

Chapter 2

Developmentalism and Economic Liberalization

In post-independence Indonesia the power shift in 1966 to Soeharto's regime, which called itself the New Order, introduced an important change in agrarian politics. Soekarno's regime had tried to eliminate agrarian problems, such as inequality of land holdings, which was a heritage from colonialism and feudalism, in order to accomplish a mission to build Indonesian Socialism. Promulgation of the 1960 Basic Agrarian Law (BAL) and the Share-cropping Law of the same year, were important legal foundations for a national program of land tenure reform. In 1961 the government started to implement new principles in agricultural share-tenancy and a program land reform. However, after only four years, they were halted when the state regime changed in 1965.

The New Order regime which took over from Guided Democracy then administered the state under a new vision, capitalist-developmentalism,¹ that provided easy access to big capitalist and/or entrepreneurs who could work

¹ 'Developmentalism' (*Pembangunan-isme* in Indonesian) is a popular term used among the NGO and social movement activists in Indonesia in order to refer to a manipulated and over-inflated use of development terminology by the New Order regime. This word became popular in Indonesia at the end of the 80's when several Foucaultian NGO think tank groups promoted the idea of development as a politically manipulated concept of progress to justify Western hegemony led by the US after World War II. They promoted the critical term 'developmentalism' in order to deconstruct the concept of development that had become the central vision of the New Order regime, but had immediately become the subject of political manipulation. Their main criticism in this deconstruction was that the New Order's vision of development was nothing more than a justification for the hegemony of the state in manipulating the post-war capital accumulation process. This group of Indonesian Foucaultian NGO thinkers then published an Indonesian version of the 1988 'bible' of Foucaultian criticism of global development, *The Development Dictionary: A Guide to Knowledge as Power* edited by Wolfgang Sachs (1992), under title of *Kritik atas Pembangunanisme (A Critique of Developmentalism)* in order to promote their own deconstructive thinking. In this thesis, the term developmentalism is used with the same meaning as it is used among NGO activists in Indonesia, in referring to the New Order's capitalist-oriented development programs.

hand-in-hand with state authorities to control land and other natural resources on a large scale, while neglecting local people's rights to control and access the same resources for their livelihood. Land evictions and agrarian conflicts were the offspring of this capitalist-development oriented agrarian politics. Meanwhile, with the development of the pro-poor legal aid and human rights movements in the big provincial cities, the rural eviction and agrarian conflicts provided an opportunity for activists to promote a resurgence of rural social movements.

This chapter will briefly explore the New Order's pro-capitalist agrarian politics and its continuation after that regime fell in 1998 until the present. An exploration of this dynamic of agrarian politics is important here because it is not only the *raison d'être* of the resurgence in rural social movements in Indonesia both at national and local levels. The particular explanation of this dynamic of change at national level and in the two case studies of Bengkulu and West Java will be explored in later chapters.

In the first section of this chapter, the concepts behind Indonesian agrarian laws will be discussed. The aim is to explain the legal basis of centralism in agrarian politics that was cleverly manipulated by the New Order regime in order to restart a process of what Marx called 'primitive accumulation' in Indonesia. It will discuss three different but interrelated issues in Indonesian agrarian politics: the politics of law creation that has written new legal texts and changed the status of the law; the politics of the interpretation of the law; and the consequences of the implementation of the law which is based on only the interpretation and interests of the power holders. This section will also explore the results of the New Order's agricultural development program, which produced remarkable contributions to economic growth, while at the same time producing an unequal distribution of land and widespread conflicts over land.

The second section of this chapter will focus on the new economic and political arrangements post Soeharto, characterized by a strengthening of

neoliberal economic agendas, free and open elections, and the implementation of policies of decentralization and local autonomy. In particular, it will explore the strengthening of pro-market land policies which were originally made under the New Order regime but gained clearer form during the current administration of the SBY-JK² team after they won the 2004 presidential election. These new economic and political arrangements have influenced the dynamics of pro agrarian reform and rural social movement organizations.

2.1 Authoritarianism,³ Developmentalism and Agrarian Politics of the New Order

In the early 1900s the Dutch colonial administration passed a commercial use land right (the *erfpacht*)⁴ in order to facilitate the operation of a tea plantation estate in the area of Badega, southern Garut in West Java, by the NV Cultuur Mij Tjikarene (Tjikarene Cultivation Company Ltd.). After operated for almost forty years the owner abandoned the business when Japanese military forces occupied the area in 1942. Several months later, in 1943, nearly all the plantation workers, encouraged by the Japanese military administration, began to occupy the land, changing the cultivation from tea to rice, food staples and vegetables. This occupation continued until the post-Independence Indonesian administration implemented its policy of the nationalization of all Dutch-

² SBY-JK is a nickname of the duet of President Soesilo Bambang Yudhoyono and Vice President Jusuf Kalla who won the 2004 presidential election.

³ According to Crouch, 'authoritarian regimes, by definition, exercise substantial control over society. They are usually established by physical force and one of their main characteristics is their capacity to maintain themselves in power through direct repression ... physical repression is not the only means by which authoritarian regimes dominate society. Backed in the last resort by the physical power of the military and police, authoritarian regimes also develop 'political' methods to maintain their control' (Crouch 1990: 115). Here the New Order regime was not being categorized as an authoritarian government but as an authoritarian regime following Linz's distinction: 'We speak of authoritarian regimes rather than authoritarian governments to indicate the relatively low specificity of political institutions: they often penetrate the life of the society, preventing, even forcibly, the political expression of certain group interests or shaping them by interventionist policies like those of corporatist regimes' (Linz 2000: 160). For a discussion of the typology of authoritarian regimes, see Linz 2000: 175-261.

⁴ On *erfpacht* see Tauchid 1952: 42-47 and Harsono 1997: 37-38.

controlled companies in 1958.⁵ Control of the Badega *erfpacht* land was taken over by the Indonesian government one year later, in 1959, and then it was leased to a domestic private company, PT Sintrin, in the following year.⁶ The local cultivators who want to continue using the land for their own agricultural activities now had to pay rent to the company.

The BAL stipulated that the legal status of all *erfpacht* lands would expire by 1980, and would be replaced by a new Commercial Use Right (HGU, Hak Guna Usaha) if the land was still used for commercial agricultural activities; otherwise it would revert 'free' State Land ('Tanah Negara Bebas')⁷. However, it was also stipulated that the HGU can replace *erfpacht* leases, as long as not in conflict with local people who already depended on *ex-erfpacht* land for their livelihood for a certain period of time. Presidential Decree (Keppres, Keputusan Presiden) No. 32/1979 under Ministry of Internal Affairs Regulation (Permendagri, Peraturan Menteri Dalam Negeri) No.3/1979, all ex-foreign plantation lands that were already cultivated by local people for more than 15 years should not be included in a new HGU, but priority should be given to redistribute the land to the current cultivators.

⁵ The campaign against the Dutch for the recovery of West Irian (Papua) launched in December 1957 triggered a drive for the take over of Dutch assets in Indonesia. The economic nationalization program under the Law No. 58/1958 formalized this take over and nationalized 489 Dutch enterprises in total, comprising 216 plantations, 161 mining and manufacturing enterprises, and 40 trading and 16 insurance companies. Many Euro-American i.e. non-Dutch companies were also nationalized in stages by the middle of the 1960s (Kartodirdjo and Suryo 1991: 173-179, Sato 2003: 8, Ismet 1970: 11-61).

