA 2012, 2–26). The drop in car usage among high-income households from 2002 to 2010 suggests that even these people may give up some of the comfort of passenger cars because motorcycles run faster on congested roads. The heavy congestion heightens the financial and physical burden on commuters. The estimated opportunity cost of traffic jams (wasted fuel, air pollution, and loss of time and productivity) varies depending on various assumptions, but one estimate gives a figure of about Rp.48 trillion annually (Simanungkalit 2009, 50).²⁴⁾

Another problem is poor linkages among satellite cities. Until recently, developers paid attention only to the infrastructure inside satellite cities, and how to improve access to Jakarta. Usually, the main roads within satellite cities are wide and well maintained. Many developers are also willing to invest heavily to connect their projects directly with highways to Jakarta, but they rarely pay attention to synchronizing their development with neighboring “competitor” projects. As satellite cities grow, the traffic between them

24) In comparison, the gross regional product of Jakarta was about Rp.371 trillion in 2009 (from the Web site of Indonesia Investment Coordinating Board, “Display Ekonomi PDRB DKI JAKARTA,” accessed September 23, 2015 (<http://regionalinvestment.bkpm.go.id/newsipid/ekonomipdrb.php?ia=31&is=43>)).

is already overwhelming existing road networks.²⁵⁾

In summary, the restructuring of urban space in the post-New Order era is intricately related to sharpening social cleavages. On the one hand, there is the new tendency of many satellite cities in Bodetabek growing to be lively, populated regional cores, making the metropolitan region more polycentric. However, this positive effect is greatly offset by a steep rise in the prices of land and housing, numbers of cars and motorcycles, and piecemeal infrastructure development by private developers, which betrays the original policy justification of large-scale development. For many people, life in the post-New Order metropolis is the same old story of living in the increasingly squeezed urban kampung neighborhood, or commuting long distances (though not in a packed bus now, but by motorcycle) through steadily deteriorating congestion, and working under unstable terms, such as fixed-term contract work.

IV The Resilience of the Post-New Order Regime

1 Narrowing the Cleavages, Containing the Discontent

After examining the close relationship between spatial reorganization and widening social cleavages in post-New Order Jabodetabek, the next question to be asked is how the regime addresses or suppresses these spatial-social cleavages. There have been many attempts on the part of ruling elites to contain serious social disturbances. These attempts will be briefly outlined below.

First, there are efforts by the ruling political and economic elites to increase the beneficiaries of economic prosperity through improvements in public transportation and the provision of affordable housing. In this respect, a democratic framework in the post-New Order era is given all the more important roles to represent the needs and desires of the semi-middle to lower classes, because their interests cannot be represented by the profit-oriented "privatized governments." So far, the results have been mixed. Policies of the central government and newly strengthened local governments have often conflicted with each other. Even if the concerned parties bear goodwill toward each other, coordination and cooperation are not easy.

As for transportation, the post-New Order government significantly shifted the orientation away from private car ownership toward the improvement of public transport. The improvement has been tackled on four fronts: Bus Rapid Transit (busway), com-

25) It is worth noting that BSD City and Gading Serpong worked together to build a direct road between the two cities. Hudalah and Firman also report that seven industrial estates in Bekasi decided to coordinate and jointly develop infrastructure (Hudalah and Firman 2012, 46).

muter train, Mass Rapid Transit (MRT), and Light Rail Transit (LRT). Bus Rapid Transit is operated by a public company under the Jakarta provincial government. It started in 2004 under the Sutiyoso governorship and has quickly expanded operation into 12 lines. The number of daily passengers increased from 47,589 in 2004 to 238,184 in 2010 (JICA 2012, 2–46; see also Kusno 2010, Chapter 2; Salim and Firman 2011). Although the increase is impressive, this is still a tiny portion of about 18.8 million trips undertaken daily in Jakarta (JICA 2012, 3–5). Moreover, the busway has not yet expanded into major parts of Bodetabek. The Indonesian Railway is also slowly expanding and improving its commuter train services between Jakarta and Bodetabek areas. As for the MRT, the first line between Kampung Bandan and Lebak Bulus (North-South line) is under construction. It is planned to open between 2018 and 2020, while the second line (East-West line) between Balaraja (in Tangerang) and Cikarang (in Bekasi) is planned to be completed in 2024–27.²⁶⁾

