

PLANNING SYSTEM AND ITS DRIVING FORCES: A NEW INSTITUTIONALIST PERSPECTIVE

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Abstract

While focused on exploring critically how previous studies explain the relation between planning system and broader societal contexts, the concept of planning system itself is described comprehensively in this paper. Planning system is not regarded as an independent phenomenon but more as a product of the embedded institutional-cultural forces and influenced by globalising neo-liberal ideas, which strengthen the existence of policy transfer. It is argued that the policy makers should pay more critical attention on the later since it may potentially attack the effectiveness of planning policy irrespective on the established domestic planning culture. Besides, understanding how the institutional process influences the development of planning systems in developing and transitional countries will be becoming a big homework that the researchers have.

Keywords: *planning system, new institutionalist theory, planning culture, neo-liberalism, and policy transfer.*

I. INTRODUCTION

Many scholars concern with urban development or planning practice in order to understand specific notions of planning in certain countries (Cowherd, 2005; de Vries & van den Broeck, 1997). In fact, they failed to explain differences in planning cultures across nations (Kaufman, J.L. & M. Escuin, 2000). For this reason, like the skeletons in our bodies, planning system deserves more attention while comparing the planning cultures since they are more tied to the domestic institutional arrangements. Besides, in line with the emergence of new institutionalist theory, which revisits the importance of rules and procedure, the role of planning system in promoting sustainable urban development is inevitable.

Planning systems vary in their goals, concepts, structures, institutions as well as instruments. These differences may reflect distinctive "styles of government and administration" (Healey, 1997, p. 75). Its development cannot be understood without reflecting on broader societal development contexts (Booth, 2005; European Commission, 1997; Hajer & Zonneveld, 2000). I consider these contexts

as *driving forces* of planning system. They are wider than just formal institutional context, but also informal cultural determinants. They also do not focus only on those internal forces, but also on the growing role of globalisation, that allows both voluntary and coercive policy transfers across nations.

This paper is aimed at exploring critically how previous studies can explain the relation between planning system and broader societal contexts as explained above. To open up the discussion, the first part classifies types of planning systems that are already broadly applied. The second part explains the elements distinguishing types of planning systems. The third part of this paper reflects an initiation to provide a comprehensive theoretical perspective related to the use of new institutionalist approach in the development of planning system. Therefore, institutional and cultural contexts that influence how planning system is developed are explained intensively in the next part. In larger scale, globalisation in particular is also considered as a possible driving force towards the shape of planning system. Finally, the last part of this paper concludes theoretical gaps that among others should be filled by further research. They altogether offer a systematic framework for the empirical research concerning the development of planning system.

II. DEFINITION AND TYPES OF PLANNING SYSTEM

According to Healey (1997), planning is a field of policy. It involves two levels of governance, which are system and practice. Both respectively can be distinguished as hard and soft infrastructure of institutional arrangement for planning work. Healey (1997, p. 72) defines planning practice as arenas where “various parties come together to undertake planning work”. Meanwhile, *planning system* is “systems of law and procedure that set the ground rules for planning practice” (Healey, 1997, p.72). In essence, planning system provides legal and regulatory framework for the practice of planning.

Planning system is an important aspect of institutional capacity for planning and development process (Healey & Williams, 1993). Therefore, planning system to some extent drives the development process of urban and regions by promoting or limiting development opportunities. It carries power to frame how planning practice ought to be in relation to land and property development.

European Commission (1997) has divided planning systems into four broad approaches, which are *regional economic planning approach*, *comprehensive integrated approach*, *land use management*, and *urbanism*. Comprehensive-integrated approach is type of planning system in which:

“... [s]patial planning is conducted through a very systematic and formal hierarchy of plans from national to local level, which coordinate public sector activity across different sectors but focus more specifically on spatial coordination than economic development. ... This tradition [system] is necessarily associated with mature system thus, it requires responsive and sophisticated planning institutions and mechanisms and political commitment to planning process” (European Commission, 1997, pp. 36-7).