⁶ Nationalization of the Dutch plantation companies officially started in 1959 under Government Regulation No.19/1959 concerning the nationalization of Dutch-owned agricultural/plantation companies ('Peraturan Pemerintah No. 19/1959 tentang penentuan perusahaan pertanian/perkebunan milik Belanda yang dikenakan nasionalisasi'). Most ex-foreign plantation enterprises were merged into several state plantation companies named Perusahaan Negara Perkebunan (PNP) through this nationalization program. Some of the newly nationalized plantation companies were then leased to domestic private companies, such as PT Sintrin.

⁷ State Land ('Tanah Negara') is land without any attached private ownership rights, controlled but not owned by the State. 'Free' State Land means a parcel of State Land without any rights over it. Both business enterprises and individuals can ask for certain rights to this 'free' State Land if they want to use it, or the government can redistribute it to selected claimants through the land reform program. An explanation on the theoretical and historical basis of this concept will be given in section 2.1.1 below.

In the Badega case the company wanting to build a new plantation, namely PT SAM (Surya Andaka Mustika), the local government and the land authorities tried to get around these regulations. They decided that land already cultivated since 1943 would not be redistributed. The company wanted control over more than the original parcel of ex-Badega *erfpacht* land, while the local cultivators, of course, refused to give up their main source of income. But the local government and the company did not give up; they had to manipulate the situation to take over the land from the local cultivators.

In 1984 the process of applying for the new HGU was started and the company brought a 'letter of approval' that supposedly had signatures of more than three hundred local cultivators who had agreed to relinquish their occupancy rights, as well as the signatures of local authorities who had approved this 'cultivators' willingness'. In fact, the letter was a forgery. Cultivators protested against this forgery but were ignored. At the same time, around three hundred cultivators tried to apply to the district government for ownership rights (*hak milik*) to enable them to stay on their land, which had been a foreign-owned but non-operating plantation, and then State Land (*Tanah Negara*) under the BAL Supported by the Presidential Decree and Ministry of Internal Affairs Regulation referred to above, cultivators had a stronger legal claim than an application by a private company to use the land to rebuild a plantation estate. However the local government and the National Land Agency (BPN) continued to favor the company's application even with its forged 'approval letter', and the BPN issued a new HGU in 1986. The private company, together with police, village and sub-district government officers tried to rip up crops and evict local cultivators, who resisted. Incidents of intimidation, eviction, arrest, and destruction of crops continued, but they refused to give up, continuing to stay and cultivate the land as 'illegal occupants'. Their struggle was empowered by support from outsiders,

particularly from urban-based social movement groups in Garut, Bandung, Jakarta, Yogyakarta, and elsewhere.⁸

Thousands of kilometers to the west of Badega, in a sub-district Sukaraja of Bengkulu Province in southern Sumatra, the redevelopment of a large-scale plantation estate during the New Order period created a similar situation. In Sukaraja, North Bengkulu District, several peasant families were resisting the manipulation and repression of the development of the World Bank funded Nucleus-Estate and Smallholders (NES)⁹ rubber plantation project. This conflict had arisen in 1980 when the state-owned plantation company PTPN XXIII (*Perseroan Terbatas Perkebunan Nusantara XXIII*, previously PTPN VII) with facilities from the provincial government took over local villagers' lands in order to enlarge its estate at Sukaraja.¹⁰

The Badega and Sukaraja cases are just two examples; there are hundreds of similar conflicts that occurred during the New Order regime. Many of the land conflict cases that happened in this period, including many involving violence and human right abuses, continued after the regime change in 1998. Moreover, conflicts about claims over land wanted for large scale plantations are only a part of the bigger, confused, picture about conflict and violence in Indonesia caused by the politics of development that gives priority to the interests of business companies rather than serious attention to the interests of the peasants.

⁸ This account is a shortened version of Bachriadi 2002b (pp. 33-36).

⁹ The NES-Scheme is a contract-farming model that has been promoted and implemented intensively in Indonesia since the beginning of the 80s with strong support from the World Bank to restore the economic contribution of plantation operations to the Indonesian economy. In the beginning this contract-farming scheme was implemented in Java then spread out to other islands, including Sumatra. See White 1997; Bachriadi 1995; and Gunawan, Thamrin and Grijn 1995.

¹⁰ See Chapter VIII for a full account of this case.

Efforts to revitalize either inactive plantation lands or those already occupied by local people for long periods, even since the 1940s as at Badega,¹¹ became a trend in the 1980s, especially in the areas where plantations had been concentrated from colonial times. Land conflicts in areas claimed for new plantations started from the beginning of the 1990s and continued till now. These conflicts are happening in areas targeted to grow new highly profitable cash crops such as oil palm, new varieties of rubber and cocoa.

The New Order's agrarian politics rested essentially on three pillars. Firstly, manipulation of the concept of the State Right of Control (HMN, Hak Menguasai Negara) over resources as stated in Article 33 of the 1945 Constitution and the BAL, which substantially strengthened the establishment of 'State Land' and 'State Forest' that had been originally conceived and Implemented during the colonial period. Both provisions legalized opportunities to centralize agrarian decision making processes. Secondly, implementation of development policies that gave opportunities to concentrate the control of land and other natural resources into the hands of large capitalist enterprises, particularly in the areas claimed as State Land and State Forest, leading to the formation of state-facilitated landlordism. Thirdly, repression of various protests and local potential which challenged implementation of these policies. All three pillars were related to the shift in orientation of agrarian politics as the political consequence of the power shift in 1965-1966 from the Soekarno to the Soeharto administrations. Soekarno's administration had an agrarian policy orientation towards building Indonesian Socialism and a desire to extinguish the remnants of colonialism and feudalism in post-Independence Indonesia; while Soeharto's administration had an agrarian policy orientation to facilitate concentration of control of land and natural resources for

¹¹ For more information about land occupation in plantation areas during the Japanese occupation (1942-1945) and during the independence war (1945-1949) see Tauchid 1953: 6-9, Pelzer 1978: 122-127, Kurosawa 1993: 28-66, Bachriadi and Lucas 2001: 126 and 131-132, and Bachriadi 2002b.

investment, particularly foreign investment, to achieve high rates of economic growth and to integrate the Indonesian economy to global capitalism.¹²

2.1.1 Manipulation of the Idea of ‘State Right of Control’ Over Agrarian Resources

‘State Land’ (‘Tanah Negara’) and ‘State Forest’ (‘Hutan Negara’) are important concepts in Indonesia agrarian law that reflect an intended State dominance in the national land tenure system. The origin of these concepts and practices in Indonesia can be traced to the use of the colonial concept of *landsdomein* (Crown Land) to control land in what was then the Dutch East Indies in order either to increase income through land taxes or to increase control of production and trade of agricultural and forest products then in demand on the European market.