LRT is a new project incepted by Jokowi-Ahok governorship. More than eight lines are being planned, aiming to connect major sub-centers of whole Jakarta, Soekarno-Hatta Airport, and some parts of Bogor, Depok and Bekasi. The construction of the first phase has already started in 2015, planned to connect Cibubur and Bekasi Timur to Dukuh Atas, the transportation hub of Jakarta's CBD in 2018.²⁷⁾

The basic framework of these new transportation policies has been formulated through the joint efforts of the central government, local governments, and foreign aid agencies (such as JICA), and, except for the newly incepted LRT, the overall policy orientation has been consistent over the past eight or nine years. However, the implementation has been affected by conflicting interests, lack of coordination, and contestation among various actors. For example, taking over the governorship from Sutiyoso in 2007, Fauzi Bowo prioritized the progress of MRT projects over the betterment of busway services. While the busway's lines were steadily expanded, the quality of vehicles and services declined. In turn, when Joko Widodo (Jokowi) was elected new governor in 2012, the re-examination of the MRT and new highway projects were among his first policy agendas, to sustain the enormous popularity and support he had been shown during the election campaign. It took several months before Jokowi was convinced of the feasibility of the MRT program and became more enthusiastic. Overall, the government

26) Tentang PT. MRT Jakarta (<http://www.jakartamrt.com/informasi-mrt/tentang-mrt/>), accessed June 2, 2015.

27) For LRT, see the following articles: "Kisah Jokowi-Ahok di Balik Pembangunan LRT di Jakarta" (Kompas.com, September 9, 2015), "LRT Tahap I Diharapkan Atasi Kemacetan dari Bekasi dan Cibubur" (Kompas.com, September 9, 2015), "Presiden: Akhiri Polemik Kereta Ringan" (Kompas.com, August 19, 2015), all accessed September 24, 2015.

is still struggling to counter the drastic shift from public transportation to motorcycles over the last decade.

As for housing policy, one of the most noteworthy moves was the central government's initiative to provide 1,000 towers of affordable apartments (*rumah susun sederhana milik*, or *rusunami*) with a price of Rp.144 million in five years in major cities in Indonesia, 60 percent of which was said to be built in Jakarta. This program started in the first cabinet of the Yudhoyono presidency. Jusuf Kalla, a Golkar politician with a business background and the vice president at the time, strongly promoted this policy and urged developers to invest in *rusunami*. Partly due to his strong pressure, the Agung Podomoro Group and several other developers decided to invest in *rusunami* projects, such as Gading Nias Residences in Kelapa Gading (North Jakarta; about 6,000 units) and Kalibata Residences in Kalibata (South Jakarta; about 15,000 units). However, the central government's initiative received a skeptical response from the Jakarta provincial government under the Fauzi Bowo governorship. While the central government (the vice presidents and the office of the state minister of people's housing) promised developers some incentives, such as a special bonus in floor-area ratio and a more simplified process for various permits, the Jakarta government found it incompatible with local decrees and blockaded six ongoing projects.²⁸⁾ This incident showed that even a national policy strongly promoted by the vice president could not be implemented consistently if it was opposed by a local government. Developers quickly lost interest in the *rusunami* business. Once Kalla left the cabinet in 2009, the policy quickly failed to maintain whatever support it had from the government and became deadlocked.

