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**„Surabaya's Urban Communities (*Kampungs*) within
the Emergence of Post-New Order's Neoliberal
Transformations”**

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Diana Zagidullina, B.A.

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Glossary

Original Indonesian Word	Translation/Explanation
<i>Kampung</i>	A local community, a part of the autonomous administrative unit/neighborhood, usually associated with low-income households, involved into informal economy. Can also entail middle-income and relatively wealthy households, depending on the type of employment and production relationships. <i>Kampung</i> might have blurred boundaries within the hamlet but has physical features of an urban settlement with semi-formal tenure arrangements. <i>Kampungs</i> have hierarchical administration: municipal authorities cooperate with the sub-district regency representatives <i>Pak/Ibu RW</i> , who negotiate coordination with local community leaders <i>Pak/Ibu RT</i> .
<i>Kampung Lontong Banyu Urip or Kampung Lontong</i>	The research site analyzed in the thesis, the local Surabaya's community encompassing a number of informal activities (i.e. home-made industries, small-scale enterprises) and inhabitants involved in the formal sector.
<i>ITS (Institut Teknologi Sepuluh Nopember)</i>	The key stakeholder and one of the fieldtrip's coordinators. Sepuluh Nopember Institute of Technology Jalan Raya ITS, Keputih, Sukolilo, Kota SBY, Jawa Timur, 60111, Indonesia https://www.its.ac.id/index/id
<i>Pasar</i>	A market
<i>oleh-oleh</i>	Souvenirs, gifts
<i>Bu/Ibu</i>	A woman, who is married or a mother, polite way to approach women, who are older/respected in the society, landlady or a female teacher, etc.
<i>Pak/Bapak</i>	A man, who is married or a father, polite way to approach men, who are older/respected in the society, landlord, headman, or a male teacher, etc.
<i>Warung</i>	A restaurant or a food stall, usually belonging to a poor man, who sells street food, cigarettes, drinks, coffee, and other small goods.
<i>Ibu-ibu Pertemuan</i>	A meeting of mothers/elders in a kampung for a collective discussion of social issues and upcoming agendas.

<i>posyandu</i>	“It is a community based vehicle to improve child survival and development. Special emphasis is paid to the role of <i>Posyandu</i> in efforts to overcome the major health problems faced by the women and children of Indonesia. The health care delivery system has several level, home and self-care in 1st followed by community based preventative and promote care (<i>Posyandu</i>), followed by basic professional care at health centers and clinics which are followed by 1st and higher referrals to district and advanced hospitals.” (UN National Library of Medicine 1989).
<i>RT and RW</i>	<i>Rukun Tetangga and Rukun Warga</i> Administrative leaders on the different levels: RT is a kampung/community leader and RW is a leader of a sub-district/neighborhood under the regency of municipal district
<i>Lontong</i>	A dish, “rice cake”, sticky rice wrapped into banana leafs
<i>Tempe</i>	Soybean dish, left fermented overnight in a special liquid and formed into bricks
<i>Batik</i>	A traditional hand-made way of decorating cloth, an art of drawing on the fabrics originated from Java. Patterns are drawn by using hot wax. Parts, uncovered with wax are dyed; afterwards wax is dissolved in the boiling water and scrapped off. The process is usually repeated until the desired patterns and colors were reached.
<i>Becak</i>	A manually pushed rickshaw; carries two or more people, rarely used for the distances more than 2-4 km.
<i>IDR (Indonesian Rupiah)</i>	1 EUR =16,843 IDR [06.04.2018]

Abbreviations

UN	United Nations
UN Habitat/UNCHS	United Nations Human Settlements Programme (UN Agency)
WB	World Bank
ADB	Asian Development Bank
NGOs	Non-governmental Organizations
IGOS	Intergovernmental Organizations
HBEs	Home-based Enterprises
SMEs	Small and Medium-scale Enterprises
IMF	International Monetary Fund
GDP	Gross Domestic Product
PKI	Partai Komunis Indonesia (Indonesian Communist Party)
C-KIP	(Compulsory-) Kampung Improvement Program
ITS	Institut Teknologi Sepuluh Nopember (University of Technology in Surabaya)
PT	Public Transport
MRT	Monorail Transport
UKM	Licensing Information Center of SMEs in Indonesia
CBOs	Community-based Organizations
TPQ	Taman Pendidikan Al-Qur'an (non-formal Islamic religious education organized by a community group)

Abstract (in English)

This thesis focuses on diverse socio-cultural, administrative, political, and economic changes, happening in the local Surabaya's communities (*kampungs*) since the resignation of the Indonesian President Muhammad Suharto in 1998. The research emphasizes alterations that took place in the urban localities *kampungs* and influenced transport mobility and other infrastructure reconfigurations in Surabaya within the emergence of post-Suharto neoliberal policies and transformations. Particular research focus is placed on the informal economy activities involving more than 70% of employees at the Indonesian labor market and the importance of partnership between private and public sectors.

Neoliberally imposed empowerment policies and pro-poor development programs aimed at improving housing conditions, sanitation, health care, education, and formalization of religious practices, have undoubtedly influenced *kampungs'* position within the urban setting and introduced an element of competitiveness. Local *kampung* inhabitants after the fall of Suharto obtained more opportunities to contribute to the flourishing informal economy, which is perceived as an important part of the global economy, and were involved into different kinds of competitions (religious, environmental, cultural, etc.), which are targeted to develop sustainable, competitive, and more profitable communities. A constructive dialogue between different levels of private stakeholders, local leaders, and global players, such as intergovernmental organizations and non-governmental organizations, is seen and promoted within this thesis as one of the significant tools to ensure that the local context and interests are taken into consideration and that a socio-cultural identity of the local neighborhoods remains preserved.

The methodological component of the research is based on the qualitative methods – ethnographic fieldwork conducted at the research site *kampung Lontong Banyu Urip* in Surabaya and participant observation. Important to highlight that the fieldtrip was partially financed and facilitated by the University of Vienna in Austria and the ITS (University of Technology) in Indonesia. The empirical data consists of ethnographic notes from the field, semi-structured and structured formal and informal interviews, focus groups, presentations, and other visual materials. The *kampung Lontong* is precisely described in the thesis as a demonstrative example of an urban community's involvement into informal economy, namely home-based enterprises (HBEs) and other unregistered activities, its infrastructure reconfigurations due to the social development programs and an exceptional case of the “social Islamic approach”, perceived by the community members as a proactive uplifting tool.

Abstract (in German)

In dieser Masterarbeit wird der Fokus auf die verschiedenen soziokulturellen, administrativen, politischen und wirtschaftlichen Veränderungen gelegt, die seit dem Rücktritt des indonesischen Präsidenten Muhammad Suharto 1998 in den lokalen Surabaya-Gemeinschaften (*Kampungs*) stattgefunden haben. Die Untersuchung konzentriert sich auf Veränderungen in den städtischen Ortschaften *Kampungs* und die Beeinflussung der Verkehrsmobilität als auch anderer Infrastrukturumgestaltungen in Surabaya im Zuge der Post-Suharto neoliberalen Politik und Transformationen. Ein besonderer Forschungsschwerpunkt liegt auf den Tätigkeiten der informellen Wirtschaft, an denen mehr als 70% der Arbeitnehmer auf dem indonesischen Arbeitsmarkt beteiligt sind, sowie auf der Bedeutung der Partnerschaft zwischen privaten und öffentlichen Sektoren.

Neoliberal auferlegte Ermächtigungsstrategien und Entwicklungsprogramme zur Unterstützung der von Armut betroffenen Bevölkerung zur Verbesserung der Wohnbedingungen, der sanitären Einrichtungen, der Gesundheitsversorgung, sowie der Bildung und Formalisierung religiöser Praktiken, haben zweifellos die Position *Kampungs* innerhalb der städtischen Umgebung beeinflusst und ein Element der Wettbewerbsfähigkeit eingeführt. Nach dem Sturz von Suharto erhielt die lokalen Gemeinschaften *Kampungs* mehr Möglichkeiten zur florierenden informellen Wirtschaft beizutragen, welche als wichtiger Teil der Weltwirtschaft gilt und an verschiedenen Arten von Wettbewerben (religiösen, ökologischen, kulturellen usw.) beteiligt ist. Der Wettbewerb zielt auf die Entwicklung einer nachhaltigen, wettbewerbsfähigen und profitableren Gemeinschaft zu entwickeln. Dabei wird in dieser Arbeit ein konstruktiver Dialog zwischen verschiedenen Ebenen privater Interessenvertreter, lokaler Führungspersonlichkeiten und globaler Akteure wie zwischenstaatlicher Organisationen und Nichtregierungsorganisationen als eines der wichtigsten Instrumente gesehen und gefördert, um sicherzustellen, sodass eine Berücksichtigung des lokalen Kontexts und der lokalen Interessen, als auch die Erhaltung einer sozio-kulturellen Identität der lokalen Nachbarschaften, ermöglicht werden.

Der methodologische Teil der Forschung basiert auf den qualitativen Methoden der ethnographischen Feldforschung, die am Forschungsort *Kampung Lontong Banyu Urip* in Surabaya durchgeführt wurde, und der teilnehmenden Beobachtung. Das Feldpraktikum wurde teilweise von der Universität Wien in Österreich und der ITS (Technologische Universität) in Indonesien finanziert und gefördert. Die empirischen Daten bestehen aus ethnographischen Notizen aus dem Feld, halbstrukturierten und strukturierten formellen und informellen Interviews, Fokusgruppen, Präsentationen und anderen visuellen Materialien. Die *Kampung Lontong* wird in

der Arbeit als ein anschauliches Beispiel für die Beteiligung einer städtischen Gemeinschaft an der informellen Wirtschaft beschrieben. Dazu zählen privatgegründete Kleinunternehmen (*Home-based Enterprises – HBEs*) und andere nicht registrierte wirtschaftliche Aktivitäten und ihre Infrastrukturumbauten aufgrund der sozialen Entwicklungsprogramme. Einen Ausnahmefall bildet der „Soziale islamische Ansatz“, der von den Gemeindemitgliedern als proaktives erhebendes Instrument wahrgenommen wird.

Introduction

In the Indonesian history, years of 1966-1998 are associated with the presidency of *Muhammad Suharto* and refer to the *New Order* period characterized by a strong military domination, the state's centralization, GDP and economic growth, and massive industrialization. Prior to the New Order era, the regency of the first president *Sukarno* (1945-1966) maintained independence from the colonial Dutch force, political authoritarian regime and total control by the Communist Party of Indonesia (*PKI – Partai Komunis Indonesia*). Five democratic principles *Pancasila*, announced by Sukarno in 1945 attributed the notion of *gotong rojong* ("mutual cooperation") and proclaimed the importance of nationalism, humanitarianism, democracy, social justice, and belief in God as leading pillars of an independent Indonesian society:

"*nationalism*, defined as "the unity between men and place," the unity of the whole people; *humanitarianism*, "one family of all nations"; *democracy*, or government by consent, providing that "within the people's representative body Moslems and Christians should work as if inspired"; *social justice*, a climate in which "every man has enough to eat, enough to wear, lives in prosperity"; *belief in God*, incorporating the conviction that "every Indonesian should believe in his own particular God." (Bro 1954, 83-84).

Featured by national revolutionist spirit and freedom from the colonial government of the Netherlands, Sukarno's leadership disposed the country to economic destabilization around the mid-1960s. Before Suharto was assigned, a large amount of urban inhabitants have lived in extreme poverty and stayed unemployed. Exponential growth of population, downturn and joblessness in 1966 in Surabaya (*Jawa Timur* Province) enabled the rise of traditional "informal" economy, so that private small-scale businesses and home-based productions started to flourish. (Peters 2013, 12)

Emerged informal economies were seen as a way to sustain poverty and have provided necessary goods and services demanded by the growing population of Surabaya. As an example depicting 78% of informal employment rates throughout the years of 1995-2000 in Indonesia (UN Habitat 2006, 11 cit. ILO 2002 a), urban informal economic activities show up to be one of the crucial labour forces in many developing Asian countries. It is important to underline that "formal" and "informal" economies are no longer considered as mutually exclusive and are analysed in a complex relations linked to each other in the frames of the global economy. (UN Habitat 2006, 10 cit. Chen 2004) International Labour Organization first bringing on the concept of informal economy in 1970s underlined such features as "(a) ease of entry; (b) reliance on indigenous

resources; (c) family ownership; (d) small-scale operations; (e) labour intensive and adaptive technology; (f) skills acquired outside of the formal sector; and (g) unregulated and competitive market.” (UN Habitat 2006, 9 cit. ILO 1972). Later on, the concept of informal economy was further developed and formulated as

“a group of income-generating household enterprises or unincorporated enterprises owned by households that includes (a) own-account enterprises which may employ family workers and employees on an occasional basis and (b) enterprises of informal employers with a unit size below a certain number of employees and non-registration of the enterprise or its employees.” (UN Habitat 2006, 9 cit. ILO, 1993).

Both informal and formal activities interconnected on the global scale of the production, employment, and distribution of goods, services, and labour, suffered from the Asian financial crisis (*krismon*) in 1997 and the collapse of Suharto’s presidency in 1998. These economic and political changes immersed Indonesia into deep economic crisis, decreased employment and urbanization rates, led to stagnation, rupiah devaluation, and outflow of international capitals. The Indonesian banking system triggered by low-priced US dollars and capitals loaned by private companies was incapable to deal with severe financial crisis. Most international investors and stakeholders considered Indonesia as a country that lost financial creditability and political stability. However, International Monetary Fund (IMF) initiated several agreements in 1997 and 1998, which aided a difficult economic situation, rupiah devaluation, and inflation, even though not all of them have been successful. During *krismon* many people lost savings in a very short period of time and the majority of them needed food subsidiaries and social security guarantees. IMF introduced subsidies for low-income households, widened the budget, forced privatization of the state-owned companies, and attempted to stop Suharto’s patronage corrupted networks. The bank system restructuring and reinforcement of privately owned capitals were highly demanded, as well as a new governmental approach to the country’s politics and economy.

President *Jusuf Habibie* replaced *Muhammad Suharto* in 1998 and signed in the fourth agreement to IMF that led to the foreign capital inflow and public investment. The Indonesian banking system was still fragile by 1999 due to the number of governmental debts but general situation improved and economy recovered for the export revenues. (Indonesia-Investments 2018)

Important to underline, 1998 financial-political crisis was entangled to the fall of Suharto’s authoritarian political regime followed by neoliberal transformations in the political system and societal sphere. Indonesia has strongly demanded democratization spirit, end of corruption and patronage networks, as well as a legitimate control over the banking system and economic sector

stability. Even the world financial crisis in 2008 did not dramatically affect Indonesian economy due to the 4.6% GDP growth supported by the domestic consumption. (Indonesia-Investments 2018). Public investment opportunities in the Indonesian economy and infrastructure in 1998-1999, crucially required trust from the foreign stakeholders and domestic patrons. Decentralization of the country under the *Law no. 22 of 1999* strongly associated with the trend towards *neoliberal urbanism*, brought regional autonomy to the urban sub-provincial units and districts and “was, thus considered key to holding the archipelagic diversity of the Indonesian nation-state together.” (Bunnell and Miller 2011, 41). Furthermore, under the *Local Government Act No. 32 of 2004*,

“Regional governments were established at the state level, and below that at the prefecture and city level, all of which were granted autonomy. In relation to the same law, and also the Capital Investment Act No. 25 of 2007 the Role of Central, State, Prefecture/City Governments Act No. 38 of 2007 was promulgated.” (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 18-19)

Consequently, formation of decentralized local governments (provincial, regency, district, and neighborhood) enabled allocation of further budget development and distribution of resources. These changes caused the rise of local autonomy, granted legitimate rights to the regional and municipal governments and empowered leaders of the local communities responsible for taking administrative decisions affecting the whole neighborhood.

Considering the background information provided above, this thesis focuses on the emergence of neoliberal transformations in the context of *post-Suharto era*, also known as *post-New Order period* in Indonesia (1998-current) with a strong emphasis on socio-cultural, administrative, and economic changes that have been occurring within the local communities. *Kampungs* or urban villages placed in the center of this research are associated with the informal economy activities and autonomous governance features, as their members are eligible to elect local leaders and represent a community’s interests in front of the municipal bodies (Guinness 1998, Peters 2013, Dahles 2015; field notes, March-April 2017).

The paper highlights the importance of private-public partnerships and protective policies issued within the post-Suharto timeframe (Organization for Small & Medium Enterprises and Regional Innovation 2008, Ministry of National Development Planning 2015, UN Habitat 2006, UN Habitat III 2016, Dahles 2015, Peters 2013). Collaborative actions undertaken on different levels – domestic stakeholders, donors, private industries, media, and international organizations – NGOs and IGOs, portray global interconnections that Indonesia got involved into, especially after the fall of authoritarian regime of Suharto. *Neoliberalism* as a practice (Foucault 2008), as a socio-political project (Bockman 2012, Wacquant 2012), as a cultural dynamic, specifically featured by the new

millennium capitalism (Hilgers 2011, Comaroff and Comroff 2000), have visibly influenced informal economy of the local neighborhoods, involved into home-based enterprises production (HBEs), small businesses and street-side shops. Flourishing business activities and the empowered private sector were seen as a target for neoliberal policy makers and global players interested in receiving and increasing profits, supporting local initiatives, and incorporating informal (or traditional) Indonesian economy into the global one.

On the other hand, neoliberal policies influenced the development of a *community-based approach* (Wijayanti and Suryani 2015, 173, Das 2015, 259) as a promising mechanism for the local empowerment and improvement, built upon social housing upgrading programs KIP and C-KIP in Surabaya, in collaboration with the state, domestic focal point ITS, and international sponsors (the World Bank, IMF, ADB).

Few ethnographic cases of this study describe a current situation in the city of Surabaya – the second largest Indonesian city with more than 3,000,000 inhabitants. Research on the subject of the urban development and infrastructure reconfiguration in Surabaya is pinpointed with an ethnographic example of the public transport implementation and forthcoming prospects to improve transport mobility. The other case of neoliberal transformations happening within the urban communities is illustrated by the ethnographic description of the research site – *kampung Lontong Banyu Urip* in Surabaya. Selected case seeks to outline how informal economy participants of the *kampung Lontong* manage their living in the traditional urban locality, as well as to reflect on the recent social and cultural changes happening in the *kampung*, referring to the promotion of religious education, the *kampung*s’ involvement into religious competitions and urban uplifting campaigns (KIP and the PT implementation).

In the First Section, I present theoretical input on the point of formation of the post-New Order neoliberal governance, which issued policies influencing informal economy, administration of the regencies/urban units and restructured the Indonesian societal layer. By further investigating plurality of the concept “neoliberalism” in the academic literature (Hilgers 2001, Bockman 2012, Wacquant 2012, Foucault 2008, Ferguson 2009, Hadiz 2010, Cotoi 2011 and other), I will focus on the neoliberal turn in the local politics occurred as a result of decentralization under the *Law no. 22 of 1999* and the *Local Government Act No. 32 of 2004* (Kurniawati Hastuti 2015, Organization for Small & Medium Enterprises, and Regional Innovation 2008).

Further incorporating the concept of neoliberalism into thesis, I will explore how the rise of a civil society, formalization of religion and social Islamic movements connected in the scholarship to the “social Islamization” (Kurniawati Hastuti 2015) influenced the social scope of the life of urban inhabitants in their communities. One of the key arguments concerning neo-institutional and neoliberal transformations happening in the contemporary urban space is supported with the ethnographic case from Surabaya. Field notes and participant observation conducted during the fieldwork in Surabaya in March-April 2017 demonstrate a fruitful empirical data concerning the forthcoming Surabaya’s infrastructure reconfiguration plan, which goes in line with building up an inclusive space, implementing the system of public transport and following sustainable development goals (SDG). (UN Habitat III 2016, UN 2015 Agenda 2030).

In the Second Section, I analyze urban local communities *kampungs* as autonomous municipal units that obtained administrative freedom during the time of Dutch colony and continued as follows after *Independence* from the colonial rule, proclaimed by the nationalist leader *Sukarno* in 1945, sustained during *New Order era* (1966-1998) and until *the present Reform Era* (Susalit 2016, 2). Important to underline that *kampungs* remained relatively autonomous until the New Order policies in 1970s initiating *Kampung Improvement Program (KIP)* and *Compulsory Kampung Improvement Program (C-KIP)* in Surabaya to improve living conditions but “land tenure and land use were not addressed. So despite physical, social and economic improvements, most *kampungs* are not in accordance with the formal land law regime.” (Reerink 2006, 14). This portrays *kampungs* as settlements with “semi-formal tenure arrangements” (Reerink 2006, 14) and a unique cultural and historical identity, consisting of the number of low- and middle- income households, 70% of which are involved into informal economic schemes.

