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# The Neoliberalisation of Poverty Treatment Policies in Jakarta, from Inequality to Injustice

**Judicaëlle Dietrich**

Laboratoire ENeC Espaces, Nature et Culture – UMR 8185

Translation: **Sharon Moren**

## **Abstract**

As a metropolis participating in the emergence process of the economy of Indonesia, Jakarta is taking part in the double movement of competitiveness with the other major metropolises of the region, while seeking to officially maintain social justice for its population. Today, Jakarta has been adopting neoliberal capitalist norms, while refusing the disengagement from the State. To date, this policy has not led to a reduction in inequalities in the metropolis, and might even contribute to its fragmentation. These developments, which are touching upon the governance of the city, are testifying to new principles guiding a course of action, such as fighting poverty in particular. The new practices relying on the social layers of an already strong and old society, are developing an individualisation of the poverty phenomenon and its treatment, giving value to the monetisation of public services and social as well as NGO welfare. Beyond inequalities, injustice is taking place in this new capitalistic context, which is ensuring the reproduction of domination relationships and the conservative modernisation of society. As such, this article seeks to show the existing tensions between the competitiveness of territories contributing to the insertion of metropolises into the globalised economy, and the imbalances produced at the national and urban territory levels, such as exclusion phenomena and the weakening of social cohesion.

*Keywords: Spatial injustice, Jakarta, conservative modernisation, neoliberalisation, urban policies.*

From the 1970s already, Indonesia and Jakarta experienced an accelerated development phase organised by the central government. Very early did the World Bank pay tribute to the efforts of the Suharto Regime, by considering it as one of its "best pupils" (Bakker, 2007), in that it respected the principles of this financial institution which was tasked with reducing poverty in the world. While development have not led to the reduction of inequalities (Kuznets, 1955), social gaps can still be seen today, particularly in the capital metropolis. Jakarta is increasingly becoming part of the global system, and has been experiencing spatial manifestations which other large cities have experienced in relation to globalisation and metropolisation, such as building upwards, an increase in fragmentation phenomena, and the evolution of urban functions involving new actors (Le Goix, 2005). At the urban level, one is also seeing the appearance of new modes of governance, seemingly more efficient for implementing competitiveness strategies.

In this new prevailing context which determines the frameworks and objectives of urban policies, one can wonder about the integration of poverty reduction issues

which, though, are the common theme in the discourse of sponsors, NGOs and national governments, and which otherwise remain vested in the principles of neoliberalisation. Importantly, using this notion makes it possible to tackle the influence of capitalistic transformations on the evolution of urban forms of government (Harvey, 1989), involving new balances of power and new forms of social stratification which are being reconstructed in the urban space. The concept of neoliberalisation makes it possible to describe the insertion of trading relations in urban policies (Béal, 2010), by taking into account the dynamics of political and economic restructuring (Brenner and Theodore, 2002). Unlike liberalism, neoliberalisation does not mean disengaging from the State, but using it in the strategy for distributing trade mechanisms in all domains (Tickell and Peck, 2003, p.166).

An analysis of the modes of governance also makes it possible to question spatial inequalities in the urban space, or even their transformation into injustice. As such, re-using the concept of spatial justice inherited from the works of Henri Lefebvre (1968, 1974), calls for a critical work on the various forms of spatial organisation and their resulting social relations (Brennetot, 2010): analysing the urban space structuring of a metropolis through the prism of spatial justice makes it possible to tackle the internal composition of places, the distance that separates them and the resulting spatial practices. Entry via urban policies also makes it possible to work on objectives, on the population(s) benefitting from discourses and actions by integrating intentionality, and on the responsibility of actors faced with unequal social situations and relations (Brennetot, 2010).

One can also question the way in which the neoliberalisation of urban policies in Jakarta is the implementation of a prevailing discourse that, on the one hand, promotes a more entrepreneurial management (Harvey, 1989) of the city and, on the other, has an effect on the treatment of the poor and poverty in particular, through individualisation more specifically. More generally, this will question the link between neoliberal urban public policies and the production of social and spatial inequalities.

This intention relies on an ongoing doctoral research using on-site observation methods in several suburbs selected in Jakarta and Bekasi, described as "poor" by the actors in charge of treating the phenomenon. These ethnographic surveys come with qualitative interviews conducted with the populations from these suburbs, and a detailed study of the city's relations, laws and development plans with a view to bringing out implications in the management of poverty and their neoliberal dimension. To analyse urban policies on the treatment of poverty, open interviews were conducted with the concerned actors (around fifty interviews were recorded on the premises of civil, international and governmental organisations and institutions or NGOs). This work was accompanied by the observation of actions implemented, from their programming to their execution, on the basis of the collected intervention reports, but also on the basis of the follow-up of measures and operations on the field of previously mentioned actors.

