

“Beyond the developmental state: Globalization and the politics of peri-urban mega-projects in Jakarta Metropolitan Area”

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Abstract

Jakarta Metropolitan Area (JMA) is one of the largest peri-urbanizing mega-urban regions in Asia. In the past three decades, this area has accommodated mega-projects such as industrial estates and towns as well as regional infrastructures, enabled by the relocations of Foreign Direct Investment (FDI) in manufacturing sectors. This article investigates the way in which peri-urban politics have intermediated FDI relocations and facilitated the spatial restructuring of JMA. Using a dynamic and multi-scale theoretical framework, we conduct a historical analysis based on series of depth-interviews in the case study of Cikarang, the largest, most developed industrial estates corridor in JMA. The analysis focuses on identifying institutional settings, power struggles, and governance mechanisms underlying peri-urban settlement transitions in the past three decades. It reveals that privatization and networking strategies have featured the peri-urban governance in globalizing JMA. Furthermore, we argue that, in the context of peri-urbanizing JMA, there is a need to extend and redefine the world/global city theory by emphasizing the key themes of connectivity, competition, and shifts in the state-market relations.

Keywords: FDI; global city; governance; Jakarta Metropolitan Area; peri-urbanization; politics

Introduction

Globalization of investments is no longer an exclusive attribute of the urban. In Indonesia, for instance, FDI in manufacturing has driven the expansion of mega-projects in the forms of regional infrastructure and industrial estates in the peri-urban areas of Jakarta Metropolitan Area (JMA) (Firman, 1998). Being the transitional zones between the urban and the rural, most peri-urban areas are seen to be the most dynamic, problematic part of an urban, metropolitan, or mega-urban region (Hudalah, Winarso, & Woltjer, 2007). Defining and delimiting the physical, functional, and administrative boundaries of the peri-urban and thus their associated state, governance, and political functions appear to be a challenging task for the policy and political analysts.

This article seeks to extend the relevance of the political analysis of global city theory for Indonesia's largest peri-urbanizing region. Focusing on the peri-urban areas, this article can be seen as a response to, among others, the need for what Robinson (2002) called "a more cosmopolitan approach" to global city studies. The peri-urban areas can reflect an experience of ordinary place that hardly meets the traditional city-ness standards. How can we redefine the meaning of globalization in the context of peri-urbanizing JMA? How have FDI relocations interlinked with the peri-urban politics? How can these global-local nexus explain the peri-urban spatial restructuring in JMA?

The main case study is Cikarang industrial corridor, which is also the administrative capital of Bekasi District, located about 35-40 km east of Jakarta. Covering a planning area of almost 15,000 hectares, industrial estates in Cikarang have become Indonesia's largest manufacturing powerhouse. A recent study shows that the district has continued to capture about 50% of JMA's FDI in the secondary sectors (Hudalah & Firman, 2012). The same study also emphasizes that manufacturing contributes to almost 80% of the gross domestic product (GDP) of this district. More than 3,000 companies from more than 30 countries were located in these estates (BPS, 2005). Their employment structure was typified by high-technological and heavy industries such as automotive, electronics, chemicals, machineries, papers, metals and plastics (Hudalah, Viantari, Firman, & Woltjer, 2013).

This article will be presented in the following structure. First, this introduction is succeeded by a critical review on the world/global city theories and their challenges for analysing the political dimensions of peri-urban spatial transitions. After a brief note on methodology, the initial analysis is divided into several sections including the role of global factors, domestic institutional reforms, and peri-urban spatial restructuring in JMA since the 1980s. The main analysis explores the dynamics of political processes and governance mechanisms from the global to local levels underlying peri-urban settlement transitions in the case study in the past three decades. In the context of peri-urbanizing JMA, we suggest the political analysis of global city to depart from static and state-centered analyses by engaging with the dynamics of state-market and global-local nexus in governance transformation.

Toward a political analytical framework of the globally-linked peri-urbanization

The world/global city theory has traditionally admired the hegemony of world economic power and, thus, tends to neglect the meaning of administrative boundaries and undermine the functions of the state (Friedmann, 1995; Sassen, 1991). The Asian financial crisis of 1997 and the global financial crisis of 2008 have indicated that the hegemony of economic interpretation and the absence of the state in the global city literature overlooked their vulnerability (Gugler, 2004; Therborn, 2011).