The Third Section is a reflection on the qualitative methodology applied, including participant observation, ethnographic fieldwork in the Indonesian city Surabaya, and the case study of the local community *Kampung Lontong Banyu Urip*, based on the ethnographic description of the host family and a daily life in the *kampung*. The empirical data comprises several focus-groups conducted between students of the University of Vienna, students and facilitators from ITS, four formal structured interviews with the City Council Representatives, two formal meetings with *kampung* dwellers *Gentang Candirejo* and *Karanggayan*, two formal semi-structured interviews with the *kampung Lontong* leaders, as well as the informal interviews and conversations with the ITS facilitators, students, and inhabitants of the *kampung Lontong*.¹

¹ Following privacy rights and security policy, all names of the local inhabitants were changed within the content of this thesis. Names of the official ITS representatives, facilitators, and other Indonesian governmental or municipal

The Forth Section continues with ethnographic analysis of the case of *Kampung Lontong Banyu Urip*, selected research site in Surabaya – the Indonesia’s “city of struggle”. Mainly emphasized is a description of the host family in the local community, their daily activities and practices in relation to the whole kampung. With this regards, I analyze two formal semi-structured interviews with kampung leaders and several informal interactions with kampung inhabitants, as well the KIP evaluation study conducted by the ITS stakeholder in 2009. The section describes the host family involved into religious activities in the kampung, teaching Qur’an to children in the non-formal Islamic religious education center organized by a community group (*TPQ – Taman Pendidikan Al-Qur’an*), helping in the mosque, giving donations and promoting Islamic virtues. Host family neighbors, involved into informal economy activities (small businesses, like selling fruits, street food at stalls, reselling different kinds of goods at traditional markets, cleaning, laundry, and collecting of raw materials) and home-based enterprises, mostly produce *lontong* (rice cakes wrapped in banana leaves), *bakso* (beef meatballs), and *tempeh* (fermented soybeans bars). Some inhabitants work in the formal sector, in shops and factories and perform social duties in their free time – help with primary school education and the health check-up procedure *posyandu* for babies and elders. A community-based approach that is defined by the community leaders as “social Islamic approach” encompasses collective cleaning of the kampung, participation in the formal gatherings and religious competitions, volunteering and mutual cooperation in solving social and different private issues.

In Conclusion, I present final reflections and outcomes of theoretical framework and empirical data analysis researched within this thesis in relation to the chosen topic and the ethnographic fieldwork selected site. The paper is finalized with the list of Bibliography and Appendix, containing few visual materials, a spreadsheet with empirical data description and the list of SDG (UN 2015 Agenda 2030).

leaders were left in original version without changes. The majority of interviews, except for the focus groups, and presentations, were held in Indonesian language and translated to English by ITS volunteers and facilitators afterwards. *Emphasis* in the text and most citations is mine. [Diana Zagidullina; 10.04.2018]

Section 1. Theoretical Framework

1.1. Emergence of Neoliberal Governance Regarding Public and Private Sectors in the Post-New Order period

Post-Suharto democratization movement supported by the state and characterized by a “strong spirit of decentralization and rise of local autonomy” (Kurniawati Hastuti 2015, 1), along with the process of “social Islamization” (Kurniawati Hastuti 2015, 2-3), opened doors to a wave of neoliberal governmental practices (Foucault 2008, Rose 1996; 1999, Ferguson 2009, Hilgers 2011). Since the late 1990s, decentralization trend became an established institutional and political phenomena and in more than 130 countries “the notions of *autonomia local*, ‘local self-government,’ ‘*Selbsverwaltung*’ and ‘*libre administration*’ have gradually become the norm in territorial administration in every region.” (UN-Habitat World Cities Report 2016, 10 cit. United Cities and Local Governments (UCLG)). Scholars note that “Decentralization is believed to be particularly helpful in setting the institutional environment for the nurturance of the social capital necessary for a vibrant civil society that can work together constructively with governments.” (Hadiz 2010). In other words, decentralization as one of the key transformations brought by neo-institutional dimension of a neoliberal project (Hadiz 2010), liberates democratic accumulation of the “social capital”² (Bourdieu 2008 In Biggart 2008), encourages the rise of a civil society, fosters public participation and upgrading campaigns, particularly targeted at marginalized and insecure groups of population.

Neoliberal policies on local autonomy since 1999, female participation in the elections since 2004, investments in the urban infrastructure, and financial subsidiaries for *kampungs*, have strengthened and increased the level of local participation, especially of female groups, and empowered formal religious practices.

“Neoliberal turn” that started to arise in the late 1980s, has significantly affected Indonesian politics and social sphere. The state began to pay more attention to the marginal groups of population and low-income households (*kampungs* and slums), initiated globalized building

² “Social capital is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a ‘credential’ which entitles them to credit, in the various senses of the word. These relationships may exist only in the practical state, in material and/or symbolic exchanges which help to maintain them.” (Bourdieu 2008, 286 In Biggart 2008)

campaigns (modern shopping malls, supermarkets, improvement of the health, education, and hygiene facilities), and attempted to formalize an institute of religion. Some policy makers and scholars at that time criticized neoliberal changes, as they were associated to the damaging image of the Western capitalism seeking for profit only and the country's emersion into financial debts, caused by a large amount of loans and credit intakes (Bunnell and Miller 2011, 44).

Emergence of neoliberal transformations especially after 1998, symbolized the end of military-dominated and centralized regime, which some scholars define as a governmental technology to "rationalize governing and self-governing in order to "optimize" (Ong 2006, 3) and to give freedom (Cotoi 2011). Financial investments by international organizations (the World Bank, the Asia Foundation, and IMF) and domestic donators owning privatized state-companies (*Bank Sampah and Bina Mandiri*) became actors of framing so-called "neoliberal culture" – a mechanism constructing new economic-political scopes and modern global markets. (Hilgers 2011, Comaroff and Comaroff 2000) Democratically orientated governors were interested in supporting the GDP growth, raising local autonomy and letting informal economic sector to flourish by issuing protective policies on home-based industries (Organization for Small & Medium Enterprises, and Regional Innovation 2008) and introducing certain microfinance opportunities for the communities (Das 2015, 260). Commercial banks were the only options for microfinance loans, as described by a scholar, "commercial banks still dominate Indonesia's microfinance landscape because an authoritarian state stymied civil society until 1998." (Das 2015, 261 cit. Antlov, Ibrahim and van Tuijl 2006, Eldridge 2006). Implementation of the self-governing system and open elections of leaders in kampungs and neighborhoods (*RT, RW*³) ensured informal economic sector participants, who owned small businesses and home-industries productions, that the state in cooperation with private stakeholders has taken protective position and made subsidiaries for locals as one of the key sustainable development and improvement mechanisms.

Once the fourth agreement to IMF was undersigned and foreign and domestic capital investors disclosed their interest, urban planners and government leaders attempted to widen and improve urban spaces and attract capitals to the public sector, upgrade schooling and medical segments. This way, proactive collaboration between public and private sectors, as well as stakeholders and mass media, planned to be achieved.

³ In Indonesia, according to the fieldwork findings, *RT - Rukun Tetangga*, the head of the kampung, *RW – Rukun Warga*, the head of the administrative district. There can be several RTs and RWs in one neighbourhood. [Field notes, March-April 2018, Suarabya]

One of those tendencies is mostly visible through public investments made by the state in order to improve infrastructure, services, and goods essentially important to the population. As Lee (2007, 768 In Bevir 2007) underlines, public investments were expected to facilitate the development of urban communities as a result of industrialization and a growing demand for new facilities. Divided into physical or tangible investments (into infrastructure, transport, buildings, communication) and human or intangible (education, knowledge, skills), “and current investment in the consumption of goods and services (for example, welfare benefits and pensions)” (Lee 2007, 768 In Bevir 2007), public investments in the last decade were delivered by private and non-profit sectors “through the development of various public-private partnerships.” (Lee 2007, 768 In Bevir 2007).

In Indonesia in 2008 intangible public sector investments were allocated to the educational institutions and healthcare centers, while the tangible “large-scale infrastructure projects” gained fewer distribution of funds (Indonesia Public Expenditure Review 2008, 20). The World Bank Expenditure review (2008, 20) emphasized that “scaling up infrastructure investment will require at least 2 percent of GDP, or US\$6 billion per year”, hence, the vast majority of funds expected to be advanced from private sector and donations. On the local level, tangible and current investments into such neoliberal programmes as *KIP (Kampung Improvement Program)* since 1969 and *C-KIP (Compulsory Kampung Improvement Program)* were assigned to reduce social exclusion and poverty in urban neighbourhoods and kampungs.

Summing up the importance of public-private partnerships with regard to the public investment trend, scholars emphasize the crucial role of investments allocated to the public sector as one of the proactive empowerment tools, based on security of political, social, and economic rights and human development:

“Public investment therefore remains critical for the provision of the core investments in infrastructure and human capital in both the industrialized and industrializing economies, which *will enable people to be empowered with the political, economic, and social rights that, in turn, enable them both to participate in the global economy and promote their own human development.*“ (Lee 2007, 771-772 In Bevir 2008).

Despite the fact that international organizations like the UN, World Bank, and IMF raised concerns about development of private sector and entrepreneurship opportunities, public sector investments were perceived as core to achieve global goals established, such as *Millennium Development Goals*

(MDG), *Official Development Assistance (ODA)*, and *Sustainable Development Goals (SDG)*.⁴ (Lee 2007, 771 In Bevir 2008). One of the SDG programmes proclaims the importance of public transport (PT) implementation in the rapidly developing Indonesian cities and seeks to improve infrastructure accordingly to the transport networks needs and the neighbourhoods' interests. Following the SDG agenda under the supervision of the UN-Habitat (UN Habitat III 2016), urban planners and the city councils pursued to lower carbon emissions rates, decrease water contamination and deforestation (Alam 2015, 1-2, UN Habitat III 2016) in order to ensure environmental safety, improve mobility of low- and middle- income neighbourhoods, preserve cultural heritage, and support the local tourism (Dahles 2015, 93-95; Field notes, Surabaya, March-April 2017).

Issues connected to preservation of the local touristic practices (street-side food stalls, kampung visits, sell out of arts and crafts), culturally valuable properties, and simply physical space in the urban communities remain crucial to pay attention to by the actors in the IGOs and NGOs. Some scholars represent their concerns in the patterns of urban development in Indonesia, which is characterized by a "pro-growth planning that is enhanced through deregulation and, in turn, may reduce physical spaces in urban area." (Alam 2015, 1). Urban pro-growth and expansion tactic influence local population the most, especially those dwellers who make living on the streets (selling food, washing cars and motorcycles, owning a street-side small family shops, etc.), living in the suburbs, disadvantaged areas, and slum types of housing below the poverty line. The majority of contemporary urbanists agree that "urban space produces and reproduces exclusions in ways that are conditioned by gender, class, and power" (Harms 2016, 4.8 cit. Harvey 1990, Lefebvre 1991, Massey 1994, 186). Therefore, reduction of socio-economic exclusion and combating poverty are strongly supported and prioritized agendas by the global organizations such as the UN, WB, IMF, and the Asia Foundation, which develop policies to empower local communities (UN Habitat III 2016) and address urban infrastructure reconfiguration projects in the whole South-East Asian region.

Most academics associated the Indonesian *post-Suharto period (post New Order time)* started since 1998 with the end of military-dominated and centralized regime of the President Suharto,

⁴ "The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the world's countries and all the world's leading development institutions. As the MDGs era comes to a conclusion with the end of the year, 2016 ushers in the official launch of the bold and transformative 2030 Agenda for Sustainable Development adopted by world leaders last September at the United Nations. The new Agenda calls on countries to begin efforts to achieve 17 Sustainable Development Goals (SDGs) over the next 15 years." (UN 2018)

decentralization turn in the local politics, civil society expansion, and democratization of the country's socio-cultural space. Suharto's political regime widely known as politics of clientism and patronage, had a damaging impact on the economic system, especially on the banking and real estate spheres which collapsed through the Asian economic crisis in 1998. However, political fragmentation and patronage networks were not completely eradicated after Suharto's era and remained as distinctive features of contemporary "neoliberal approach to governance" (Aspinall 2013, 27). Some scholars connect neoliberal spirit of contemporary Indonesian socio-economic and political setting with the emergence of neoliberalism as a *set of practices and clientism, built upon the notions of competition and financial benefits*:

"the key link between patronage and fragmentation is that, where political connections are built not on the basis of ideological, identity, or like affinities, but on the basis of personalistic exchange of political loyalty and material rewards, the possibilities for multiple patrons and clients *to compete for individually beneficial political relationships are almost endless*." (Aspinall 2013, 30).

Competition was a significant element of the "neoliberal turn" in Indonesia that came up in the late 1990s – beginning of 2000s after the forth agreement to the IMF in 1999 and slow recovery of political and economic systems. Consisted mostly of the local entrepreneurs and business-orientated persons, holding traditional home-based industries and food stands, private sector featured by informal activities was endorsed by the global actors (WB and AF) in advocating locals "to express their concerns to local governments and to make recommendations for improving the business climate." (Budiman and Sulisty 2005, 14). Focus-groups discussions and in-depth interviews conducted within the private sector entrepreneurs highlighted in the World Bank study (Budiman and Sulisty 2005) sheds the light on the access to capital for private businesses in Indonesia, which got insufficient support from financial institutions and banks.⁵ Thus, from one point of view, foreign and domestic stakeholders attempted to cope with "big bang decentralization" of Indonesia in 2001 (Indonesia Public Expenditure Review 2008, 14) and to stabilize fragile economic situation providing the state and microfinance loans, that did not always work the way it was initially planned.

On the other hand, neoliberal government offered autonomy to the local communities in taking political and administrative decisions and managing informal businesses. Partially, investments were advanced to enhance small-scale street-side and touristic businesses (Dahles 2015) owned by low- and middle-income neighborhood inhabitants. To allow the communities' sustainable

⁵ "Even when collateral requirements are fulfilled, credit is often still not approved, or given at much lower than the requested amount. Lack of trust was said to be the key constraint. The private sector proposed that banks train staff to assess business feasibility as determining factor for credit approval." (Budiman and Sulisty 2005, 111)

development, growth, and flourishing of home-based industries often located in the urban living spaces and domestically produced, a vast share of financial subsidiaries was granted for the implementation of *Kampung Improvement Program* (KIP) and introduction of different thematic competitions. Representatives of the City Council for Green and Clean in Surabaya revealed that following domestic and international companies (newspaper agencies, electricity companies, *PGB, Bank Sampah, Bina Mandiri, Uniliver*), and the number of NGOs, finance different kinds of competitions annually – green and clean, religious, and socio-cultural, aimed at increasing kampung members’ efficiency, welfare, and sustainability. [Field notes, City Council for Green and Clean in Surabaya, 23.03.2017]

In Surabaya, the majority of kampung inhabitants produce and sell homemade goods at the traditional markets, participate in the “green and clean”, religious, or arts and crafts competitions, support religious events, and encourage democratic administering of their kampungs. To accomplish goals and values mentioned above, inhabitants are expected to commit to the neighborhoods’ communal life, participate in the elections, and negotiate common issues and concerns. According to the empirical data and focus-group discussions collected in the field, ITS as a facilitating side anticipates partnerships between private and public sector, international and domestic stakeholders, media resources and volunteers to effectively foster management of the local governance and achieve sustainable goals, for example, by implementing new recycling technique, conducting research in the communities, organizing fundraising campaigns, negotiating administrative issues, etc. [Field notes, focus groups at ITS, Surabaya, 20.03.2017]

As more than 70% of employees in Indonesia are involved into informal economy and work in the private sector, sustainable development of private households and empowerment of locals, especially female groups, are one of the core focus issues. Informal economy is defined in the scholarship as “those activities that are not fully recorded in national income accounts, and distinguishes four overlapping categories (household, informal, irregular sector and criminal sector) based on two criteria: market transactions and legality.” (Kellett and Tipple 2002, 4 cit. Thomas 1992).

Some scholars oppose “Indonesian traditional economy” to the “global” one (Bunnell and Miller 2011, 43-44) and underline a particular economic pattern in the country like Indonesia, with a

traditional approach to market relations, including integrated networks⁶ between family and friends, strong culture of mutual help, patronage, corruption, and disguise, remaining in the economic relations and local governing. It is important to underline that in this thesis informal economy is not seen as a contrasting to the global one and is regarded as integrated into global market economy. Worth mentioning that neoliberal values imposed from above brought new challenges to the public sphere (improvement of the urban infrastructure, public services, healthcare and educational institutions, i.e. religious and public schools) and its integration into private segment (sovereignty of *kampungs*, informal family businesses, home-based enterprises). Additionally, interconnections between the urban infrastructure reconfiguration and preservation of a *kampungs*’ identity become more visible when urban planners attempt to widen an urban space and realm informal businesses and practices. Small changes affect the entire economic chain, including the global markets: for instance, resettlement of marginalized and poor urban squatters producing *tofu* or *tempeh* inside their housing will have an effect on the export chains of home-based enterprises targeted worldwide (or neighboring Asian countries). [Field notes, Surabaya, April 2017]

Another example of neoliberal transformations refers to the macro-scale improvements of the urban infrastructure in such industrial Indonesian cities as Jakarta, Surabaya, Yogyakarta, and Bandung. Consumerism culture and new job places in the formal public sector, as a significant part of the neoliberal trend, widening of the global market, and enhancement of infrastructure, brought new opportunities to people willing to work in the shopping malls, fast-food franchise restaurants, leisure centers, tourist attractions, etc. Real estate boom followed by the construction of Tunjungan Plaza in 1986 in Surabaya, Delta Plaza in 1988 and renovating of the Majapahit Hotel in 1993, building of the Novotel Hotel and Hyatt Hotel, increased the amount of capital invested in the building segment and promised new millennium advantages for the property developers. (Peters 2013, 103-104) The image of “mall girl” became a symbol of neoliberalism and Western capitalism in Indonesia and symbolized modernization dreams and aspirations: “Beauty as a precondition of consumption was clearest in the case of pretty young salesgirls, who were employed very deliberately to ‘promote’ the sale of commodities.” (Peters 2013, 105).

⁶ In this case, theory of social capital introduced by Bourdieu (2008 In Biggart 2008) plays an important role, as social capital depends on the number of networks or connections possessed, which are institutionally framed and are perceived as not initially given but developed through interactions: “In other words, the network of relationships is the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term, i.e., at transforming contingent relations, such as those of neighborhood, the workplace, or even kinship, into relationships that are at once necessary and elective, implying durable obligations subjectively felt (feelings of gratitude, respect, friendship, etc.) or institutionally guaranteed (rights).” (Bourdieu 2008, 287 In Biggart 2008).

Processes of commodification and commercialization of public spaces affected the life of locals, who had to compete with shopping mall fashion, often associated to “modern and up-to-date”, supermarket goods, and brand city center properties. As ethnographers point out, after Suharto’s presidency demolition of disadvantaged areas and slums, few traditional markets, as well as privatization process of the state lands and physical rebuilding of the urban neighborhoods were widely experienced by the urban settlers (Peters 2013; Field notes, informal conversation to ITS students and *kampung* inhabitants, Surabaya, March 2017). Those sudden and unexpected transformations changed livelihood of the local inhabitants who were directly dependent on the physical *kampung* features, such as nearness to the city center, traditional markets, riverbanks or raw resources. As urban dwellers developed their methods of managing small-scale businesses that worked for them during many years of Suharto’s ruling, they have to quickly adapt to the new regulations and changes and remain flexible and competitive.

Wrapping up what has been highlighted above, in the next section I will put the importance of forming partnership between private and public sector into theoretical frame on neoliberalism and analyze different perspectives on the “plurality” of neoliberalism as a concept raised by scholars as complimentary to each other.

1.2. “Neoliberalism”: Plurality of the Concept

In this thesis, I put forward plurality of the concept of *neoliberalism* and focus on the emergence of neoliberal political, economic, and socio-cultural transformations, occurred in the post-Suharto period that had a multisided impact on the urban local Indonesian communities and neighbourhoods as a substantial part of informal sector.

The term neoliberalism in the academic scholarship was introduced to manifold meanings, definitions, uses, and different contexts. (Hilgers 2001, Bockman 2012, Wacquant 2012, Foucault 2008, Ferguson 2009) Ferguson suggests, “If the word is so ambiguous, perhaps we should just be careful to be more specific, and use less all-encompassing terms” (Ferguson 2009, 171), working with the concept of neoliberalism “in African sense”. Some scholars, distinguishing theoretical and practical neoliberalism (Hilgers 2011), call for careful observation of neoliberal practices through the worldwide dissemination framework (Hilgers 2011, 352). Bringing several

implications of neoliberalism together, the scholar proposes that most anthropologists agree to refer theoretical neoliberalism to

“...a radicalized form of capitalism, based on deregulation and the restriction of state intervention, and characterized by an opposition to collectivism, a new role for the state, an extreme emphasis on *individual responsibility, flexibility, a belief that growth leads to development, and a promotion of freedom as a means to self-realization that disregards any questioning of the economic and social conditions that make such freedom possible.*” (Hilgers 2011, 352).

Theoretical approach to neoliberalism demonstrates that the broad term “neoliberalism” has diverse faces – from “class-based ideological project” and “macroeconomic doctrine” (Ferguson 2009) to practice (Foucault 2008) and influential socio-political project (Bockman 2012, Wacquant 2012). In the Foucauldian tradition (Foucault 2008), neoliberalism is studied as a practice, where governance is opposed to governmentality. Neoliberal governance does not intervene the market but it appears “on the social tissue, so that the concurrential mechanism can expand and multiply at all levels and in all regions of the social body.” (Cotoi 2011, 113-114) According to Foucault, neoliberal government does not seek to constitute a commodity type of society, it is, on the contrary, moves “towards the multiplicity and differentiation of enterprises” (Foucault 2008, 149), and stimulates “ambiental governmentality” that “modifies the comportments of entrepreneur-individuals by changing the stimuli from the environment.” (Cotoi 2011, 116). In this process, the role of human or social capital (Bourdieu 2008) is crucial, as it is expected that self-reliant and self-organized entrepreneurs will transform production relationships and attract more financial capitals to the private sector, whilst considering networks as not prior defined connections but rather as developed through time.