Another important element of the post-New Order regime is the development of privatized security (Honon 2013, 181–196). The rapid growth of office buildings, apartments, shopping malls, and gated communities has greatly increased the demand for private security guards. Developers also sometimes mobilize an army of guards during conflicts over land. On the other hand, the post-New Order government has deregulated both the setting up of new security companies and the outsourcing of security services, resulting in the mushrooming of new security companies. Masaaki Okamoto's study provides a noteworthy case of the tie-up between the Agung Podomoro Group, the top

28) For a chronology of the blockade, see the following articles: "Soal Penyelesaian Rusunami Kalibata Bisa Diselesaikan" (Kompas.com, April 8, 2009), "Enam Proyek Rusunami di Jakarta Disegel" (Kompas.com, April 30, 2009), "Segera Dibentuk, Tim Penyelesaian Perizinan Rusun" (Kompas.com, April 29, 2009), "DKI Percepat Proses Perizinan Rusunami" (Kompas.com, May 18, 2009), "Pemprov DKI Beri Keringanan Pembayaran Denda Rusunami" (Kompas.com, May 29, 2009), "Pemerintah Daerah Persulit Bangun Rumah Susun" (Merdeka.com, April 15, 2013). For the deadlock of the policy, see "Program 1.000 'Tower' Mati Suri" (Kompas.com, March 9, 2012). All the Web articles above were last accessed September 23, 2015.

apartment developer, and BPPKB, a mass-based security organization (Okamoto 2006). BPPKB was set up in July 1998 and presided over by Noer Indradjaja, the head of the legal section of Sunter Agung Co. Ltd. (a holding company of the Agung Podomoro Group). Both Agung Podomoro and BPPK have experienced phenomenal growth in the post-New Order era; while the Agung Podomoro group has built many apartments, BPPK has provided services in land acquisition and security.

The growth of the private security industry is a privatized form of an answer to the challenge of maintaining social order and security in the growingly polarized urban environment. It also functions as a social stabilizer because it contributes greatly to an increase in employment. As Jun Honna has pointed out, this privatization process has close relations with the co-optation and incorporation of organized thugs, locally known as *preman*. *Preman* groups accommodate those who are excluded from the fruit of present economic growth and give them a sort of order. It seems that for the ruling elites in the administration, the kind of hierarchy and order *preman* create is better suited to controlling and co-opting than allowing an unorganized urban mass that might explode at any time in an uncontrolled manner.

The political mobilization of Islam has also been tried in various ways to suppress the discontent and to attract support for the regime. Islam is a common denominator for both sides of the social cleavage in this region, where roughly 85 percent of residents are Muslim. One example is the 2012 gubernatorial election of the Jakarta provincial government. Incumbent Governor Fauzi in many ways represented the existing establishment (of ruling coalition parties, bureaucrats, leaders of mass organizations, and religious authority). Ken Miichi's study exemplifies how thoroughly Islam was exploited as a political resource by Fauzi's election campaign (Miichi 2014). As he pointed out, Fauzi's appeal to Islam was indeed effective in luring a significant portion of relatively lower-educated and less affluent (mainly Betawi, and also some Javanese) voters, thus providing another example that the banner of Islam is politically very effective in covering wide divisions among classes and sustaining the existing socio-political hierarchy.

2 Change and Dynamics: Semi-middle Class Pressure and Strong Leadership

As has already been mentioned, the democratized political frameworks in the post-New Order era, with all their limits, are given an important role to accommodate the aspirations and discontent of the wider masses, while dominant urban governance is highly privatized. How, then, should we evaluate the victory of Joko Widodo (Jokowi) and Basuki Purnama (Ahok) in the 2012 gubernatorial election, and the subsequent victory of Jokowi and Jusuf Kalla in the 2014 presidential election? The factors behind the victory of the Jokowi-Ahok duo have been analyzed in great detail from multiple perspectives, such as

by Okamoto (2014), Abdul Hamid (2014), Ahmad Suaedy (2014), Wahyu Prasetyawan (2014), and Miichi (2014). Here, this author would just like to add a tentative hypothesis to stimulate further discussion. First, the victory of Jokowi and Ahok may suggest the potential influence of the semi-middle class. Miichi pointed out that ethnic Betawi and some lower-educated (and probably less affluent) Javanese voters tended to prioritize religious and ethnic affinity, while the more educated (and probably more affluent) people tended to support Jokowi-Ahok (Miichi 2014, 67–68). On the other hand, what I call the “middle-class core” is wealthy and well educated but comprises only around 5–15 percent of the population in Jabodetabek, hence it is too small in terms of voting power. The “semi-middle class” are probably much larger²⁹⁾ and can have a bigger voice in elections. They generally live in conventional kampung neighborhoods and hence have much to gain from improvements in infrastructure, housing, and other public services. Living side by side with the lower class, they can position themselves as the new mainstream in society, representing the grievances of the wider masses.