Responding to this “political deficit” (Ancien, 2011, p. 2477), recently there has been a growing interest on the analyses of domestic institutional and historical contexts underlying the global city formation. First, the new urban politics (NUP) emphasizes that, in the US context, an increased mobility of global capital has fostered inter-city competition in which local government builds coalition with other local actors in order to sustain urban economic growth (Cox, 1993). They struggle to secure the economic growth interests by attracting and retaining the footloose capital from relocating to other cities (Ancien, 2011). Originally NUP focuses almost entirely on local politics. Meanwhile, in the context of modern Europe a several studies suggest that the growth machine does persist but it has been upscaled from the city to the national state. For example, Taylor (1995, p. 60) highlights that “it is hard to imagine any ‘national’ politician winning office on a promise of no growth or even slow growth”.

The political analysis of global cities has largely been influenced by the growth machine and the urban regime theories. A major flaw in these traditional urban theories has been the treatment of the urban as the most relevant site for human conflict over and cooperation for space (Logan & Molotch, 1987; Stone, 1993) while, at the same time, in our view, globalization is no longer an exclusive attribute of the urban. Owing to the new communication technologies and other sociotechnical factors, global capital is increasingly relocating to the surrounding peri-urban areas previously considered as the peripheral sites of the urban. In the developed world, the new centers in the forms of edge cities, technopoles, exopoles, the in-between cities and other types of post-suburban nodes have long spread across metropolitan areas (Sassen, 2002; Sieverts,

2003). Across emerging Asian countries, globalization has focused on few mega-urban regions (MURs), where the core cities extend into their peri-urban areas, producing a landscape of middle-class gated communities and industrial enclaves (Dick & Rimmer, 1998; Douglass, 2000).

As an alternative to the traditional urban political theories, the concept of developmental state is instead coined to indicate a dominant and entrepreneurial role of the national state in directing the globally-linked urban development processes. Theoretically, the developmental state seems to be easier to be adopted by global city-states such as Singapore and Hong Kong, where the tensions between the national and local politics can be minimized (Taylor, 1995). Furthermore, the effectiveness of the development state model is also considered to be responsible in explaining the distinctive characteristics of global city formation in Asian countries with strong nation-state tradition such as Japan and Korea (Bae, 2004; Child Hill & Kim, 2000). In fact, the model has consistently been applied in countries such as China and Malaysia, which are constrained by underdeveloped market institutions (Olds & Yeung, 2004; Zhang, 2014).

A common shortcoming of both the traditional urban political theories and the development state can be associated with the assumption that the political sites of global capital has a firmly bounded, state-based territory. Meanwhile, in contrast to this static view, most peri-urban areas/suburbs are seen to be the most dynamic, problematic part of an urban, metropolitan, or mega-urban region (Hudalah et al., 2007). Due to these evolving characteristics, defining and delimiting the boundaries of the peri-urban – and thus their associated state functions – appear to be a difficult task for the political analysts.

This article attempts to respond to the lack of knowledge on the institutional complexity of globally-linked rapid peri-urbanization (Keivani & Mattingly, 2007). Our analysis departs from the aforementioned static toward a dynamic political perspective.

Therefore, the critical part of the analysis includes identifying the key political shifts surrounding the spatial restructuring overtime. Furthermore, in addition to the state-centered view of traditional urban political theories and the developmental state, our

analysis also pays a considerable attention to the dynamics of the state-market relations in the production of global peri-urban space. Finally, it has been anticipated that the emergence of global cities (and moreover the global peri-urban) may extend beyond the scales of the global, the national, and the local (Knox, 1995). Therefore, as another important feature, our analytical framework follows the suggestion of engaging with multiscalar analysis in explaining the political dimensions of globally-linked spatial formation (Ancien, 2011).

Methodology

For the purpose of this article, oral history was employed as a means of uncovering the hidden stories that are not observable through written documents due to their spatio-temporal complexity and contextual sensitivity (George & Stratford, 2010). The data were gathered through series of informal interviews with those were directly involved in the spatial and political transformation in Cikarang industrial corridor since the 1980s. The respondents included local and provincial government officials, private developers, industrial estate and town managers, industrial developers' association, industrial town planners, urban designers and architects. Following Robertson and Gasper (2006) suggestions, the interview questions in this study mainly elicited respondents' background, views, and own experiences in the building of the global peri-urban of Cikarang. There were in total 20 individual and group interviews and several follow-up interviews conducted between 2012 and 2013. Each interview lasted for about one hour.