Indonesian entrepreneurial practices demonstrate a high level of competitiveness, in terms of various kinds of labor forces involved, their skills and experience, type of production, manufacturing, or service, a business size, the amount of capital and different types of networks. It would be correct to define Indonesian informal economy as neoliberally influenced since neoliberal governance promises, consumes and produces economic and social freedom, placing competition and contestation in the center of its paradigm (Cotoi 2011, 114). The given freedom creates an impression of neoliberal government as not a governing one but as a mechanism of power and creation of autonomous self, encompassing “technologies of subjectivity” and “optimization technology”. As a result, informal activities present to be competitive, not inclusive

for all groups of population, and often regulated by private industries, which propose services and technology, expecting to gain financial profit and recognition in return.⁷

Appearing to be a relevant case in the postcolonial, post-socialist, and authoritarian East and Southeast Asian countries, neoliberalism is considered as “a technology of government” that is “a profoundly active way of rationalizing governing and self-governing in order to “optimize”.” (Ong 2006, 3) “Optimization” technologies in neoliberal projects affect different societal layers, as well as political, economic, administrative, and cultural dimensions and aim to restructure social relations, labour production, and perception of a selfhood:

“As is the case with every historic turn in capitalism as a form of the accumulation of wealth and power, neoliberal projects have included efforts to restructure the social relations of production, including work, property, institutions, mechanisms of governance, the deployment of military power, definitions of citizenship, and individuals’ sense of self.” (Glick Schiller, and Caglar 2011, 4).

Alternative line towards the study of neoliberalism, known as “cultural approach” (Hilgers 2011), develops the notion of “neoliberal culture”, understood as a mechanism constructing new economic and political scopes and modern global markets. Comaroff and Comaroff (2000) proposed similar ideas in the early 2000s, by connecting global capitalism just as economically oriented logic to neoliberalism, serving as a global cultural construction rationality or “...new era of millennial capitalism – a kind of global meta-culture, characteristic of our newly de-regulated, insecure, and speculative times” (Comaroff and Comaroff 2000).

Some scholars connect neoliberalism to relations with the power of the state (Wacquant 2012), where the latter one acts as an ambiguous and powerful “big Leviathan”. Here it is important to look both at the perspective of the state companies and organizations working in collaboration with IGOs (the WB, UN, USAID, IMF), NGOs, private industries as stakeholders and donors, and other international institutions, interested in investing into development projects and transmitting so-called transnational neoliberal global culture or “governmentality”. The notion of development (sustainable development, for instance, in the frame of SDG Agenda 2030 (UN 2015)), articulated as one of the key “governmentality techniques”, influencing policy-making on different levels. Intellectuals highlight that a leading role of international development organizations affected

⁷ The elaborated case of selling gas and oil owned by the Indonesian state company *Pertamina* is described in the Section 4 focusing on the home-based enterprises and HBEs protective policies. This example demonstrates partnership between public and private sectors as the ones acting under neoliberal model of market relationships.

decentralization in the South-East Asian countries and construed *neo-institutional* dimension of power, due to a vast amount of resources, finances, and networks available:

“What might be called the ‘neo-institutionalist’ variant in the neoliberal development literature, in which decentralization emerged as a crucial theme, has been most prominently, though not exclusively, represented in the work of international development organizations.” (Hadiz 2010).

“Neo-institutionalist” thought is described in some scholarship as a kind of neoliberalism that shifts the way policy makers think and act and functions as more than “market fundamentalism” that takes “the role institutions play in getting markets to actually work” into account (Hadiz 2010). “Neo-institutionalism”, thus is defined as

“is no less than a school of thought that seeks to explain the history, existence and functions of a wide range of institutions (government, the law, markets, the family and so on) and social relationships. Specifically, it focuses on *how institutional frameworks, norms, rules and regulations affect human behaviour and societal development*. It does so by largely adhering *neo-liberal economic principles* about the ‘rationality’ of the marketplace, even as it constitutes a partial internal critique of neo-liberal thought.” (Hadiz 2010)

Returning to the role of the state in neoliberal paradigm, a scholar points out that neoliberal policy-making is shaped by competing interests showing distribution of power relations in politics and society. On the neo-institutional level, it is vivid that neoliberalism functions as a project, reconfiguring the role of the state and “state/society relations in market-facilitating ways”. (Hadiz 2010). Neo-institutional dimension of neoliberalism is linked to the development values that are supervised by facilitators and institutions having an effect on the market relationships, behavioral and socio-cultural patterns of humans, and which can determine policies, protecting “good governing”, “social capital”, and public participation of a “civil society” (Hadiz 2010).

Another colleague compares the value of the word “development” to “civilization” in the 19th century Europe and finds out that the notion of development encompasses an institutional apparatus scope (Cotoi 2011, 120 cit. Ferguson 1990, 73-74). Different from M. Foucault’s (2008) and N. Rose’s (1996; 1999) perspectives on neoliberal governing, Ferguson proposes to look at development as a kind of governmental technique aimed at such hot issues as poverty, exclusion, and marginalization: “By transforming poverty into a technical problem and by providing apolitical answers to the problem of the reproduction of subaltern populations, ‘development’ depoliticizes, in the same stroke, the poverty and the state.” (Cotoi 2011, 121 cit. Ferguson 2008).

Segregation and spatial-economic exclusion trends in the countries of South-East Asia suffer from depoliticizing effect of some neoliberal projects. Unequally spread capital investments and resources, political fragmentation (Aspinall 2013), corruption, hardship in registering and documenting informal economic activities influence socio-economic position of countries with lower minimal wages and weaker economies, such as India, Indonesia, and Bangladesh. While the latter countries experience exclusion and poverty, export-processing South-East Asian zones benefit “wealthier countries such as Singapore, Taiwan, and South Korea, but increase vulnerability to financial disturbances.” (Harms 2014, 4.4 cit. Harvey 2005, 154-155).

Within the Indonesian context, community-based neoliberal projects, resettlement, slum upgrading, and development projects, implemented after the country’s decentralization, aiming at collaboration among the local neighbourhoods, microfinance institutions, international organizations and stakeholders, attracted great attention from policy makers and global actors:

“Likewise, decentralization has transferred policymaking and planning responsibilities to local governments for improving governance and development outcomes (Bardhan & Mookherjee, 2006; Beard, Mirafat & Silver, 2008) by letting communities, NGOs, and market actors contribute to development efforts such as slum upgrading (Imparato & Ruster, 2003; Plummer, 2000).” (Das 2015, 257).

Decentralized political regime introduced opportunities to the local communities to develop infrastructure and governing procedures by implementing community-based approach, based on “incorporating traditional community processes (Swanendri, 2002) of mutual self-help (*gotong royong*), deliberation (*musyawarah dan mufakat*), reciprocal assistance (*tolong menolong*), and volunteering (*kerja bakti*).” (Das 2015, 257 cit. Guinness, 2009, Sullivan, 1992). Namely, in 1970s first *Kampung Improvement Program (KIP)* aimed to enhance facilities and infrastructure of the urban communities *kampungs* was one of the leading pro-growth development programs, integrating local population, IGOs, and the state institutions. Continuing successful upgrading of the urban low- and middle-income housing, in 1999-2006 the World Bank in collaboration with the Indonesian state subsidized another socio-economic program – *the Urban Poverty Project (P2KP)*. *P2KP* resembled *C-KIP (Compulsory Kampung Improvement Program)* and affirmed neoliberal policy shifts in the paradigm of post-new Order governance. (Das 2015, 257)

In consequence of defining ambiguous and manifold concept of neoliberalism, I propose to clarify the boundaries of its understanding throughout this thesis. Focusing on the context of post-new Order Indonesia (1998-current), I find it relevant to underline the importance of protective empowerment policies targeted at the informal private economic sector, involving two thirds of

the local population in the daily exchange, production and manufacturing of goods and services that represent a share of the global economy and import-export relations. Decentralization of the state after Suharto's fall led to the emergence of administrative autonomous regencies and local governments, which got financial and administrative support from partnership between public and public sectors and attracted attention of the foreign stakeholders, NGOs, and IGOs, whose core emphasis was placed on the development, promotion of human rights and civil society protection, as well as implementation and promotion of the social programs. "Pro-poor, collaborative, gender-appropriate, and community-based" (Das 2015, 258) social programs were introduced in the frames of sustainable development goals, targeted at empowering communities and supporting informal activities, which began to flourish and established *kampungs* as administratively autonomous and competitive places of communal life and "traditional" economic exchange.

1.3. "Social Islamization" and Formalization of Islam

Since 1999, transition to democracy in Indonesia was marked with the social Islamic activism willing to influence legislative process, control private lives of Muslims who represent the religious majority group in Indonesia and integrate Islam as a religion into cultural and intellectual scopes. Clearly noticed by a scholar, there were two predominant social movements emerged after the fall of Suharto:

"The first of these movements has called for the establishment of a *pluralistic democracy based on tolerance, social justice, and a strong civil society*. The other movement has promoted Islam as a *political ideology aiming for sectarian control of the state – a phenomenon referred to as Islamism*. Emphasizing moral reform, Islamists advocate the complete Islamization of Indonesian society through the imposition of Islamic law (*sharia*) on the nation's immense Muslim population as well as the establishment of Saudi-style social norms for the rest of the country." (Kraince 2009, 1)

Prior to the tendencies towards "pluralistic democracy" under Islamic religious advocacy and Islam as a political ideology, in 1980s Suharto began to promote the role of Islam as a foundation for building the united nation-state and introduced "state Ibuism" ideology, determined to expand activities of the female groups and strengthen family ties. *State ibuism* was characterized in the scholarship as "a gender ideology that demanded total devotion from Indonesian women and expected them to focus on their roles as wives and mothers (*Ibu*⁸) in developing Indonesia."

⁸ *Ibu* means mother, married woman, mode of address: Mrs. (Dahles 2015, 238) [Field notes, Surabaya, March-April 2017]

(Kurniawati Hastuti 2015, 36). First steps towards the importance of gender aspect in religious activities and in the local leadership seen by scholars as earliest waives of Islamic feminism (Kurniawati Hastuti 2015, 37-38). Later on, gender equality values and prevention of trafficking and violence against women and children were adopted as a targeted program at *PKK's National Meeting* in 2005 (*Pemberdayaan Kesejahteraan Keluarga – Empowerment Family Welfare*). (Kurniawati Hastuti 2015, 45)

Important to notice that Islam as “*pluralistic democracy based on tolerance, social justice, and a strong civil society*” (Kraince 2009, 1) was partially rooted in the intellectual field of the universities and cultural institutions. The most well known cases present to be a development of the university-based social Islamic movement *tarbiyah* (Kurniawati Hastuti 2015, 37) and the growth of Islamic organizations *Muhammadiyah* and *Nadhlatul Ulama (NU)*. Some researchers noticed that *Muhammadiyah* “copied the ways and methods of the Christian missionaries, established schools for boys and girls, with special training and missionary schools for both sexes, to train teaches and propagandists, opened libraries, hospitals, and orphanages, and formed Scout and Youth Groups.” (Ali 1975, 79) and, thus, was associated to the modern religious education. A PhD colleague from Yogyakarta explained that

“-Muhammadiyah and Nadhlatul Ulama were also often associated to the formalization of Islam as a religion in Indonesia. I conduct my research about Buddhism in Indonesia because it represents the minor religious groups. The government advocated for the diversity and plurality but in reality Islam was the only one religion promoted by the activists and in the end followed by many Indonesians.” [Field notes, November 2017, Vienna, a PhD Student *Nusya* from Yogyakarta]

Another observation concerns the matter that intellectuals took significant part in ensuring female rights, establishment of a civil society, and promotion of progressive Islamic thoughts that influenced, for instance, the culture of veiling among young Muslim students at the universities.

“-Is veiling obligatory for all students at your university?

-Some students are Buddhist or Christian, for them it is not obligatory. For me yes, because I come from a Muslim family and it is a part of our mentality. I think it can also be a rule of the university, especially if you are from religious Muslim family. I feel that it is right to do so. We have to cover out bodies, at least long skirt and sleeves, and no sandals or flip-flops on feet. Sometimes if I wear something shorter, I try not to enter the main entrance of the Uni, as I am afraid that someone will see me... I quickly move or try not to attract attention (laughs).

-What will happen if they see you? Could it be that they tell about it to your family or community members?

-Yes, it can happen and I avoid this situation. But you know... I chose it [veiling] by myself, that was my conscious decision and I am proud of it, most of my friends also follow these rules.”

[Field notes, March 2017, informal conversation to a ITS female student *Limana*]

Neoliberal turn in local politics caused by decentralization and changes made on the institutional level contributed to the development of Islam as an inclusive religion for both female and male groups of population. Institutional transformations under advocacy of neo-institutional neoliberal actors led to the rise of autonomy of administrative units, to the growth of individual responsibility and to the increase of number of community-based organizations, involving female leaders eligible to participate in direct political and community elections and secure their leadership positions. (Kurniawati Hastuti 2015, 43).

Neo-Islamization movement supported during the New Order political regime (Cone 2002, 54) continued to influence post-Suharto socio-cultural environment by fostering values based on democracy, plurality, and communal well-being. Religious activists, intellectuals inside academia, and NGOs (i.e. educational organization *Nurcholish Madjid*) operated as actors of the movement, encouraging the process of Islamization as a socially fruitful practice leading towards open-mindedness, tolerance, and justice. (Lloyd and Smith 2001, 249). In the following context, Islam can be viewed as a constructive institutional and political tool within the post-New Order period, in building up the nation-state and a societal mind-set grounded on the ideological principles of democracy, respect towards elders and community. (Lloyd and Smith 2001, 254-255).

Other academics propose to look at *the humanist tradition* of Islam and its historical roots while conducting research on New Order policies formalizing Islam (Cone 2002, 55). Historians underline that Islam was attractive for the Hindu traders in the 19th century because it

“gave the small man a sense of *his individual worth as a member of Islamic community*. According to Hindu ideology, he was merely a creature of a lower order than the higher castes. Under Islam he could feel himself their equal or even superior to the non-Muslims, although he still occupied a subordinate position on the social structure.” (Ali 1975, 74)

Consequently, the processes of religious formalization entangled with the ideas of Islam as a “pluralistic democracy” and a “political ideology” aimed to control societal groups, gained neoliberal flavor in ways they were addressed to the Indonesian society: through “modernized” religious education, religious competitions bringing benefits and profit to the communities, social movements of various kinds and involvement of intellectuals from the University background.

Therefore, progressively thinking Muslim intellectuals and activists were attracted to the concept of “social Islamization” and neoliberal approach towards religion, conveying diversity of religious practices, competitiveness and financial welfares. With this regard, a scholar has summarized the core “goods” of Muslim actors as

“the development of economically autonomous individuals guaranteed in their autonomy by their right of own property, the right to deal with contemporary social issues in reference to a set of values, rather than prescriptive rules, and the guarantee of individual autonomy, in the relationship between the individual and Allah.” (Cone 2002, 56)

On the other hand, principles of justice and significance of a human being since ages have represented the most significant values in the economic system of the Islamic states (Kahf 1991, 6 In Ariff 1991). Where altruism borders with a sense of responsibility towards family and other community members, social “good” and rightness get fulfilled, ensuring the Muslim ethic that “the way to personal salvation goes through being good to others.” (Kahf 1991, 9 In Ariff 1991). With the following fundamentals, trend towards social Islamization also encompassed economic development of the country that was established through publishing religious books, opening religious schools and centres, promoting donations, national and international charity foundations, and raising “attention to Islamic banking systems.” (Kurniawati Hastuti 2015, 2-3). Practices underlined above had certainly have a democratising effect on the female groups got involved into elections and the local political decisions (Kurniawati Hastuti 2015). Gender focused social movements and tendencies shaped a new Indonesian identity of a woman who is a strong, educated, religious individual, a respected mother and a community leader. For the first time women got opportunity to participate in elections, in the local and national governments and openly represent interests of their communities.⁹

Broader economic scale brings trend towards social Islamization into a different perspective. Zooming into the concept of *spiritual economy* (Rudnyckyj 2009) which “elucidates the way in which economic reform and neoliberal restructuring are conceived of and enacted as matters of religious piety and spiritual virtue.” (Rudnyckyj 2009, 105), I perceive social Islamization as a neoliberally shaped part of “spiritual economy”. A term used by the community leaders at the research site – “*social Islamic approach*” is thus considered as one of the possible elements of spiritual economy in its following the logic of increasing an individual’s value. In doing so,

⁹ One of such personalities is the current Surabaya’s mayor Dr. (H.C.) Ir. Tri Rismaharini, called by residents as Bu Risma. [Field notes, Surabaya, March-April 2017]

neoliberal values of “transparency, productivity, and rationalization for purposes of profit” (Rudnyckyj 2009, 105-106) get transmitted, while spirituality ensures expression of a religious duty that becomes an institutionally controlled space of a working piety and an emotional management.

Neoliberal tool of “optimization” (Ong 2006) uses spiritual economy as a legitimate technology for influencing the state’s decisions concerning formalization of religious practices and important economic and political changes applied to the local communities, their administrative issues and facilitation opportunities for the NGOs and stakeholders. In this sense, optimization is “nothing more than maximization under constraints whereby individuals maximize their material joys within the limits of attainable goods and subject to the restrictions of the economic variables.” (Kahf 1991, 8 In Ariff, 1991). Formalization of Islam as a predominant religion in the frames of “social Islamization” as a process referring to the transformation of religion into possibility *to improve livelihood* (through building religious centers, raising funds, teaching Qur’an, preaching, participating in the religious competitions) and *raise social awareness* (through advocating Islamic morale, initiate social movements, integrating religion into deeper levels of the societal structure) is nothing short of a neoliberal turn that started happening during Suharto’s era and continued after his resignation. Drawing concluding remarks, it is necessary to mention that neoliberal transformations as the ones having restructuring power immersed deeply in all layers of social existence – into institutional space, politics, economy, and the urban scale. Within the next sections, I will analyse the case of Surabaya as an example portraying restructuration patterns and urban neoliberalism trends (Alam 2015, Brenner and Theodore 2002), incorporating experience of conducting fieldwork and participant observation.

1.4. An Example of “Urban Neoliberalism”: Surabaya’s Infrastructure Reconfiguration

By the year 2045, 82.37% of population in Indonesia is expected to urbanize. (Ministry of National Development Planning 2015) Rapid urbanization forwards sustainable decisions and the search for renewable resources against massive consumption of plastic, spread of industrial waste, contamination of air, soil, and water. International Funds and Programmes adopted new urban agenda action plan in 2016, calling for inclusive sustainable solutions, environmental protection, modernization of the transport systems, and global intervention into the development of infrastructure on the national, subnational, and governmental levels (UN Habitat III 2016). Implemented in 2015, the concept of Indonesia (2015-2045) comprises five core elements for

successful and sustainable urban advancement: “livable city, green and resilient city, smart city, building city and urban identity improving urban-rural linkage and national cities system.” (Ministry of National Development Planning 2015, 9).

Current restructuring trends happening in the Indonesian urban environment are the result of postmodern transformations within the country’s political regime, administrative management, democratization of open spaces, and attempts to follow modern standards of smart living. Relevantly noted by the scholars, “Postmodern urban change includes transformations within urban architecture, urban governance, the spatial structure of urban area, and the function of different cities within the “international division of labor.” (Harrison 1995, 36). Financial capitals attracted by international organizations and stakeholders, domestic patrons and venture capitalists were planned as prosperous investments into urban restructuring, which refers to the change of infrastructure, urban planning, cultural-historical and after-disaster reconstruction, and empowerment of the local Indonesian neighborhoods. “Reinvestment” and “disinvestment” trends (Ley 2013, 530) follow the policies of neoliberal governance (*The National Development Planning System Law No. 25/2004, Law no. 17/2004 on Finance, the Spatial Planning Act No. 26/2008, Decentralization Law No. 22 of 1999, Local Government Act No. 32 of 2004*), depending on the global financial situation and proactive involvement of decision-makers into the process of infrastructure restructuring.