According to this system, public sector investment plays an important role in plans implementation. The highest tiers of planning authorities have dominant role in realisation of plans. In unitary states applying this system, which are the Netherlands and Nordic Countries (Denmark, Sweden, and Finland), the national government play significant role in plans realisation. Meanwhile, in Austria and Germany, which are federal states applying this system, the role of regional government is also very important.

This is the most complicated planning system that demands high degree of certainty both political and socio-economic contexts. Therefore, it can only succeed in countries that have stable progress. Strong trust upon government is also important to support many public interventions especially related to the plans realisation. In this situation, the use of rational planning approach is also often relevant in many planning issues.

According to regional economic planning approach, it is recognized that:

"spatial planning has a very broad meaning relating to the pursuit of wide social and economic objectives, especially in relation to regional disparities in wealth, employment, and social conditions ... central government inevitably plays important role in managing development pressures across the country, and in undertaking public sector investment" (European Commission, 1997, p. 37).

In this system, spatial planning cannot be separated from the national and regional development issues. Therefore, the role of supra-local government, mainly central government, is very important to coordinate and to promote development process in different regions. France and Portugal are examples of countries that to some degree adopt this system.

In countries adopting urbanism, spatial planning "has strong architectural favour and concern with urban design, townscape and building control ... regulation has been undertaken through rigid zoning and codes" (European Commission, 1997, p. 37). This system is broadly applied by Mediterranean States, which are France, Italy, and Spain. To some extent, this system is also still adopted by United States. However, recently planning systems in this country are more and more characterized by the adoption of the last system, which is land use management.

Urbanism approach illustrates an attempt to maintain modernism approach to planning which was applied in the early development of urban planning in the late of nineteen century. However, this approach does not fit sufficiently with the current situation where planning issues are broader and more complex. Therefore, according to European Commission (1997), the provision of various laws and regulation in many cases is not followed by the establishment of good system. Furthermore, the systems have no great political support so they are less effective in controlling urban development (European Commission, 1997).

For land use management, it is true that planning is associated with narrow task of controlling land use change conducted both at the strategic and local tiers of government (European Commission, 1997). United Kingdom is a major example for the use of this system, where the activity is pursued to promote the objectives of sustainable development. Although most of planning work is devoted to the local authorities, the central government remains important in supervising the system and setting the national objectives. This market-led system is currently criticised to have lack of vision and weak machinery to achieve sustainable development (Cullingworth, 1997; Davoudi, 2000). Ireland and Belgium may have similar type of system, although they are moving towards the approaches that are more comprehensive.

In United States, managing land use has been erected into a more holistic approach, which is growth management. Although this variant was originally developed at the local level, nowadays the systems are also promoted in the regional levels, mainly metropolitan and state levels (Cullingworth & Caves, 2003). Growth management is a coordinative system in order to hamper urban sprawl. Developed in liberal constitutional arrangement, this system seeks for creative approaches in promoting sustainability. It is delivered to achieve planning objectives without doing conventional planning activities explicitly (Cullingworth & Caves, 2003). In this system, the state sets the regional framework and objectives supported by a consistent implementation of the local governments. Compared to the British system, this system is more fragmented and still far from a solid system.

III. ELEMENTS OF PLANNING SYSTEM

The above classification can only provide broad picture of trends in planning systems applied throughout the world. In practice, there is almost no country adopting completely one of the approaches. Most of the countries use hybrid approaches to planning system. Therefore, it is too naïve to describe in detail the characteristics of planning system in particular country by only relying on the four broad classifications. As a field of policy, a detail characteristic of planning system can be well recognized by elaborating relevant elements that form it. There are six important elements of planning system discussed, which are *goals, scope, concept, structure, processes, and instruments*.

Planning system is developed to achieve particular goals and objectives. Therefore, it is very fundamental to understand why certain country develops planning system. It does not just define the 'end' that wants to be attained but also provides 'soul' that determines how the 'end' can be reached by the system. Range of goals and objectives of planning system is also important to assess the comprehensiveness of the system. In this part, three possible objectives are explained, which are spatial quality, economic development, sustainable development, and environmental protection.