In line with Harvey (1984), the main analysis of historical data in this study focuses on exploring the dynamics of competitions, conflicts, confrontations, and cooperations among different participating groups with different interests at different spatial scales through time. Our object of in-depth political analysis pays a particular attention to infrastructure, notably transport network, which is considered to be a defining yet neglected spatial element of the peri-urban (Hudalah et al., 2007).

Surge and fall of the global economies in JMA

The second half of the 1980s marked a worldwide expansion of foreign direct investment (FDI). According to Urata (1993), apart from the strong global economic

environment at that time, this rapid FDI expansion was seen as a response of major developed countries to a declining competitiveness of their manufacturing products. In Asia, higher production costs associated with stricter environmental regulation, rising wages, and currency revaluation have particularly forced Japanese, Taiwanese and South Korean companies to rapidly relocate their manufacturing functions to emerging South East Asian countries, including Indonesia.

Since 1966, the New Order regime led by former President Soeharto quickly reformed the Indonesian economies to be more liberal. To boost the national economic growth and improve the living standards, the government periodically designed market-oriented and outward-looking policies. They gradually simplified laws and regulations to create more favorable conditions for private participation and foreign investments. From the period of 1980s to 1990s, the government focused their economic policies on reducing dependence on oil and gas revenues by capturing the upcoming global trend of industrial relocation. It was during this period when the government progressively extended the market-oriented policies through massive enactment of deregulation packages in trade, financial, industrial and property sectors (Firman, 1998; Tambunan, 2008).

Among other instruments, the Presidential Decree No. 53 (1989) was enacted to help speed up the absorption of FDI in manufacturing. This decree provided a legal basis for private and foreign companies to actively participate in industrial land development and management. Other than highlighting that manufacturing activities had to be planned and concentrated in industrial estates (*kawasan industri*) with the provisioning of infrastructure and supporting environmental facilities, this decree also emphasized that industrial estate must be developed and operated by licensed company.

As a result, in the 1990s JMA, Indonesia's largest metropolitan area, enjoyed an FDI boom period. Most FDI deconcentrated in the peri-urban areas (**Figure 1**). In 1996, FDI in the peri-urban areas accounted for US\$ 12.5 billion while the metropolitan core absorbed only US\$ 1.2 billion.

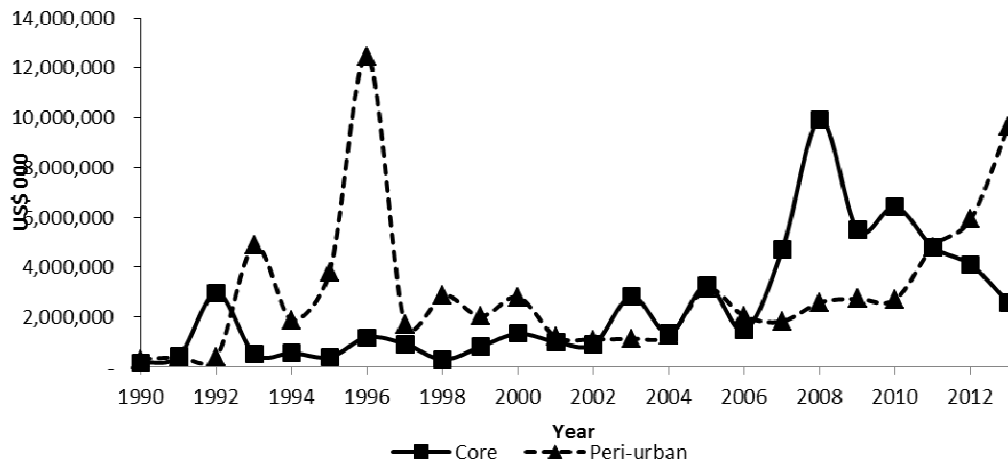


Figure 1 FDI in Jakarta Metropolitan Area

However, in 1997 uncontrolled flows of short-term transnational investment have triggered the Asian economic crisis. The financial crisis badly hit Indonesia, resulting in a dramatic drop of FDI in JMA to the lowest level in the last five year period. In this period, the peri-urban areas suffered the most because the FDI mostly consisted of manufacturing and foot-loose industries which were highly dependent on foreign inputs and have a limited technological lifetime (of 10-15 years). While other Asian countries quickly recovered, Indonesia went down further into multi-dimensional, economic and political crises. It took a decade for the national economy to recover. It was in the second half of the 2000s that the FDI started to grow again, first in the core, and later in the peri-urban.