In this thesis, the case of Surabaya represents an example of *urban neoliberalism* (Alam 2015) occurring in the post-New Order Indonesia. Located in the East Java, Surabaya is the second largest city in Indonesia, with a dense population (153 people per hectare (Bertaud and Bertaud 2012)) over 2,765 million people in 2010. The city encompasses various contrasting realities in its infrastructure, marked by decentralized administrative neighborhoods with low and middle-income families living in kampungs, the number of industrial zones, disadvantaged households (entitled as slums by some scholars) dispersed in remote, as well as central areas, and wealthy households. At the first place, in the late 1990s-beginning of 2000s, the city center areas undergone through modernization and reconstruction processes as spaces meant for tourism, consumption, and leisure practices (footpaths, parks, shopping malls, restaurant courts). After the Asian financial crisis in 1997 and Suharto’s resignation in 1998, socio-economic gap between different types of households became especially visible. Kampung households lost the largest shares of their income after rupiah devaluation and had to promote and further establish informal economic activities and small businesses (“cottage businesses” (Turner 2013)). In a meantime, the state negotiated conditions and agreements to IMF (1999) and foreign capital holders invested into immobility and

construction projects, even though Indonesian domestic banking systems remained in decay. In Surabaya as well as in other large industrialized Indonesian cities, economic crisis (*krismon*) created a situation of segregation, exclusion, and marginalization. After the Suharto's fall, many inhabitants stayed unemployed. Since the formal Indonesian sector experienced economic collapse and desperately required alternative financial opportunities, many dwellers attempted to maintain a competitive business, provide modern education to their children and to find benefits introduced by neoliberally imposed administrative decentralization and democratization processes of the local politics.

Promotion of sustainable development in this regard was one of the possible options for low- and middle-class neighborhoods struggling with financial debts, poor quality of life, and environmental pollution. The Surabaya's Council for Green and Clean ensured that sustainable goals meet community inhabitants' expectations and supported environmental campaigns by attracting sponsors, institutions and NGOs. In Surabaya's kampung *Gentang Candirejo*, for instance, inhabitants used to separate organic and non-organic waste and got additional funding from the state for cleaning sessions and anti-mosquito campaigns. Kampung residents created waste banks opportunities and water system for watering plants, washing motorcycles and re-using for ponds and communal water system *Pandora*, placed underground to serve filtering function with the use of natural materials. [Field notes, kampung' visit, Surabaya, March-April 2017]

First established in 2008 in Yogyakarta by an entrepreneur, waste banks as a part of waste management system and the Innovation of Urban Management (IMP), involved both public and private sectors and were based on the idea of a community-based approach, that a community has power to manage local governance by operating with already tested and established knowledge and values. (Wijayanti and Suryani 2015, 173) Creation of waste banks was an effort to meet requirements of *the Government Ordinance No.81 year 2012*, which obligated producers involved in the home-based industries, to reuse, recycle and reduce organic and non-organic waste and follow the waste management guidelines. (Wijayanti and Suryani 2015, 174) On practice, waste banks initiators used to promote waste separation and apply various techniques to stimulate community members to manage and collect their waste wisely. For the waste collected together, a community is getting remuneration and, thus, more financial opportunities and support to further develop and strengthen communal spaces, health, education, cleanliness, etc. in the kampungs. (Wijayanti and Suryani 2015) [Field notes, Council for Green and Clean in Surabaya, 23.03.2017]

Specifically in Surabaya, 15 waste banks were implemented in 2010 and by 2013 expanded till 180, including local districts' developing branches "with an average turnover between 350.000 until 5.000.000 IDR per month." (Wijayanti and Suryani 2015, 174) Collaboration between several stakeholders such as the government, community members, private funding resources and media enabled successful implementation of the sustainable waste bank programs that are perceived as one of the key urban neoliberalism (Alam 2015) trends. National organizations – *ITS (Institut Teknologi Sepuluh Nopember)*, *UKM (Licensing Information Center of SMEs in Indonesia)* and *Bank Sampah* were listed by the kampung members as sponsors helping to uplift local economy. Interestingly, *UKM* is known as a center providing correct licensing information for small- and medium-sized enterprises in partnership with local governments, national companies, and universities. Such foreign stakeholders and IGOs as the *World Bank Group*, *Swiss Confederation*, and *Kingdom of the Netherlands* represent *UKM*. [Field notes, 24.03.2017, formal visit to the *Kampung Gentang Candirejo*]

Greening campaigns and beautification processes meant for improvement might be excluding some groups of population: "Across South Asia, urban clean-up projects, especially along riverfronts or other urban water features regularly demand the mass eviction of marginalized populations." (Harms 2016, 4.7 cit. Rademacher 2011). For instance, in Surabaya, the anglers' kampung is located in the remote area and has a straight access to the sea. Recently these kampung members declined the resettlement program planned by the government and explained their decision by fear to lose jobs that are directly connected to their housing location with an access to natural resources. The city mayor *Bu Risma*, after disputes and negotiations, agreed to the locals' perspective and painted their houses in different colours to make them more attractive and aesthetically appealing. [Field notes, slum visit, informal interview with an ITS student, Surabaya, March-April 2017]

Another example concerns slums in disadvantaged areas, where people do not have an open access to resources but are bind to small jobs in their localities, like trading of home productions, washing cars, motorcycles, bicycles, doing small cleaning, repairing jobs, etc. The majority of inhabitants have a strong bias towards changes and are afraid to lose jobs, networks, and connections that they built at their previous spots. [Field notes, Surabaya, Mach 2017, informal interview with the ITS facilitator *Annissa* during the slums' visit] On this subject, urban planning and capital investments considering the local context and interests of the local inhabitants remain as one of the core goals needed to be achieved by urban planners. The strategy of spatial urban growth and expansion, neglecting global challenges and local initiatives, is no longer relevant for the post-colonial cities.

Inclusive language and campaigns, approaches of “weak planning”, the use of “soft tools”, flexibility, “paradigm shift in planning” (Aguenda 2014 cit. Wiechmann, Pallagst 2012, 262) takeover on the postmodern arena and are highly supported by the international organizations and focal points.

1.4.1. Public Transport System as the Case of Surabaya’s Neoliberal Restructuration Plan

One of Surabaya’s urban restructuring agendas lies in the dimension of implementing public transportation (PT) system. Sustainable city concept promotes low-carbon smart mobility systems that are expected to substitute a high number of private vehicles, which fossil-based CO₂ emissions negatively influence living spaces, cause visual intrusion, global climate change, noise and vibration, waste disposal, various accidents and other drawbacks. (Wright 2012, 179 In Lindfield and Steinberg 2012, 179)

Aguenda (2014) highlights development of the PT as the core regional strategy for urban enhancement and traffic congestion improvement. The PT (mini-buses, trams, and MRT) and modern networks will be integrated into macro city scale in 2018. They are expected to decrease the usage of private vehicles and connect nearby regions to the city centre: “public transport systems are employed to connect deteriorated neighbourhoods or abandoned industrial areas to the rest of the city and let them become new poles of development.” (Aguenda 2014). In the post-Suharto context, the concept of modern and sustainable transport refers to the idea of modernization in a physical sense and dramatic cultural change, affecting all levels of communal existence: “Transportation offer (of both services and infrastructure) can be understood as the means to reshape land values, space, and economic policies.” (Christoforou and Karlaftis 2011)

Fairly noticed by scholars, “The productivity of a fast developing city like Surabaya depends on the daily mobility of its workforce and on the ability of all its inhabitants to find affordable housing within a reasonable travel time from most of the jobs offered in the metropolitan area.” (Bertaud and Bertaud 2012, 3). As many inhabitants rely on private vehicles such as motorcycles (71.5% of residents), rickshaws and cars (25% respectively), the system of public transportation in Surabaya remains undeveloped – only 3 % of urban residents prefer using public buses. (Bertaud and Bertaud 2012, 8) In the 1990s, data depicting percentage of private vehicles usage remained almost the same with 62% of population have been choosing motorcycles, 30% preferring *becacks* (rickshaws) and cars, and 8% using buses. During those times, travel time was estimated at “29.7

minutes by motor cycle, 34.5 minutes by car, and 39.9 minutes by public transport.” (Ambarwati and Verhaeghe *et al.* 2013, 6 cit. Purwadi 1998).

In the early 1990s, Spanish stakeholders financed development of the *Adaptive Traffic Control System (ATCS)* and the *Adaptive Loop Detector*, which were incorporated in the *Surabaya's City Council for Transportation* filial. In 2011, ATCS devices were modernized and 134 special cameras were implemented for the road intersection. The Surabaya's City Council for Transportation is currently equipped with the *SITS (Surabaya's Intelligent Transport System)* that “supports the management of transport with the use of technology (information, communication, sensors, controls and computerized) for build information system and transportation management automatically.” (SITS 2017, 2). The SITS is divided into five control zones and is connected to the police office and more than 625 video control-streaming spots that were applied in 2015. The SITS serves the functions of improving safety, preventing accidents and reducing the damage caused by an accident, enhancing traffic fluency by optimizing traffic light cycle, and reducing the level of pollution caused by vehicles. (SITS 2017, 3) Authorities explained that the first command center in Surabaya deals with disaster management and traffic control, whereas the second one manages traffic system in the building, by using 421 city monitors and camera intersection programs. Traffic congestion issues have been resolved easily in the recent years, as lights were regulated and monitored from the sitting rooms, whilst police being ready to assist an accident. [Field notes, Surabaya, 27.03.2017, Formal interview with authorities at the Surabaya's City Council for Transportation]

Planned monorail transport (*MRT*) lines of 26 km and 18 km of tramlines (*Suro Tram* and *Boyo Rail*) will be addressed to cope with traffic congestion, environmental risks, and the growing number of population. However, until this day, motorcycles remain a preferred mean of transportation, due to the socio-economic state of private households and an easy accessibility. Some inhabitants, having permanent jobs in the informal sector of their households, use motorcycles for transporting goods and resources from/at the market or selling street food.

“-How people transport their goods at the market?

-They normally use either a motorcycle (and put goods on its back or hang on the hook) or *becaks* (a carriage with two wheels that one can drive).

-Can they use bicycles?

-No, they don't use them and it's hard to implement bicycles in the kampung. It takes more time.

-How long do they have to drive to the market?

-Usually, product transportation ranges between 1.5-10 km. Producers divide distribution according to the markets.”

[Excerpts from the formal interview with kampung leaders, Pak RT Manjur and Pak Abdul]

Others, who work in the formal sector – in retail, offices, or service jobs, have to travel to the city center, sometimes from sub-districts and suburbs, and, thus prefer private vehicles, which usage is reliable, fast, easy in handling, and reduces their travelling time:

“The overall problem with public transportation in Surabaya is that it is not reliable and also often not available. Public transportation never runs on a schedule. There are two bus lines that run in the city. One runs from the south to the north. The frequency depends on the traffic, so it’s between 30 minutes and one hour. The other one runs from the East to the West and only has three destinations, rare schedules, and only 10 people fit in one bus. Those buses are run by private investors and you have to pay about 5.000 Rp for a trip from the center to a sub-district.” [Field notes, formal interview with the ITS facilitator *Dr. Achmad Affandi*]

Implementation of the PT and land restructuring in Surabaya should be only enabled by using “soft tools” (Aguenda 2014) and adaptive techniques according to the local context, as residents have already shaped their negative opinion about PT, which is not frequent, late, and can be relatively expensive:

“When I’ve been to Jakarta by bus, I felt like the PT is much better there and also pretty efficient. In Surabaya there is no integrated system, there are no real schedules and you can’t rely on PT because of traffic jams.” [Field notes, formal interview with ITS facilitators and students, Student *Mira*]

According to the local population and focus groups organized among the ITS professors and students from the University of Vienna, the core issues concerning the PT implementation in Surabaya concern:

(1) the state’s financial and administrative capacities of building sustainable transportation systems, (2) raising awareness of the local population about benefits of the PT, (3) restructuring of private lands accordingly to the transportation lines building plan, (4) fostering of partnerships between private and public sectors, (5) creation of new job places in the formal sector, and (6) cultural and historical preservation of the local identities and productions.

“What we haven’t talked about yet, is that special kinds of transportation means should be preserved, such as *tuktuks* and *becaks*. They could be improved, concerning quality, especially for tourists, but they shouldn’t be forgotten when changing to PT. It is in a way part of our culture.” [Field notes, formal interview with the ITS facilitators and students, Student *Buruk*]

Cultural aspect as one of the most crucial to be preserved and protected is entangled to the challenges brought by new agenda sustainable plan introduced by the United Nations in the frames of Agenda 2030¹⁰ (UN 2015 Agenda 2030). Hereof, bridges between local and global, private and

¹⁰ “**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable.** Specification: 11.4 Strengthen efforts to protect and safeguard the world’s cultural and natural heritage.” (UN 2015, 22/35). See Appendix No. 3.

public, formal sector representatives and informal producers and kampung leaders, ought to be established, under precise supervision of global actors and interconnecting focal points (domestic patrons, NGOs, kampung leaders, etc.).

Colleagues from the ITS proposed to look broader at the system's perspective and consider such factors as climate, size of an average Indonesian family (6-10 people), costs, average income, long destinations, infrastructure connections, culture, and consumption habits. According to the focus groups outcome, the state should subsidize fuel fees, create a policy for the public transport, decrease ticket costs, and increase awareness and communal participation to make a PT more attractive for the locals. [Field notes; focus groups with *Dr. Marya*, *Dr. Affandi*, *Ibu Irma*, ITS Surabaya, 30.03.2017]

Sensibly underlined by the ITS facilitator *Ibu Irma*, implementation of the PT is a complicated and controversial issue because “many Indonesian people do not worry about the environment or about future generations because they have to worry about their own survival and about how to make money to feed their children.” [Field notes from the formal interview with ITS facilitators, *Ibu Irma*, *Diana Zagidullina*].

The Indonesian government and the number of foreign stakeholders, acting under the spatial policies – *the National Development Planning System Law (Law No. 25/2004)* and *the Spatial Planning Act (No. 26/2007)* (MLIT 2018), connect the PT implementation plans to the sustainable development agenda promoted by international organizations (UN Habitat III 2016, UN 2015 Agenda 2030) and the enhancement of local communities' mobility at their workplaces, residential areas, and activity centers. The existing policy on *Public Transport Development in Surabaya* incorporates the reform of PT policy, PT services improvement, and implementation of urban mass transport, such as Surabaya Integrated Mass Rapid Transit. *Suro Tram* will be painted in orange colour, marked with *suro* (shark) logo, representing a familiar and comfortable mean of transport, with the expected investment of 8,505,801,575,302 IDR (=528, 6 million Euro). *Boyo Rail*, colored in green, will represent “go green” agenda with *boyo* (crocodile) logo and is estimated at 1,260,218,638,027 IDR (=78, 3 million Euro) investment. *Suro Tram* and *Boyo Rail* are sustainable, fast, and modern MRT solutions that will connect North-South corridor of Surabaya and decrease the daily travel time for local inhabitants. (Wahyu 2013) In total, the Indonesian government has allocated 85,000,000,000 IDR (=5,2 million Euro) of the state's budget for the PT implementation and still needs to appropriate 10% of privately owned lands, necessary for the road network buildup in Surabaya. The rest and majority of funds expected to be raised from private sector and international stakeholders.

On the subject of kampungs' cultural heritage and preservation issue, architects plan to build a new pedestrian zone in local neighborhoods behind a network line and a separate corridor, connecting kampungs' streets to the PT system. In 2010, the World Bank conducted a social survey asking locals whether they were informed about future construction of the public transport and how they evaluate such an innovation. After few social campaigns aimed to explain constructive benefits of the new transport system and introduction of special courses in schools and educational institutions, clarifying how to use traffic lights, follow the rules, and behave in a transport, local population became more aware of forthcoming innovations but did not show a high interest in its actual implementation. [Field notes, formal interview with the Surabaya's City Council for Transportation, Surabaya, 27.03.2017]

It has become evident that the PT implementation plan is impossible without replacing old vehicles in poor conditions and providing fixed-paid job places. Currently, bus drivers are dependent on the number of people willing to use a vehicle and have to wait at the station, until they get enough passengers in. According to the upcoming regulation, the state will subsidize drivers by providing secure salary package, professional education, and increase the number of job places in this field. These innovations expected to decrease travelling and waiting time, implement mini-buses, and increase frequency estimated at 200 passengers per destination leaving every 5-10 minutes. Additionally, because of the absence of federal law regulating the number of individual transport, the government will control a high number of taxis based on the mobile applications (*Uber*, *Go Jek*) on the national level and resolve the conflict situation between the confessional public system and online transportation options. [Field notes, formal interview at the Surabaya's City Council for Transportation, Surabaya, 27.03.2017]

Planned as ecologically friendly, the integrated PT system was the subject of system modeling study, financially supported by the World Bank in 2011 to estimate a PT usage potential. Less than 50% of the population showed interest in the PT implementation, as the majority of Surabaya's inhabitants preferred private vehicles and online transport possibilities. The main hardship remained financial – 12,000 IDR is an estimated price for a ticket, whilst the ability to pay rests at 5,000-6,000 IDR per person. It is quite hard for Surabaya's residents to imagine life in the city with a public transport, as population is dense, travel distance is long, and the majority of households consist of low-income families. People living in kampungs do not understand a need for this innovation, are skeptical about possibilities of getting to the nearest PT stop without traffic jams, and sometimes have to give their permission for building up transport networks on the kampungs' lands. [Field notes, formal interview at the Surabaya's City Council for Transportation and informal interaction in the kampung *Lontong Banyu Urip*]

In conclusion, the issue of split transport mobility in Surabaya (more private vehicles than public transportation options) creates socio-economic segregation, traffic density, causes environmental risks, and as a result, decreases the quality of life and safety. The major problem in Surabaya in regards to the PT is that it is not yet sustainable, integrative, and fully supported by the local communities. A vast amount of CO₂ emissions created by private vehicles damages Surabaya's green environment and increases health risks. The Surabaya's city mayor *Bu Risma* took one of the constructive decisions and integrated green and clean competitions in the kampungs, promising financial rewards for collecting plastic rubbish and cleaning streets, and promoted the importance of urban sanitation and cleanliness. [Field notes, formal presentations of the ITS professors and students, focus-groups at ITS, informal interaction to ITS facilitators, Surabaya, March-April 2017]

Section 2. Surabaya's Local Communities *Kampungs*

2.1. *Kampungs* as Autonomous Semi-formal Urban Villages with a Unique Cultural Identity

Original Javanese word *kampung* used throughout this thesis is conceptualized as an administrative community unit with blurred physical boundaries within its entity and located in the urban neighborhoods. *Kampungs* usually refer to the self-responsible and self-reliable types of communities with low- and middle-income families, managing informal economic activities and following traditional and communal way of living and production.

In the scholarship on the land politics and legislative rules applied to *kampungs* (Reerink 2006), it is specified that in

“Many forms of land tenure found in *kampungs* still cannot be classified under the legally acknowledged system of statutory land rights, but neither under traditional *adat* law. Generally, *kampung* dwellers apply ‘semi-formal’ tenure arrangements, which are non-traditional and use notions of the formal system of land law and other formal legislation that do not even recognise them. However, the local (urban sub-district and district) administration does recognise and accept these arrangements (see also: Fitzpatrick 1997, 1999), not on any legal basis, but on the basis of daily practice, including the daily practice of corruption. Thus ‘semi-formal’ tenure arrangements may provide tenure security for the urban poor, but this is not to say their land tenure is legally certain. *Their security is based on their own perceptions of the municipality’s attitude toward these arrangements, itself determined by the level of support the urban poor receive from the local administration and local politicians.* This attitude may easily change. Legal certainty requires legal recognition.” (Reerink 2006, 14).

Many dwellers have expected that post-New Order regime would formalize *kampungs’* lands and secure subsidiaries in case of *kampungs’* eviction by the state forces. However, *kampungs* still remain autonomous urban localities with its own administration but advocated under the so-called “semi-formal tenure arrangements”, dependent on the attitudes transmitted among municipal representatives and neighborhood leaders and on the internal negotiations.

What neoliberalism brought to the *kampungs* is mostly expressed through decentralization and delegation of decision-making to the municipals and neighborhood regencies. “Top-bottom” spatial planning approach is no longer relevant in the case of post-Suharto Indonesia. *Community-based approach* and the importance of *free elections*

“on the district and municipal level would allow people to push for the reform of regional and local regulations necessary to clear the way for innovative approaches to land administration and management. And because the laws also allowed districts and municipalities to generate their own local revenues (PAD - Pajak Asli Daerah), they would actually have the means to implement innovations.” (Reerink 2006, 14).

Kampung lifestyle, kampung mentality, kampung communal feeling – these are all shimmers of the Indonesian urban local settlements, worlds that can be partially translated by an ethnographer and interpreted as a substantial part of Indonesian cultural representation. Based on the participant observation and ethnographic fieldwork conducted, I describe *kampungs* as local communities with a communal way of living, specific socio-cultural and local identity, and its own administrative system based on hierarchy, free elections, and “semi-formal tenure arrangements” (Reerink 2006, 14). Furthermore, as the kampung inhabitants believe, kampungs represent spiritual dimension and emotional connection to a particular place that has ancestral history and power. [Field notes, Observation of Surabaya’s kampungs, March-April 2017]

Kampungs are spaces reproducing inclusion and exclusion, articulated in infrastructure and economic statuses of its inhabitants. They are places of competition, household management, production of traditional goods and crafts, and organization of diverse community practices. Simarmata (2017, 37) understands kampungs through vulnerability and adaptation, Peters (2013, 13) as “the informal industrial estate”, a symbol of the New Order, and Dahles (2015) through informal economic practices of small and middle-sized family businesses. Guinness (1997, 115) describes a *kampung* “characterized by strong feelings of solidarity that encompassed successive levels of community including both men and women”. Further explained by Guinness (1997, 120), Indonesian insiders or middle-class people from neighbourhood and street-side businesses associated kampungs and their members to the “ ‘culture of poverty’, their reluctance to work hard, invest for the future, take advantage of opportunities, or educate their children.”.