Spatial quality implies a geo-physical harmonisation of development. Spatial planning system aims to promote better arrangement of various urban activities. In the Netherlands, spatial quality is translated into five broad objectives (Hajer & Zonneveld, 2000, p. 342):

1. "Concentration of urbanization" or distribution pattern of urban functions
2. "Spatial cohesion", which consists of relations between urban (including economic) activities and economically most promising areas, including development structure
3. "Spatial differentiation" or manifestation of city and country
4. "Spatial hierarchy" or pattern of major facilities and economic activities
5. "Spatial justice" or distribution of economic activities

Spatial planning may have narrower goal to promote economic development, which involves sector approaches to spatial planning. The system chooses few leading sectors to drive the achievement of economic competitiveness of regions. Larger spatial issues loose their coordinative role in guiding development. They play as derived issues rather than as framework. In the last two decades, this has been the case of the Netherlands. In this country, infrastructure approaches dominate the trend of planning in line with the ambition of government to maintain the economic competitiveness of the country (Faludi, 2005; Wolsink, 2003; Hajer & Zonneveld, 2000).

Sustainable development has also become an important goal in implementing planning system in many countries, including United Kingdom and United States. As stated by Davoudi (2000, p. 130):

"Its [planning system's] purpose is to correct the land and property market imperfection, i.e. economic regulation; and second, to facilitate economic growth whilst protecting amenity and resources, i.e. environmental regulation. In the trade-offs between the economy and the environment, ... and to strike a balance between economic imperatives and environmental concerns".

Spatial planning often opposes the inability of market to run the development process in a sustainable manner. Specifically, it implies the encouragement of environmental and social objectives in order to balance the economic oriented hegemony in market-driven development.

In the future there is a prediction that planning system will give more attention to the environmental protection issues within the emerging risk society. As mentioned by Davoudi (2000, p. 131), planning system is developed "to defend the environment and local identities against the risk associated with contemporary economic processes". This is a paradigm shift from anthropocentrism perspective of sustainable development towards a more holistic perspective to integrate human activities with nature. Davoudi (2000) argues that this new vision particularly

important, e.g. in UK, to revitalize the loosing power of spatial planning in driving development.

For element of scope, a relevant definition has been made by European Commission:

"The scope of the [planning] system refers to range of policy topics over which the planning system has some competence or influence, and the extent of integration between the spatial planning system and planning and investment in particular sectors" (1997, p. 34).

This element describes the extent to which the system embracing integralism and reductionism. It also implies the relative role of government or public sector compared to the market in designing and realizing spatial arrangement. In other words, this element explains to what extent the system is plan-led or market-led.

According to Healey & Williams (1993, p. 702), the scope of planning system may consist of three main policy areas:

1. A plan-making function, expressing strategies and principles for spatial organization and land use/built form arrangement;
2. A developmental function, which may range from land assembly and servicing, to infrastructure provision and construction and development activity;
3. A regulatory function relating to the control of building location and form, and activity change within existing buildings.

They respectively refer to "development plans", "development promotion", and "development control" (Healey & Williams, 1993, pp. 703-4). In practice, every country has different emphasis on which their systems are focused. Countries that still maintain some aspects of welfare states, e.g. the Netherlands, tend to combine the three functions in an integrative manner. However, countries developed by the market-led system, e.g. UK and US, mainly focus on controlling development.

The next element of planning system is concept, which is often focused on comparing discretionary system versus binding or zoning system (Healey, 1997; European Commission, 1997). Discretionary system is associated with the British approach to land use regulation that centres on capacities of politicians, administrators, as well as professionals in making decision (Healey, 1997). Planning officials advise the local politician to judge the development application case by case. In this system, the role of planning document is very limited and is not absolute because the ultimate decision highly depends on the personnel's judgement, not the regulation. Planning document is only one of considerations that should be taken into account when making decision. It is not binding because there are many other materials or considerations they use in making decision (Booth, 2002). Therefore, planning document is not necessary to be made in detail and can merely prescribe the general structure of desired future development.

Since decision upon land and property development lies on case by case judgement, discretionary system is known for its flexibility. However, it is also

recognized that it also causes some degree of uncertainty of the decision particularly in longer term. It is because there is no binding assurance. Desirable development proposal in the current situation can be no longer relevant in the future.