Second, Jokowi and Ahok as governor show a clear orientation to rebuilding and reasserting the role of the public sector to counter the various problems exacerbated by the highly privatized urban developments. Most of their high-profile policies have been targeted at low-income people, such as direct cash subsidies for students from low-income households, free medical services for poor families, and relocation of slum residents to better-equipped rental apartments. Other policies, such as improvement of busways and other public transport, also seem to target the semi-middle to lower classes: the benefits of these policies are at best indirect to the middle-class core, who can afford to buy good living environments and amenities from developers-cum-privatized governments.

As for the issue of housing, for example, the duo has visibly been paying great attention to the housing needs of the lower classes. Being aware that even the lowest-priced apartment unit would not be affordable for the lower classes, their policy so far has focused primarily on rental apartments (*rumah susun sederhana sewa*, or *rusunawa*). They have devoted significant amounts of time and energy to directly negotiate with residents who occupy the banks of flood-prone rivers and reservoirs about relocating to public rental apartments. Most of these public apartments were planned and constructed during the terms of Sutiyoso and Fauzi Bowo, but they did not receive any serious attention and lack decent facilities such as road access, public transportation, educational facilities, and shopping places. Compounded with rampant mismanagement and corrup-

29) I cannot provide an estimate of their number, because “semi-middle class” is not defined solely in terms of income or specific professions but also includes lifestyle and upward orientation.

tion, many buildings were left deserted or appropriated by residents who did not meet the proper criteria.³⁰⁾ During the first year of their term, Jokowi and Ahok made the most of these existing stocks of housing, upgrading them to make them livable. They also disciplined the management of existing public apartments, discharging corrupt officials and evicting wealthier residents who had illegally appropriated the units. Their painstaking approach has started bearing fruit, and many of the occupants of riverbanks or reservoirs are moving to *rusunawa*, making it easier for the government to dredge the rivers and expand the reservoirs, hence decreasing the risk of flooding.³¹⁾

As for the traffic problem, Jokowi and Ahok have obviously tried hard to encourage as many people as possible to shift from private cars to public transport. To speed up the process, they have paid great attention to the improvement of the busway, such as rapid upgrading of the number of buses and reorganizing the operators. Since Jokowi became the President, they have cooperated together and exerted leadership in coordinating various public agencies to realize the newly incepted LRT.³²⁾ All of the above-mentioned measures need time to bring meaningful changes to the general housing and traffic condition. Until now, the leaders' strong leadership and commitment to resolve the issues gave a sense of the process speeding up. It also showed that, equipped with a strong leadership and clear orientation, a local government could have the clout to improve the living conditions of the urban masses and narrow the social cleavages. However, the importance of leadership also means that the momentum of change can be easily lost with a change in governorship.

30) For the condition of *rusunawa* under Fauzi's governorship, see "11 Rusun di Jakarta Terbangkai" (PosKotaNews.com, May 26, 2013), "Rusun di Cengkareng Banyak 'Hantunya'" (PosKotaNews.com, January 19, 2012), "Ada Kabar Mau Dikunjungi Ahok, Rusun di Cengkareng Buru-buru Diperbaiki" (PosKotaNews.com, February 4, 2013), "Isu Anak Hilang Dibawa Gendruwo Gegerkan Rusun Penggilingan" (PosKotaNews.com, December 13, 2013), "Pemerintah Daerah Persulit Bangun Rumah Susun" (Merdeka.com, April 15, 2013). All the Web articles above were last accessed September 23, 2015. *Data Mengenai Rumah Susun Yang Telah Di Bangundan Belum Dihuni Di Provinsi DKI Jakarta* lists the vacant *rusunawa* as of December 2011 (a document in the databank of the official homepage of Jakarta provincial government [www.jakarta.go.id/v2/bankdata/listings/details/1994], accessed October 6, 2015).