Based on the empirical data presented in this thesis, one can also define *kampungs* as an urban entity with informal economy featured by home-based enterprises and a place representing balance between tension (broadly understood in the terms of economic low-income activities and poor conditions of some kampung houses) and harmony (moral aspect of the communal life, built upon values of mutual respect, exchange, and religious piety). However, it is not easy to describe what kampung is in the all-encompassing and clarifying terms, as kampungs differ from each other in so many ways and illuminate diverse experiences and feelings towards the locality of kampungs, their features, and relationships produced.

Presence of *kampungs* is not only a unique trait of the Indonesian urban settlement and development; it is also a multitude of meanings and emotional connections, put by locals into the linguistic form of the word “*kampung*”. The World Bank and the UNCHS (Simarmata 2017, 36 cit. World Bank 1999) recognized *kampungs* as *slums* in the early 2000s during the Kampung Improvement Program implementation, as *kampungs* resembled similar typologies of low-income settlements with poor infrastructures, informal economic sector, and irregular features. The majority of *kampungs* consist of relatively low-income and middle-income households. *Kampungs* are places of exclusion and inclusion at the same time because neighbouring houses differ from each other. There are wealthy families as well as relatively poor neighbours living together and participating in various HBEs. However, street-side businesses and people living outside *kampungs* at the main streets were often described by scholars (Peters 2013, Guinness 1997) as distinctive, wealthier, involved in the middle-level business activities, and having more connections and networks in the city. [Field notes, Surabaya, March-April 2017]

However, many scholars argue to categorize *kampungs* in terms of local communities and urban villages, as *kampungs* represent traditional urban units with its own administrations and specifically Indonesian spirit of *gotong royong* (mutual self-help and exchange) (Simarmata 2017, 36-37), *mangan ora mangan kumpul* (togetherness in good and bad times) and *gugur gunung* (working together with voluntary)¹¹. (Wijayanti and Surryani 2015, 174)

Every *kampung* is promoting different kinds of small-scale productions, has physical boundaries (which might be blurred inside the community as a part of a neighbourhood), diverse cultural and historical backgrounds. “*Kampung mentality*” shapes identity of its inhabitants, who have strong communal feeling acknowledged as *halaman*: “...all who are familiar with Indonesia know the strong attachment to place, to *kampung halaman*, which most Indonesians feel, and are aware of spiritual importance of local geography in traditional Indonesian religions.” (Lloyd and Smith 2001, 232).

Indonesian administrative and organizational hierarchy is built upon such elements as a *province* (i.e. East-Java) following up with a *municipal level* of cities (*kota*) and regencies (*kabupaten*), which are further divided into *district's regency* (*kecamatan*) and *neighborhoods*, consisting of

¹¹ As the majority of inhabitants living in *kampungs* are Muslims, it is interesting to underline that “An intrinsic characteristic of the Islamic religion is not to deny but to assist and guide human nature and rationality. <...> since the Islamic system is based on co-ordinated coexistence of public and private ownership, it is only natural that the Islamic state be assigned *the responsibility of looking after the welfare of the whole society*. <...> Moreover, the state's responsibility toward the well-being of all Muslims in general, and its citizens in particular, thus include *the obligation to help them support themselves, thereby raising their standard of living*.” (Kahf 1991, 10, 12 In Ariff, 1991)

local urban villages *kampungs* [Materials from the fieldwork notes/presentations Diana Zagidullina].

“Following the implementation of regional autonomy measures in 2001, the regencies and cities have become the key administrative units, responsible for providing most government services. The village administration level is the most influential on a citizen's daily life and handles matters of a village or neighborhood through an elected *lurah* or *kepala desa* (village chief).“ (GASME 2018)

Kampungs' leaders *RT* (*Rukun Tetangga* – means “citizen harmonious”) take administrative responsibility over their communities and develop organizational model recognized and negotiated by its members. *Kampungs* are interwoven in the macro urban scale, controlled by the neighborhoods' leaders *RW* (*Rukun Warga* – means “neighborhood harmonious”) and are protected by the municipal administrative bodies working in partnership with the state, domestic, and foreign stakeholders. Every *kampung* has local leaders who are elected for the period of five years by the local population. The core tasks of the leaders (focal points) are to manage finances, social-and cultural life, as well as to improve contacts with other neighborhoods and represent interests of a community in the municipal institutions (for instance, City Councils) and in the administration of Provinces. Leaders are also in charge to decide whether a community can take part in different kinds of competitions and initiatives proposed by the city or volunteers. Neoliberal changes have clearly demonstrated that competitiveness of the local communities and their production efficiency are the markers of a successful fulfillment of the community-based approach, as well as such factors as decent social participation, wealth, sustainability, and smart management.

To sum up, implementation of the *RT* and *RW* administrative systems strengthened after regulation on local autonomy in *kampungs* and districts (*Decentralization Law No. 22 of 1999 and the Local Government Act No. 32 of 2004*) is considered as one of the leading innovations introduced by the neoliberal governance, transmitting a right to participate in elections and values of individual freedom and personal choice. *RT* and *RW* administration system advocates for the local governance inside the communities taking their interests for granted and ensuring feasibility of the *Kampung Improvement Program* and other empowerment initiatives aimed at involving female groups into the local politics, promoting profitable competitions and attracting funding opportunities from the private stakeholders.

2.2. Kampung Improvement Program (KIP)

Originally initiated in 1920s, the *Kampung Improvement Program (KIP)* was advanced by the Dutch colonial regency to improve life conditions and prevent the spread of infections and diseases. In the colonial times, kampungs were considered as informal villages and administered by the colonial rule representatives. Historically, the KIP entailed both practical and ethical aspects, as well as a perception of *kampungs* as spaces of modern housing and living:

“...around 1938, and within this politicized context, the kampung becomes visible, not only as an insanitary space with the danger of fire hazards, but most importantly, as a *living space* of the Indonesian that could be “improved” and incorporated into the urban knowledge of the city. Most changes were done under “*the ethical policy*”, and “the restoration of a “normal” appearance and the provision of the technical needs, to hygiene, sanitation, and drainage were called upon to provoke a sensibility of “modern” living and a sense of order in the kampung” (Kusno 2000, 128-129)

Throughout the *New Order* era (1966-1998), C-KIP (Compulsory Kampung Improvement Program) was extensively supported by the ruling government and pro-actively implemented in 1969, as a result improving 70% of the Surabaya’s kampungs (Dph 1995), and providing communities “unprecedented autonomy in designing and implementing projects” (Das 2015, 256). The charity organization *BSHF (Building and Social Housing Foundation)* informs that funds were allocated for building new walking pathways and roads, as well as for actions aimed to improve healthcare and education, implement drainage, garbage disposal, and water sanitation systems, and to incorporate green and clean alleyways to cope with high population density, air contamination, and general pollution level:

“*The Surabaya Kampung Improvement Program* is a comprehensive neighborhood program which not only creates improved living conditions for low-income families but also, by involving the local community in the process, ensures its long-term sustainability and on-going improvement.” (BSHF 2018)

Resources devoted to the description and analysis of KIP underline a huge role of the government as initiator of kampungs’ improvement, as well as the members of local communities, who demonstrated a high level of social communal participation and involvement¹². Community participation was ideologically promoted by the state during *New Order* and later supported in the post-Suharto times, especially concerning female groups (Kurniawati Hastuti 2015, 2), expressed through such factors as *Islam, networks, family ties, and gender*. (Kurniawati Hastuti 2015, 39-40)

¹² “The Kampung Improvement Program (KIP) in Surabaya is an example of an incremental development approach where people participate in improving their housing environment little by little, according to their available resources. The initiative came from the Government but the people actively participated in the planning and financing of the program.” (Dph 1995).

Some scholars believe that idea of the inclusive female participation can foster integrated microfinance performance with regard to credit and lending opportunities for local communities and C-KIP projects. Financial microfinance subsidiaries for the kampungs could further promote sustainable development, cost-efficiency and eviction of poverty that is relevant and in some cases applied to the post-decentralized urban Indonesian settings. (Das 2015, 256) However, not all microfinance programs developed as inclusive ones even though they are perceived as an uplifting mechanism. Some does not offer wide-ranging options for females or inhabitants under poverty line and immerse dwellers in need in even more debts and credits.

Cooperation between the local governments, NGOs, and kampung members has led to the emergence of several distinctive types of kampung improvement programs:

- (1) *People self-help projects*, taking 10% of all improvements based on specifically formulated and addressed issues of a local community that brings local labour and funds together and renders guidelines and appropriate standards, facilitated by the government;
- (2) *W.R. Soepratman projects*, ascertaining 20% of the programs and fostering community participation and involvement, so that community contributions are matched to the state's budget. Over 15 years since first KIP has been implemented, 1000 projects were successfully realized involving 6.7 million dollars;
- (3) *Urban KIP projects*, reaching almost 70% of all KIP initiations and affecting low-income households, which are anticipated to be transformed into more sustainable and wealthier urban agglomerations with its own infrastructure and developed informal economic sector. (Silas 1992, 35-36)

Specific improvements brought by KIP concern such changes as

“access roads, side drains, footpaths with side drains, a water supply network with a water standpipe for each 25-35 families, sanitary facilities (consisting of public washing, bathing, and toilet facilities), solid waste management facilities (receptacles for solid wastes, garbage carts, transfer stations), elementary schools, and public health centers.” (Silas 1992, 36)

Overall, over 1.2 million people in Surabaya were affected by the C-KIP and participated in the urban transformations by investing funds (for instance, some kampung members invested 500 000 IDR against 1 000 000 IDR by the state), labour resources, as well as good maintenance, organization and management skills. (Silas 1992)

Funding resources allocated to C-KIP launched in 1998 by the World Bank were declined by almost 60% of stakeholders in 2005. Around 30% of the C-KIP budget was “a one-time grant for

physical upgrading, and at least 70% was earmarked for a revolving fund [a name for the C-KIP's microfinance credit model] called *dana bergulir* – the microfinance initiative.” (Das 2015, 260) Interestingly, facilitators of the C-KIP got paid professional fee and were in charge of mobilizing communities, coordinating projects, and negotiating problems with community-based organizations (CBOs) and NGOs (i.e., *Puspa Indah*). (Das 2015, 261)

KIP is considered as an uplifting tool through which neoliberal political and governmental realms in regards to infrastructure were enabled in kampungs. As a significant element in daily life of urban inhabitants, infrastructure is based on tangible and intangible structures, forms, and connections giving birth to networks, which “allow us to understand how the political can be constituted through different means.” (Larkin 2013, 329). In other words, infrastructures are financial, administrative, technical, and emotional systems, which depict and affect how people live and perceive their world. Study of infrastructure depends on the methodological choice and perception of its form from multiple stances, such as technological, financial, organizational, digital, social, political, or biological perspectives. (Larkin 2013, 338-339)

As scholar notes, “Roads and railways are not just technical objects then but also operate on the level of fantasy and desire. They encode the dreams of individuals and societies and are the vehicles whereby those fantasies are transmitted and made emotionally real.” (Larkin 2013, 333). In case of kampungs' infrastructure reconfiguration, it is relevant to look in-depth at the communities' infrastructure, which influences the way people live in their communities. For instance, technically poor drainage systems in kampungs provide water only twice a day, mostly in the mornings and afternoons. Kampungs' inhabitants collect water in a big bathtub in a bathroom and use it for different needs throughout a day. Every week local female leaders make sure that mosquito lava does not appear in households' bathrooms (anti-mosquito campaigns) and mark the presence of such in special lists. This type of infrastructure affects kampungs' dwellers order of the day, their living conditions and perception of water as a priceless resource. Due to the irregular water supply in kampungs, inhabitants reflected on the water resilience and alternative ways of using and recycling water. Some community members created water-cleaning systems called *Pandora* – a special system that filters water through natural material like sand and rocks and is placed underground. Others have been re-using dirty water whilst washing their motorcycles and bicycles. [Filed notes, 25.03.2017, Surabaya, kampungs' visit] Drainage infrastructure in kampungs refers to what scholars call *administrative technique*, *political rationality*, *governmental practices*, and *material substance*, consisting of water pipes, bathtubs, drainage systems, etc. (Larkin 2013, 331 cit. Collier 2011; Foucault 2010, 2011).

At the research site *kampung Lontong Banyu Urip* in Surabaya, the state has improved roads and helped during floods. Following changes have been made according to the study evaluating KIP results in the neighborhood Banyu Urip in 2009:

“improvement of the access road and bridges, instalment of street lighting, improvement of sewerage system, provision of trash can, fence for public parks, repainting of the schools, public toilets, and planting productive trees and bushes (fruits and herbs).” (Santosa and Faqih, *et al.* 2009, 36).

Walking pathways and green zones established in the kampungs are tangible investments that will be remembered by kampung inhabitants for a long time, as infrastructural changes depict standards of a modern living and ascertain that sustainable development goals are achieved, in the frames of SDG Goal no. 9, “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” (UN 2015 Agenda 2030, 20/35).¹³

Most importantly, infrastructure development projects in the kampungs involve actors with diverse perspectives and capabilities (researchers, kampung inhabitants, the state facilitators, international organizations), that allows us to call KIP as a collaborative initiative integrating both private and public sectors in alliance with global players.

Demonstrative examples from the research site expose that infrastructure in the local Indonesian kampungs is more than just a number of systems, buildings, objects, or technological innovations. It is the way people exist in their households, organize businesses and move across tiny kampungs’ streets, and the mode of creation of emotionally valuable bonds to the living spaces. From the ethnographic interest and point of view, kampungs’ infrastructure transmits daily life of a local community and diverse facilities a community can offer. Any changes and manipulations that a kampung undergoes becomes visible for insiders and outsiders; at this point, it becomes crucial to highlight who were the core focal points and facilitating powers that ensured transformations. In the majority of KIP cases in Surabaya, *ITS* was one of the leading focal points and facilitators ensuring efficient KIP’s implementation, in cooperation with CBOs and NGOs.

¹³ **Relevant specifications of the SDG Goal number 9:** “9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. 9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.” (UN 2015 Agenda 2030, 20/35)

The next section is designed to analyze protective policies regarding informal kampung economic activities and home-based enterprises. Through this analysis, I expect to research regulatory and legislative parts of the informal economies and draw a connection to the neoliberal policies that influenced kampungs' economies.

2.3. Informal Economy in Kampungs: Home-based Enterprises (HBEs) and Protective Policies

According to the ILO's Resolution on Informal Economy (ILO 2002), the term "informal economy" is preferable to "informal sector" because it encompasses diverse economic activities and

"refers to all economic activities by workers and economic units that are – in law or in practice – *not covered or insufficiently covered by formal arrangements*. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs." (ILO 2002, 25/53).

Built on the definitions presented by ILO (2002), UN-Habitat concludes that

"informal employment in unregistered or unincorporated enterprises includes employers, employees, own-account workers and unpaid family workers working for income-generating informal enterprises; whereas informal employment outside informal enterprises includes domestic workers, day labourers, home-based workers and unregistered employees working either in formal enterprises or for households." (UN Habitat 2006, 9-10)

In other words, the main issue arising around informal economy is that its activities are not legally recognized and, thus, both employees and employers are not protected socially and financially. However, informal economies vary from a country to country and should be tailored according to the local contexts and specific constellations of the categories of work force and economic activities. (ILO 2018 Informal Economy)

In case of Indonesia, kampungs perceived by scholars as self-reliant and autonomous urban villages and communities with "semi-formal tenure arrangements" (Simarmata 2017, Peters 2013, Dahles 2015, Guinness 1997, Reerink 2006) are involved into informal economy. Informal economies comprise *Small and Medium-scale Enterprises (SMEs)* that are not restricted to *Home-based Enterprises (HBEs)* and are differentiated according to the number of people employed and the annual revenue amount. In many countries and Indonesia as follows, informal home activities are associated to the social insecurity, unofficial character, the lack of control and sometimes to

exploitation. Absence of legislative protection and poor working conditions with exceeding unpaid hours are under close supervision of international organizations, i.e. ILO, issuing protective formalization policies to ensure decent work conditions and rights at work. (ILO 2018 Informal Economy).

In the scholarship, informal economies are outlined as “the production of goods for an employer or contractor in which the worker is usually supplied with raw materials for processing in the home and gives up the finished product against a payment per piece.” (Tipple 2006, 167). Few examples of the researched HBEs in Surabaya were food productions, such as *lontong* (rice cake), *tempeh* (fermented soybeans pieces), *bakso* (meatballs) [field notes, *Kampung Lontong Banyu Urip*], fish breeding, medical herbal production, sweet biscuits and cakes [field notes, *Kampung Gentang Candirejo*], *tahu* (tofu) [field notes, *Kampung Jemur Wonosari*], savory snacks and fried fish [field notes, *Kampung Kue*], production of souvenirs for tourists [field notes, *Kampung Lawas Maspati*], papier mâché masks depicting traditional Javanese characters [field notes, *Kampung Karanggayam*], batik production, and manufacturing of traditional furniture, decorated birdcages and coloring of birds, making of “shoe uppers, rattan and wooden handicrafts or clothing to order” in the neighborhood *Banyu Urip* (Tipple 2006, 169).

The HBEs are crucial for the low-income households in kampungs, which represent small businesses, usually involving less than four-five people (30% of businesses in Surabaya are single-managed) (Tipple 2006, 170), family members or close neighbors. Small-scale enterprises or “cottage businesses” entitled so in some scholarship (Turner 2013, 63) refer to the businesses that get less than 600 million of IDR annually, excluding the land value.

Official definition of the SMEs in Indonesia was firstly formulated within the *Small Enterprise Act no. 9* in 1995 (*Undang Undang Republik Indonesia Nomor 9 Tahun 1995 Tentang Usaha Kecil*) and amended in 2008 as the *Minor, Small and Medium Enterprise Act*. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 3) Following alterations added in 2008, Indonesian micro, small, and medium enterprises distinguish accordingly:

- 1) a *micro (minor) enterprise* in Indonesia “is based on a traditional industry and is managed privately, and has net assets of no more than 50 million rupiah (not including land or buildings) and annual sales of no more than 300 million rupiah.”,
- 2) *small enterprises* are the ones “managed privately or by a corporate entity, but are independent from and are not the subsidiary or branch office of a medium or large enterprise. They have net assets of at least 50 million rupiah, and no more than 500 million rupiah (not including land or buildings), and they have annual sales of between 300 million and 2.5 billion rupiah.”, and

3) *medium enterprises* “have net assets of between 500 million and 10 billion rupiah (not including land or buildings), and have annual sales of between 2.5 billion and 50 billion rupiah.” (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 4)

In 2006, 48.9 million SMEs were registered in Indonesia, “employing 85.4 million people (96.2% of total employment) and contributing 53.3% of GDP.” (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 5). As SMEs represent crucial pattern for the economic growth and development, the Ministry of Trade of the Republic of Indonesia issued protective policies starting back in 1990s, which represent neoliberally influenced tendencies towards formalization and financing of the informal economy as a source of additional profit from the one hand, and a tool for empowering from the other:

- 1) Adoptive Father System/Foster-parent program (*Program Keterkaitan Sistem Bapak Angkat*);
- 2) Spending 1-5 % of the state Enterprises Profits for cottage businesses (*Pemanfaatan 1-5% Keuntungan BUMN*);
- 3) Small Business Credit (*Kredit Usaha Kecil*);
- 4) Selling shares to co-operatives (*Penjualam Saham kepada Koperasi*) and
- 5) Education and Training for small enterprises (*Pendidikan dan Latihan bagi Industri Kecil*). (Turner 2013, 63).

In 1998, the *Government Ordinance for the Development of Small Enterprises No. 32* was enacted as a legal framework for the *Small Enterprise Act no. 9 in 1995* and as a setup of policies for developing small enterprises and improving national economy. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 11). Further on, the state was negotiating funding possibilities with a number of credit guarantee companies (*Perum Sarana Pengembangan Usaha, Pt. Asuransi Kredit Indonesia*) and national banks (*Bank Mandiri, Bank Rakyat Indonesia, Bank Negara Indonesia, Bank Tabungan Negara, Bank Bukopin, Bank Syariah Mandiri*) for empowering local enterprises. Additionally, the emphasis is made upon promotion of education, especially, on a high-university level and the development of employment-securing programs for the university graduates. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 24; 31)

I consider mentioned above post-Suharto neoliberal protective policies and initiatives as one of the most important transformations that HBEs undergone during the last two decades for several reasons. First, the state realized the crucial importance of supporting informal activities in kampungs and issued policies protecting such activities and second, because it provided a wider

scope for improving working conditions and SMEs' financial situation, even though certain number of enterprises left excluded for various causes.

Following up with the subject, the main means of supporting SMEs were added in the new act in 2008 and were enacted by the state and foreign state-owned businesses through such actions as: expanding funding opportunities (credit guarantee, investment and operating funds), increasing export prospects, promoting access to the capital investments, evaluating proper conditions of applications submitted by the SMEs, enabling subcontracting opportunities with large companies that are providing raw materials, protecting rights and conditions of SMEs, and controlling medium enterprises in case they overtook profit from the smaller ones. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 13).