In contrast, binding or zoning system focuses on the ability of regulations or codes to tie up all actors in deciding their development proposals. In continental Europe, this system was originated from the Napoleon codes introduced to improve public administration in eighteenth century (Healey, 1997). This system demands the completeness of regulations to guide the development. In one hand, it provides more certainty in a longer term. On the other hand, however, it is often criticized as a rigid concept that is difficult to be implemented in a rapid changing situation.

As responses to the weaknesses in both systems, there is growing attempts to combine their advantages into a moderate system (European Commission, 1997). Besides, beyond the above classification, there are also other concepts that are difficult to be included in the two main directions. Dutch system is a relevant example for this. Although binding system is more apparent in Dutch planning system, it does not characterize the strength of the system. This system and others can be more clearly explained by elaborating other elements of planning system, particularly the structure of the system.

Structure does not only show the extent to which planning system is centralised, regionalised, or localised but also tiers of planning institutions involved and how those relate to each other. This institutional issue does not only focus on the locus of power but also on how the power is shared or divided between different tiers of government. The structure can be clearly described by explaining roles of different tiers of institutions as well as their coordinative or hierarchical function.

In highly centralised countries like United Kingdom, it is true that spatial planning function involves extensive role of the central government although most of land use management has been devoted to the local authorities. Meanwhile, in decentralised or federal countries like the Netherlands and US, spatial planning is a matter of the local government. However, role of the regional or national authorities remains important in a strategic policy formulation or supervision.

Processes within the system refer to a relative function of actors and how they relate to each other both in the preparation and in the implementation of planning works. This element explains to what extent the system is plan-led or market-led, and to what extent the system is inclusive. Most of the systems involve other parties beyond government in the implementation of planning works, particularly for large or complex urban projects. Indeed, some countries like US, UK, Greece and Spain have much lower direct public involvement in the implementation of development. Nowadays, there is also a demand for earlier private and citizen involvement not only in the realisation of the plans but also in plan making process. In pluralist country like US, government is not solely perceived as the

only body that prepares plans (Birch, 2005). Each interest group can make their own plans. Here we can see planning system as an arena for open planning process and collaboration (Hajer & Zonneveld, 2000).

Finally, every planning system needs instruments in order to make the system operable. It can be divided into two broad categories, which are positive instruments and negative instruments. Positive instruments or “carrots” focus on provision of incentive in order to promote the development. Positive instruments mainly exists in the areas of development promotion, e.g. development plans, the establishment of development authority or public developer, compulsory land acquisition, land banking or supply, and transfer of development right. Negative instruments or “sticks” aim to create disincentive that restrict development. Therefore, negative instruments are mainly created to control the development. Some instruments that can be regarded as negative instruments are plans, zoning ordinance, development permit, land subdivision, urban area boundary, etc.

Western European states in the post war periods extensively utilized the positive instruments to redevelop their urban areas and regions. However, in line with the emerging dominance of market operation and the lack of government finance, they reduced a number of positive instruments. British planning system indeed has shifted from a positive instrument-oriented system towards a significant role of negative instruments to control the development (Cullingworth, 1997).

IV. NEW INSTITUTIONALIST THEORY AND PLANNING SYSTEM

Originated in Sociology by Giddens, the institutionalist theory has been brought to economics, organisational studies, public policy, and urban and regional studies (Healey, 1999). In essence, this theory looks at social relations in a wider context, which does not only merely depend on the formal institutions but includes informal institutions. Individuals interact actively in order to develop what so called social construction. The urban and regional institutionalists in particular focus on the importance of global network while at the same time promoting local identity for capacity building of particular area or region.

However, since planning is a collective action, a correction must be applied in this theory. Therefore, critiques have been addressed to the traditional institutionalists, which indicate the birth of new institutionalist theory. Among others, Healey (1999) emphasises the role of governance system to deal with the complexity of urban and regional problems, which cannot be solely addressed by the chaotic social network. Moreover, it is surprising that Amin (1999) suggests the new regionalists to involve the rebuilding of the government in order to promote effective management and sustainable development of regions. In total, Immergut (1998) recalls the needs for rules and procedures that embed in both formal and informal frameworks as means for aggregating individual wishes into collective actions. Since planning system contains systems of rule and procedure that set the ground rules for planning practice, it is inevitable if the role of planning system

should have its own place in the discussion of new institutionalist theory. It can be started from looking at planning system in the contexts of institutional-cultural and policy development.