31) For an example of disciplining measures, see "20 Unit Rusun Marunda dan 200 unit Rusun Tipar Cakung disegel" (Merdeka.com, May 24, 2013, accessed September 23, 2015). For examples of relocation, see "Pindah ke Rusun, Warga Sentiong Ucapkan Terima Kaish kepada Jokowi" (Kompas.com, February 10, 2014, accessed September 23, 2015), "Citizen Relocation Process to Pinus Elok Flat Finished, Jokowi Says" (Beritajakarta.com, October 3, 2013, accessed on June 2, 2015), "Warga Bantaran Kali Sentiong Pindah ke Rusunawa" (Beritajakarta.com, February 8, 2014, accessed on September 23, 2015).

32) For example, see "Kisah Jokowi-Ahok di Balik Pembangunan LRT di Jakarta" (Kompas.com, September 9, 2015) accessed September 23, 2015.

Third, the ascent of Jokowi and Kalla into the presidency creates a unique arrangement of political leadership, and that may be helpful in tackling urban issues of Jabodetabek, especially housing. It is noteworthy that before becoming the president and vice president in 2014, both Jokowi and Kalla had expended considerable time and energy on the issue of urban housing. As already mentioned, Kalla campaigned for the construction of 1,000 towers of affordable apartments in the first cabinet of the Yudhoyono presidency. However, he was frustrated by the resistance of the Jakarta administration, then headed by Fauzi Bowo. Kalla was cut from the second Yudhoyono cabinet in 2009, and he also lost the top position in the Golkar party, while Fauzi Bowo continued to enjoy strong support from Yudhoyono's Democratic Party. When Jokowi became a candidate in the Jakarta gubernatorial election, Kalla openly supported him, defying the party line of Golkar (headed by Aburizal Bakrie), which had decided to support Fauzi.³³⁾ Soon after Jokowi won and became the governor, Jakarta was hit by heavy flooding in early 2013. This pushed the issue of housing to the foreground, with flood refugees to be housed and occupants of riverbanks and water reservoirs to be relocated for future flood prevention. These events and experiences foreshadowed the 2015 presidential election, when Kalla became Jokowi's running mate while Bakrie's Golkar chose to support the opponents Prabowo Subianto-Hatta Rajasa. Now, it seems that both the central and Jakarta governments have leaderships that are willing to work together to increase the supply of affordable apartments.³⁴⁾ However, it is too early to say whether the new political arrangement will help to overcome the difficulties of coordination and bring substantive improvements to the various urban problems in Jabodetabek.

33) For Kallas's support to Jokowi in the gubernatorial election, see "Alasan Jusuf Kalla Dukung Jokowi" (Tempo.co, August 6, 2012, accessed on June 2, 2015).

34) For the comments on housing policies (especially those affecting affordable apartments) by Jusuf Kalla before the presidential election campaign, see "JK Optimis Jokowi Dapat Atasi Banjir" (Jusufkalla.info, January 19, 2014), "Jakarta Banjir, JK Sindir Jokowi Soal Rusun '1.000 Tower'" (Liputan6.com, February 5, 2014). For the campaign promise, see "Jokowi-JK Akan Bangun 5.000 Menara Rusun" (Kompas.com, June 11, 2014), "Jokowi-JK Bakal Nasionalkan Program Kampung Deret" (Republika Online, June 13, 2014), "Jusuf Kalla janji bangun rumah susun untuk buruh" (Antaraneews.com, June 21, 2014). For Jokowi-Kalla's move after the election, see "Jokowi Pilih Urus Rusun ketimbang Gugatan Prabowo ke MK" (Kompas.com, August 6, 2014), "Pemerintah akan permudah izin proyek permukiman kelas bawah" (Antaraneews.com, November 13, 2014), "Jokowi Sebut DKI Punya Kemampuan Bangun Ribuan Rusun" (Jpnn.com, April 29, 2015). All the Web articles above were last accessed on June 2, 2015.