This article will, in the first section, set out the history and consequences of neoliberalisation in the city of Jakarta, as linked to a general context of global

competition, but also to the implementation of various groups of actors at the service of urban competitiveness. As such, urban policies evolve, particularly with the privatisation of urban services and the distribution of trade relations within social relations, which can be seen in aid policies intended for the most disadvantaged populations. The implementation of these new neoliberal standards will be presented in the second part of this text, where the non-explicit renouncement of social and spatial justice through political choices will be identified. Finally, in the third section, the article will try to show interactions between neoliberalisation and poverty, by bringing out the passage from inequality to injustice, and by relying on the new ways of thinking poverty and on the implementation of policies for the treatment of this phenomenon.

### **1- Building a Dogma: Jakarta's Anchorage into a Neoliberal Perspective**

As early as 1989, David Harvey was talking about the entrepreneurialistic shift at the service of interurban competition mechanisms in "advanced capitalist" cities. This evolution of urban governance has since then also touched the so-called cities of the South, bringing out new actors and new practices in the urban policies marked by the dissemination of neoliberal ideology. However, beyond the implementation of the principles of some ideology (neoliberalism in this instance), it is important to understand the process, of which the details and results can diverge from the *doxa* of departure (Brenner and Théodore, 2007).

#### **From Neoliberalism to Neoliberalisation**

Through the notion of neoliberalisation, urban studies are promoting the desire to analyse the transformations of capitalism by identifying the privileged scale of neoliberalisation, as well as its applications in urban policies. The idea is to show the process-related aspect of neoliberal precepts' dissemination in society, and particularly its recent acceleration linked to the restructuring of States, and the production of specific urban policies. To this end, one needs to highlight the negotiations of inherited political and institutional regulations, with the development of projects clearly anchored in the neoliberal perspective of the market generating new norms from then on (Brenner and Theodore, 2002). David Harvey (1989) identifies the privileged position of cities in the new geography of the market, as a lever to favour capital accumulation. This scale makes it possible to put several types of actors into contact, with the public private partnership (PPP) being a new form of alliance adapted to these evolutions. During the major part of the 20<sup>th</sup> century, urban services depended on public monopolies. Indeed, there was a perception up until the end of the 1970s and the 1980s (and slightly later on concerning the water sector), according to which without any public control, private companies were going to keep their prices too high while not servicing populations sufficiently, thereby occulting public health issues. Yet, as early as the 1990s, the supporters of private sector participation launched regular criticisms, pointing out the weaknesses of public monopolies and giving more value to the neoliberal alternative. The pro-private literature (Mergos, 2005) maintained that public utilities tended to be inefficient,

overstaffed, probably corrupted and manipulated by politicians (with short term objectives) and which, therefore, could not meet the demands of consumers (interviews and informal discussions with Suez Environnement between April and June 2006), particularly in disadvantaged environments. It is from that decade especially, that the priorities of international financial institutions developed their fundamentals, starting from the World Bank, affecting the development aid agencies and developed countries that were already practicing deregulation, liberalisation and privatisation. This illustrates the establishment of the Washington Consensus with the historical "evidence" of the efficiency of privatisation. Consequently, from these new analyses on urban public utility failures, which come from private actors but are sustained by academic literature, the neoliberalisation of urban policies was introduced as a "cure-all" remedy (McGranahan, Satterthwaite, 2006). The economic efficiency required by a private company would therefore be a means of ensuring better service quality (Mergos, 2005), as is "good governance" which became the *doxa* of international organisations. Moreover, the PPP (as an institutional arrangement) is a contract which maintains the power of local governments in projects while allowing external financing (Bouinot, 1987). As such the State did not withdraw, but one can observe a reorientation from "national welfare and Keynesian State" intervention, towards a post-national competitive and Schumpeterian State (Jessop, 1993, quoted by Béal, 2010), the objective of which is not so much social and spatial redistribution, but the search for territory competitiveness. Indeed, a PPP is a speculative operation (Harvey, 1989) with a risk largely assumed by the public sector while private actors make profits on it. This reconfiguration of public power is then affecting the city by focusing more on improving the image of the city, than on improving living conditions over the entire territory. As such, Harvey is denouncing the hijacking of urban policies concerning the implementation of social and spatial justice, to the advantage of the quest for competitiveness.

### **Privileged Scale of Neoliberalisation for City Competitiveness**

Reconstituting the role of the State in a context of spatial competition led to an increased prestige in new scales, those of large cities, in order to facilitate capital accumulation (Brenner, 2009). Large cities, assisted by political reforms such as decentralisation, would indeed have a privileged and new role to play in the insertion of States into the globalised economy.