From 2007 to 2009, the integration of local with global financial markets has led to the global financial and European debt crises. However, stable political environment, stronger macroeconomic foundations, and large domestic market size have made Indonesia insignificantly affected. In fact, together with two other large emerging Asian countries, China and India, Indonesia has become a bright spot for FDI in the face of the global uncertainty (CNTV, 2012). As the result, since the beginning of the 2010s, FDI in the peri-urban Jakarta has again peaked up, almost reaching the level of the 1990s boom period. Its proportion has now retaken over that of the metropolitan core.

The spatial restructuring of Cikarang Industrial Corridor

In addition to regulatory and policy reforms, major regional infrastructure projects have contributed to the peri-urbanization of FDI in Asian emerging countries (Douglass, 2000; Wei & Leung, 2005). Likewise, the rapid growth of industrial estates and towns in JMA cannot be separated from the construction of intercity toll roads in the 1980s. Particularly, Jakarta-Cikampek intercity toll road (83 km) has laid the physical foundation for the emergence of foreign-linked industrial land development along the eastern peri-urban corridors, starting from Cikarang.

Spatial transformation in Cikarang has deviated from the so-called “desakotasi” or unplanned, gradual processes of urbanization of densely populated, fertile rural areas surrounding large cities, which largely featured Asian urbanization in the 1980s (McGee, 1991). Instead, Cikarang formerly consisted of arid land, excavated for the production of roof tiles and bricks. Within a decade, Cikarang, nevertheless, has dramatically transformed from this unfertile, neglected, rural hinterland into JMA’s largest industrialized and urbanizing periphery (**Figure 2**).

Seven private industrial estate companies currently exist in Cikarang. Most of them were established and built between 1989 and 1990 – except for Greenland International Industrial Centre (GIIC), which was built in the early 2000s. Several of these companies were jointly created with foreign investors. For instance, Bekasi Fajar Industrial Estate (BFIE) and Marubeni Corporation from Japan established a joint company to build MM2100 industrial estate. East Jakarta Industrial Park (EJIP) is also co-owned by a Japanese investor, namely Sumitomo Corporation. Meanwhile, Hyundai Inti Development was established as the result of cooperation between Bekasi International Industrial Estate (BIIE) and Hyundai Corporation, South Korea. Other industrial estates were built by Indonesia’s largest conglomerates and property developers, including Sinarmas Group (GIIC), Lippo Group (Delta Silicon), and Jababeka.