The system was developed in several stages. The Dutch Governor General Daendels (1808-1811) was the first colonial administrator who implemented the concept of ‘*landsdomein*’ (state-land) in Java in order to control teak production from Java’s forestland (Boomgaard, 1988: 73-75, Peluso 1990 and 1992a). The British Lieutenant-Governor of Java, Raffles (1811-1816), strengthened it when he implements this principle as a basis for a land tax (*landrente*) (Bastin 1953 and 1957: 21-25, Wiradi 1986: 11-12 and 2000: 121-123, Boomgaard 1989a: 5-7 and 1989b: 32-33). The *landsdomein* concept was then used by a subsequent Dutch Governor General, van den Bosch, as a legal basis for the state-operated forced cultivation system, *cultuurstelsel*, (1830-1870) (Van Niel 1964 and 1992: 5-28, Boomgaard 1989a: 7-9, Wiradi 2000:

¹² According to Castle, ‘rejection of capitalism and espousal of socialism as the preferred pattern of economic organization has been an almost universal element in Indonesian political ideology since independence’ (1965: 13). A significant attempt to implement Indonesian Socialism, especially in the economy, appeared when Soekarno changed from a system of parliamentary democracy to ‘Guided Democracy’, which had several major themes in its “Guided Economy” program, namely overall planned construction, land reform, increased government support for co-operatives coupled with a reduction of the role of private business, and a great deal of economic power in the state sector (Castle 1965: 18). See, for instance, Soekarno 1963, and Hatta 1992: 132-166 [originally 1963] for economic ideas and orientation in post-war Indonesia which contributed to the creation of the new Indonesian Socialism.

124). The more liberal-oriented Dutch colonial policy then established the state land declaration (*domein verklaring*) principle in the Land Law of 1870 (*Agrarische Wet 1870*), in order to allow foreign private investors to lease land either from the State or local people to establish plantations (Tauchid 1953, Wiradi 1986: 15-17 and 2000: 127-132, Kartodirdjo and Suryo 1991, Harsono 1997: 35-37), and the Forest Exploitation Law of 1865 (*Staatsblad* No. 96), in order to expand the State Forest areas over Java and Madura islands (Boomgaard 1988: 79-81, Peluso 1990: 34 and 1992a: 53).

According to the *domein verklaring* principle, all land that currently had no private ownership rights (*eigendom*) over it was declared as *landsdomein*, that is land owned by the Crown or the State (Praptodihardjo 1952: 46, Soetiknjo 1983: 34-37, Gautama 1993: 55, Harsono 1997: 41-43, Wiradi 2000: 128).¹³ This concept of *landsdomein* became the foundation for establishing the concept of State Land in independent Indonesia, which was implemented in non-forestry areas and regulated by Government Regulation No. 8/1953 on State-controlled Lands. This says that “State Land is land that is fully held and controlled by the State” (Article 1).¹⁴ Based on this Regulation, State Lands are all lands that are not privately owned, including lands determined by customary law (*adat* law) and recognized by the existing formal law.¹⁵ The State authorities can enact new rights, such as private ownership (*hak milik*) and Commercial Use Rights (HGU) on State Land. The latter right (HGU) is, as we have seen above, the right to develop plantation estates on other non-forestry commercial agricultural estates.

¹³In Article 1 of the *Koninklijk Besluit* (*Staatsblad* 1870-118), familiarly known as the *Agrarisch Besluit*, a derivative regulation of the *Agrarisch Wet* (Land Law) 1870, stated that all land, which does not have individual rights, either based on customary law or Western law, will be recognized as *domein van de Staat*, that is lands belonging to (owned by) the State (Harsono 1997: 40).

¹⁴ See also Harsono’s review that points out that all legal terminologies and definitions in this regulation still refer to the *domein verklaring* principle (1996: 881 and 1997: 248-249).

¹⁵ It is clear that this Government Regulation referred to the *Agrarisch Besluit* which in its General Explanation (number 1) section stated that ‘according to the *domein verklaring* principle, which is stated in Article 1 of the *Agrarisch Besluit*..., all land that has no individual rights over it ... will be recognized in this regulation as State Land.’

The current conception of 'State Forest' is also a continuing implementation of the concept of *landsdomein*, applied to either a forest area or a created-forest area. It was originally instituted by the Dutch colonial power to control areas that they defined as 'forestry areas', at that time located only in Java and Madura. When the New Order took power in 1966 and then legislated the Basic Forestry Law (BFL) of 1967 to facilitate forestry resource exploitation (Romm 1980, Ramli and Ahmad 1993, Brown 1999, and FWI/GWF 2002: 28-33), the concept of State Forest was applied to the whole of Indonesia and referred to any areas that were arbitrarily claimed as forestry lands that were 'located in areas without any clear land rights'.¹⁶ This was a wider implementation of the State Forest concept, including forest-security to protect the forest from illegal exploitation, which had been first used by the Dutch colonial authority during the administration of Governor General Daendels (Peluso 1990: 32).¹⁷

Based on this conception of State Forest, the New Order regime developed a derivative concept called the 'Forestry Land Use Agreement' (TGHK, Tata Guna Hutan Kesepakatan), which is a government designation of 'forestry areas' (with legal Permanent Forest Status) even though these areas may not still be forested. Certain areas defined as forestry land by a TGHK, then formally became State Forest that falls under the control of the Ministry of Forestry (see also FWI/GFW 2002: 73).¹⁸ In order to maintain State Forest, the New Order regime used a similar forest protection method as the Dutch colonial

¹⁶ Law No. 41/1999 on Basic Forestry, Article 1. According to the previous act, the Basic Forestry Law (BFL) No. 5/1967, Article 2(2), State Forest is 'a forestry area with forest plants on it that are not part of individual ownership'.

¹⁷ Governor General Deandels was the first ruler, on behalf of the colonial State, who developed legal procedures against illegal (that is, without the approval of the colonial authorities) forest management or exploitation. Punishment for crimes of illegal forest exploitation or timber looting at that time was a maximum 10 years in prison or a fine of 200 gulden. See Peluso 1990: 32.

¹⁸ The concept of TGHK was included the first time in the Decree of the Ministry of Forestry No. 680/kpts/um/8/1981.

administration that used security measures to punish so-called illegal occupations.¹⁹

In practice, State Forest, based on forestry functions,²⁰ is divided into five categories: Production Forest,²¹ Limited Production Forest,²² Protected Forest,²³ Conservation Forest,²⁴ and Conversion Forest.²⁵ In 2000, based on statistical data provided by the Ministry of Forestry, a NGO namely Forest Watch Indonesia (FWI) calculated that the total area of State Forest in all these categories was 120.4 million hectares. Compared to 1986, when the total State Forest was reported as 140.8 million hectares, there is a loss around 20.4 million hectares of forest over fourteen years (1986-2000). This indicates that serious deforestation has occurred in Indonesia. This had been caused by several factors, such as transmigration projects, development of plantation estates, mismanagement of forest concessions, illegal logging, traditional land clearance for shifting cultivation, forest encroachments by mining projects,

¹⁹ In the BFL, either Law No. 5/1967 or its replacement, Law No. 41/1999, criminal penalties for offenders are clearly stated, as is the right of forestry officers to conduct police actions in order to protect the State Forest. See Peluso 1992b: 24-28, Bachriadi and Lucas 2002: 81-82 note 7.

²⁰ In modern forest management theory, functions are categorized into economic and production function, ecological functions, and social functions (see Higman *et al.* 1999).