However, almost 60% of businesses were unable to receive loans because they were not creditable and therefore, stayed in the "micro category" of self-funding enterprises. To increase the number of enterprises receiving loans, *the National Enterprise Financing Presidential Directive No. 5 of 2007* enacted the credit guarantee system that ensured maximum amount of the loans at 500 million IDR with 1.5% fee paid by the national Ministry of Finances. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 23). Since that, government attempted to formalize micro and small enterprises but so far, it did not bring fruitful results as expected. Many micro-scale entrepreneurs, such as the stall traders or *becak* drivers remain informal, financially instable, insecure, and reliant on the number of external factors (clients, their preferences, paying ability, financial situation in the country, etc.). The most severe years for those social groups in the post-Suharto period were 1998 and 2008 crisis years. What has been highlighted above demonstrates a close connection of the informal economy to the patterns of the global one and, consequently, is perceived as the one that needs special attention.

To sum up, entrepreneurship in Indonesia is considered as an opportunity to create new ventures and help different social groups to get economically uplifted. (Ratten 2017, 132 In Williams and Gurtoo 2017). Worth underlining that neoliberal policies issued few protective strategies (creating export opportunities, expanding financial resources, granting access to the capital investments, conducting research in private sector, opening sub-contracting opportunities with private industries) (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 13), which should be analyzed appropriately to the context application and specification. However, despite of the implementation of mentioned above protective campaigns and actions, many small-scale businesses remain informal, self-reliant or self-funded. Building upon this argument, it would be accurate to claim HBEs represent the scope where neoliberalism constructs both exclusion and inclusion trends, in a way those enterprises are constructed and regulated and because there are no

enough resources and tools to secure and protect informal economy activities worldwide. Future prospects addressing this issue might be viewed in closer partnerships between public and private sectors and promotion of further public investments into informal economy. Additionally, legislative formalization of few informal activities is required with a possible implementation of “soft-tools”, consisting of decreasing percentage for the provided microfinance loans, expanding production scopes, and protecting rights of the employees at work.

Section 3. Methodology

The thesis is designed as a qualitative research based on such methods as *individual interviews*, *focus groups*, *observations* (written descriptions, audio and visual material, i.e. photographs, posters, presentations, audio and video recordings, and handouts), *ethnographic fieldwork*, including *participant observation* and *qualitative case study* of the research site.

The data consists of individual interviews (four formal structured interviews with open discussion with the City Council Representatives in Surabaya, two formal meetings with inhabitants of the kampungs *Gentang Candirejo* and *Karanggayan*, two formal semi-structured interviews with the leaders of the *kampung Lontong*) and informal unstructured interviews and conversations with the ITS facilitators, students, and inhabitants of the *kampung Lontong*. *Focus groups* represent various interactions between ITS facilitators and students and researchers from the University of Vienna, involving 5-6 people, aiming to obtain a deeper insight of the issues and collaboratively discuss outlined topics.

The major focus groups represented several topics: green and clean, water resilience and sanitation, mobility, smart technology, home-based industries, and cultural heritage preservation. Minor focus groups were formed after presentations of the research subjects and consisted of minimum 2 members from the University of Vienna, 2 facilitating students from ITS, and 2 or 3 facilitating professors from ITS. Observations were conducted in a written form, including field diary, field notes, scratch notes and documented and further transcribed as audio and visual material (photographs, short videos, audio recordings, presentations, posters, handouts from ITS).

Ethnographic fieldwork, including participant observation was held in March-April 2017 individually and in groups with other students from the University of Vienna. The research site – the city of Surabaya located in the East Java in Indonesia, was chosen prior to the ethnographic fieldwork and collaboratively negotiated between the Department of Social and Cultural Anthropology at the University of Vienna (coordinator Prof. Gabriele Weichart) and Department of Architecture at ITS (coordinator Dr. Maria Anityasari). As many activities during the fieldwork took place in groups and together with facilitating ITS students and local leaders, qualitative research data for this thesis was collected with elements of collaborative action research, implying active participation at ITS and local communities.

Intensive preparation during the fieldwork seminar and work with the ethnographic monographs (Dahles 2015, Kurniawati Hastuti 2015, Lloyd and Smith 2001, Kusno 2000, Peters 2015), articles (Cone 2000;, Alam 2015, Das 2015, and others), the Internet resources and policy documents (see

Bibliography), took place before the fieldtrip and played an important role in shaping historical and cultural background about the research field.

Qualitative case study of the *kampung Lontong Banyu Urip* in-depth reflects on the contemporary kampung's social and cultural setting, informal economy activities, administrative and spatial structure, as well as on the transformations experienced by the community inhabitants. The main purpose of the case study is to provide an illustrative description of the kampung's socio-cultural, political, and economic context and practices and develop an argument concerning the emergence of neoliberal transformations taking place within the administrative, urban, and social-religious scopes. A method of *ethnographic mapping*¹⁴ was applied in the field as a part of field notes in order to document the kampung's socio-cultural practices and infrastructure, which were post factum discussed at the scientific seminars with peers and colleagues from Indonesia (exchange students from Indonesia and students from ITS).

The most relevant and fruitful empirical data was classified, categorized, and divided into several sections, respectively mentioned below:

- (1) Theoretical material concerning the post-Suharto Indonesian economic, socio-cultural, and political situation, as well as kampungs located in the city of Surabaya (rich information was provided by the City Councils Representatives);
- (2) The specific case of neoliberal urban restructuring project, planned in regards to the PT implementation in Surabaya;
- (3) Protective neoliberal policies regarding home-based industries within the kampungs' informal economy and collection of information about kampungs as autonomous administrative urban villages, representing specific cultural, economic, and historical background;
- (4) Host family in the *kampung Lontong* at the research site as an explicit ethnographic case, referring to the description of daily life practices, specific informal economy activities, the kampung's administration and management process, and a tactic of a *community-based approach* on practice understood by the community members as "social Islamic approach".

The minor analytical categories concern neoliberal policies on decentralization and elections, empowerment programs within the urban neighborhoods (KIP), collaboration between private and

¹⁴ "A data-gathering tool that locates where the people being studied live, where they take their livestock, where public buildings are located, and so on, to determine how that culture interact with its environment." (Ferraro and Andreatta 2014, 107).

public sector, especially with regards to competitions, funding, public investments, subsidiaries, and tackling local issues.

The core thesis' strength appears to be a unique ethnographic data collected during fieldwork in Indonesia in collaboration with the students from the University of Vienna and ITS, including participant observation, excerpts from the interviews, focus-groups, as well as an emphasis made on the local practices of a host family that kindly granted an access to their house, facilities, and other community-shared properties.

3.1. Reflection on the Ethnographic Research Method and the ITS Facilitating Role

Ethnographic method including participant observation and fieldwork conducted in the Indonesian local community *kampung Lontong Banyu Urip* enabled the collection of relevant qualitative research data that is thoroughly analyzed and presented in this thesis. Access to the municipal authorities such as *Surabaya City Planning Council*, *City Council for Information and Communication*, *Council for City Transportation*, and *City Council for Green and Clean* was possible due to a collaborative cooperation with ITS facilitators, students, professors, the help of the University International Office and volunteers. At the same time, agenda discussed during those meetings was shaped by the ITS institution and the City Councils and left a minor room for direct discussion of topics of our own interest. Nevertheless, meetings with the City Councils' representatives provided our group with a fruitful data concerning organizational, policy, and bureaucratic aspects that are important to consider while studying Surabaya's *kampungs*, socio-cultural aspects, and the city space structure.

Interesting to notice that not all *kampungs* accepted students to live in their residence and rejected ITS' request. ITS had to negotiate our stay for quite a while in some *kampungs*, as well as to discuss formal rules, provide copies of our passports, pay a weekly residence fee (ca. 580000 IDR = 40 EUR) and prepare a host family, *kampungs'* heads and leaders for our arrival. As some *kampungs* rejected foreign researchers, their leaders proposed to organize formal visits to their *kampungs* (*kampungs Gentang Candirejo* and *Karanggayan*) instead, so that we could get an insight view on daily activities and home-based productions. Those *kampungs'* members perceived us more as tourists than as researchers, and demonstrated warm hospitality, Active females sold organic products like guava juice, dairy, and other drinks, and explained techniques of water resilience and garbage disposal. Organized by ITS *kampungs'* visits contributed to the deeper understanding of the diverse Surabaya's neighbourhoods and forms of such urban

settlements as kampungs, made it possible to draw a comparative line between the host kampung *Lontong Banyu Urip* and other local communities, each of which have different local leaders, approaches towards cleanliness, security, education, participation in competitions, life standards, hospitality, etc.

The ITS facilitators have developed a very intensive program for our stay in Surabaya and organized multiple educational and creative events. Some events were going on in the ITS University building, such as the ITS welcome ceremony with the traditional East-Javanese Remo dance, students' presentations, project-based learning activities focused on the research topics, as well as the final PPT and poster presentations in front of the kampungs' members, ITS professors, and others. Apart from educational program, we were introduced to creative workshops and learned how to dance traditional dances, play Javanese musical instruments, sing well-known Surabaya's songs, draw batik¹⁵, and cook traditional foods.

Other activities were organized by the volunteer students in the city center – the bus excursion trip, city walking and photographing near the Heroic Monument *Tugu Pahlawan*, visit of the Bank and Health & Medicine Museums with the detailed guiding and explanation. The city appeared to be very diverse: ethno-photography course held in the Arabic district *Ampel* has clearly demonstrated that the city can encompass contradicting realities in one entity. Compelled to walk with covered head, female members of our group personally experienced life at the Arabic district with its famous market and ancient mosque with saint water and cemetery.

Based on the collected data and later reflection, I outlined ITS as a key focal point and facilitator that shaped our experience and granted an access to the places, which are not open for everyone, especially for foreigners. Main informants during the fieldwork were ITS students and professors, who formed focus groups, as well the local inhabitants in kampungs. Formal interviews conducted with the kampung's heads and leaders along with the Municipal representatives encompass the major ethnographic records used throughout this thesis. During composition of this paper, post factum interaction with Indonesian exchange students and meetings organized by the Austrian-Indonesian society in Vienna, were definitely influencing post-perception of the fieldwork experience.

While walking and wandering in the kampung, I mostly contacted (with the help of the local girl *Rini* and ITS facilitators) informal economy workers, who stayed inside their households during a daytime. They were *lontong*, *bakso*, and *tempeh* producers, *becak* drivers, *warung* stall sellers,

¹⁵ Batik is an art involving drawing with *canting* (instrument producing hot wax) on a fabric. Once a pattern's lines are ready, the whole fabrics is dyed in special colours. (Field notes, Surabaya, visit to the batik factory, April 2017)

cleaners, and laundry service workers. While us having informal conversations, I used to explain, where I was from and what we were working on. Some smiled and asked for photographs, others ignored or talked back a little bit and showed their industry productions. Most of them were either busy or could not comprehend in English, for this reason we visited HBEs only together with the ITS facilitators/translators.

Even though *Pak RT Manjur* and the head of the host family *Pak Abdul* were aware of our arrival, most of the kampung inhabitants perceived us as strangers and unexpected guests:

“When we asked the young girl Rini who could speak English whether they knew about our arrival and were afraid to meet us, she said that people panicked and did not know how to react. Apparently, they admitted that it is their first time seeing people from outside Indonesia in real life, so strangers are very uncommon here and we are the first who stayed at their kampung.” [Excerpts from the field diary, 25.03.2017, Saturday, Kampung Lontong Banyu Urip live-in and check-in; Diana Zagidullina]

The researcher on kampungs in Yogyakarta who spent many years living there has pointed out that an ethnographer’s knowledge obtained through the urban research is “even more partial because most people only live part of their lives within the local setting”: adults attempt to earn money outside or inside a kampung, while their children attend kindergartens and schools, someone chooses to take a particular route on their way to work, university, hospital, market, and so on. (Guinness 1997, 117). This observation is universal for any urban setting and unique at the same time in case of Indonesia because it was noted at time when Suharto was still in power in the late 1990s. However, daily life in kampungs remained as it was – locals trying to make living, educating their children, cooking food, preparing for the guests’ visits, celebrating, working, and simply living.

Partiality of experience in the *kampung Lontong* was dependent on few factors. One of them was my almost absent level of Indonesian language, as I was able to communicate using very basic words. As many Indonesians did not comprehend a good level of English, language barrier was one of the main obstacles while conducting a field research, also because facilitating students could not physically translate everything and addressed particular sentences for translation. Another limitation was a period of our stay in the local community that lasted one week only. As guests kindly hosted in one of the local households, we had to follow agenda of the head of the house and get involved into activities that the community members planned for us. Finally, supporting and at the same time constraining factor was the key facilitating role of ITS, which was a stakeholder, a focal point, and a gatekeeper at the same time. Topics of the focus groups addressed by ITS and agenda planned by them shaped and determined direction of the fieldwork, which afterwards was perceived by me as a unique collaborative and challenging opportunity.

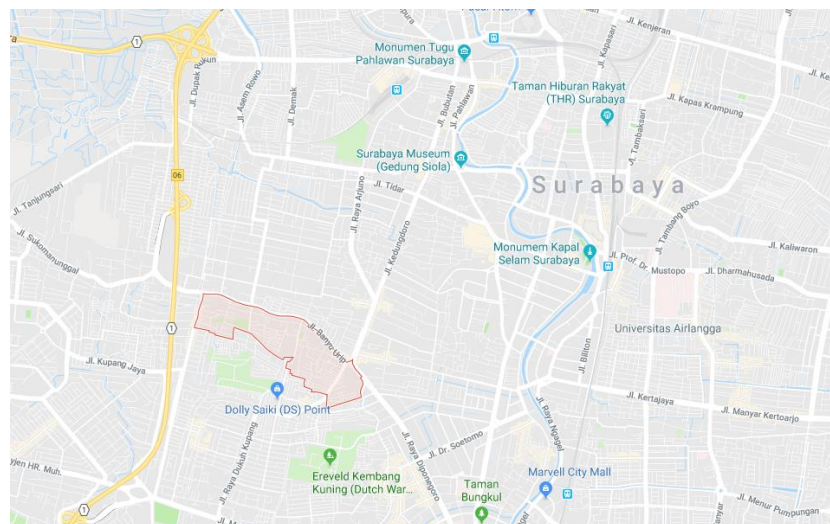
Section 4. Ethnographic Case Study: *Kampung Lontong Banyu Urip*

4.1. The Research Site

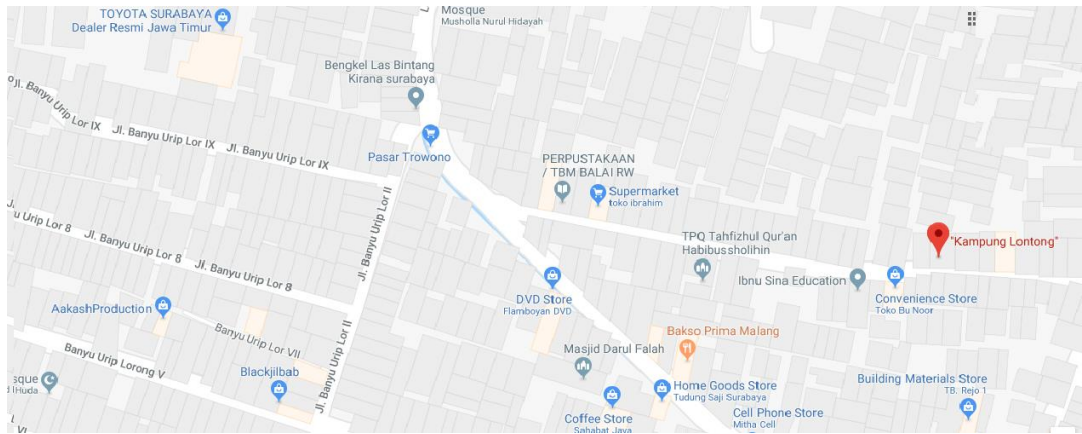
In this section, I will situate the research site historically and spatially and introduce the kampung's main activities and features. The research site chosen for the ethnographic description is the urban village *kampung Lontong Banyu Urip* located in East Java Province (*Jawa Timur*) in Surabaya. Surabaya is divided into 31 administrative districts and more than 160 urban villages, which are mainly involved in the informal economy and represent autonomous urban units managed by local leaders. The researched kampung is a part of the sub-district *Banyu Urip* (see pictures 1 and 2 below), which is along with five other sub-districts – *Kupang Krajan*, *Pakis*, *Petemon*, *Putat Jaya*, and *Sawah* situated in the centrally located district *Sawah*. According to the locals, the neighborhood *Banyu Urip* is one of the biggest within the district *Sawah*. [Field notes, Surabaya, March-April 2017]

In one of the research documents presented by the University Professor from ITS in 1988,

“Banyu Urip is a low-income settlement or ‘kampung’ of 40,439 people in the south-west centre of Surabaya, the second largest city of Indonesia. The original site was an old Chinese graveyard where a few hundred people squatted and made their homes. In 1955, they were joined by ex-‘freedom fighters’ and their families, who also took up residence on the site. Banyu Urip was initially on the fringe of pre-war Surabaya, but the city has since expanded and grown around it and it is now a typical inner city kampung.” (Maskrey and Turner 1988, 69).



Pic.1. Sub-district Banyu Urip marked with red colour on the Surabaya city map.



Pic.2. Zooming in the *Kampung Lontong* (red mark from the right) and the *Banyu Urip* area.

As the graphic materials demonstrate, kampungs in Surabaya are densely populated settlements with many households built up close to each other along tiny streets and walk pathways. They are located inside the urban area a little bit far away from the main road and thus differ from the street-side businesses. (Dahles 2015, 95 cit. Guinness 1986). Street-side localities in Java traditionally belonged to the wealthier urban citizens, who lived along the main roads in separate houses and represented an educated group of population with a higher annual income. In contrast, kampungs denoted “urban poor dwelling in ramshackle houses cramped together higgledy-piggledy behind the main streets”. (Dahles 2015, 94 cit. Guinness 1989) They flourished during Suharto era and were described by scholars as “small-scale, low-budget, unorganized, uncontrolled, informal, low-quality” settlements with intensive tourist-local interaction that “generates local benefits, makes use of local facilities, and involves family-businesses and self-employed people.” (Dahles 2015, 94, Guinness 1986; 1989)

The research site corresponds to the description of kampungs proposed by many scholars (Dahles 2015, Peters 2013, Guinness 1986; 1989, Maskrey and Turner 1988). *Kampung Lontong* appears to be an illustrative example of far-reaching socio-cultural, economic, political, and administrative changes emerged under the influence of neoliberal policies on the empowering local government, improving housing conditions and infrastructure (KIP), and urban restructuring.

More than 300 inhabitants living in the *kampung Lontong Banyu Urip* are predominantly Muslims, with exception of two Christian households. As Islam is an important pillar of the community, one can find few mosques in the area and the religious education center *TPQ Tahfizhul Qur'an Habibushsholihin*, established in July 2012 by the Islamic leader *Habibus Shalihin*. Economic sector of the community is based on the home informal micro- and medium-scale enterprises and households, participating in other private businesses (retail of goods at the market, laundry service,

stands with street food, small shops with drinks, fruits, and other products). Some kampung members study in educational institutions and centers or contribute to the formal economy by working at factories, firms, agencies, etc. However, the majority of families depend on the site economic activities and home-based productions. Every family has to contribute a monthly fee of 10,000 IDR (0, 70 EUR) that is collected in a communal treasury for the kampung development.

If a family owns a private business, they are self-responsible for production and transportation costs. *Kampung Lontong* has an administrative leader *Pak Manjur*, who is in charge over nine years on the *RT level* (community level) and *Pak Murat* on the *RW level* (neighbourhood level)¹⁶. The kampung has a dynamic social life with engaged female leaders initiating *Ibu-Ibu meetings* (meetings for active females for discussing upcoming agendas and community issues), doing sports with elderly people, teaching English to small children, and organizing children's health check-up *posyandu*¹⁷. Local inhabitants are active and business-orientated, involved in the HBEs such as *bakso* (meatballs), *tempeh* (fermented soy beans), and *lontong* (a dish with sticky rice wrapped in banana leaves). Life of the kampung inhabitants is organized by the Islamic pray time rules (five times per day). For this reason, I observed that people got up early, prayed, attended traditional markets around 5-7 a.m. for either selling or buying something, and then worked for their businesses, often having a sleep break during the lunchtime.

4.2. Host Family: Inside Perspective

Head of the host family in whose house I lived is a nice and welcoming man *Pak Abdul*, approximately 40-45 years old. He moved with his family to Surabaya from Madura Island after the Asian Crisis in 1997-1998 because of the economic reasons and found a place in the *kampung Lontong*. Finding out more about the Madurese ethnicity, I figured out that this ethnic group has a unique cultural identity and its own language (that is why, while talking, children and other relatives often mixed official Indonesian language *Bahasa Indonesia* with Madurese words). Among 10 million people originated from Madura Island, more than a half obtained dwelling

¹⁶ In some kampungs, there are few RT and RWs. In the *Kampung Lawas Maspati*, there were five different RTs, competing with each other for power and recognition. [Field notes, Surabaya, kampungs' visit, March-April 2017]

¹⁷ "Posyandu is a community based vehicle to improve child survival and development. Special emphasis is paid to the role of Posyandu in efforts to overcome the major health problems faced by the women and children of Indonesia. The health care delivery system has several level, home and self-care in 1st followed by community based preventative and promotive care (Posyandu), followed by basic professional care at health centers and clinics which are followed by 1st and higher referrals to district and advanced hospitals." (UN National Library of Medicine 1989).

identity due to the severe economic problems and have to travel or settle in the nearest city Surabaya. More than 800 000 Madurese inhabitants migrated to Surabaya in different periods and constituted one of the biggest diasporas in Surabaya. (Spaeth 2000).