Today, Jakarta (formerly Batavia, which remained the political capital of the new State), is a metropolis in full development. The regimes that followed after Independence (on 17 August 1945<sup>1</sup>) continued to impose the capital city as a major centre in the country, supporting its economic growth in particular. In relation to the global phenomenon of urbanisation (which is very rapid in the countries of the South), all major cities and Jakarta in particular benefit from a positive image, an image of success and possible social climbing by Indonesians; demographic growth (which is not always controlled) is one of the strongest changes the urban space had

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<sup>1</sup> Date of unilateral proclamation of Independence, with the latter being only recognised by the Dutch in 1949.

to absorb<sup>2</sup>. In the space of half a century, Jakarta transformed into a sprawling metropolis and a megalopolis of almost ten million inhabitants, in an urban region of twenty-three millions inhabitants in 2012, to become one of the largest urban complexes of South-East Asia. With the acceleration of globalisation and the networking of metropolises on a global scale, Jakarta progressively came out as a privileged node for Indonesia, the point of contact which made insertion into economic networks and global trading possible. As an economic, financial and political centre, Jakarta is home to many powers. This economic domination is confirmed by Jakarta's weight in the Gross Domestic Product (over 16%) and remains the first province contributing to this indicator (BPS Data)<sup>3</sup>. This strategic highlighting can be explained by the fact that one is becoming aware of the role of cities in the accumulation process. States used this urban opportunity to ensure their presence in the strategies of the capital city. For these developing and emergent countries, the challenge is to fit into the dominant system of globalised capitalism in order to take advantage of the situation.

### **Image at the Service of the Emergence of a New Dominant Social Group: Production of the City**

Jakarta comes up as the showcase of economic success in Indonesia, and the privileged lever of insertion into international metropolitan competition. In order to testify to this dynamism, the city ought to present a number of characteristics evocative of modernity in Asian cities. It is clearly asserted in the presentation of the urban development plan of Jakarta for 2030, that there is a will to create – in the centre – an “integrated set of services by encouraging vertical physical development” (Municipality of Jakarta, 2010). These urban reconstitutions illustrate what Marcuse and van Kempen (2000) call the “new spatial order” linked to the impact of neoliberalisation on the internal structure of global cities, or cities that seek to become global. This is found in the new urban forms of the city, its organisation, as a whole and with its outskirts, but also in the progressively privatised urban services which are taking part in the generalisation of trade mechanisms in urban management. Due to this new interurban competition, municipal actors – all the more since decentralisation, adopted by many countries and by Indonesia in particular give them the power to do so – are placed directly in the presence of international finance (Harvey, 1989), in that private companies take directly part in the management of the city, its population and its spaces. As such, decentralisation, established since 2001 at the municipal and departmental levels, supports power reconstitution and competency renegotiation, bringing out new actors (other than the nation State) in the production of the city.

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<sup>2</sup> The growth rate of Jakarta was 25% per annum between 1948 and 1952, and an average of 7% between 1952 and 1965 when the government had only anticipated a growth of 4%/year (Silver, 2008).

<sup>3</sup> Over 982 million Rupees, i.e. over 100 000 Dollars. It is probably necessary to take this data with caution, due to the limits in assessing the real economy linked to the fact that informal activities are not taken into account.

In Indonesia, as in almost all of South and South-East Asia, the 1990s marked the launch of policies for economic liberalisation and for opening up to international trade (Dupont, 2007). Insertion into an increasingly meaningful globalisation required that municipalities make efforts to attract foreign capitals. These urban orientations and policies had an impact on the spatial reorganisation of the capital city, and its disadvantaged suburbs in particular. As such, the idea was to rid the capital's landscape of disturbing elements as represented by, for example, the image of poverty associated with the visibility of slum areas, or with the impression of a lack of economic stability where a hotel or luxury apartment block was surrounded by informal areas considered as slums (Dupont, 2007). One is therefore more interested in the perceptions of promoters or potential foreign investors than in the needs of usual city residents.

On a global scale, the weight of large cities established itself in trades and relations in such a way as to correspond to a relevant scale of action, as well as to privileged places favouring capital accumulation. The consequences could be observed in the evolution of urban forms (linked among other things to the role of the city's image in the representations of actors), and in the specificities of the so-called urban society. This reorganisation supposedly came from the neoliberalisation process which affected the methods and practices of urban policies.

## **2- Urban Policies in Jakarta under Neoliberalisation Norms**

The case of urban services is often used when bringing the neoliberalisation process to light in a concrete manner. Indeed, the privatisation and marketing of services concerning the public good which meet certain vital needs, beg the question of the necessary profitability which a company rooted in the capitalist system ought to reach, when this very public good is not guaranteed for all. This is all the more problematic when these services are insufficient to ensure the well-being of city-dwellers, and therefore the social welfare and health safety of the entire city.

### **Towards Privatisation as a Solution to Urban Service Development: the Example of Water Management in Jakarta**

In Jakarta, this critical situation concerns water supply and cleaning up in particular. The lack of infrastructure leads to a large section of the population being excluded from enjoying reliable access to basic services<sup>4</sup>. These spatial as well as social inequalities are significant, and demographic pressure does not make it possible to slow down this phenomenon, and could even still be emphasising the difficulties experienced by the majority of the urban population, with serious effects on public health (Texier, 2009). Indeed, after inheriting the Dutch network reserved for Europeans, the progressive extension of infrastructures was carried out as a priority to the advantage of well-off suburbs – and more specifically of municipal employees

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<sup>4</sup> According to the official estimation, in 2004, over half of city dwellers are supposedly connected (56% according to Corps, the regulatory body of Jakarta): Bakker specifies that this figure is probably too "generous" (Bakker, 2007).

and officers of the municipal water company – thereby reproducing and perpetuating the socioeconomic inequalities rooted in the urban space (UNDP, 2006) and this, under the pretext of ensuring the payment of the service by the beneficiaries, and of the technical difficulties of adding a network in already very dense suburbs. As such, Jakarta is characterised by a low connecting rate compared to other large Asian cities (Bakker, 2007), where one can identify a form of continuity in the inegalitarian logics.