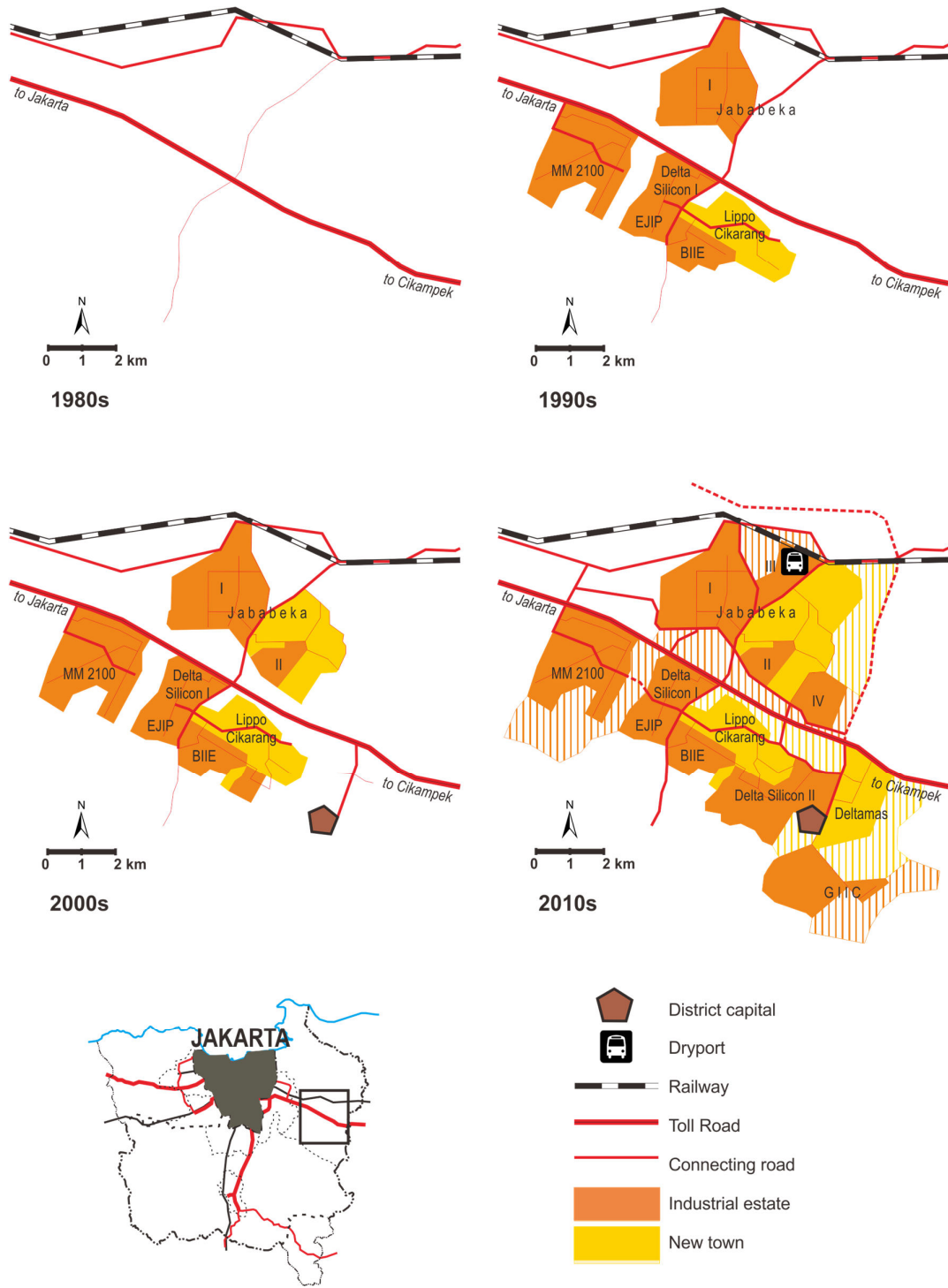


Figure 2 Major spatial restructuring in Cikarang 1980s-2010s

Jababeka has probably been the only private industrial estate in Cikarang that reflects a considerable level of diversity. Their tenants largely include small and medium-sized companies from more than 30 different countries (Jababeka, 2011). In comparison, other six industrial estates attract only groups of large-scale multinational companies from few selected countries. The Japanese co-owned industrial estates, which are MM2100 and EJIP, are traditionally dominated by Japanese multinational companies. Likewise, BIIE (Hyundai) from the beginning envisioned to support Korean high-tech companies. Clearly, globally-linked industrial estate development in Cikarang tends to stimulate segregation by nationalities.

Initially, most developers focused their business operation on purely industrial estate development and management. However, the massive FDI inflows, which peaked up in the mid-1990s, have resulted in a rapidly growing number of migrant workers and population. Within 20 years, the population of industrial sub-districts in Cikarang grew rapidly from less than 5,000 in 1989 to almost than 1.2 million in 2009 (Hudalah & Firman, 2012). The associated population growth generated huge multiplier effects related to the fulfilment of their daily economic and social needs. Given these new opportunities, Jababeka, the largest industrial estate company in Cikarang, gradually diversified their business orientation. While the first project (Jababeka I) was focused on developing and managing industrial land, the second one (Jababeka II), which was started in early 2000s, attempted to capture a growing workers' demand for housing and urban facilities.

