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The Comparison of Regional Policies Between Surabaya City and Semarang City

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ABSTRACT

The problem that was formulated based on reasoning model was how is the comparison of the regional policies between Surabaya City and Semarang City. Descriptive method, called circumstantial analysis, was used to explain this problem. Raw material, literature study, and field data containing activity reports of local government and result of Internet access were subjected to this analysis. Result of descriptive analysis showed that there was a gap between small and big industries by rate of 4 %. In average, big industry was a national corporation with foreign license. Policy pattern of the regions in Surabaya seemed leading toward self-government of each region (town), while Surabaya City was putting greater weight on the dominance of the provincial government. Strength pattern was influencing the concentration of policies. It implied to various policies such as city planning model, how the government was designed, and the implementation of regional policy.

KEYWORDS: Comparison, Regional Policy

INTRODUCTION

Many developing countries had experienced discriminative distribution of industry and population. Both distributions were usually concentrated into the capital city of the country, such as Bangkok, New Delhi, Mexico City, Sao Paulo, and Jakarta. It reflected a spatial system which was based on the accumulation of capital and worker in the urban agglomeration. This interesting economic phenomenon, however, was rarely analysed. Ironically, main economic thoughts before decades 1990s, including the study of economic geography and the study of “where” and “why” the economic activity was located, were relatively neglected [1][2]. Only few were exceptional [3][4][5]. “Classical” explanation about the spatial concentration of economic activity had been referred to two types of economic externality, called *localization economies* and *urbanization economies* [6][7]. Both economies implicitly described a relationship between industrialization and urbanization in the development process. Localization economies occurred when the production cost of a company at an industry decreased while the total production of the industry increased. Being located nearby other company in similar industry, a company should enjoy advantages. Localization economies that were shown through companies with interdependent activities had emerged a phenomenon of *industrial clusters* or *industrial districts*. Moreover, there was Industrial Muster, which represented a group of production activities which was spatially concentrated and usually specialized on one or two main industries. Such industry was called *Marshallian Industrial District*, a term due to contribution of Alfred Marshall [8].

In consistent to this trend, experts focused their analysis on the local. The question was which local level must be used as analysis unit? Studies on region or on general industrial sector had been disaggregated with the furthest level was provincial level [9]. Data at provincial level were available, and thus, disaggregated level should be interesting. Each study that was relying on provincial data, however, had two weaknesses. First, provincial data could blur urban economic. Province was too big or even too small to become analysis unit. It meant that big cities, such as Bandung, Semarang and Surabaya, might not be seen in the provincial data. The salient phenomenon of urban development was related to the capital city and the surround regions. Jakarta always developed beyond provincial boundary. Second, province was too big with high heterogeneity. Therefore, the policy to order the towns of big city and the supporting regions was not easy task.

Regional policy might consider the agglomeration of big city such as Surabaya City and Semarang City with the supporting regions. However, empirical review of this topic was rare, and therefore, it should be an interesting problem to be learned by comparing cities with big agglomerations and many industrial musters that contained relatively homogenous regulative environment and economic.

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MATERIALS AND METHODS

The problem is how is the comparison of the regional policies between Surabaya City and Semarang City. The research was aimed to describe and to analyse regional policies between Surabaya City and Semarang City. There are two research benefits as follow: 1) Theoretical implication that is included: a) Research contributed to the development of social science and political science, especially those related to urban policy, and b) It was a preliminary study for further research; 2) Practical Implication: research should be useful for the interest parties in ordering the urban regions.

Theoretical perspective

Public policy was an achievement of goal, meaning that a policy had always an end. It was also said that policy was a set of governmental actions that were designed to achieve some ends.

According to Peter Budgman and Glyn Davis [10] in their book, *The Australian Pokey Handbook* (2000), public policy had various definitions, and thus, it was difficult to determine the proper definition. There were five characteristics of public policy: (1) it had a goal that was designed to be achieved, (2) the decision had always a consequence, (3) it was structured, (4) it related to politic, and (5) it was dynamic.

William N. Dunn in *Public Policy Analysis: An Introduction* [11] said that public policy was a complex dependence pattern which contained many interdependent collective options, even including one option "to not act" made by governmental office or institution. In essence, the study of policy always considered any issues that were faced by the community, and reflected these issues into a matter of decision making.