²¹ According to the law (Article 1 of the BFL No. 41/1999), Production Forest is an area of forest that has as its main function the production of forest products. According to Forest Watch Indonesia (FWI) and Global Forest Watch (FGW), Production Forest is forest that falls within the boundaries of a timber concession and is managed for timber production (FWI/FGW 2002: 73).

²² Limited Production Forest: Forest that is allocated for low-intensity timber production. Typically, limited production forest is found in mountainous areas where steep slopes make logging difficult (FWI/GFW 2002: 73).

²³ According to the law (Article 1 the BFL No. 41/1999), Protected Forest is an area of forest that has as its main function the protection of an ecological buffer zone to maintain watersheds, the prevention of flooding and land erosion, the prevention of intrusions of sea water, and maintenance of land fertility. According to Forest Watch Indonesia and Global Forest Watch, Protected Forest is forest that is intended to serve environmental functions, typically to maintain vegetation cover and soil stability on steep slopes and to protect watersheds (FWI/GFW 2002: 73)

²⁴ According to the law (Article 1 the BFL No. 41/1999), Conservation Forest is an area of forest with specific characters and has as its main function the maintenance and protection of biodiversity and ecosystems. According to Indonesian Forest Watch and Global Forest Watch, Conservation Forest is forest that is designated for wildlife or habitat protection, usually found within national parks and other protected areas (FWI/GFW 2002: 72).

²⁵ Conversion Forest: Forest that is designated (under a special license, a Logging Permit [IPK, Ijin Pemanfaatan Kayu]) for clearance and permanent conversion to another form of land use, typically a timber or estate crop plantation (FWI/GFW 2002: 72).

infrastructure development, hunting and other non sustainable forest adventure activities (FWI/GFW 2002: 16, 23-51). However, the land designated as State Forest is still a huge area, 67.4% of the total land area in Indonesia in 2003 (Bachriadi and Sardjono 2006: 3).²⁶ It is important to bear in mind that not all State Forest lands are forested (forest covered) lands; some of those designated 'forest lands' are actually non-forest areas which have been formally designated to be forest. Only 86% of the total State Forest or land defined as State Forest is ecologically still forest, the rest is not forested land any more (FWI/GFW 2002: 15). In this forestry area, only the state can define certain use rights. So overall, State Land is essentially State Forest plus land in 'non-forest areas' that has no legal-formal evidence of private property rights over it.

Article 33 of the 1945 Constitution, under which the State has the right to control land and other natural resources, backed up the concepts of 'State Land' and 'State Forest'.²⁷ This principle of State Right of Control (HMN, Hak Menguasai dari Negara) was elaborated in the BAL as the right of the state to: (a) regulate and govern allocation, utilization, supply and maintenance of all matters related to land and other natural resources; (b) determine legal status of an area and determine certain rights over land and natural resources in those areas; (c) determine the legal relationships and consequences of legal actions that are related to land and other natural resources (BAL 1960, article 2).²⁸ So an important validation was created through Article 33 and the State right of control of land as principles for the Indonesian central government to determine all matters related to assignment of title, control, management, and

²⁶ In 2000, according to Bachriadi and Lucas, total land area in Indonesia was 192.3 million hectares and State Forest area took around 62.6% of this total land area (2002: 88). The Government of Indonesia, based on the TGHK 1983, still used 75.06 % of total land in Indonesia that was allocated as State Forest area (Bachriadi and Sardjono 2006: 3).

²⁷ The 1945 Constitution, Article 33(3), states that 'land, water, and space including all natural wealth that is contained therein is controlled by the State and should be used as much as possible for the prosperity of the people' (*'bumi, air, dan ruang angkasa serta kekayaan alam yang terkandung didalamnya dikuasai oleh Negara dan dipergunakan sebesar-besarnya bagi kemakmuran rakyat'*). Based on this article, state administrators have a right of control and to make an effort to utilize existing natural wealth for the interests and prosperity of the people.

²⁸ Each point in this article is elaborated in more detail in the Explanation section of the bill (sub section II General Explanation).

utilization of land and other natural resources in Indonesia. Firstly, all agrarian-related laws must be formulated based on this HMN principle; and second, as clearly stated in all subsequent agrarian-related laws, the state right of control of land was delegated nearly always to the central government and only in specific conditions could it be delegated to local governments.²⁹

In other words, centralism in assignment of rights to own, manage and use the land and other natural resources was determined by article 33 of the Constitution. But the 1945 Constitution created strong authority for the State and central government to achieve social justice and welfare (Soetiknjo 1983: 43-46, Fauzi and Bachriadi 1998: 1, Harsono 1997: 172-173, Sumardjono 2001: 40-42). However, as clearly stated in Article 33(3)³⁰, the State was also given power to control land for social justice and welfare as well. So State Land is actually prioritized for the interests of local people to improve their livelihood.³¹ State Land is the means by which the state protects the natural wealth and redistributes its control equally to the people. Ideally it is not meant to be used in the interests of commercial business or only for economic gain, let alone to create a monopoly of agrarian resources. That is why in Indonesian agrarian regulations State Land is one of the objects of land reform.³²

²⁹ It is clearly stated in the BAL 1960 and BFL 1999 that the appointed government is the central government. This is contained in 'Explanation of the BAL 1960': 'All agrarian related matters essentially and substantially are the duty of the Central Government' ('*Soal agraria menurut sifatnya dan pada azasnya merupakan tugas Pemerintah Pusat*') (Article 2 of Explanation section), while the relevant section of 'Explanation of the BFL 1999' (General Explanation) states: '... the Central Government can partially delegate its authority in forestry affairs to Local Government. Even though in the case of overall planning, and matters concerning the national interest, authority should be vested directly in the Central Government' ('*Pemerintah Pusat dapat menyerahkan sebagian dari wewenangnya di bidang kehutanan kepada Pemerintah Daerah. Akan tetapi dalam hal perencanaan yang bersifat menyeluruh, dan dalam hal yang menyangkut kepentingan tingkat nasional, wewenang tetap dipegang langsung oleh Pemerintah Pusat*'). Similar statements can be found in other agrarian-related laws, such as the Mining Law (Law No. 11/1967), the Spatial Management Law (Law No. 24/1992) and others.

³⁰ See again note 28.

³¹ The law mentioned this as a right: 'Peasants have the right to hold 2 hectares of land as a minimum, and the State must attempt to meet this requirement ...' (the BAL 1960, Explanation section, particularly points 2, 4, and 7).

³² Government Regulation No.224/1961 on the Implementation of Land Distribution and Compensation (*Pelaksanaan Pembagian Tanah dan Pemberian Ganti Kerugian*). Other objects of

In the principle of HMN there is no legal interpretation that the State, let alone the government, owns all land and natural wealth in Indonesia. The conception of State Land and State forest did not automatically mean that the State, which delegates to the government, owns either land that have been declared as State Land or forest declared as State Forest. State Land is only referred to as land without any private ownership, controlled but not owned by the State. But the State can assign new rights over it. Moreover, according to the Constitution and the BAL, State Lands must be used to improve social justice and welfare. In a similar vein, referring to State Forest, the Forestry Law 1999 says, 'All forests within the Republic of Indonesia, including the natural wealth in the forests, are under the control of the State, [to be used] as much as possible for peoples' welfare' (Article 4:1)', and 'State control over forestry is not a kind of ownership, but the State delegates its authority to government to manage any matters related to forestry, ...' (Explanation section of the Forestry Law 1999, sub-section General Explanation, paragraph 5 and 9).