Several external factors such as the 1980s-1990s deregulation packages in banking and financial sectors, high economic growth, and rising number of middle-income households have encouraged Lippo and Sinarmas groups to shift their business orientation even further than just responding to the internal demand of providing housing for industrial workers. Such Indonesia's conglomerates were furthermore motivated to create new demands for exclusive living environment in the peri-urban areas (Winarso & Firman, 2002). They envisioned *kota mandiri* or "self-sufficient town" by providing "place to work, to live, and to play". For this objective, they have

successfully built industrial, commercial and residential areas along with premium education, healthcare, and leisure facilities such as private university and schools, international class hospital, star hotels, shopping malls, recreational parks, and entertainment centers.

Linking the global with the local

The rapid settlement transition in Cikarang in the past three decades can be explained by interlinking the dynamics of the peri-urban politics with the shifting global factors (**Table 1**). After the 1997 Asian financial crisis, it took a decade for the manufacturing industries in Cikarang to revive. The crisis reminded them that the real competition was no longer among neighboring industrial estates but with new emerging peri-urban areas in the metropolitan region and other industrializing Asian countries. This tightening regional and global competition forced the manufacturing production system in Cikarang to be more efficient.

Table 1 Peri-urban settlement transition in Cikarang

	Industrial estate/town (1980s – 1990s)	The international economic zone (2000s- 2010s)
Global factor	Global FDI expansion	Asian and global financial crises
Domestic institutional settings	Deregulation and debureaucratisation	Decentralisation and democratisation
Governance mode	Shadow governments	Network governance
State-market relation	Privatisation	Public-private partnership
Scale of state intervention	National-regional	Local-regional
Scale of competition	Local	Regional-global
Key political interests	Growth	Sustainability
Planning policy issue	Accessibility	Connectivity
Spatial features	Enclave, splintering urbanism	Networked-enclave, bounded zone

Furthermore, decentralization euphoria has driven the local governments to act as *raja kecil* (the little kings) with their own autonomous territories and citizens (Firman, 2009). In addition to the ones promulgated by the central government, every autonomous region designed their own local regulations and policies with respect to investment and land and property development. These additional regulations have complicated the procedures and, thus, increasing uncertainties and transaction costs for industrial investment and production.

These combined global economic and domestic institutional factors have contributed to undermine the competitiveness of Cikarang as Indonesia's prime location for FDI in manufacturing. As an illustration, since 2011, the industrial land price in Cikarang has become the most expensive one in JMA, reaching a median value of 150 US\$/m². Meanwhile, the price was only 100 US\$/m² for Karawang, a neighboring outer peri-urban areas (Hudalah et al., 2013).

For this reason, in 2006 the central government (the ministry of public works), West Java Provincial Government, Bekasi District Government, the state-owned highway corporation, and the seven industrial estates in Cikarang agreed to establish an association called *Zona Internasional* (ZONI) or the international economic zone. ZONI was first proposed by Jababeka, the largest industrial estate manager in Cikarang, but then gradually supported by the other companies. ZONI envisioned for preparing Cikarang as an excellent and competitive industrial district in Asia (Jababeka, 2007). This network-based institutional arrangement, among others, focused on creating a good environment for sustainable investment and development acceleration in Cikarang. It also worked to improve the bargaining position of the industrial estates in the local, regional, and national policy-making. Under ZONI, the industrial estates attempted to enhance communication, cooperation, and partnerships with the governments. The following story of transport infrastructure development cooperation illustrates the challenges and prospects for this newly emerging collaborative platform.

Reconnecting the global peri-urban: from shadow governments to network governance?

Since the mid of 1990s, Cikarang has transformed into a nation's manufacturing powerhouse. However, the national spatial plans have continued to treat Cikarang and other peri-urban areas in Bekasi District as a *kawasan penyangga* (dormitory/satellite town) with the function merely to support the residential expansion of the Special Capital Province of Jakarta (DKI Jakarta). In a group interview conducted on 20 March 2013, a top official of Bekasi District Regional Development Planning Agency explained as follows:

“The central government [still] thinks that Bekasi is a dormitory [town]. Meanwhile, [if you] try [to travel] from Jakarta to Cikarang in the morning, in the evening, during the weekdays, [the traffic will always full and] only empty in the weekend. Cikarang is different from other [peri-urban] areas surrounding Jakarta. You cannot treat Cikarang like a satellite city of Jakarta. Instead, we can say that the [national] economic base is in Cikarang. However, the central government has not realised that”.