The content of decision, how decision making procedure was determined by strategy, and the process and implementation of the decision were some important considerations in the implementation of policy of regional development. Brian W Hogwood *et.al* [12] asserted three stages: (1) planning, (2) implementing, and (3) scheduling and supervising the planning modes (*Modes of Planning*). There were some modes of planning in the spatial unit, such as: Action Planning, Incremental Planning, Mixed Scanning, Structured Planning, and Master Planning. These planning modes were related to the type and style of designing in the development of urban space. Action Planning always required geometric, which was previously acknowledged through Structure Planning and guided by Master Planning.

Massey Doren [13] added that the implementation of regional policy should express regional problems concerning with different spatial order, production rate, and job division because these problems were influencing the planning of regional policy as an alternative view for the coordination of many regions. Therefore, regional policy was always involving:

1. Different characteristic of regions that was organized for collective advantage.
2. Different attractiveness of regions that was integrated into a dominant economic activity.
3. Different weakness due to geographic distribution that would be concentrated to one point which was useful for other region.

Regional development had developed a network among immediate regions. These regions cooperated under a singular policy control that was usually using Master Plan. Such trend was always seen in big city and other supporting regions. Vesa Harmaakorpi and Harry Niukkanen in *Leadership in Different Kinds of Regional Development Networks* [14] explained that three regional developments were proposed: (1) regional development network, (2) heterogeneous vocation-multi-actors network, and (3) closed homogenous network.

Regional policy was made either by either developing or developed countries. Urban network and partnership had influenced the regional development models that were used by countries in Europe, America and Asia toward the faster growth and development of economic and industry. These models were:

- (1) *Empirical Model* (China). It was based on endogenous growth. It was reliable for investment because investment must always consider the growth of economic, resource and production of a certain province region that was more developed than others. Investors were always interested to such province in order to develop industry and trade [15].
- (2) *Econometric Parameter Model* (East Europe). This model determined the planning and the strategy of economic development by estimating the economic indicators such as production function, economic function, employment, and annual development trend [16].

- (3) *Organizational Transformation Model* (Malaysia). The organizational transformation from micro to macro was implemented in the region to integrate processes and infrastructures, and also to produce consistency, in achieving for collective goal and reliability [17].
- (4) *Inter-Entrepreneurs Economical Cooperation Model* (Firm). This model was applied in United States as a step to control international market, industrial competition, and world trade. Firm was established by entrepreneurs to organize the trading industries and to facilitate taxation by government.
- (5) *Integrated Economic Regions Model* (Indonesia). Spatial order policy at national level was declared by the central government. Integrated industrial region at regional level was made by the related region. The development of integrated region was caused by factors such as regional proximity, regional characteristic, and the possibility to develop one industrial region as the controlling centre for the surrounding. The supporting regions would provide raw material, worker and transportation structure [18].

The implementation of integrated region policy was using Zoning Pattern. Specific region, such as Industrial Estate, was determined through Master Planning.

Surabaya City had Master Planning to develop such integrated region called *Gerbang Kertasusila* (Gresik, Bangkalan, Mojokerto, Surabaya and Lamongan), while Semarang City had *Kedung Sapur* (Kendal, Demak, Ungaran, Salatiga, and Purwodadi). Both cities were compared to understand their implementation of regional policy. Theory of choices that was proposed by A. Heinden Heimer, *et al.* [19], was used (*Choices as frameworks for comparative public policy*). This theory suggested three choices: (1) Choices of Scope, (2) Choices of Distribution, and (3) Choices of Restraint and Innovation.

In addition to theory of choices, *implementation gap* analysis model was also used. It analysed whether the fact that was observed in the field was compared or not compared to the goal of policy.

Regional policy would produce localization interdependence, which was then involving localization economies and urbanization economies, in order to increase the efficiency and the development of economy of the region (Agglomeration Economies).

RESEARCH METHOD

The approach that was used in this research was qualitative approach. Qualitative approach meant searching for information in deep and extensive manners [20].

Research Focus

Focus of research was regional policy between Surabaya City and Semarang City in ordering the agglomeration of industry and trade.

Research Location

Research was located at Surabaya City and Semarang City because both cities were big cities with similar character of maritime-based industry and trade.

Data Collection

Data were collected through documentation and in depth interview.

Data Analysis

Data analysis tool was qualitative analysis. Three components were estimated, such as data reduction, data review, and conclusion [21].

RESULTS AND DISCUSSION

Land/space use pattern was a form of interaction between human and environment where human was sheltered and protected from other living thing and from natural change.