The accumulated delay in the network connections of city dwellers can be explained first by a real lack of investment. The Indonesian government spends less than 0,5% of its Gross Domestic Product on urban infrastructure<sup>5</sup>. This lack is strongly aggravated by the “deliberate” under-investment policy inherited from the 1960s-1970s (Bakker, 2007), a political choice linked to the analysis of Sadikin (Governor of Jakarta from 1966 to 1977), according to which it was better not to encourage migration towards Jakarta by improving the living conditions in the suburbs where immigrants lived (whether these are poor *kampung*<sup>6</sup> or informal settlements). Moreover, primary services and sanitation in particular, were considered to be private matters (Cowherd, 2002) and which, as a result, were to be managed at the household level.

Of course, low investments by the public authority did not lead to a reduction in water access inequalities, thereby contributing to keeping a section of the population in a precarious situation (Crane, 1994). In 1998, at the time of the establishment of concessions, the network coverage rate was 33,9%. Confronted with this crisis which was also being experienced in other megalopolises, governments from the countries of the South and international development aid agencies expressed, as early as the 1980s, the wish to supply drinking water to all city residents by the end of the International Decade for Drinking Water and Sanitation (1980-1990). To reach this objective, States engaged into social policies for connecting low income populations, water network extension programmes and the establishment of subsidised prices. As early as 1975, the government of Jakarta engaged into a vast programme for the distribution of water to the disadvantaged areas that had not previously benefited from network extension works (Bakker *and al.*, 2006). The World Bank and the Indonesian Department of Public Works financed the installation of public fountains for 120 000 people. For those living further away from the network, water trucks were made available in addition to wells. Subsidies for household connections represent the most expensive programme, depending on the network location, water pressure and quality. In parallel, many public latrines called MCK and managed by private actors were created. These installations are found in large numbers in poor areas and informal settlements.

Despite these efforts, in 1994, the World Bank found a dramatic situation in Jakarta concerning water access associated with major environmental problems: in 1994, only 25% of the residents of Jakarta were connected to the municipal sewerage system and waste water was running directly into inefficient septic tanks, local rivers and

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<sup>5</sup> The World Bank considers that developed countries invested on average 4% of their GDP per year on infrastructure during the 1990s. Indonesia is therefore far below that average (Mergos, 2005).

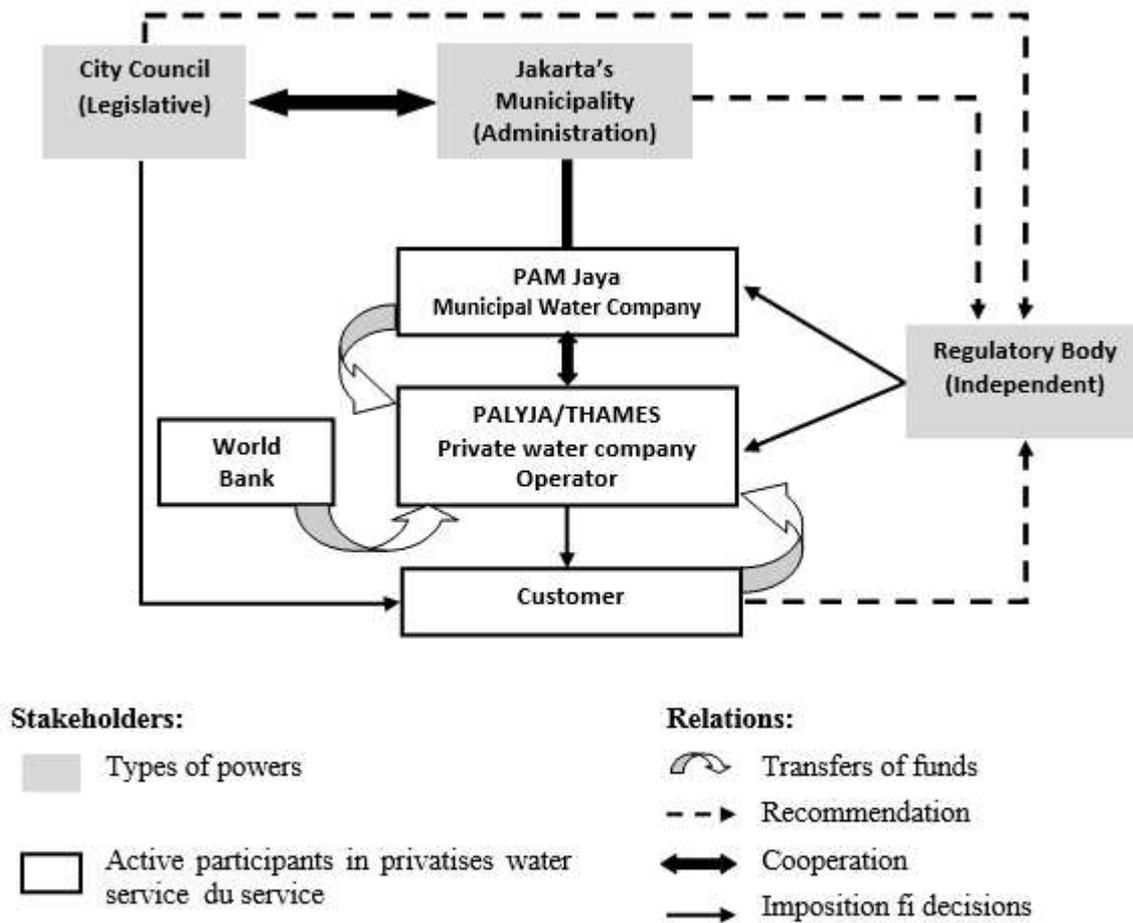
<sup>6</sup> Local expression that could be translated as “urban village”.