Such a weak national political interest is evident in that most roads in Cikarang can only accommodate local traffics such as cars and motorcycles, maintained and taken care of by the government of Bekasi District. As the result of insufficient financial resources owned by the local government, these local roads cannot serve heavy vehicles such as container trucks intending to the industrial activities. This phenomenon justifies what Friedmann (1986, p. 77) has pointed out that “world city growth generates social costs at rates that tend to exceed the fiscal capacity of the state”.

The head of Spatial Planning and Human Settlement Department emphasized that Cikarang “has already been called an international economic zone yet governed by a rural organization” (Interview, 26 March 2013). In Indonesia, the local governments are divided into *kotas* or municipalities and *kabupatens* or districts. While *kota* covers an urbanized area, *kabupaten* is historically occupied by predominantly rural areas. The institutional arrangement, therefore, indicates that the local government is unprepared for dealing with globally-linked rapid urbanization.

The incapability of the local government often allows large-private developers to play an active role in the infrastructure planning and development processes. To support the industrial operation, the developers have built their own local roads, clean water treatment plants, waste water treatment plants, communication network, and public transportation networks. Due to their capacity in taking over the government's tasks in providing infrastructure networks, the developers thought that they acted as shadow governments:

“... It would be difficult for us, for example, to invite investors to build factories but there was no road. They surely wouldn't come. We, as developers, [therefore] acted as *pemerintah bayangans* [shadow governments]” (Interview with a city planner of PT Jababeka, 6 March 2012).

In fact, the actual power of these shadow governments might stretch beyond that featured US edge cities (Garreau, 1991). Garreau's conception of shadow governments restricts the active role of private sector in creating order at the local scale within their own project sites. Meanwhile, in Cikarang the shadow governments have extended their influence into external realms by participating in the designing of national and local legislation and building of regional infrastructure networks. In Cikarang, the industrial estate managers were able to guide the central and local governments in crafting laws, regulations, and policies so they could fit with their own business interests. Having more advanced experiences, they also often forced the district government to adopt industrial estate regulations in the local planning policy.

Furthermore, as also evident in the Philippines (Shatkin, 2008), large private developers in Cikarang have played an active role in mediating the global aspiration of realizing regional infrastructure projects. The industrial estate developers in Cikarang have always had a common interest of shortening the distance with Jakarta where the international seaport and airport for export-import processing were located. To this end, they competed with each other in improving their access to the intercity toll road. As the result, four industrial estates currently have direct links with five toll road interchanges with only 3 to 6 km apart from each other. The intercity toll road was developed and run

by PT Jasa Marga, the state-owned highway company. However, in Cikarang its interchanges were proposed, financed and built by private developers (**Figure 3**).



Figure 3 A toll road interchange built by a private industrial developer in Cikarang

Each industrial estate developer has built an excellent infrastructure network within their own project sites. However, business competition among the developers has made every industrial estate project to become isolated from each other. Every project is not adequately connected with the neighboring ones. The unbundling of infrastructure networks has led to a fragmentation of the peri-urban space. The situation perfectly resembles what Graham and Marvin (2001) deems the “splintering urbanism”.

In 1993 the central government through the Industrial Estates Coordination Team initiated a handshake agreement with the provincial and local governments and the industrial estate developers to improve infrastructure connectivity in Cikarang. As part of this public-private partnership agreement, each industrial estate company was required to build connecting roads with their neighboring project sites and local communities.

However, most companies seemed to undermine this agreement. They argued that connecting road would generate through traffic on their local roads thus causing congestion and increasing the road maintenance costs. Such an externality would only benefit their neighboring competitors who wish to get a free and shorter access to nearest interchanges that connect their project locations with Jakarta.

The lack of connectivity between the neighboring industrial estates has forced regional and local traffics to rely on the inter-city toll road. After a decade, it created congestion and bottlenecks on the toll road and its interchanges. Several industrial estate managers in Cikarang started to worry about the impact of this poor connectivity on the land value, production efficiency, and the attractiveness of Cikarang as the national manufacturing center. Furthermore, as the industrial activities grew and the production system complexity increased, many industrial managers started to realize that they could no longer become isolated from each other. Many factories needed to better connect to their vendors those are increasingly dispersed across neighboring project locations. Similarly, as the population grew, the industrial towns have increasingly specialized. Each of them could not by themselves provide all facilities and services required by their own inhabitants. Several industrial estate managers finally arrived at mutual interests and reciprocal benefits for improving infrastructure connectivity in Cikarang.