Urban region recently faced dramatic challenges. First, the change of century and millennium should require a global competing ability. Second, new change had begun as the next session of modern industrialization era through the introduction of ultimate technology. Third, economic crisis had swept over countries in Europe, Asia and Africa. Dramatic economic growth in East Asia had astonished the world in the decades of 1990s. However, this astonishing moment was temporary. Just one year after that, the world was surprised with multi-dimensional crisis that was

occurred in the developed countries in East Asia and Southeast Asia. This was the biggest crisis which influenced the pattern of regional and urban developments.

To identify the distribution and expansion of trans-boundary industries into local administration, SIG was used until it covered sub district level. Industrial map with sub district coverage had produced a clearer description about *extended industrial area* (EIA) than industrial map with only district/town coverage. EIA contained *urban core* and *urban fringe* which always exceeded the boundary of nearby district/town. The exact EIA boundary was difficult to identify. An approach to the identification was suggested by McGee [22], which was by identifying *peripheral-urban zones* (daerah desa-kota), which defined as the region that was still afforded by *daily commuting reach*. Such region was usually remained between the house in the urban fringe and the work site in the urban core. If the sub district-covering industrial map was made, main industrial areas at Java would be located between sub districts that were contiguous (nearby) with “urban core”. However, such pattern was only seen along main road or highway. For analysis, the study was using criterion that sub districts beyond the boundary of district/town would be integrated into EIA if these sub districts were more or less contiguous spatially.

Industrial regions in Java were mostly located in west part (Jabotabek and some of West Java), east part (Surabaya in East Java), and relatively few in Central Java and DIY. Industrial regions were covering districts/towns that were contiguous, and concentrated in five big cities in Java. These big cities were surrounded by contiguous industrial regions and had relatively high industrial density based on the employment rate and its added-value. These big cities were:

- Jakarta and the surrounding regions (Bogor at south, Tangerang and Serang at west, and Bekasi and Kerawang at east), called **Jabotabek EIA** (EIA – *Extended Industrial Area*). It represented the dissemination of the industry across district/town and across subdistrict at Jabotabek region.
- Surabaya and the surrounding regions (Sidoarjo, Gresik, Pasuruan, Mojokerto, Lamongan), called **Surabaya EIA**. It reflected the dissemination of the industry across administrative boundary at Surabaya Region and surrounding districts.
- Bandung City and the surrounding regions (Bandung and Purwakarta). It described the dissemination of the industry across the boundary of district and subdistrict at Bandung and surrounding districts.
- Semarang and the surrounding regions (Kendal, Demak, Ungaran, Salatiga, and Purwodadi).
- Surakarta and the surrounding regions (Klaten, Sukoharjo, and Karanganyar).

The spatial pattern of Big and Medium Industries (BMI) in Java had been concentrated on main metropolitan region. Based on Economic Census Data of 1996, BMI at Jabotabek, Semarang EIA and Surabaya EIA had been counted more than 65 % of employment total and 71 % of production total in Java [23].

The Condition of Surabaya and Semarang Regions

Surabaya City was the capital city of East Java, and was the second biggest city after Jakarta. Surabaya was founded in May 31 of 1293. It had developed for the advantage either for Surabaya region or the surrounding through the characteristic label *INDARMADI*, abbreviated from *Industri, Perdagangan, Kemaritiman, dan Pendidikan* (Industry, Trade, Maritime, and Education). Surabaya was bordered by ocean at north and east, and divided by Kalimas River. It had the area width of 32,636 ha with population rate of 2,663,716 heads with. The supporting regions were described as following: Sidoarjo with area width of 63,439 ha and population rate of 1,293,110 heads; Gresik with area width of 119,119 ha and population rate of 963,316 heads; Lamongan with area width of 166,950 ha and population rate of 1,200,879 heads; and Bangkalan with lower level of area width and population rate compared to Lamongan.

Semarang City was the capital city of Central Java with population rate of 1,866,010 heads. It had implemented a transit transportation system, either at land or sea, from Jakarta to Surabaya. Therefore, it was a very strategic and crowded city. Semarang had been surrounded by moderate cities but with very fast development such as Surakarta (Solo), Yogyakarta, Magelang and Salatiga.

In addition these moderate cities, Semarang had the surrounding regions to support the demand and development of regional economic. Semarang regions were known as Kedung Sapur, which abbreviated from Kendal, Ungaran, Salatiga, and Purwodadi. Solo, Yogya, Magelang and Semarang were known with their agro-industry.

The regional development in Semarang City was complying with RT RW N (National), RT RW P (Provincial), and RT RW D (Local, City and District). The integrated regional development for Semarang with the supporting cities was guided by Master Plan of Central Java of 2000, and

Local Regulation No 2 of 1999. Figure 1 and 2 were the Industrial Agglomeration Map of Surabaya and Semarang.