As product of institutional-cultural forces, planning system is located in a broader social system and development context. As de Vries and van den Broeck (1997) argue, "culture" and "institution" represent the shared values that underlie the attitude towards the government and dominants style of governance in managing collective actions and conflict resolutions. Related to this, Sanyal (2005) in particular introduces the concept of planning culture, which explains the attitudes of planners towards the appropriate role of the state, market forces, and civil society in influencing spatial outcomes.

The institutional-cultural forces are an endogenous factor that shapes the planning system. Comprising both formal-(institutional) and informal-(cultural) forces, they provide intentional explanation how planning system is developed. As an illustration, European Commission (1997) has shown how constitutional law, government structure, and the legal framework as formal-institutional forces play a fundamental role in characterizing the domestic planning systems in fifteen Member States. Moreover, de Vries and van den Broeck (1997) compare how different political cultures have led the planning systems in the Netherlands and Belgium towards the opposing directions. In addition, Booth (2005) also demonstrates how traditions of court and law have shaped the long established British development control system.

As field of policy, planning system is also transferable across nations. Globalisation makes policy transfer more possible to occur (Dolowitz and Marsh, 1996, p. 343). "Transfer" means a process by which dominating knowledge concerning policy elements or principles in particular part of the world influences the development of policy in particular country. It describes the existence of the external forces in the development of planning system. They can be regarded as structural determinants that may dictate how planning system ought to be.

The new institutionalist approaches can be useful to explain the development of planning system, particularly in the context of transitional country like Indonesia. This is because, in transitional country, fundamental social and economic institutions change rapidly. In this country, they can barely be seen with unequipped eye. It is often characterized by growing liberal economy and democracy.

V. INSTITUTIONAL-CULTURAL FORCES

The institutional-cultural forces that influence planning system can be divided into two broad categories, which are formal-institutional forces and informal-cultural forces. Formal-institutional forces comprise values formalised into state and statecraft matters that are more dynamic in nature since they are influenced by

broader socio-political process. They consist of form and structure of government and legal framework. Meanwhile, informal-cultural forces comprise informal values rooted from the national culture. They are focused on planning culture associated with political culture, governance tradition, and state-society relation. The later are more resistant since they are related to longer historical development of a nation.

Form and structure of government describes how the power being divided or shared among different tiers of government and how those relate to each other. It provides picture of knowledge on to what extent the government system is centralised or decentralised and where most of the power is located. Structure of government is important determinant that characterises the structure of planning system, although there is no simple correlation between them (see European Commission, 1997; Booth, 2005; and Faludi, 2005).

Forms of government can be divided into three broad categories, which are unitary system, federal system, and regionalised system. In unitary states:

"power resides with the national government, although certain responsibilities may be delegated to government departments for specific territorial units or to local government...the national government makes the law in relation to spatial planning and this is then applied throughout the country" (European Commission, 1997, p. 39).

Unitary state can be a centralised country but also can be a highly decentralised country in which regional or local government is granted considerable autonomy. Ireland, Portugal and UK are described as centralised unitary states. Meanwhile, Denmark, Finland, France, and the Netherlands are examples of decentralised unitary states.

Federal states have a characteristic in which "power is shared between national and regional government, with each having autonomy in some spheres, and able to make law" (European Commission, 1997, p. 39). In the federal states, responsibility for spatial planning legislation can be shared between national government and regional government. This is the case of Germany. However, in many other federal states like US, Belgium and Austria, the national governments have no competence in relation to spatial planning.

There are view states, e.g. Italy and Spain that cannot be fully included in category of federal system although they have strong regional government. These are regionalised states in which "power lies with national government and with tiers below national level, and is apportioned through the constitution or statute" (European Commission, 1997, p. 39). In this system, "the regions have powers of law making but within a framework of legislation set down by the national government" (European Commission, 1997, p. 40).