Conclusion

This paper has provided a brief political-economic analysis to examine the characteristics of the post-New Order era from the perspective of urban development in the metropolitan region, by addressing several important points. First, by showing a table of major satellite city projects before and after the New Order, this paper argues that the basic patterns of urban development have not changed profoundly. Rather, what has appeared is a modified reuse of the patterns of the New Order. The policies of large-scale, privately developed satellite cities and the oligopolistic control of the land and housing market in Bodetabek have persisted, although the rise and fall of some business actors have modified the composition of the oligopoly. Previous studies on large satellite cities in Jabodetabek have not shown a comparison of the situations before and after the regime change, as detailed as Table 1 of this paper. The mushrooming of new buildings in CBD and sub-CBD areas have also further strained the density without changing the basic city structure established during the New Order.

Second, this paper argues that the continuation in the pattern of urban development owes greatly to the developers' ability to organize themselves and protect their collective interests through business associations such as REI and KADIN, and also to the fact that developers have deepened ties with dominant political parties and thus have succeeded in having representatives of their voice in the newly empowered parliament. In addition, politicians from a business background (including property development) now occupy the top strata of the central government, and this makes it easier for business circles to reflect their interests in the government's economic policy. Previous studies on Jabodetabek tended to focus on either geographic, demographic, or social aspects and hence bypass the political dimension of how private developers sustained support for the concentration of land resources into their hands after the total meltdown of the property industry around 1998 and the collapse of Suharto's New Order.

Third, this study points out that the developers' capital accumulation and the spatial articulation of the middle class go hand in hand, having created a *de facto* alliance between developers and the middle-class core. In most cases, it is only after the New Order era that a significant number of residents settled into these satellite cities and made them "real" inhabited cities. Now, Jakarta is surrounded by Bodetabek, with dozens of satellite cities characterized by dual governments—public and privatized. These satellite cities, each more than 500 ha, are developed and managed by private companies as profit-oriented businesses. The population with high purchasing power is rapidly increasing, and its needs are well represented in the spatial structures and the management of these privatized cities. On the other hand, the commercially unviable semi-middle and lower

classes are spatially alienated, and their needs are largely ignored under the highly privatized urban governance. Their living environments are poorly managed by the public governments, and their adaptation to the car-oriented urban structure has exacerbated the traffic gridlock.

Fourth, this paper points out several components of the post-New Order regime that function to cover the social cleavages, such as the rapid growth of the privatized security industry, co-optation of large *preman* groups, and political mobilization of Islamic symbols. While both the central and local governments have failed to significantly ameliorate the hardship of excluded classes, these components help to maintain security and order, alleviating the tension from widening social cleavages. Previous studies generally discussed these topics separately from the spatial dimension of post-New Order regime formation.

Fifth, this paper points out that the dominant spatial-class articulation largely fails to incorporate the growing population of the semi-middle class. While they are highly upward oriented and influenced by the hegemonic values and lifestyle embodied by the middle-class core, they are excluded from the dominant developer-middle class alliance. Under the democratic setting of the post-Suharto regime, they can express their discontent toward the status quo through their voting and other forms of support to politicians, adding dynamics and complexities to the political landscape.

Sixth, the existence of a public and private "dual government," along with the relationship between the newly strengthened local governments and the central government, makes a coordinated approach to the urban problems more challenging. For example, the failure of Kalla's initiative to provide massive amounts of *rusunami* showed both the responsiveness of some political elites to the public aspirations, and the difficulty of effective implementation. On the other hand, Jakarta's new governor Jokowi and his vice governor and successor Ahok have consciously readdressed the distortions of preceding urban development and the imbalances between privately managed spaces and publicly managed areas. Experiences of the past few years show that they have tackled issues that needed to be addressed. This implies that the leadership of local governments does matter. Jokowi's enormous popularity as the governor subsequently made him the strongest candidate in the presidential election, and finally led to the presidency. Although this underlines the importance of the issues of the capital city in shaping the future agenda on a national scale, we have yet to see the lasting legacy of this new political leadership arrangement on the urban issues of Jabodetabek.

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