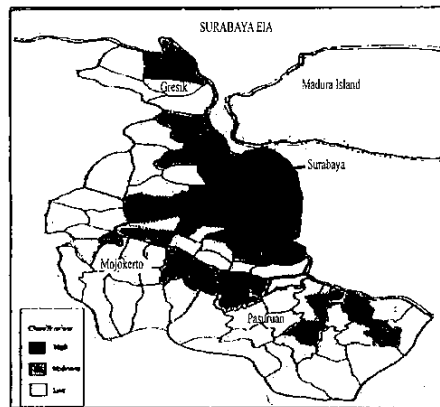


Figure 1 Industrial Agglomeration Map of Surabaya

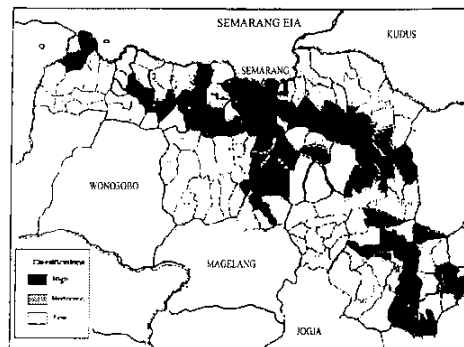


Figure 2 Industrial Agglomeration Map of Semarang

Industrial Diversity

Main industrial regions had different diversity. It was measured through Hirschman-Herfindahl Index (HHI) based on the similarity. Surprisingly, the smallest industrial region and the biggest industrial region showed relatively similar diversity. Surabaya EIA produced the highest diversity rate by average value 1-11-110.18.

Surabaya EIA had big scale with HHI average of 0.19, which was representing the industrial area with high diversity in Java Island. By its salient industry based on the employment rate and the added-value, Surabaya EIA involved industries such as textile-cloth-shoes, metal goods, and chemicals. The geographic distribution of manufacturing industries at Gerbang Kerta Susila was characterized by the industrial concentration toward the urban core of Surabaya. Some sub districts in this region showed high employment rate. These sub districts are dominated by employment that was based on textile-cloth-shoes, metal goods, and chemicals industries. Base metal industry, which processed steel, however, was centralized at Industrial Area of Gresik. Traditional small industries were often found at Surabaya and Sidoarjo [24], while the modern heavy industries were positioned at North Surabaya, Gresik and Mojokerto. It was not surprising because Surabaya was known as the centre of power, trade and economic. The toll highway connecting Surabaya and Malang was not only facilitating decentralization of industrial development to the outside region or around Surabaya, but also providing incentive to the connective growth between Surabaya and Malang. The highway was also useful for the development of upscale [25][6]. The urban region of Semarang and surrounding had similar diversity. Some industries are developed such as rattan processing, wood processing, food, beverage, textile, and cloth. Purwodadi and other supporting cities were recognized for the industries of metal, chemicals, tobacco and shoes. Salatiga was acknowledged for food industry.

Table 1 Hirschman-Herfindahl Index, 2010

Sectors	Extended Industrial Areas		Means
	Surabaya	Semarang	
Food, Beverage, Tobacco	0.27	0.63	0.37
Textile, Cloth, Shoes	0.20	0.34	0.24
Wood & Milling	0.27	0.49	0.33
Paper & Milling	0.27	0.49	0.33
Chemical, Coal, Rubber	0.30	0.43	0.35
Non-Metal Mining	0.27	0.46	0.31
Base Metal Commodities	0.26	0.43	0.31
Metal Commodities & Machine	0.30	0.48	0.35
Others	0.26	0.46	0.31
Means	0.27	0.48	0.32

Source: processed from PBS, Industrial Survey of 2010

Taking into account the industrial diversity, Surabaya EIA and Semarang EIA had relatively similar diversity rate. HHI means of both regions was 0.27, which was lower than HHI means of other main industrial regions. In other words, this index reflected the relatively high level of industrial diversity of other regions. Interestingly, HHI of each industry might decrease over time signifying the increased industrial diversity. The dissemination of industrial base of Surabaya EIA had been started slowly since 1963. Dick in O'Sullivan [7] noted that the reduction of the share of worker and small industry (food and textile) was compensated by the increased share of heavy industries such as chemical and metal & machine. This trend was strengthened by wood and non-metal industries between 1963 and 1985. In 1995, main industries in EIA Surabaya included food, textile, wood and metal & machine. Map 3.4 showed that the spatial distribution of industries was forming "a belt" covering Surabaya City as the biggest concentration site and surrounded by sub districts of Gresik, Sidoarjo, Mojokerto and Lamongan.