canals (Bakker, 2003). In fact, Jakarta was confronted with a peculiar or even paradoxical situation, due to the fact that the site on which it was built, is very sensitive to flooding, and therefore to the challenge of managing excess water during certain periods of the year. Jakarta is indeed crossed by 13 rivers and is exposed to tides due to its low land and the weakness of the soil related among other things to excessive drainage in the ground water. Floods are becoming increasingly intense, as recalled by Pauline Texier (2011): while this resource appears as being abundant in this tropical area, one can observe a real shortage of access to secured service. That is why the World Bank, specialised in development aid, proposed at the end of the 1990s a new approach to solve the operational inefficiency of public utilities, and the lack of infrastructure investment capital. In Indonesia, this principle has been accepted since the mid-1990s, enabling foreign investments in large cities and allocating household capital in remote areas (Bakker, 2003). As such, the objective displayed is the implementation of a greater spatial justice at the national level, as well as a response to the urban service crisis. The municipality has already had a positive privatisation experience in the transport sector, thanks to the construction of highways with toll gates during the same decade. In order to favour the development of the city in this direction, the Bank launched in 1997, in agreement with the Indonesian Government and with the municipal company, an international call for tender for managing the production and distribution of water in Jakarta. This procurement tender actually raised a lot of interest among large specialised companies: a large capital city with, at its disposal, a large market consisting of a growing middle class and a very low rate of access to network services, is a real opportunity. In 1998, 25-year franchising contracts were allocated to two of the world's largest water services companies, contracts which were quickly renegotiated due to the Asian crisis: Thames Water International<sup>7</sup> for the Eastern section of the city, and Lyonnaise des eaux<sup>8</sup> for the Western section of the city, where both sections are separated by the River Ciliwung.

Figure 1. Relations and power distribution in the franchising of Jakarta

<sup>7</sup> The British company progressively pulled out of the deal and sold all its shares in 2007 to Indonesian structures.

<sup>8</sup> The French company, today known as SUEZ *Environnement*, was conducting at the end of the 1990s a real international expansion policy: (Buenos-Aires, Manila and Casablanca among others).



**Figure 1:** Relations and organization of powers in the water concession contract in Jakarta (Source: survey in PALYJA, april-june 2006, conception J. Dietrich)

Source: interviews in PALYJA, April-June 2006, produced by J. Dietrich

The intervention of the private sector was formalised by contract, with a Public-Private Partnership based on the French model being promoted: the two administrative companies were in charge of improving the infrastructure and ensuring the quality of the water being distributed. The municipality kept the right to examine and have a say in all the new projects, such as the waterworks of new suburbs, price policies or network ownerships. Thus, while privatisation was not 100%, the companies managed the franchises in the name of the municipal company. This was the most widespread system for these contracts with the private sector (Mergos, 2005). It was the means through which to favour the input of the ready capital of private actors via new contractual formalisation methods (De Castro, 2011), although the promised input was far from being systematic. Indeed, since then Suez has been requesting investments by the municipality to spatially extend the network, considering that these expenses were not its responsibility. An independent regulatory body ensures the transparency of relations and decisions taken by the different actors and ensures that each authority is being respected. Although the role

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of this body is most often consultative, in practice, the diversity and quantity of opposing actors contribute to the complexity of the decision-making process.

### **Spreading Trade Mechanisms via Development Aid**

The privatisation of urban services is implementing “liberal economic principles which control the mercantile modernisation of network services” (Bakker, 2003). This choice, marked by pressure from sponsor pressure, makes it possible – according to their macro-economic convictions – to improve their operation, and satisfies public powers avid for external investments placed at their disposal. This means of funding, recommended by the World Bank in particular, corresponds to a neoliberal ideology seeking to reduce the inflationist process (drop in State deficit and debt rescheduling) through the liberalisation and stabilisation of the economies. As such, an analysis of the distribution of the financing of this public-private partnership is pertinent to understand the implications of these politico-economic choices: the companies are paid by the municipality per cubic meter produced, at a fixed rate, thereby recovering the average cost for producing and distributing clean water. Considering the state of the network, it is not envisaged at this time to service the entire population with drinking water. The municipality, through a policy of cross-subsidised prices, makes it possible to reduce costs for modest households.