The principle of State Right of Control (HMN), in fact seems parallel with the principle of *domein verklaring* that was developed in colonial agrarian law, even though it has a different stress on the concept of state involvement: state ownership in the *domein verklaring* principle and state control in the HMN principle. From a legal perspective, the state's authority within the HMN principle is essentially limited, because the legal implication of this principle is not a relationship of ownership between the State and land, but only a relationship whereby the State controls the land (Sumardjono, 1998: 6). According to Harsono, the state's authority in the principle of HMN is first and foremost a public matter, which means it is different from the legal relationship of ownership between the state and the land in the *domein verklaring* principle (1997: 229-230).

land reform are 'excess private land', 'absentee land', and 'ex-autonomous government (*swaparaja*) land'.

While there is a significant differentiation between the HMN principle and the *domein verklaring* principle in regard to the legal relationship between the State and the land, still there is a parallel between them. This is the centralism of the State in allocating certain rights of usufruct over land and natural resources. This central position of the State, behind the principle of HMN and Article 33 (3) of the Constitution, which in practice delegates control of land to the government, was manipulated by the New Order regime to facilitate the interests of capitalist enterprises to control land and natural resources on a large scale (Fauzi and Bachriadi 1998), but in many cases its use neglected the rights of local people (Ruwiastuti 1998).

If analyzed carefully, the essential meaning of the principle of HMN and State Land as stated in the Constitution and the BAL was to give power to the State in order to create social welfare and justice. Ideally, the power of the state, in the practical implementation of the principle of HMN to determine land tenure, must be used to carry out land tenure reform, comprehensive agrarian planning, and land conflict resolution as well. State Land is prioritized as an object of land reform for redistribution to poor peasants who are willing to use it as productively as possible.³³

According to the BAL, every family which depends on agricultural activities for their livelihood, especially sharecroppers and landless peasants, are obligated by law to hold and control 2 hectares of land as a minimum;³⁴ and the State, which means the Government as the executive body, has a duty to allocate and distribute those lands in order to provide social welfare and justice. More than that, land is essentially a specific 'obligatory Right', (with a capital R), to emphasize that Indonesian peasants were not supposed to be landless peasants, but preferably land holders. That is why in the BAL, HMN

³³ See the BAL 1960 chapters 7 and 17; Law No. 56/PRP/1970; Government Regulation No. 224/1961. For more explanation see, for instance, Harsono 1997: 329-362; Bachriadi 1999b; and Bachriadi, Safitri and Bachrioktora 2004.

³⁴ On the other hand, according to the same law, there is also a ceiling system that means it is possible for every family to control only 5 ha as a maximum in high population density areas and up to 15 ha in relative low density areas.

and State Land must be set side by side with the principle of land reform, which was the legal foundation for reform of unequal land structures in Indonesia. Nevertheless, the BAL itself, as a law that was formulated in a certain socio-political situation, had several weakness and limitations when implemented, as Wiradi, a well-known Indonesian agrarian expert, has said:

The BAL 1960, as a law that was produced by political processes, had several limitations as a basic regulation because it just regulates, and even heavily regulates, land related to people-based agricultural matters. The issue of forestry land was not spelt out in detail because it was not a priority when the law was formulated;³⁵ the priority at that time was implementation of land reform... Politically this law is weak, because its content reflected some compromises. As a consequence, there are some constraints in its implementation; moreover many parties, when the New Order was in power, challenged this law and demanded revisions. At the same time, the ruling regime itself continually weakened the position of the BAL whether by creating new laws that were inconsistent with the mandate of the BAL or by ‘putting it in the drawer’ (presentation at the first session of the political education for peasant leaders, Batang 29 March – 4 April 2008).

It must be recognized that in the middle of the ideological, economic and political tug of war among many interests, the formulation process of the BAL 1960 was not an easy one, as noted by Pelzer:

The task of writing a new agrarian law was, however, a most difficult one. The Yogyakarta Agrarian Committee (Panitya Agraria Yogyakarta) called for a law that would be modern and suitable for the development of new enterprises but at the same time in harmony with both *adat* and Islamic law. This agrarian law had to be in harmony with the ‘living law’ but at the same time had to permit rights, which were clearly new concepts for the Indonesian community and thus had the character of ‘positive law’. By now, the difficulties of writing law acceptable to the left-wing, moderate, conservative and extreme right-wing parties, as well as to the Indonesian rural folk and urban masses, had become only too apparent... The development of a firm consistent policy in agrarian matters, with its concomitant, a clear-cut policy on the future of plantation agriculture, was

³⁵ The BAL 1960 as a *basic* law became impotent, as observed by Parlindungan, because it was not followed by the formulation of derivative laws. According to him there were at least 18 BAL mandates, which needed follow up laws or government regulations, and this could be expanded to more than 40 laws or government regulations (1991: 116-117). From when the New Order took over power until now, the only new law derived from the BAL was Law No. 4/1996 on Collateral Rights over Land and other Matters related to Land (‘Hak Tanggungan atas Tanah beserta Benda-benda yang Berkaitan dengan Tanah’). This law was formulated because of an urgent need to regulate a tendency of people to use their certificate of land rights, including HGU and HGB, as collateral for obtaining credit but then transfer the rights to other parties.

made extremely difficult by the highly divergent views held by Indonesian leaders and by the various political parties (1982: 26-27).³⁶

When it was finally promulgated on 24 September 1960, the BAL reflected political compromise between various interests, especially those demanding a mixed formulation between 'positive laws' and 'living law'. Similarly problematic, as we have just noted, was implementing its mandates, including its main mandate, which was land reform, i.e. to change the agrarian structure in order to develop Indonesian Socialism. Of course this was partly because of the resistance of rural landlords, who were originally part of the feudal system, to hand over their land, which then became the object of land reform, and which the State should then redistribute to potential beneficiaries (Asmu 1964: 23-25, Utrecht 1969: 78-80, Huizer 1980: 111-114 and 1999: 32, Lyon 1970: 42-59). In fact, implementation of the BAL itself had no solid support from any political parties (Kartodirdjo 1984: 128).³⁷ Meanwhile economic characteristics left over from the colonial period such as the operation of big plantations, still haunted the unequal rural land distribution structure because their existence was still maintained.³⁸

³⁶ For more detail on the history of the formulation of this agrarian law, see Harsono 1997: 122-129 and Wiradi 2000: 132-139.

³⁷ A short explanation about the implementation, progress and failures of the land reform program of the '60s will be given on Chapter III section 3.1.