Legal framework in our discussion is focused on to what extent the constitution and/ or other higher legislation defines individual or government rights and

responsibilities in relation to development, land, and property. There are three mainstreams of constitution statements that have implications on spatial planning (European Commission, 1997). Firstly, relevant constitution statement increases legitimacy of spatial planning actions. For example, rights for citizens to decent homes and jobs are established by the constitutions in the Netherlands, Spain, and Italy. Secondly, statement in constitution may also conflict with planning objectives. This is the case of Finland and Portugal where constitutions grant the right of landowners to build on their land. Finally, there are also countries that have no written constitution, e.g. UK. In this country, elements of planning system are more flexible and more dynamic through the time (see Cullingworth, 1997).

Informal-cultural explanation to planning system is based on the idea of planning culture, which can be theorized from the concept of governance. As a policy-driven approach to the practice of governance, planning is part of governance (Healey, 1997). Therefore, development of planning system should consider the styles of governance that influence the tradition of managing collective actions in particular society. As defined by Healey (1997, p. 206), governance is "processes through which collective affairs are managed". This implies that governance is a very broad concept, which works beyond the machine of government thus includes both formal and informal processes. It relates three overlapping spheres, which are economy (private sector), civil society, and the state. In relation to the development of spatial planning system, it is important to recognize different models of governance introduced by Healey (1997), which are *representative democracy*, *pluralist democracy*, *corporatism*, and *clientelism*.

Pluralist democracy describes "a society composed of many different groups with many different interests, all competing to define the agenda for the actions of government" (Healey, 1997, p. 222). This type characterizes the US's governance form very large (see Birch, 2005). In the pluralist governance, plan making is not just the task of government. All groups beyond the government body can make their own plans reflecting their own interests. They may compete with the government plan to get approval or consideration into public actions. The idea of advocacy planning by Paul Davidoff in 1960s-1970s originated this mode of system in which planning activity became the arena of negotiation and mediation among groups of interests.

Faludi defines corporatism well while describing the Dutch planning culture:

"Corporatism is a system in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered, and functionally differentiated categories. They are licensed or created by the state and granted a representational monopoly within their respective categories in exchange for observing certain control on their selections of leaders and articulation of demand and support" (2005, p. 291).

In contrast with the pluralist democracy, corporatism shares power among few systematic groups of interests. It allows mutual understanding rather than

competition so can develop a stable and longer consensus (Healey, 1997). This is a favourable environment for instrumental rationalist planning with longer range of time dimension of planning frameworks.

In a representative democracy, it is recognized that "government are created on behalf of, and at the service of, the people as electors" (Healey, 1997, p. 220). Governance is centred on the institutions of the formal government. This model can work well in a relatively homogenous society. This governance focuses on the legal-administrative rule-bound behaviour that encourages hierarchically structured bureaucracies focused on technical and administrative expertise. It leads towards a depoliticized professional culture where policy environment is separated from the political process. This model provides ground for a form of policy planning which emphasises on technical and legal reasoning in relation to policy objectives. This is the case of many land use plans in the US, UK, and the Netherlands.

According to Healey (1997, p. 228), clientelism "involves an interactive relationship between politicians and government officials, through the social networks which politician and officials have". Allocation and distribution of resources are done through *informal* networks like family, friendship, fiefdom and business. In contrary with the representative democracy, the policymaking and implementation is highly politicized in which individual lobbies and other informal practices may arise to promote certain interests. The British discretionary system is vulnerable to clientelism because there is no sufficient formal procedure in granting planning and development permission. It occurs predominantly in Belgium, Italy and many developing countries.

Rough classification of the existing governance models, which has been broadly applied in the world, as explained above can guide us to distinguish different orientation in planning culture. Discussion about planning culture is often polarized between *depoliticized* and *politicized* cultures (De Vries & Broeck: 1997). Corporatism and representative democracy models of governance represent a depoliticised planning culture. This modernist style of governance needs technical rationality in the policy making in which role of experts as well as bureaucrats rather than politicians are predominant. Defining public interest is simply mechanistic since there are limited competing interests. Meanwhile, pluralism and clientelism characterize a politicised planning culture in which political bargaining play an important role in the policymaking process. They call for communicative rationality in which the role of politicians and political processes occur more obviously rather than technicians and administrative process. Promoting public interest is more difficult since there are various competing actors and interests. A schematic visualisation of this theoretical description is represented in **Figure 1**.