Table 1. Prices in January 2007 and evolution of differentiated connections according to the type of consumer: in grey, prices higher than the production cost

Type of customer	Description	Tariffs applied in 15 <sup>th</sup> January 2007 By cubic meters In Rupiah <sup>1</sup>			Numbers of connections evolution in West Jakarta since the beginning of the concession		
		< 10m <sup>3</sup>	11 à 20 m <sup>3</sup>	>20m <sup>3</sup>	1998	2009	Growth rate
<b>Social Customer</b>	Hydrants, orphanages, places of worship, social institutions	1 050	1 050	1 050	1 992	3 514	+76 %
<b>Low-income domestic</b>	Public hospitals, very modest house or apartment (less than 28,8m <sup>2</sup> )	1 050	1 050	1 575	9 585	82 269	+ 758 %
<b>Middle Class</b>	simple house or apartment (between 28,8 and 70m <sup>2</sup> ), tanks and trucks	3 550	4 700	5 500	64 029	126 863	+ 98 %
<b>Upper Class and small business</b>	House or apartment with more than 70 m <sup>2</sup> , small shops, cottage industry	4 900	6 000	7 450	53 950	80 218	+ 49 %
<b>Businesses</b>	High standing apartments, offices, restaurants, army, schools	6 825	8 150	9 800	48 610	86 426	+ 78 %
<b>Key accounts</b>	Hotels, factories, banks, condominium, malls, warehouses, industries, service station	12 550	12 550	12 550	23 501	33 166	+41 %

**Table 1:** Tariffs and differentiated evolution of connections according to the type of customer: in grey, tariffs up to productions cost (Data PALYJA, Conception J. DIETRICH)

Source: Data PALYJA, produced by J. DIETRICH

71% of consumers pay a price below production cost (PALYJA, 2010). As such, income resulting from high prices does not cover all the costs of this subsidy with, as a result, the municipality bearing the difference. The public authorities have a tendency to incur debts with private companies. This explains their reservations to support the extension of the network and the connections towards the poor suburbs that only pay one sixth of the production costs. In practice, therefore, they give up trying to guarantee and support social and spatial justice policies which are regularly putting pressure on private companies<sup>9</sup>. The financial risk linked to indebtedness is not borne by the private but the public sector. This is what David Harvey presents as evolution towards urban governance entrepreneurship (1989). The objective is not to improve living conditions but to reinforce the role of the city as a means to accumulate capital.

In addition to this aspect closely linked to the intervention of the private sector in urban management, there is a specific conception of requirements to benefit from the assistance of certain NGOs. The "willingness and ability to pay" (the two pillars of aid among certain NGOs) are conditions identified as being essential by certain

<sup>9</sup> This information comes from a field training session carried out in the Indonesian subsidiary of Suez in 2006.

actors of poverty reduction. These are directly related in their financing by the neoliberal ideology, due to the origin of their resources or that of their development projects: USAid, subsidies by multinationals or private foundations among others. Two international NGOs interviewed in Jakarta defend the idea that, concerning the real appropriation of aid by target populations (whether as regards sanitation or septic tank installations, network connections or housing renovations), it is imperative that they are willing and able to pay for it. Placing populations in a begging position testifies to the evolution of poverty treatment actions, in the form of tellers, thereby maintaining them in a position of inferiority. Indeed, this concerns going from a more global policy to interventions which are individualised and submitted to financing capacity, and therefore to the necessary possession of a capital for anyone who wants to benefit from "financial support". Thanks to the establishment of occasional micro-credits, or thanks to their savings, target populations must be able to finance at least part of what poverty reduction actors bring at the table. Yet, these actions are clearly implemented with the intention of creating greater justice, although the most destitute, without economic capital, are excluded from the actions for the fight against poverty. More so than the simple capacity to financially participate so as to benefit from aid programmes, internal working documents reveal the fact that the poor need to assert their will for help, and to pay for the installation to be set up. Through these programmes, it is indeed the integration of the new neoliberal norms and their transmission to the target urban population which is carried out via NGOs.

Although they are criticised, neoliberal principles in development aid remain dominant in the practices of Jakarta. Moreover, the spreading of trade monetisation and the development of private property, appear as terms and conditions for the application of poverty reduction policies in this context. This results in differentiation strategies between urban dwellers, strategies whose objectives are not necessarily to reduce inequalities between them.