³⁸ The existence of big plantations, which had become one of the major colonial artifacts in Indonesia, nevertheless haunted the history of agrarian politics in Indonesia. Not only because this became one of the Dutch trump cards in negotiations over recognizing Indonesian independence at the 1949 Roundtable Conference (Kahin 1952: 436-437, Castle 1965: 15-16), but because this agro-industry operation produced a certain political ambiguity for the Republic's founding fathers. On the one hand, they believed that big plantations were a source of rural poverty and exploitation but, on the other hand, they also believed that it could provide a major financial contribution to the new state's income. Hatta, in 1946, had argued that the big plantations must not operate under private ownership but as cooperatives (Hatta 1992: 8-11 [originally 1940]). The leftist political groups, especially the communists, proposed that the operation of big plantations must not be under private ownership, but be owned by the state as representative of the people; this related to the principle of economic centralism in the Marxian economic theory of development. That is why Nyoto, one of the young Communist thinkers and leaders, in his speech at Gadjah Mada University in 1955, said the Indonesian Communist Party (PKI, *Partai Komunis Indonesia*) was opposed to international monopoly capitalism, but supported national capitalists in developing domestic capital to support the revolution. This means the party will struggle to push the government to take over the foreign plantations and transfer them into nationalist capitalist units as part of the strategy to build Indonesian socialism beside the land reform program (see Lucas 2008: 10).

Implementation of the land reform program, which started in 1962, progressed very slowly with many constraints (Lyon 1970: 38-72, Ladejinsky 1977b: 340-352, Utrecht 1969: 76-86, Hutagalung 1985: 89-93) before it was stopped following the political turmoil in 1965-66, when an abortive coup³⁹ followed by bloody massacres in rural areas of Java and Bali⁴⁰ were part of the power shift from Soekarno's regime to the New Order. The program practically was implemented for less than 5 years, after starting on 24 September 1962. After being effectively suspended it was stopped systematically when the New Order regime set up its first Five-Year Development Plan (Repelita, Rencana Pembangunan Lima Tahun) in 1968 following the appointment of General Soeharto as the new President. Furthermore the opponents of this agrarian reform program, especially the Army which had become one pillar of the New Order regime, continued to manipulate the story of the 60s land reform program as part of the Communists' provocative actions (Utrecht 1969: 86,

³⁹ There are at least 7 versions of this coup: (1) It was purely a coup conducted by the Indonesian Communist Party (Notosusanto and Saleh 1968, Brackman 1969, van der Kroef 1972, and Sekretariat Negara 1994), which became the formal state interpretation until now; (2) it was a political attempt by Soekarno to maintain and strengthen his power through testing the army and the communists' political power (Fic 2004, Dake 2005, and Hunter 2007); (3) It was a political attempt by the US through the CIA to halt communist power in Indonesia and the populist leadership of Soekarno (Scott 1985, Robinson 1995); (4) It was a British plan that met the US strategy to overthrow Soekarno (Poulgrain 1998); (5) It was a fight among army factions (Anderson and McVey 1971, Wertheim 1979, Holtzappel 1979, and Siregar 2007); (6) It was Soeharto's coup to take over state power (Oltmans 2001, Latief 1999); (7) The coup had roots over a long time in the deep rivalry between two boxers, the communists and the army, to rule the state 'after' Soekarno, where both tempted each other to make the first move i.e. land the first punch, that would be used as a reason for their opponent to launch counterattack as a knockout blow, but the winner who found the pretext to seize state power was General Soeharto and his clique (Roosa 2006).

⁴⁰ Estimates range between 87,000 to 2 million people killed in this massacre, but the army's special force field commander at that time said he succeeded in exterminating around 3 million communist followers. See Cribb 1990: 12-13, Sulisty 2000: 42-46, and Vltchek and Indira 2006: 27. Farid (2000) argues strongly that the destruction of peoples' movements by the New Order regime, following the mass extermination of people accused as communists in 1965-1966, was part of this regime's efforts to 'clear the ground' for re-growing the idea and practice of capitalist development. This mass extermination that had mostly rural villagers as victims obviously created a deep and long lasting political trauma for the common villagers, which contributed significantly to weakening its potential to organize opposition. Heryanto (2006) concluded that the calamity and the trauma were largely responsible for Indonesia's post-1966 'political stability' and pro-world market 'economic growth'. For more about the 1965-66 mass killings, see, for instances: Griswold 1975, Cribb 1990, Fein 1993, Robinson 1995, Sulisty 2000, and Farid 2005.

Mas'ood 1988: 60, Bachriadi 1996 and 1999b, Lucas and Bachriadi 2000, Wiradi 2000: 141, and Sumodiningrat 2001: 19).⁴¹

Along with the argument of saving Indonesian people from Communist betrayal (always used by the Suharto regime to legitimate its power), the New Order changed the orientation of Indonesian agrarian politics from agrarian justice and the development of Indonesian Socialism to a political orientation that was pro large capital enterprises exploiting Indonesia's natural wealth. This shift in political orientation did not occur through changing concepts such as the principle of HMN, State Land and State Forest. Rather it used the centralist position of the State to determine land and natural resources usufructs for capitalist investment and exploitation. Through the concepts of State Land and State Forest, both of which rest upon the principle of HMN, a practice of authoritarian politics and centralism seemed legitimate.

Meanwhile, certain important mandates of the Constitution and Basic Agrarian Law that rested upon the principle of HMN, such as the land reform program, were discontinued. The existing BAL was manipulated in several ways. Certain mandates, such as land reform and limitations on land holding, stopped being implemented. The BAL's stress on the dominating role of the State in determining new rights over land was fully utilized for evictions and exploitation (neglecting local people's rights of usufruct over land and other natural resources). This was justified by such rhetoric as 'for the public interest' or 'in the national interest'. On the one hand the concepts of State Land and State Forest were used effectively to provide access for business interests, to exploit natural resources. On the other hand they were implemented to limit the access of local people to land and natural resources even if these were important to maintain their livelihood.

⁴¹ The PKI's concern with the peasantry, especially the landless or near to landless and middle peasants, as important bases for Indonesian revolution was affirmed in the party's Fifth Congress at 1954. Resolutions on how to resolve the agrarian questions of post-colonial Indonesian society, which were substantially adopted from the 1959 National Peasant Conference (*Konferensi Petani Nasional*), were put into the PKI program. For more detail see van der Kroef 1960 and 1963, and Mortimer 1972.

The legal back-up for the operation of centralistic agrarian policies opened space for power abuse and maladministration (Bachriadi, Bachriktora and Safitri 2005). The New Order regime, according to Budiman (1991) and Mas'ood (1989), was a bureaucratic-authoritarian regime⁴² that tended to repress public control of its administration or gag all potential criticism and control by the public.

The shift in agrarian politics from 'agrarian reform, mass mobilization and intensification' to 'green revolution from the top-down, without land reform' (White 2005: 121-122), explored more below, the disappearance of critical discourses on agrarian transition and rural poverty, and the lack of public control, contributed significantly to maladministration of the BAL implementation.⁴³ Along with the intensity of rural development program and

⁴² In Budiman's review, New Order Indonesia was a Rent-Bureaucratic Authoritarian State as compared with the South Korean, which he called a Development-Bureaucratic Authoritarian State (1991: 13-22). While according to Mas'ood, the way the New Order led the political life of the Indonesian nation-state in Indonesia could be characterized as a combination of Bureaucratic-Authoritarianism and State-Corporatism (1989: 6-8). Previously Robison (1978) had said that the New Order's Indonesia was a Military-Bureaucratic State. The conception of a Bureaucratic-Authoritarian State was firstly developed by O'Donnell (1973 and 1978) to refer to the character of a State as follows: (a) higher governmental positions are usually occupied by persons after successful careers in complex and highly bureaucratized organizations – the armed forces, the public bureaucracy, and large private firms; (2) political exclusion, in that the State aims at closing channels of political access to the popular sectors and its allies so as to de-activate them politically, not only by means of repression but also through the imposition of vertical (corporatist) controls on such organization as labor unions; (3) economic exclusion, that it reduces or postpones indefinitely the aspiration to economic participation of the popular sector; (4) depoliticization, which tends to reduce social and political issues to 'technical' problems to be resolved by means of interactions among the higher echelons of the above mentioned organizations; and (5) it corresponds to a stage of transformation in the mechanism of capital accumulation of society, which is, in turn, a part of the 'deepening' process of a peripheral and dependent capitalism characterized by extensive industrialization (O'Donnell 1978: 6).