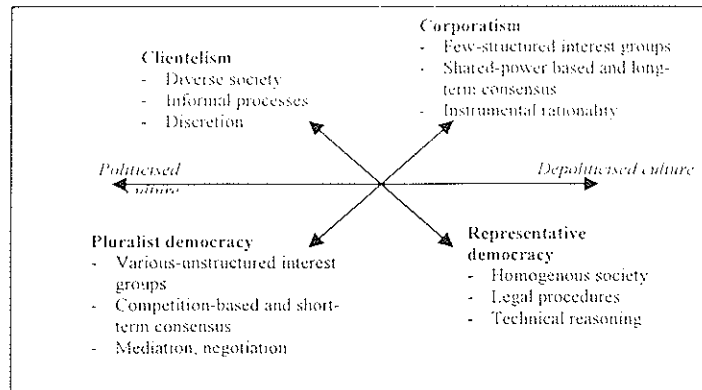


Figure 1
Relation between Models of Governance and Planning Cultures

VI. GLOBALISING TRENDS

Rapid technological change, mainly information and communication, has increased spatial interconnection among cities and regions across the globe (Castells, 2005). It is resulted in fluid mobilisation of resources and capitals thus, cities and regions compete with each other to maintain and increase their positions. This is the spatial implication of globalisation. Globalisation can be defined as “global interconnections of trade, investment, flows of labour, cultural symbols, and other ideas” (Sanyal, 2005, p. 4). The emergence of global cities is the most visible spatial impact of globalisation.

Specifically in policy fields, including spatial planning, globalisation has increased the process of policy transfer. Policy transfer refers to “a process in which knowledge about policies, administrative arrangements, institutions etc. in one time and/ or place is used in the development of policies, administrative arrangements and institutions in another time and/ or place” (Dolowitz & Marsh, 1996, p. 344). It criticizes the concept that planning, included its system, is tied in “system of political order” of particular nation-state or what Friedmann (1987, pp. 30-33) called as “territorially based system of social relations”.

Among other, the worldwide spread of neo-liberal ideas is the most popular theme of globalisation that recently influence spatial planning everywhere disregarding state boundaries (Sanyal, 2005; Wadley, 2004; Lai, 2004). Neo-liberal globalization, according to Pieterse (2004), has been a universalistic economic regime that promotes free markets as the sole effective system. Besides, spontaneity, individual freedom, and competition, as maintained by Hayek and Mises, are basic values promoted by neo-liberalism (Lai, 2004). Meanwhile, the label “neo-” itself refers to the importance of maintaining a limited intervention of the state to resolve the imperfectness of the market, which distinguishes it from its predecessor – classical liberalism. Empirical experience has proven that although neo-liberalism believes in the invisible hand of market, the achievements are nevertheless the result of government intervention (Lai, 2004).

According to neo-liberalists, there are some weaknesses of the idea of post-war welfare states or “government do everything” to be implemented in this globalising market. In one hand, it overburdens government. In the other hand, the occupation of many sectors or monopoly by government encourages inefficiency and inhibits change. It would be more efficient if communities solve their own problems because they are more committed, more caring, and more creative than professional service bureaucracies. Furthermore, competition and market encouragement is important effort in order to improve service efficiency. Therefore, the application of efficient government in spatial planning draws back the relative role of public sectors in development promotion or in the realisation of spatial planning policy (European Commission, 1997; Faludi, 2005).

According to Allmendinger (2002), a rule of law is central to the government intervention in neo-liberalist system since it ensures the information is provided as much as possible in advanced in order to optimize the market to make investment decision properly. It also can minimize bureaucratic interference, discretion, and *ad hoc* decisions, which complicate market imperfections by adding more uncertainty (Allmendinger, 2002). In a longer term, rule of law maintains the sustainability of neo-liberalism in particular country since it provides a clear rule of the game that maximizes individual action and creativity (Lai, 2004). Rule of law requires planning system that is binding in character. However, some other believes that certainty and efficient allocation of land are indeed achieved if the system allows the actors to comment on the proposals of others (Booth, 2003).