### **3- Neoliberalisation and Poverty: from Inequality to Injustice**

#### **Exclusive Conception of the City and City Dwellers: Residing Permit Holders (KTP)**

Jakarta went from a compact city of 150 000 residents in 1900, to a megalopolis of more than 9 million residents today. The city was not prepared for such pressure and immigrant populations have been concentrating mainly in unplanned urban villages and informal settlements. These urban villages called *kampung* are perceived as "eyesores" in the urban landscape, marked by informality and insalubrity. Their occupants are also associated with immigrants escaping rural poverty, and therefore with people who did not come to town by choice, making of them rural misfits whose habits aggravate housing conditions further. These prevailing perceptions contribute to the implementation of exclusion and are essential in understanding relations between city and class.

The closed city policy, established by Sadikin, formalised and institutionalised citizen differentiation across geographical areas with the use of identity cards (KTP, *Kartu Tanda Penduduk*). This administrative document serves as a residence permit, thereby giving its holder the legal right to live in one place or another. Anyone settling outside of their sub-district must request an authorisation from the local authorities, and proceed with the official request for a temporary permit or a new permit according to their project. To this end, they will need a letter from the neighbourhood (RT) and suburb heads (RW) of the places they left and those they are going to, their old KTP, a removal letter issued by the administrative services of the former place of residence, a photograph, their birth and marriage certificates (so as to obtain at the same time the family permit known as *kartu keluarga*). The complexity of the bureaucracy and its institutionalised irregularities make the follow-up of this procedure difficult for people who are already disadvantaged, the reason why many give up. Yet, the potential access to social welfare from the State and the city depends on these two documents. Indeed, in order not to entertain or encourage immigration, the public authorities prohibit KTP-less persons or persons living in informal settlements from receiving welfare. In order to benefit from water network extension programmes, or from individual sanitation aid programmes, holding a KTP is unavoidable, although those concerned must also legally own the house and the plot they live on. The complexity of the land system makes this second condition particularly difficult to fulfil. These principles are respected by all the actors, refusing to challenge the municipality's political decision to exclude these vulnerable populations from any poverty reduction programme: in the name of the durability of their action, they choose not to work with populations from informal settlements or living in illegal conditions, whom the municipality could get rid of at any time. As such, unstable land ownership or a non-identifiable status is clearly and immediately excluded from the project.

One can observe that social and spatial inequalities are linked to urban service access, or to the informal status of individuals via urban policy regulations and trends. Maintaining a section of the population in precariousness leads to the reproduction of unequal social relations between urban dwellers, i.e. between immigrants and long-time urban dwellers. Where these exclusive social policies rely on space, they can from now on be described as being unfair since they do not aim at equity between individuals.

### **Valuing the Poor as an Entrepreneur**

Previously-identified neoliberalisation actors contribute also to the emergence of new conceptions of what "poor" means, as shown by the communication documents and publications of certain NGOs working in Jakarta. Indeed, some prefer not to analyse poverty as a mass phenomenon, which is the result of an inegalitarian system (due to its persistence) but, rather, as a once-off element emanating from individual life trajectories, and which in the end could easily be overcome by activating a few levers. This is what *Nineteen* (2008) shows, a production from one of the more "active" NGOs in Jakarta (or at least well-known to municipal civil servants at various

levels, and especially to international sponsors), which relates the history of nineteen hawkers (offering a typical image of poor workers and informality from Western perceptions and those of international NGOs in particular). The poor and hawkers in fact have faces, nineteen unique stories which, through individualisation, lead to breaking this image of a group to show personal life trajectories. As such, the vice-chairman of the NGO, in the introduction, asserts that these hawkers “dominate in the urban landscape” and that they are the “icons and machines of the informal economic sector of Jakarta”. Between the picturesque image of activities and a paternalist discourse and one dwelling on the sordid side of life, the NGO seeks to touch the sensitivity of the Western donor (a public being clearly targeted considering the format and cost of the production). But also, the authors seek to bring out the image of the good poor, whose status can be enhanced aesthetically as well as socially: hard working, highlighting their spirit of entrepreneurship which is a remarkable ability according to neoliberal criteria, independent and ingenious who, thanks to their exhausting work, meet the needs of their families, are adaptable and flexible as shown by the use of the following expressions: *“the most resilient entrepreneurs”, “their successes are attributable to classic business strengths, such as good management skills”, “the degree of energy, resourcefulness and entrepreneurship demonstrated by these nineteen street vendors is remarkable, (...) this book serves as a testament to their ingenuity and resolve”*. The flexibility of their employment is increased by showing their ability to adapt to urban needs and demands. From the day the roots of the poverty phenomenon were analysed, the neoliberal prism had become effective: municipal urban policies were from then on based on the references and justifications provided for by these NGOs. Reacting to this could only be done on the same terms, favouring credit, the monetisation of social relations, and placing at the centre of their analysis the necessary possession of capital.

### **From Inequality to Injustice: Conservative Modernisation through Neoliberalisation**

The idea of development is deeply rooted in the positivist model and is associated with the idea of progress. This model, somewhat teleological, relies on the discourses of the modernisation of society or its structures. It concerns the presentation of a utilitarian analysis for which justice cannot be realised without development or progress (Brennetot, 2011). These conceptions of development enhance the realisation of collective well-being and progress, via the support of wealth growth. *« In this perspective, fighting against inequalities is not meant to correct injustices infringing on fundamental liberties, democracy or human rights, but indeed to enable each territory to have the highest economic growth possible so as to improve the living conditions of its population, which is itself often in a growth phase. »* (Brennetot, 2011, p. 118).