⁴³ Some Indonesian agrarian scholars such as Tjondronegoro (2001 and 2007) and Wiradi (2000: 140-141) have claimed 'the BAL 1960 was frozen' after the New Order regime took over state power. According to McAuslan the main obstacles to implementation of the BAL and its mandate for land reform in post Old Order period were: (1) the sustained trauma from the perception that 'land reform as the communist's program'; (2) the limited number of agrarian experts; and (3) the vicious circle of law enforcement (1986: 30-31). On one hand, he described problems coming from different legal interpretations of the BAL itself by legal officers and state officials, while people as subjects of the law only wanted to know their rights without caring enough about their obligations. On the other, implementation of the law itself was vulnerable to maladministration practices and vested interests (McAuslan 1986: 31). His last point was recently confirmed through research conducted by the Indonesian National Commission of the Ombudsman and the Consortium for Agrarian Reform (KPA) (Bachriadi, Bachriktora and Safitri 2005). In general we can recognize four obstacles to bringing back agrarian reform discourse and implementing agrarian reform policy in Indonesia:

the extension of large plantation and forestry exploitation areas, the position of the BAL was marginalized, including its main mandate to implement land reform in a socially just manner. This intensity of 'development' caused land conflicts in many parts of Indonesia. Moreover, in several regions, state authorities that dealt with land allocation for business operation manipulated the BAL to reject the existence of customary land, which caused many conflicts especially in the areas claimed as State Forest.

The New Order's capitalist-oriented development and authoritarian politics treated State land as a huge opportunity for capitalist exploitation. Since that time there have been no more stories of substantial state-led populist land reform programs, even in the State Land areas, but only of a rural development program that caused more inequality in land-holding structures.

2.1.2 Capitalist-oriented Development, Exploitation and Land Problems

The bureaucratic-authoritarian regime had a centralistic administrative approach, resting on the power of a technocracy and bureaucracy that worked together with businessmen as the main representative of capitalist forces. In order to achieve its aims, manipulation of laws and regulations and mobilization of state officials to threaten repressive actions against potential opponents became 'business as usual' (Bachriadi, Bachrioktora, Safitri 2005). In this vein, depoliticization and vertical control of all mass-based and political organizations was needed. Repression and de-politicization of popular forces by a bureaucratic-authoritarian regime using the State as an instrument of political violence was needed to achieve its aims. According to Budiman, these were capital accumulation under the slogan of development, where confident businessmen, officially the backbone of economic development, especially to leveraged economic growth, were actually rent-businessmen who paid state officials and bureaucrats to be given facilities (Budiman 1991: 69-70).

strong absence of political will; public political prejudice; limited accessible knowledge based resources; and the very small number of agrarian experts.

Centralistic agrarian politics, such as were contained in the concepts of State Land and State Forest, were then used by the New Order regime to provide opportunity and freedom for investment in capital accumulation processes through exploiting both natural resources and the communities who lived around them. The state facilitation of these forces is visible in the concentration of land-holding by capitalist groups to exploit the land and other natural resources of this country for their profit and capital accumulation, as described briefly by Bachriadi and Wiradi (*forthcoming*) below.

Table 2.1 Landlordism over State Lands in Indonesia by the late 1990s

Land Usufruct	Total land allocated (ha)	Number of companies	Average land holdings (000 ha)	Notes
Large scale extractive forestry resources projects (by 1999)	48M	620	77.5	12 groups of companies controlled 16.7 million ha (34.8%) These included a single state-owned forestry company, PT Perhutani, that controlled over 2.5 million ha of Forest Land' in Java
Large scale mining projects (by 1999)	264.7M	555	477	Total land allocated for large-scale mining exploration and exploitation here is based on accumulative concession areas provided for each company as recorded by the Investment Coordination Board (BKPM, Badan Koordinasi Penanaman Modal). This indicates that concession assignments had (1) the potential to overlap with land allocation for other purposes; (2) mining concessions are only based on potential underground operations without recognizing the total land area used by the mine. Data for the actual land used by these mining operations is not available.
Large-scale plantation projects (by 2000)	3.52M	2,178	1.6	
New towns and luxury housing development projects of big 10 conglomerates only in the 'Jabodetabek area' (1998)	65,434	10 holding property companies	6.5	Jabodetabek = Jakarta-Bogor-Depok-Tangerang-Bekasi, a metropolitan area around Jakarta, which is part of three provinces (DKI Jakarta, West Java and Banten)
Golf courses (Jabodetabek metropolitan area only, by 1995)	11,200	32	0.4	By 2000, 119 country golf clubs and courses had been developed throughout Indonesia
Large scale industrial estate projects (by 1998)	25,254	74	0.3	

Source: Bachriadi and Wiradi *forthcoming*

Compared to this landlordism, land used for people-based (small) agriculture after the New Order had been in power for more than a quarter century was only 16.8 million ha being used by 23.8 million peasant-households (land-holders and farm workers) in 1983, and 17.1 million ha of land being used to support the livelihood of 30.2 million peasant-households in 1993. Five years after the New Order fell the situation regarding peasant land holdings was relatively unchanged because they were not central focus of development. Peasants were still being exploited to provide food for the Indonesian population. In 2003, when the most recent Agricultural Census was conducted, although the total area of people-based agricultural activities had increased to around 21.5 million ha (a 26% rise over the previous decade), it had to support the livelihood of around 37.7 million peasant households (a 25% rise) (Bachriadi and Wiradi *forthcoming*).

Comparing the official number of total peasant-households with available land since 1983, landlessness has increased over the period; from 21.1% of total peasant-households in 1983 to 30% in 1993, and 35.5% by 2003. The proportion of peasant-households that held less than 0.5 ha of land (measured by the total number of 'peasant landholders') increased from 44.5% in 1983, to 48.6% in 1993 and to 51.2% by 2003. Meanwhile the average landholding of all peasant landholders never exceeded 1 hectare: 0.89 ha in 1983, 0.81 ha in 1993, and 0.89 ha in 2003.⁴⁴

These landholdings among peasants reflects the fact that the New Order administration never seriously tried to fulfill the mandate of the BAL that clearly stated that the minimum size of land holding of peasant-households in Indonesia was 2 ha.⁴⁵ Even though this requirement could be achieved step by step, as explained in the Law,⁴⁶ after 40 years there has yet to be any significant

⁴⁴ For a full explanation of the dynamics of this land tenure structure from five Agricultural Censuses (1963 to 2003) see Bachriadi and Wiradi *forthcoming*.

⁴⁵ See BAL 1960, article 17 and its Explanation; and Law No. 56/Prp/1960 on *Penetapan Luas Tanah Pertanian* (Agricultural Land Ceiling).