Compared to Surabaya, Semarang City had relatively smaller scale. Semarang EIA had lower diversity in the industrial structure. HHI means in Semarang EIA was 0.48, far beyond HHI means of all industrial regions. In other words, it reflected the lower industrial diversity of this region. Spatial concentration that was salient was in food & beverage and tobacco industries. Semarang EIA was also specializing on certain sectors such as chemical and food industries.

In the Central Java context, Semarang EIA and Surakarta EIA had relatively similar industrial structure pattern. Textile-cloth-shoes industry and food industry in both regions were playing important role. However, employment share in wood and furniture industries was salient at Semarang EIA, while chemical industry share was more substantial in Surakarta EIA.

Table 2 Choices as Frameworks for Comparative Public Policy

Region	Surabaya City (Gerbang Kertasusila)	Semarang City (Kedung Sapur)
Dimension		
Scope	Integrated region that was made of some cities around Surabaya as the supporting regions (Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo, Lamongan).	Integrated region that was made of some cities around Semarang as the supporting regions (Kendal, Demak, Ungaran, Salatiga, Purwodadi).
Policy Instruments	MASTER PLAN of Surabaya 2000, Local Regulation No. 4 of 1996 on RT RW of East Java Province.	MASTER PLAN of Semarang 2000, Local Regulation No. 2 of 1999 on Urban Region Development.
Distribution	Division of authority, economic development, and employment at the city might be different but could have one similar goal, which was even distribution of economic development, employment opportunity and reduction of urbanization. Surabaya and Gresik were designed for heavy & machine industry. Mojokerto and Lamongan were set for textile, food, and beverage industries. Sidoarjo and Bangkalan were aimed for cloth, tobacco, and paper industries. All of them were cluster which contained light industries to support heavy industries in Surabaya.	Division of authority and control were separated clusters, but these were still managed by the prime (Semarang). Kendal and Demak were designed for textile, wood, and tobacco industries. Purwodadi was aimed for food and beverage industries. Semarang, Ungaran, and Salatiga were emphasized on tobacco, food, textile, household appliance, paper and metal industries.
Restraint	<ul style="list-style-type: none"> Failure to deal with the impact of industry such as disturbed living environment and high level of urbanization. 	<ul style="list-style-type: none"> Failure to deal with the impact of industry such as disturbed living environment and high level of unemployment and urbanization.

	<ul style="list-style-type: none"> • The cities were selfish and choosing to develop the industry for the increase of their genuine local revenue. • The spatial and regional order was dominated by the government of East Java Province through strict regulation, thus weakening the development of the emergent industries. • New agglomeration had developed, including Pasuruan, Malang, Jombang, and Kediri with competitive worker and regulation. 	<ul style="list-style-type: none"> • Urban environment around Semarang City was developed slowly. Industrial Agglomeration was, therefore, hindered due to local interest and local autonomy. • New industries were emerging beyond the area of Kedung Sapur, such as Yogya, Magelang, and Surakarta. Kopeng was becoming new agro polite. Therefore, Semarang was lost its dominance to new agglomeration.
Innovation	<ul style="list-style-type: none"> • The emergent new industries were used as new clusters to support heavy industries at Surabaya and Gresik. New commodity was found, that was non-oil and gas commodities. • The cooperation was made with Semarang for land-sea transportation and its structure, thus reducing the domination of Tanjung Perak Harbor for sea sector, and of Juanda Airport for air sector. 	<ul style="list-style-type: none"> • Harbor and airport were growing as the structure to transport the industrial commodities from Semarang and Central Java. • The cooperation in transportation sector was made with Surabaya for land, air, and sea transportation.

CONCLUSION

Integrated Economic Regional Policy either at Surabaya City through label *Gerbang Kertasusila* or at Semarang City through label *Kedung Sapur* was aimed to disseminate economic development. Many barriers were found against the implementation. These involved internal and external factors. Internal factor was related to the lack of awareness of the cities to the importance of cooperation because they assumed that integrated policy was representing a program of central government and provincial government. Therefore, they were not seriously considerate to the implementation of this policy. If it was implemented, it was just for formality and the cities were still emphasizing on other work for the increase of genuine local income.

Despite its similarity, the difference of regional policy between Surabaya City and Semarang City was salient, especially on the strength of integrated economic regions either at the supporting area or at metropolis area. Surabaya City had a more controlled agglomeration, while Semarang City had a disentangled agglomeration, thus needing for coordination in using urban facility.

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