Governments and NGOs assert clearly their will to make of Jakarta a “modern” city, where it is necessary to “educate” the poor for them to become “modern” as well as good urban dwellers. Beyond social behaviour, one can observe the inclusion of new

neoliberal principles to describe someone or a group as being “modern” or not. As such, hawkers, and water hawkers in particular, are not considered as bearers of progress (and might even be perceived as going against the expansion of large multinationals), and for that reason are not assisted, while the coexistence of alternative systems and a centralised model is recognised as meeting complementary and competing political economies (Swyngedouw, 2010). Yet, all those who cannot legally access a house or a plot still depend on these alternative supply methods, since they are excluded from social welfare or infrastructure improvement programmes (such as extending or improving the water network). Therefore they are forced into perpetuating their practices which are considered as “non-modern”<sup>10</sup> and are stigmatised by the slogans of NGOs. At the same time, the prices of water hawkers, for those who still depend upon them, are increasing. Indeed, due to the connection to the water network of suburban houses, they are rapidly losing a portion of their clientele. Some change their activity, which then requires them to have the water service come from further away, which in this case still costs more. This system touches informal populations or the poor who could not benefit from the development project, i.e. people and households which are already made most vulnerable and who, as a result, are seeing access to this vital resource more difficult economically.

Since Independence, the successive regimes have been working towards ensuring the modernisation of the country and that of Jakarta, by following the development model. The modernisation of the economic and social structures, via the neoliberalisation of forms of governance, is made possible by implementing urban policies which really have this aim. But their practices and the treatment of poverty are not necessarily carried out equitably, excluding a portion of the population due to its legal status, and the poorest due to their lack of capital. So there is development, most certainly, but unequal especially, as already largely shown in the literature (Amin 1973 ; Bret, 2000) (a uniform development would be utopian), although in the end it is an unfair form of development, since equity in the wealth redistribution is not realised with a view to pushing the poor towards the top. As such, one could speak of conservative modernisation<sup>11</sup>. While this expression, which is spread among sociologists, covers wider realities, it comes across as an oxymoron: it does not reuse a contradiction but highlights how conservative technical modernisation can be from the social viewpoint. Former elites have managed to take part in this modernisation, and have even managed to harness benefits in order to consolidate their social domination. It is this process which brings us to reuse the term of “modernisation of injustice”, as proposed by Bernard Bret (2000).

## Conclusion

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<sup>10</sup> Source: field surveys in Kalideres, Jakarta West, July 2011.

<sup>11</sup> This expression, which is used among other things in the case of the Brazilian agricultural reform, refers to the global improvement of techniques and revenues, although this evolution is not taking place for the sake of the poorer, and can even exclude them.

From international dogma to which one must adhere in order to immerse oneself fully in globalised trades and relations, to the process for the transformation of the action modes of urban policies and actors taking part in the government of the city, this article questions the development model chosen by Indonesia and supported by international actors. The treatment of poverty is one way by which to introduce new practices in the methods used to manage the city, as much as in understanding poverty. This is what the evolutions of water management shows in Jakarta, in addition to the analysis and methods used to reduce poverty.

Whether it concerns urban policies managed by the municipality, NGO aid actions or, still, the role of private actors which are increasingly in charge of urban services, it is the very notion of poverty which appears redefined on the basis of new principles and norms. To understand these, the concept of neoliberalisation brings to light processes which modify the forms of city government due to mutations in the capitalist system. The reconstitutions at work have a direct influence on the content and the way urban policies are produced (Béal, 2010). In order to realise and transmit these policies, a whole discourse is changed and justifies the new doctrine. Within this framework, one observes in Jakarta an evolution in poverty analysis, as an individual phenomenon which would be neither a link nor a consequence of the system as a whole. To get out of it, new strategies are being promoted by enhancing the status of individuals, entrepreneurship and its insertion in the applications of capitalism in the city. Moreover, the implementation of this process is rooted in choices of governance including governments or public authorities, but also civil society and the private sector. This results in differentiations between urban groups, according to status or social level, playing on their access to the city as well as on the benefits of development aid policies. Even if the issue on display is a social issue and concerns the search for reducing inequalities, the neoliberalisation of urban public policies is from now on marked by trading logics which, due to their neoliberal and accumulation basis, take part in the reproduction of inequalities and the emphasis of injustice in the city. More so still, seeing that the difference between urban dwellers is not to the advantage of the most vulnerable, it appears that policy actors contribute to jeopardising some people to the detriment of others, with aid redistribution not being to the advantage of the poorest. Thus, urban policies for the treatment of poverty, in the name of modernisation, maintain inegalitarian relations between social groups and, therefore, produce forms of social and spatial injustice.

**About the author: Judicaëlle Dietrich**, Laboratoire ENEC Espaces, Nature et Culture  
– UMR 8185

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