Nowadays Pak Abdul has a wife *Ibu Sri*, shy and humble woman approximately 35-40 years old, three daughters – 22, 8 and 6 years old. *Ika*, the oldest one, studies in a college and is already married to a young man, 25 years old, the ITS graduate student. *Irma* and *Siska* – both young daughters are very friendly, curious, enjoy dancing and singing, attend elementary school and kampung-based kindergarten and study in the local religious center TPQ. Pak Abdul also has a son whom we did not see because he studies away from home in the religious Islamic school in Surabaya. The ill old grandmother is living together with them and has a separate room in the house, as well as a house cleaner, who helped to maintain a house, with children, cooking, washing, etc.

The oldest daughter *Ika* always approached me with polite mode of address “Ms” and rarely called my name after that. Pak Abdul and the community leader Pak Manjur often used my name, sometimes together with “Ms” and only children called me by using my name. Couple of times I resisted and asked them to call me just using my first name but the family members stayed polite, modest, and respectful until the end. This made me feel as a welcomed visitor in the house and as a guest, who is supposed to keep certain boundaries. I concluded that my host family is a highly respected, integrated, and accepted in the community: when other people asked us where we stayed and heard about Pak Abdul’s house, they always looked at us with respect and nodded their head with approval.

Pak Abdul is well known by all community members as a hard-working family man, who takes care of his relatives and commits to the community’s living and education environment. He takes an important social role in the kampung Lontong and is responsible for security and religious education in the *TPQ Tahfizhul Qur'an Habibussholihin* center, located in the kampung. He teaches Arabic to children, as well as how to read and sing Qur’an and respect the values of religious piety, family, and diversity. In his free time he spends time with family, takes children on holiday to Madura Island, where he owns a small house or to the Surabaya’s city center – to the shopping malls, markets, swimming pool, etc. For the livelihood, Abdul’s family resells chicken breasts at the traditional market and sometimes sells small jewelry produced by Pak Abdul, who has experience in polishing stones for rings, earrings, bracelets, and necklaces. *Ika* and Pak Abdul told us that the family does not breed chickens at home but daily purchases chicken breasts

from a local Surabaya's supplier for ca. 12-15 000 IDR each (0,90 – 1,00 EUR) and then resells it at the market for a double price – 24-30 000 IDR (1,5 – 2,00 EUR). Their daily profit varies between 720 000-1 040 000 IDR (45-60 EUR), that is categorized as a small-scale enterprise (less than 300 000 000 IDR net revenue annually). In comparison to other houses owned in the kampung, this family maintains a private middle-income property with two floors, small garden in front, two separate bathrooms, spacious kitchen, guest room, praying room, 4-5 isolated rooms and a large living space.

The family's day starts around 4-5 a.m. from the morning pray, after which one of the family members (either Ibu Sri, Pak Abdul or Ika) goes to the nearest traditional market to sell chicken breasts, which is 1.5-2 km away from their home. In a meantime, a house cleaner and other family members help around the household, make sure that *Irma* went to school safely and look after *Siska*. They prepare lunch, buy street food, drinks and beverages at the nearest supermarket and meet a person responsible for the retail of chicken breasts around 12 -12:30 p.m. After lunch and praying, someone takes a nap, as they had to wake up early or even start selling goods at the early morning market (3-4 a.m.) (This practice is traditionally widespread in Java). After sleeping break around 2-3 p.m., every family member is busy with his own duties – children play or do homework, Ika meets her husband who lives separately from her or goes to a college, both Ibu Sri and Pak Abdul either watch TV or get busy with household/business obligations. The family gathers in a praying room before and after dinner. Their friends and other relatives like uncles, brothers, cousins, often joined them and stayed for dinner, especially when we were hosted. The front door (as well as other front doors in all kampung households) always stays opened throughout a day and stays closed after the last pray around 9-10 p.m. From time to time, they attend mosque, especially on Fridays. Most of the time, Pak Abdul prays at home, teaches Qur'an reading techniques to children in the praying room and lectures in the TPQ center, at least 2-3 days per week.

I noticed that the day in kampung is split in various parts that are mostly depend on either praying time, working hours needed for private obligations and HBEs or the traditional market open hours (early morning markets, starting from 3-4 a.m. till 10 a.m. and day-time markets, starting from 10 a.m. till 15:00 p.m.). In my host family, due to a higher level of business and intensive working hours, breakfast, lunch, and dinner were not punctually scheduled and did not represent collective gathering and sharing. Everyone had a freedom to do the wanted activities or the ones needed at a particular time:

“Observing our host family, we noticed that they do not have a big lunch table to share food together. Instead, the mother, her daughter Ika or house cleaner were cooking food for the family and us and everybody had a right to eat a meal either sitting on the floor, stairs, or couch, watching Indian Bollywood movies or Mecca praying online-translation. Strange and funny that both TVs were switched on at the same time, facing each other, while someone was watching different TV shows and programs simultaneously. Somebody accompanied the ill grandmother in her room, while eating food or talked to the incoming guests (guests were welcomed and expected every day). Whoever finished a dinner first went to the other room and started counting money collected from sales throughout the day. Other family members either joined money count practice later or kept discussing markets and food with a neighbor.” [Excerpts from the field diary, kampung Lontong Banyu Urip, Surabaya, 27.03.2017; Diana Zagidullina]

Pak Abdul’s brother – Pak Ahmad, called by us “Uncle Ahmad”, is a young unmarried religious man, around 25-27 years old, the most welcomed guest in the house. He has graduated from one of the religious schools in Surabaya few years ago and is currently actively supporting religious activities and events in the kampung. He lives in the same neighborhood *Banyu Urip* in the other hamlet with his family, which involved into Islamic activities in the area. According to Pak Ahmad, his family and him produce *lontong* for living and financially sponsor some Islamic contestations:

“Many years ago my parents helped a young man to sell lontong, denied by a buyer. His family was poor, and, you know, 100 unsold lontongs produced from 5 kilos of rice was for them bad.... My parents and other neighbors supported him and realized that lontong production can be a good promising business. *Karim*, whom we helped many years ago, did not give up and still makes lontong. He taught a lontong production technology to us and we sometimes manufacture it for our own need and for the retail. But our main activity is religion. Every year we try to invest into the mosque renovation from donations, help and sometimes participate in the religious competitions.” [Excerpts from the informal conversation to Pak Hafiz, 29.03.2017 Kampung, Surabaya; Diana Zagidullina]

As houses in the kampung are usually built in two rows each one facing each other, neighbors share a living space, leave the doors opened, and spend time outside, talking to each other, manufacturing product, making art and crafts, etc. Throughout many years, kampung people developed understanding for the lack of privacy and adapted to the busy lifestyle of the community. Some socially valuable rituals such as *cockfight* described by Clifford Geertz (1975) in 1970s and a *pigeon racing* illustrated by Peters (2013) in *Dinoyo* kampung in Surabaya, were still in people’s memory at those times but currently have not been noticed by me as practiced anymore. However, pigeons kept in cages upstairs in the host house picked my interest the moment I saw them, and I assumed that they were used for a pigeon racing. The family denied this fact and claimed to breed and feed pigeons as a hobby.

Abdul's family closest neighbors are a tempeh-producing family living in a tiny house, few lontong makers, the head of the kampung Pak Manjur and a college student Rini, 28 years old, who lives with her grandmother Ibu Yayuk, a leader of the female community in the kampung. Rini was our translator and gatekeeper; she kindly showed all HBEs to us, told us about the kampung and took us out to the city to a traditional coffee house with her friends. First couple of days we faced mistrust and fear from the kampung inhabitants who did not know how to treat us and what expect. The more days passed, the more trust we received, after demonstrating our commitment and desire to learn and help.

4.3. Home-based Enterprises (HBEs) and the Related Issues in the *Kampung Lontong*.

In the *kampung Lontong*, few small households produce *tempeh* (fermented soya beans snacks) and *bakso* (meatballs), supplying their goods to the closest market by using either motorcycles or *bedjaks* – manually driven wooden or metal carriages with a space in front. Originally, the kampung was known for its tempeh producers who were relatively active before the monetary crisis in 1999. Nowadays, only few tempeh-producing families are left. A family that demonstrated *tempeh* production was living in the same room: towels hanging above the bucket with soya beans and other daily stuff were located in a small tight house. A family has kindly explained to us the process of tempeh production. First, soya beans are washed and left soaked for some time. Afterwards, they are steamed for two hours, unpeeled by a special machine from the shell, fermented in the special liquid *rahi*, put into plastic bags, left outside for one day and one night. According to the local people, 35-40 kg of soya beans can be transformed into 700 *tempeh* pieces that are neatly put in boxes. The market price for one piece is estimated at 1,000 IDR and 700-800 IDR for resellers who buy product in big amounts. The family producing *tempeh* purchases soybeans from suppliers and transports their product to the market using *becacks*, motorcycles or bicycles. [Field notes, Surabaya, Kampung Lontong, March 2017]

Apart from *bakso* and *tempeh production*, kampung is mostly famous for *lontong* – rice wrapped into banana leaves or also called rice cakes. First lontong producers started this business in 1980s. *Bulik Ramiah* was one of the first families who initiated lontong production in the urban village Banyu Urip. “In the early 1990s, my mother, a business owner, opened this business due to the loss of time to open chicken meat business,” said Yunus, Rumiya's son, the first lontong maker in the area.” (Pramono 2012). Yunus opened his business in 1966 (first year of Suharto's

presidency), as Rumiya family continued to grow and was interested in further manufacturing of lontong. “It started from the family and then the right-handed neighbor joined. After that, dozens of other residents participated,” he said.” (Pramono 2012). After his family began tradition of lontong production in the neighborhood, other people followed lontong business as well. Currently there are around 100 people producing lontong in the area Banyu Urip, spread in at least five hamlets. Lontong is often used as a main dish instead of rice and is served to complement a variety of culinary. In Surabaya, lontong is a major part of the traditional cuisine, along with *soto ayam* (chicken soup), *nasi goreng* (fried rice), *gulai kambing* (curry lamb), *gado-gado* (vegetable salad), *bakso* (meatballs). It meets a high demand at the market and thus flourishes in the local communities as a way to make livelihood. [Field notes, Surabaya, Kampung Lontong, March 2017]

In average, one maker can produce around 400-500 pieces of lontong per day, for which he would need two bags of rice (ca. 83 kg.), 500 pieces of banana leaves and 3 kg of LPG gas tubes. *Plate* type of rice is mixed with *bulog* rice in 1:2 proportion, wrapped in a banana leaf *klutuk*, formed into a cylindrical shape with a hole in the bottom, in a way that rice is not spilled and left steamed in a pan for over 4 hours. Producers prefer specific kind of banana leaves *klutuk*, which they collect themselves or buy from a banana leaf collector. There are 2-3 leaf collectors in the neighborhood, who are lontong producers themselves and help other people in manufacturing. They bring 10-20 bales (one bale contains 100 banana leaf pieces) and distribute from two up to five bales to other lontong producers. People explain that *klutuk* type of banana leaves is the best choice because it gives the most efficient results, as other types have red colour and a bitter taste. One banana leaves collector receives around 1-2 million IDR only for collecting and raises more money in case of self-production of lontong. (Pramono 2012) [Field notes, informal interviews with lontong producers in the kampung]

One prepared small lontong piece costs 1000 IDR, the bigger one – 2000 IDR, so that the daily profit for selling lontong can reach around 1,3 – 2 million IDR, depending on the order and the day revenue. Sometimes suppliers sort lontong pieces into boxes that can contain 80 lontong pieces. Producer in the kampung said that he was making around 24 boxes per day and transported it at the nearest market or at the further one that is 10 km away. Like with many other products, there are buyers at the market who purchase lontong and resell it further in different places and possibly to other suppliers. One lontong can last for two days but the makers try to sell it fresh and meet hygienic and health standards. Lontong traders use private vehicles like motorcycles or *becaks* to transport baskets with lontong to different markets, such as *Keputran*, *Simo*, *Wall*,

Tembok, Pakis, Banyu Urip, and further away markets as *Bojonegoro, Malang, and Jember*, where they have prearranged negotiations with other producers. One market will have only 3-6 lontong suppliers, as local entrepreneurs attempt to distribute their productions equally and fairly. Agreements between producers of rice cakes *lontongs* are still maintained – this is what keeps the price of lontong stable and equivalent. Supply of *lontong* from *Lontong Banyu Urip* and other urban villages is rapidly increasing and the number of people who wish to pursue this business idea is growing as well. To protect entrepreneurs and secure their monthly profit that varies between 10-90 million IDR (Euro), the Surabaya's Municipal Administration provided a cheaper access to gas from the *PGN energy company (Perusahaan Gas Negara)* that facilitates small-scale and residential businesses. Since natural and less expensive gas network has entered the village, the turnover of lontong traders has vividly increased. This example demonstrates how private insectaries in partnership with the state ensure that informal economy activities remain cost-efficient, profitable, and sustainable, expecting to receive a profit back (Kabar Surabaya 2017) [Field notes and field diary, Surabaya, Kampung Lontong, March 2017]

New trend towards lontong production was promoted in the social media and assisted in 2005 by NGOs, bringing on the flavor of neoliberal post-Suharto policies. Social media agents called *lontong* as “*an icon of independent business in this village*. Not only flow to the makers or merchant's lontong course, lontong fortune is also splashed everywhere, especially for people who want to work.” (Tempo.Co 2012) On practice, production of lontong requires physical strength, accuracy, and patience. Lontong producers sleep 6 hours per day, start their production from around 6 p.m. until 3 a.m. and then transport fresh lontong to the market around 5 a.m. Sometimes they have working shifts together with other family members and start earlier production. Lontong is a competitive business, for this reason, traders have to make sure that they use qualitative ingredients, follow hygienic guidelines, keep strong arrangements at the markets with banana collectors and other supplies. [Field notes and field diary, Surabaya, Kampung Lontong, informal interaction to the lontong producers, March 2017]

The current mayor of Surabaya *Ibu Risma* has initiated a campaign to support local product of the urban Surabaya's communities, as local entrepreneurs are expected to improve economy, health, and quality of education by delivering products accordingly to a high standard. The Municipal Government established negotiation with domestic stakeholder *Bank Perkreditan Rakyat (BPR)*, which is ready to allocate 3% of funding to the residential businesses. *Kampung Lontong* is considered as one of the successful Surabaya's manufacturing areas, delivering high quality product among other kampungs – *kampung Kerajinan Enceng Gondok* (water hyacinth

handicraft), *kampung Border* (embroidery), *kampung Batik Jumpat* (batik production), *kampung Petani Garam* (salt farmers), *kampung Pembuatan Kue Basah* (moist cake making), *kampung Pernak-pernik* (jewelries). Municipal leaders like Ny. *Sujamik Sutjipto* encouraged residents of Kampung Lontong to form *Paguyuban Pengusaha Lontong Mandiri* (Society of Lontong Independent Entrepreneurs) to facilitate raw materials transportation (each week producers need 10 –15 tons of rice and hundreds of bales of banana leaves). The city guardian *Bambang DH* and the city mayor *Bu Risma*, who brought together kampung residents and *bulog* rice farmers from East Java, enabled the latter initiative. In September 2012, the former female President of Indonesia *Megawati Soekarnoputri* visited *kampung Lontong Banyu Urip* and observed the production of lontong in front of two houses in the village. According to the social media source, she called for *kampung lontong* to become one of the centers of food development in Surabaya and promoted rice dishes in order to bring benefits to the local community. “I hope that Lontong village will become a food processing center making of lontong, so there will be no need for further markets,” said Megawati to lontong business owners.” (Risa Mariska Official Site 2014) *Ari Siswanto*, coordinator of the *Society of Lontong Independent Entrepreneurs* admitted that residents in the lontong area can produce 70,000 lontong packs per day and their lontong is sold at many markets in Surabaya: “All the people are helping each other and getting involved into production and they are in contact with each other. In case market A lacks of lontong, they will ask for help from members who are at a market B.” (Supingah 2016)

Above mentioned initiatives, involving local governors on the local and municipal levels, as well as financial support from the domestic stakeholder *Bank Perkreditan Rakyat (BPR)* demonstrate how neoliberal policies work on practice and as a practice (Foucault 2008). Autonomy given to the local communities as a result of the country’s decentralization shows that collective powers can be integrated in order to improve economy and living conditions in the community (relevant to mention, an implementation of so-called *community-based approach*). In case of a *lontong* production, which is seen as a competitive and profitable business, private industries are ready to cooperate with public sector and informal economy participants, to ensure that the latter ones receive benefits and further develop their businesses, and as a result, will be able to bring turnover to the private companies, contribute to the national country’s economy and export opportunities.

For future prospects aiming at environmental protection campaign, *Ari Siswanto* reaffirmed that the residents plan to process waste from lontong production into food for animals. Based on the participant observation, urban villagers produce a lot of garbage and sometimes throw it in the river. These actions make natural resources highly polluted, especially water, where with organic

and plastic waste are mixed and float on the surface. Unfriendly environmental actions damage health of kampungs inhabitants and obstruct sustainable solutions. On this level, proactivity of the neo-institutionalist neoliberal governance is of high importance, as environmental campaigns require more attention from IGOs and NGOs. With this regards, several waste-banks have already become successful business opportunity strategies for small-scale businesses, relying on microcredit (Wijayanti and Suryani 2015). Municipal authorities (the City Council for Green in Clean in Surabaya) have also expressed their interest in the waste-banks, as the City Council advocates for promoting cleanliness, environmental awareness, and an opportunity for the community empowerment through collecting waste and transferring garbage into finances. [Field notes, official visit to the City council for Green and Clean, Surabaya, 27.03.2017]

4.4. Interpretation of the Community's "Social Islamic Approach" and Evaluation of the KIP

One can definitely trace a pattern that the community *Lontong Banyu Urip* is following in establishing socio-cultural life in their environment. Trend towards Islam as a "*pluralistic democracy based on tolerance, social justice, and a strong civil society*" (Kraince 2009, 1) in the frames of Islamic social movements started after Suharto's rule, has rooted in the community conceptualized by its leaders as "*social Islamic approach*" (the term used by the community leaders Pak Abdul and Pak Manjur in one of the formal interviews).

Following the leaders' words, the most important change that the kampung went through in the recent years was a turn towards religion and morality, a realization that communal relationships based on respect and acceptance for diversity could only mean good:

“-You mentioned that the kampung was a dangerous place to stay before. Where did all "bad people" go, did police put them in jail?

-We don't call the police, we try to use a religious approach, so the bad people are still here. We protect everyone; try to change criminal mentality by using **religious and social Islamic approach**.

-What do you mean by "using social approach"?

-We have a discussion with criminals, for example, if a thief stole something, we talk to him and he has to give back what he has stolen.

-Does it work?

-Oh, yeah, it does! (Their faces became happy and they laughed)

-Are you proud of your kampung?

-Yes we are, all the community members like the approach (through Islam religion) that we chose and think that it's helpful. We are proud of our safety here, people can park motorcycles outside and it still will be safe. “

[Excerpts from the interview with the kampung leaders, 28.03.2017, Kampung Lontong Banyu Urip, Diana Zagidullina; Marina Lordick]

We discovered that Pak Abdul takes an active leadership position in the kampung by ensuring security and promotion of the religious education and assists *Pak RT Manjur* to develop “social Islamic approach”. Notions of religion and security are prioritized in the community, as opposed to other kampungs, which focus more on green and clean competitions, production of crafts or constructing places for tourism. [Field notes, Surabaya, kampungs visits, April 2017] Looking at the perspective of this kampung, it became evident that the values of *gotong royong* (mutual self-help and exchange) lie in the deepest layer of the Indonesian community-based society.

As education and scholarship grants for students along with the food security, employment programs, and health were targeted as core development empowerment policies in the post-Suharto era (Sumarto and Bazzi 2011), the neoliberal governance had to implement new “formal social safety nets explicitly aimed at helping the chronic poor and vulnerable non-poor cope with the impact of the crisis” (Sumarto and Bazzi 2011, 1). In this context, my observations in the kampung and ethnographic encounters with the educated young people from Indonesia show that religious schools in Indonesia can become an option for many low-income families, especially settled in kampungs, as public schooling system is more expensive and does not let to compete with its students, whose educational level is usually higher. After finishing religious schools, students can enter Islamic institutes and continue their education, as they are supposed to become “self-reliant”, meaning to be involved into informal economy or being able to support themselves in the future. [Field notes from the informal conversation to *Nusya and Friska*, PhD students from Yogyakarta] Therefore, religious tactic in the kampung *Lontong Banyu Urip* combines both elements of the social (protective) approach aiming to reduce poverty and increase moral values of the kampung inhabitants on the one hand and a component of promoting Islamic values and morale on the other, which are inclusively connected to the post-Suharto neoliberal social movements and “social Islamization trend” (Kurniawati Hastuti 2015, Kraince 2009), expressed through the growth of Islamic religious schools and organizations.