According to neo-liberalists, there is no more necessity for central rule over the local authority. Many services would be more efficient and more responsive if they are given to the lowest tiers of government that possibly and effectively still can run particular services. Local government has closer relation with the community than central government thus it can understand community needs and aspiration better (Osborne & Gaebler, 1992). New regionalists, however, argue that the regional scale is the most appropriate governance level to promote neo-liberal globalisation since the traditional local administrative boundary is unable to resolve the economic fragmentation (Lovering, 2000). In turn, decentralisation also facilitates democratisation and public participation. Most of urban spatial planning issues may be considered as local issues related to land use planning, land supply and management, and property development. Therefore, it will be more effective if it is devoted to the municipality.

Most of the transfer of neo-liberal ideas across the globe is coercive process monopolised by strong nations, particularly US with its unitarianist power (see Pieterse, 2004). In the developing as well as transitional countries like Indonesia, international agencies and multinational companies mainly support this process on behalf of those countries (Dolowitz & Marsh, 1996). The evidence of this coercive transfer can be seen in the conflicting influences between these ideas and the established domestic institutional-cultural forces. If this coercive transfer

characterizes the internalisation of the ideas in the domestic planning system, this challenges the basic ideas of the neo-liberalism itself, which highlights the importance of freedom of choices. This challenge is more complicated since nowadays the neo-liberal exporting countries, particularly the US, promote “rule of power” rather than “rule of law” in maintaining the market stability and security (Pieterse, 2004).

VII. CONCLUDING REMARKS

This paper discusses the abstract of planning system regarding its definition, importance, types and elements. As the regulatory framework for the practice of planning, planning system provides institutional competence to influence desired spatial development in certain urban areas or regions. Generally, planning system applied in certain country adopts characteristics of one or more than one of types of planning system, which are comprehensive integrated approach, regional economic planning, urbanism, and land use management. The system is built based on the six essential elements, which are goals, scope, concept, institution/ structure, and instruments.

This paper reflects an initiation to provide a comprehensive perspective related to the role of new institutionalist theory in the development of planning system. It is argued that planning system is not an independent phenomenon but more as a product of both internal and external forces. Internal forces consist of formal-institutional forces and informal-cultural forces. The former are rooted from the existence of government manifested in form and structure of government and constitution and legal framework. The later are originated from the styles and forms of governance and state-society relation that influence planning culture. It is also recognized that external forces influence planning system. The worldwide spread neo-liberal ideas in the framework of globalisation are the most significant forces that dictate trends in spatial planning everywhere. They force the government systems, and in turn planning system, to be more efficient, rule-based and decentralised.

Neo-liberalisation is a global thinking that diffuses everywhere that maybe irrespective on cultural traditions (Sanyal, 2005). Planning culture is under attack due to this growing influence of neo-liberal ideas. It complicates the performance of planning system, which has been criticized to be ineffective in directing spatial development (Healey, 1997). However, it does not mean planning systems have lost their significance. I argue that this is because planning systems developed in many countries do not take into account properly the institutional and cultural context of countries or regions where the systems are built. Besides, the world spread globalisation often narrowly translated into immature process of transferring policy elements or principles from powerful countries or supra-national forces.

In line with the emergence of new institutionalist theory, that revisits the role of rules and procedure in the network society, the role of planning system should be

paid more attention in order to frame the planning practice and urban development to be more sustainable. Researches concerning the development of planning system have been focused in developed – particularly western European – countries (Booth, 2005; Hajer & Zonneveld, 2000; European Commission, 1997). Since they are conducted in steady countries, there is still limited explanation on the context of the dynamic of these factors. This institutional process can be more complex and challenging in developing and transitional countries, which have rapid institutional and structural transformation. Therefore, research must be initiated in these countries in order to developed planning systems to be more effective in driving urban spatial development.

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