Poor connectivity was increasingly becoming a common problem for major industrial estate managers in Cikarang. For this reason, they initiated communication by, among other, building several communities and forums such as the President Executive Club (for professional and business leaders), Golf Country Club (for hobbies and leisure) and ICT forum (for engineers). They aimed to transform the embedded competition into partnership and cooperation:

“So, in the beginning we cheated with each other, fought with each other. Each of us wanted to be the champion. We blocked the [connecting] road. ‘I’m sorry. I don’t want to connect [my road with yours]; I’m greater than you. I don’t want to share my [drinking] water [with you]’. Nevertheless, at last, we realized that it was not efficient. Traffic jam was everywhere ... So the formula is, from now on, making friends. I just realized why

silaturahmi [connecting ties with friends] would expand our wealth. Evidently, [if we have] many friends, our business will be simpler. It did become simpler. Everything became cheaper ... Therefore, we shift toward networking. The current competition is between networks, not between entities ... If we don't have network, [we will be] abandoned, *wassalam* [goodbye]" (interview with an industrial manager, 20 March 2013).

Using this networking strategy, in 2006 the industrial estate managers and the governments again sat together to renew the partnership agreement on the infrastructure development and improvement programs to support the industrial activities in Cikarang. A number of projects were carried out. Following the new joint agreement (Ministry of Public Works, 2006), the central government focused on building new toll roads, flyovers and bridges. The Indonesia Highway Corporation was given the authority to build new toll road lanes. The main roads were the responsibility of the provincial government while the local roads were upgraded by the district government. Meanwhile, most connecting roads and interchanges were constructed by the private industrial managers (**Figure 4**).



Figure 4 A connecting road built through public-private partnership in Cikarang

Conclusion

In the past three decades, mega-projects in the forms of industrial estates and towns and regional infrastructures have spread across JMA's peri-urban areas. The relocations of Foreign Direct Investment (FDI) playing at the global scale, especially in manufacturing sectors, are seen to be a major driver of these mega-projects expansion. Our analysis reveals that the key spatial element resulting from globalization in the peripheral areas is not necessarily related to the typology of (de)centrality and (de)concentration of activity (Sassen, 1995) but rather accessibility and (inter)connectivity. Moreover, the economic logic behind global peri-urban formation has departed from the control-production hegemony (Friedmann, 1986) toward securing and sustaining the production to face local, regional and global competition.

Furthermore, it is evident that the local spatial representation of the global economic factor is not atomic, autonomous but is strategically interlinked with the peri-urban politics. Reconnecting the fragmented infrastructure networks has become a key challenge in the peri-urban politics given that the politics of peri-urban infrastructure is not static and state-centered. Instead, it is highly diverse and dynamic in terms of scales, governance modes, state-market relations, interests, and policy issues.

First, in the face of incapability of local government, we need be aware of the exclusionary role of private sectors which are often capable of acting as the so-called shadow governments. The result of our analysis implies that, even in the context of underdeveloped governmental institution, there are limits to the effectiveness of privatization strategies in fostering integrated and inclusive development and improving the competitiveness of peri-urban infrastructure networks.

Alternatively, in the context of rapidly peri-urbanizing metropolitan area such as JMA, we need to be able to seek the opportunity for building relational governance modes that cut across different actors and scales. In the case of Cikarang, key inter-actor networking strategies such as seeking mutual interests, reciprocal benefits, and common problems and initiating communication, cooperation and partnerships seem to be helpful in reconciling the state-market divides and resolving the global-local political

contestation. However, a lack of trust remains a hindrance for this private-driven institutional arrangement in encouraging quick actions and building long-term commitment among its members. Therefore, the capacity of local and regional governments needs to be upgraded. In turn, as the closest and most legitimate state institution, they can better act as the primary actor who is able to promote more inclusionary vision as well as initiate and lead the long-term formation of such innovative mode of peri-urban governance.

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