“Social Islamic approach” in the kampung thus is perceived as a cause of the post-Suharto neoliberal democratization and social Islamization movement (Kurniawati Hastuti 2015, 28), which introduced religious competitions to the community and empowered position of the female leaders. As local politics in the post New Order Indonesia is considered as a significant “arena of contestation” (Kurniawati Hastuti 2015, 4), local competitions and contestations are funded by the number of government, national and international organizations, companies (newspaper agencies,

electricity companies, *PGB, Bank Sampah Bina Mandiri, Uniliver*). Donations made by the domestic stakeholders, who are either members of the mainstream Indonesian Islamic organizations such as *Nahdlatul Ulama (NU)* and *Muhammadiyah* (Kurniawati Hastuti 2015, 11) or other Islamic organizations, are expected to subsidize Islamic religious initiatives, foster the spread of mainstream Islam, opening of religious schools and centers, and the increase of low-and middle-income families' welfare. Leaders of the kampung *Lontong Banyu Urip* note that the kampung is more involved into religious kinds of competitions than into green & clean (environmental) campaigns like the kampung *Gentang Candirejo*. Interestingly, the kampung leaders mention the Islamic leader *Pak Habibus Sholihin*, who became the head of the *Higher Education and Youth (PTKP)* of the *Muslim Students' Association (Himpunan Mahasiswa Islam)* in 2013, which is known as non-mainstream Islamic organization in Indonesia (LBH Surabaya 2016).

“-Does the kampung participate in competitions? Has it ever won?
 -One member has won competition but not for the whole kampung. He won several competitions in Islamic religion, how to sing Qur'an. In general, the kampung is very religious. We try to ground a religious school to study Qur'an [*Tpq Habibus Sholihin* – was specified by the ITS facilitator *Pandhu*, when I asked to repeat the name again]. In this school, religious music is played and young teachers teach how to read Qur'an and become a prayer.” [Excerpts from the interview with the kampung leaders, 28.03.2017, Kampung Lontong Banyu Urip, Diana Zagidullina; Marina Lordick]

Informally conversing to Pak Abdul, I concluded that religious education in their kampung is a key moral and social stepping-stone for children, available for almost every family:

“-Sometimes I teach Arabic language to children and how to sing Qur'an. I have a praying room in my house for my family and relatives and you are welcome to use it if you need to pray. I believe that religious education in our kampung affects one's thinking and behaviour. We teach our children that it is important to respect each other and develop spiritual intelligence. Faith should be taught from an early age as a basis of religious education from *Qur'an, hadith* and the study of *salafus salihus* books.

-Could you, please, tell me more about the religious center located in your kampung?

-*TPQ (Tahfizhul Qur'an Habibussholihin)* gives full attention to children, youth and society in order to understand religion well and correctly in harmony with the understanding of *sunnah* (“the way of the prophet”). I am proud of this center that we have here.” [Excerpts from the informal conversation to Pak Abdul, 28.03.2017, Kampung Lontong; Diana Zagidullina]

Originally, the Qur'an recitation religious activity *Tahfizhul Qur'an Habibussholihin* (Banyu Urip Lor XI/33a Surabaya) was the residence house of the Islamic leader *Ahmad Nur Sholihin AH*, who first wanted to practice his knowledge and opened Qur'an studying activities afterwards, accessible for all kampung members. In July 2012, there were two junior high school students

interested in studying *al-Qur'an al-Karim* in the residence. Half a year later, the number of interested participants increased, as 32 people intended to study in the center. Today the total number of children and adolescents actively studying in the center reached 90 people. (TPQ 2013).

Building a bridge between the importance of religious education and empowerment opportunities promised by the neoliberal governance in Indonesia, I intend to look at the Indonesian urban neighborhoods from the perspectives of the values of the classis Islamic state, as the majority of inhabitants in Indonesia are Muslims. As scholar points out, in the Islamic state the market mechanism is a source of upgrading people's life and providing wealth. Human efforts to enhance financial situation and living conditions are central for the followers of Islam, especially because "the Islamic state is assigned a significant role in elevating and stimulating the private sector." (Kahf 1991, 10 In Ariff 1991). Therefore, private sector presents a fruitful basement for work and worship, for creating prosperity, and establishment of "enrichment of human life and the earthly environment." (Kahf 1991, 10 In Ariff 1991). Based on the ground that the Indonesian state attempted to formalize Islam, it also endeavoured to ensure the basic economic rights of individuals – a right to have a private land/property ownership and a right to economic freedom. (Kahf 1991, 13 In Ariff, 1991). Hence, the state is strongly supporting informal economic activities in kampungs as a way to make economic living, as well as a significance of the inhabitants' partaking in the local politics by participating in open elections and community-based agendas tailored to the local context.

In one of the informal interviews, the community leader Pak Manjur underlined the importance of protecting informal activities in the kampung and expressed his concerns about the living conditions of some of the houses. Under his supervision for more than nine years, he had an opportunity to manage and first-hand experience changes happening within the locality. Pak Manjur admits challenging issues related to the unsanitary living conditions and a garbage disposal:

“-What are the main difficulties and challenges with which the kampung has to deal with?

-The major issues are cleanliness, garbage management. Kampung cleaning is once in 2 months. 5 years ago, the kampung had a bad reputation, it was "red light area" – a place of prostitution, crime, drug deals, so it was dangerous here. However, we develop a religious social Islamic approach. There are donations to make religious activities possible, especially many competitions are held in August (national day of freedom). We only mean unity and safety." [Excerpts from the interview with the kampung leaders, 28.03.2017, Kampung Lontong Banyu Urip, Diana Zagidullina; Marina Lordick]

Apart from social issues and physical closeness of the kampung to the former well-known Surabaya's prostitution district "Dolly" (Peters 2015, 137), the whole neighborhood suffers from a lack of green zones and safe mobility paths and crucially requires improvement of garbage management and water cleaning systems. Evaluation of the results of the *Kampung Improvement Program (KIP)* by the stakeholder ITS initiated in the neighborhood *Banyu Urip* in 2009, demonstrates that the following changes have been committed:

"improvement of the access road and bridges, instalment of street lighting, improvement of sewerage system, provision of trash can, fence for public parks, repainting of the schools, public toilets, and planting productive trees and bushes (fruits and herbs)." (Santosa and Faqih *et al.* 2009, 36).

However, the same study (Santosa and Faqih *et al.* 2009) illustrates that despite all transformations, the level of community participation assessment in *Banyu Urip* was low, precisely, marked with "no activity" in the table of "Activities of Kampung Foundation and Cooperative established in C-KIP (Survey, October 2009)" (2009, 41). This study and the fact that community leaders did not mention KIP at all, ascertain that not all hamlets went through the extensive development restoration campaign in the recent years¹⁸. However, footpaths improved under the KIP in 1972 were perceived as the key elements of upgrading:

"Defining footpaths helped to define boundaries between private, semi-private, and public land, ensuring good maintenance of open spaces and avoiding encroachments. <...> The KIP represents a real alternative to the policies of supplying low-cost housing. Kampung improvement help to generate a supportive housing environment for large numbers of very low-income people." (Maskrey and Turner 1988, 74)

As reconstruction of the roads in the kampung Lontong was financed by the government during the last decade, it seems that the inhabitants did not show a high level of community participation due to the unawareness about the program and potentially did not receive enough financial support from the Program's stakeholders.

Presenting concluding remarks for this section, I find necessary to mention that the research site *kampung Lontong Banyu Urip* went through a number of significant changes since the fall of Suharto's regime. The kampung inhabitants had to deal with uneasy time of reducing prostitution, dropping criminal rates, and improving living conditions. According to the local leaders, "social Islamic approach" applied to the community was one of the most successful tools that helped to

¹⁸ Researchers note that Banyu Urip went through the KIP in 1972: "People were involved right from the start...they had already been carrying out small-scale improvements through their own autonomous neighbourhood organizations." (Maskrey and Turner 1988, 69-70)

reduce criminal activity and increased people's morale and their social code. The state financing the roads' reconstruction and the activity of *ITS* as a stakeholder in the community advocating pro-active *Kampung Improvement Program* aimed at reducing poverty and improving living conditions, as well as the process of "social Islamization" encompassing the number of social Islamic movements and the expansion of religious activities and education, are summarized as essential outcomes of neoliberal policy functioning in the country after the fall of Suharto.

Ethnographic fieldwork and participant observation conducted in the local community *kampung Lontong Banyu Urip* evaluated as the effective research methods that provided fruitful empirical data portraying elaborated description of socio-cultural, economic and administrative life in the local *kampung*. Production of food supplies and goods for the market and internal consumption—*bakso*, *lontong*, and *tempeh* are the core informal economy activities documented during the fieldwork. Other small business activities – selling goods at the food and juice stalls, washing motorcycles and cars, laundry service – are incorporated in the overall informal activities of the *kampung* and are considered as significant elements of the global economy that is not opposed to the formal economy. Crucial to underline, neoliberal transformations emerged after the resignation of Suharto, highlighted a number of opportunities and development focuses to the locals. Listed in this context can be promotion of the decent working conditions, attempts to upgrade housing and subsidize informal activities (as happened with the case of *lontong* producers and support received by them from the state in cooperation with private companies), advancement of modern education and socio-religious morals. On the other hand, along with exclusive and inclusive opportunities, neoliberalism has put some local communities in the situation of exclusion, economic and social insecurity, the lack of financial, social and raw resources for pro-active sustainable development and improvement. In this regards, close partnerships between public and private sectors, as well as between stakeholders, NGOs and intergovernmental organizations are expected to assist in challenges that neoliberalism is bringing on the contemporary economic and political arena.

Conclusion

Post-New Order period in Indonesia is connected to the emergence of neoliberal governance and establishment of the neoliberally influenced values based on different contradicting patterns. On the one hand, to democratization, decentralization and autonomy of the local administrative units, to the rise and protection of the informal economy activities, which involve over 78% of the whole population, introduction of empowerment policies targeted at enhancement of housing, health, medicine, education, and female groups, as well as to the spread of social Islamic movements based on the norms of justice, legacy, and social protection. On the other hand, one can claim that neoliberally influenced policies have led to the reproduction of exclusion, insecurity, large economic gap between poor and wealthy urban inhabitants, as many informal economic activities are not tracked by regulatory bodies and not protected by law.

One of the essential ideas promoted throughout this thesis concerns an interconnection between the local urban communities *kampungs* and transformation brought by neoliberalism, especially in the case of urban neoliberalism (Alam 2015, Brenner and Theodore 2002). Precisely described in the First Section, the case of the second largest Indonesian cities Surabaya and the national plan to implement the public transport, considering the local context and interests of the local inhabitants, demonstrate how urban neoliberalism works in action as a *practice* (Foucault 2008), as a *socio-political project* (Bockman 2012, Wacquant 2012) and an *optimization technology* (Ong 2006), in the context of partnership between private and public sectors. Neoliberal transformations emerged after the authoritarian regime of Suharto has fallen, have clearly demonstrated an urgent need for changes on all levels of social existence and rearrangement of powers on the global arena. Different actors on various levels, empowered by neoliberal ideas, have modified the state's centralized Suharto's rule.

The Asian financial crisis in 1997 and the fall of New Order in 1998 led to the formation of “new” neoliberal players – private companies making public investments into property and intangible equities (in other words, strong venture capitalists ready to develop new business opportunities and donors who hold capitals), global actors, such as international organizations like the World Bank, IMF, United Nations, and the Asian Foundation, as well as intellectuals at the university, fostering social movements and pro-active community leaders who meant best for their localities and wanted to commit to the efficient *kampungs*' administration and management. Neoliberal policy-making is shaped by competing interests showing distribution of power relations in politics and society. On the neo-institutional level, it is vivid that neoliberalism functions as a project, reconfiguring the role of the state and “state/society relations in market-facilitating ways”. (Hadiz

2010). Neo-institutional dimension of neoliberalism is linked to the development values that are supervised by facilitators and institutions having an effect on the market relationships, behavioral and socio-cultural patterns of humans, and which can determine policies, protecting “good governing”, “social capital”, and public participation of a “civil society” (Hadiz 2010).

The other major clue analyzed and thoroughly researched within this thesis relates to the understanding of socio-cultural identity of such autonomous urban village in Indonesia as a *kampung*. Primarily defined as an urban village with “semi-formal tenure arrangements” between low- and middle-income households involved into informal employment (home-based production and other not formally registered economic activities) and having a strong community feeling/identity, a *kampung* represents a multitude of cultural meanings and economic practices within its entity. Qualitative research methods – ethnographic fieldwork and participant observation, conducted at the site *kampung* Lontong Banyu Urip, brought on a fruitful empirical data, described in the Second Section with in-depth analysis of the ethnographic material and personal live-in experience in the *kampung* in the host family in the Fourth Section. Important to summarize that *kampungs* are not slums as they were considered in 2000s by some scholars (Simarmata 2017, 36 cit. World Bank 1999) and represent competitive urban spaces with various types of housings and inhabitants receiving different levels of income. The majority of *kampungs* are featured with small- and medium-scale home-based enterprises that are considered as informal economies.

The Third Section focuses on the description of applied research methods and reflects on the role of ITS as one of the key stakeholders and facilitators. Once can mention certain research limitations imposed by ITS (choice of the *kampungs*, research agenda, coordination of the fieldtrip program) and reflect upon this institution as the one that shaped and formed ethnographic experience the most. However, a leading facilitating role of the ITS in translating, establishing contacts to the focal points, organizing focus-group and granting access to the city councils should be highlighted and genuinely appreciated.

Following up with the core subject on local communities, pro-poor social uplifting programs such as the KIP (Kampung Improvement Program) and C-KIP (Compulsory Kampung Improvement Program) in Surabaya since 1969 were advocated for improvement of living conditions and reconstruction of infrastructure in the *kampung*. As a result, 70% of the Surabaya’s *kampungs* (Dph 1995) were improved and provided communities with “unprecedented autonomy in designing and implementing projects” (Das 2015, 256), that is also seen as a substantial part of neoliberal legacy. In 2006, 48.9 million SMEs were registered in Indonesia, “employing 85.4 million people (96.2% of total employment) and contributing 53.3% of GDP.” (Organization for

Small & Medium Enterprises, and Regional Innovation 2008, 5) In 1998, *the Government Ordinance for the Development of Small Enterprises No. 32* was enacted as a legal framework for the *Small Enterprise Act no. 9* in 1995 and as a setup of protective policies for developing small enterprises and improving national economy. (Organization for Small & Medium Enterprises, and Regional Innovation 2008, 11).

One of the exclusive findings at the main research site *kampung Lontong Banyu Urip* demonstrates that the local community underwent through socially important changes within the last decades under advocacy of the KIP and implementation of so-called “social Islamic approach”, aimed at combating criminological situation in the community and building up Islamic values and morals, based on respect for diversity, mutual help and the development of a community with strong religious and educational pillars. Living-in activities in the host family inside the community opened up a perspective on the Indonesian communal *kampung* life from inside and gave opportunities to learn from community members, get involved into community activities, research home-based industries and try various types of local food. Observing strong family ties and networks of friends and other relatives, I concluded that the Indonesian urban society is still traditional in its very basis and thus has to daily face modernization and neoliberal challenges brought by “new millennium capitalism” (Comaroff and Comarff 2000) and information technology age.

Future research can address a deeper insight into informal economy activities and home-based enterprises located in Surabaya and in other large Indonesian cities, with a more detailed analysis of protective policies and legislative regulations. Additionally, due to the time limitations spent in the *kampungs*, a longer live-in practice is required, including more meticulous ethnographic encounter at the research site (with a good command of Indonesian language), potentially involving other facilitators and informants representing public-private partnerships.

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Appendix

No. 1. Visual Material from the Field

Pic. 1



Lontong production in the kampung *Lontong Banyu Urip*. Lontong is a dish with compressed rice in the form of a tube wrapped inside a banana leaf and left steaming for 8-9 hours.

Pic. 2



Me and Marina in the kampung *Lontong Banyu Urip* with the kampung inhabitants and the head of the *Ibu-Ibu meetings* (in a yellow top) after the health check-up *Posyandu*.

No. 2. Spreadsheet: Empirical Data.

The following spreadsheet represents the detailed description of various types of empirical qualitative data that is classified according to the dates, locations, names of actors, a type of the collected information and methods applied.

No	Date, location (s), place (s)	Names of the interviewees, actors, and representative authorities	A type of data collected/methods and actions
1	20.03.2017 Surabaya: ITS University Campus & the city center bus tour	Students from ITS, tour guides in the museums of Health and Javanese Bank	Ethnographic Mapping: & Participant Observation Informal interviews and information about the city and museums from the tour guides.
2	21.03.2017 Surabaya: ITS University Campus & Cultural Centre for Dance Performance	Students and professors from ITS	Participant Observation & Informal Interaction: Brainstorming for the presentation, project-based learning activities aimed at the research topic, lessons how to perform traditional Javanese dance
3	23.03.2017 Surabaya: Formal City Councils' Visit	Representatives of the municipal authorities -City Planning Council -City Council for Information and Communication -City Council for Transportation -City Council for Green and Clean	Formal semi-structured meetings and presentations
4	24.03.2017 Surabaya: Formal Kampung's Visit	Representatives of Kampung - <i>Kampung Gentang Candirejo</i> - <i>Kampung Karanggayan</i>	Formal structured meetings and presentations
5	24.03.2017 Surabaya: Disadvantaged areas (slums) visit	Student from ITS <i>Annissa</i> , who drove me there by her motorcycle	Ethnographic Mapping, Participant Observation & Informal Interaction
6	25.03.2017 Surabaya: <i>Kampung Lontong Banyu Urip</i>	Host family, local kampung people incl. the head of the neighborhood <i>Pak Manjur</i> , and facilitating students from ITS – <i>Hana and Pandhu</i>	Participant Observation, Informal Interaction & Introduction to the Host Family
7	27.03.2017 Surabaya: ITS University Campus	Facilitators from ITS University <i>Dr. Pak Achmad Affandi</i> and <i>Dr. Ibu Irma</i> , students from ITS	Formal semi-structured interviews on sustainable mobility
8	28.03.2017 Surabaya: <i>Kampung Lontong Banyu Urip</i>	Head of the neighborhood <i>Pak RT Manjur</i> , head of security in the kampung	Formal semi-structured interview on life in the kampung

		and the host father <i>Pak Abdul</i> , ITS students-translators – <i>Hana</i> and <i>Pandhu</i>	
9	29.03.2017 Surabaya: Traditional Coffee Shop	ITS facilitating student <i>Hana</i> , the kampung neighbor <i>Rini</i> and her friends	Ethnographic Mapping, Participant Observation & Informal Interaction
10	30.03.2017 Surabaya: Informal Visit to the <i>Kampung Lawas Maspati</i> and shopping mall	ITS facilitating student <i>Hana</i> , students from the University of Vienna	Ethnographic Mapping, Participant Observation & Informal Interaction
11	31.03.2017 Surabaya: <i>Kampung Lontong Banyu Urip</i>	Head of the neighborhood <i>Pak RT Manjur</i> , head of the district Pak (? Name is unknown), head of security in the kampung and the host father <i>Pak Abdul</i> , other kampung members, ITS students-translators – <i>Hana</i> and <i>Pandhu</i>	Formal Speech of the <i>Pak RT Majur</i> , <i>Pak RW</i> , and <i>Pak Abdul</i> and Formal Presentations prepared by me and my colleague Marina Lordick in front of the kampung members
12	04.04.2017 Surabaya: ITS University Campus	ITS Students and Professors, guests, kampung leaders and members	Formal final presentation prepared by me at the organized exhibition event in ITS
13	25.03.2017-01.04.2017 Surabaya: Kampung Lontong Banyu Urip	Host family (<i>Pak Abdul</i> , <i>Ibu Sri</i> , their daughters <i>Irma</i> , <i>Ika</i> , and <i>Siska</i>), <i>Pak RT Manjur</i> , Head of the <i>Ibu-Ibu</i> meeting <i>Ibu Yayuk</i> , neighbor <i>Rini</i> and other kampung members, facilitating ITS students – <i>Hana</i> and <i>Pandhu</i>	-Ethnographic Mapping, Participant Observation & Informal Interaction -Kampung Live-in Activities: <i>Ibu-Ibu</i> meeting, health check-up <i>Posyandu</i> , observation of local home industries production of food – <i>lontong</i> , <i>tempeh</i> , and meatballs, teaching English to kampung children, visit of the closest market <i>Pasar</i> , other activities with locals and host family, final presentation in front of kampung members, exchange of presents <i>oleh-oleh</i> .

No. 3. “Transforming our world: the 2030 Agenda for Sustainable Development” (UN 2015 Agenda 2030)

United Nations A/RES/70/1. Distr.: General 21 October 2015.

http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

“Goal 1. End poverty in all its forms everywhere
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5. Achieve gender equality and empower all women and girls
Goal 6. Ensure availability and sustainable management of water and sanitation for all
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10. Reduce inequality within and among countries
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12. Ensure sustainable consumption and production patterns
Goal 13. Take urgent action to combat climate change and its impacts*
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development
* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.” (UN 2015 Agenda 2030)