⁴⁶ See BAL 1960 article 17: 4.

changes in the structure of peasant landholdings. A picture of the unequal land holding structure among the peasants, as reflected in the value of the Gini Ratio of land distribution that always either increased or stayed above 0.6,⁴⁷ as shown in Table 2.1 below, shows that inequality is quite wide.⁴⁸

Table 2.2 Peasant-Households and Landholding Relations, 1983-2003

Category	Year of Census		
	1983	1993	2003
Total (absolute) number of Peasant Households	23.8 M	30.2 M	37.7 M
% of 'Peasant landholders'	78.9	70.0	64.5
% of Absolute-Landless	21.1	30.0	35.5
Total (absolute) land held by 'peasant landholders'	16.8 M ha	17.1 M ha	21.5 M ha
% of Small Peasants (land-holding < 0.5 ha) to total 'peasant landholders'	44.5	48.6	51.2
Average of land-holdings by 'peasant landholders'	0.89 ha	0.81 ha	0.89 ha
Gini Ratio	0.64	0.67	0.72

Source: Bachriadi and Wiradi *forthcoming*

M= million

Whilst average land-holdings among peasant-households has stayed more or less constant and the number of landless and small peasants has increased over time, the concentration of land held by investors, business-enterprises, and state-promoted landlords for natural resources exploitation and capital

⁴⁷ The Gini coefficient or Gini Ratio is a measure of statistical dispersion mostly used as a measure of inequalities of income, wealth, or land distribution. The Gini Ratio of land distribution is a measure of the inequality in land-holding structure among the people in a community that indicates the figure of land-holding concentration (how many people hold how much land). So, in a land-holding structure, a low Gini Ratio indicates a more equal land distribution, while a high Gini Ratio indicates a more unequal distribution. A value of 0 in this ratio corresponds to perfect equality (everyone holding exactly the same amount of land); and a value of 1 corresponds to perfect inequality (where one person holds all the land, while everyone else are absolutely landless) (see Bachriadi and Wiradi *forthcoming*, and Booth 1988: 52).

⁴⁸ Broadly speaking, a Gini Ratio of 0.3 is frequently considered as a threshold point of a relatively equal land-holding structure, while one in excess of 0.6 implies a very uneven distribution (see Bachriadi and Wiradi 2004, Booth 1988: 52 particularly footnote 8).

accumulation has led to a formation of 'new' landlordism over State and Forest lands. This is notwithstanding the fact that limitations of land holding are regulated by Indonesia's agrarian law; the BAL states that 'to avoid loss of public interest, land ownership and holding that exceeds the maximum ceiling is not tolerated' (article 7) and 'to achieve an aim of land rights assignment, maximum and minimum ceilings under certain rights for one family or enterprise are regulated' (article 17). But as far as this law has been applied, a complete and detail land ceiling regulation has applied only for private land ownership. A similar regulation for commercial use land rights has never been implemented. So there is a strong possibility of a concentration of land holding by business-oriented enterprises, which is visible today, because there has been no clear regulation of this phenomenon.⁴⁹

Information about these land-holdings indicated that state-led populist land reform became history after the Suharto regime took power.⁵⁰ While the land reform program still existed on paper, there was no longer a participatory mechanism where representatives of peasant organizations at village level had a central role as members of the land reform committees.⁵¹ Moreover the

⁴⁹ In 1999, the Ministry of Agrarian Affairs regulated land control by business enterprises, the Instruction of the Ministry of Agrarian Affairs/Head of the National Land Agency ('Instruksi Menteri Agraria/Kepala Badan Pertanahan Nasional') No. 5/1998 concerning Assignment of Location Permits for Large Scale Land Holdings ('Pemberian Izin Lokasi dalam Rangka Penataan Penguasaan Tanah Skala Besar') and a Regulation of the Ministry of Agrarian Affairs / Head of the National Land Agency ('Peraturan Menteri Agraria/Kepala Badan Pertanahan Nasional') No. 2/1999 concerning Location Permits ('Izin Lokasi'). However these regulations had limitation and were not implemented retrospectively. So they were ineffective in regulating existing landholdings.

⁵⁰ Mas'ood notes that proponents of the New Order, especially the Army, rejected the continuation of a strategy of populist land reform. 'Conducting land reform and other programs that aimed to redistribute wealth and promote such as progressive taxes, will only make proponents of the New Order aware that this regime is the antithesis of the communist-inspired program. The anti-communist rural landlords, even though almost of them did not hold land on a large scale, are an important ally of the military that must be maintained... A [land reform] program like that will force domestic businessmen that have an international network ... to send their capital overseas ... Moreover, the Army itself perceived that the land reform program that was sponsored by the leftists during the beginning of the 1960s threatened its control over state-owned plantation estates' (Mas'ood 1989: 60).

⁵¹ It also indicated by the abolishing of the Law No. 21/1964 concerning the Land Reform Adjudication Court ('Pengadilan Land Reform'). In fact, this was a law that determined the highest institution to resolve disputes over land that had become an object of land reform where representatives of peasants' organizations became jurists in this adjudication processes. The other sign was the promulgation of a new regulation, Presidential Decree (Keppres) No. 55/1980 which

national institution responsible for land administration and land reform, the National Land Agency (BPN) no longer made governance aspects of land tenure as a fundamental aspect of economic development, but instead was limited to carrying out land administration.

The New Order Regime preferred to conduct agricultural development projects and consolidation of the farmers⁵², which were framed essentially to mobilize farmers and strengthen rural development institutions, in order to, firstly, increase food production through green revolution programs,⁵³ and, secondly, increase the contribution of the agricultural sector to GDP that depended on the plantation and forestry sectors.⁵⁴ Forestry exploitation was

abolished the role of peasant organizations in land reform committees at village, sub-district and district (kabupaten) levels.

⁵² The New Order regime formed the Indonesian Harmonious Farmers Association (HKTI, *Himpunan Kerukunan Tani Indonesia*) in 1973 and the Contact Group of Reliable Farmers and Fishermen (KTNA, *Kontak Tani dan Nelayan Andalan*) in 1981. See also note 65 below for details of HKTI.

⁵³ The Green Revolution program aimed to increase food production, implemented worldwide especially in third world countries. It relied on use of new seed varieties (HYVs, high yielding varieties) that were claimed to be more pest resistant, faster growing and higher yielding than the traditional seeds. The Green Revolution was initially implemented in Mexico through a massive growing of a high-yielding wheat variety, invented by US agronomists. In Indonesia, this program was concentrated in widespread growing of high-yielding rice varieties invented by the International Rice Research Institute (IRRI). This program package in Indonesia included mass extension, fertilizer supply and production credit through the BIMAS (Bimbingan Massal or Mass Extension) and INMAS (Intensifikasi Massal or Mass Intensification) programs. To maintain stability of food prices, the BULOG (Badan Urusan Logistik or Logistics Management Board) was formed to monopolize food trading, especially rice, sugar and flour. The New Order administration was able to run this program because it had enough financial support through foreign loans, in addition to the regime's repressive mobilization approaches in its implementation. For a short account of the Green Revolution and the involvement of Indonesian agronomists, particularly from the Bogor Institute of Agriculture (IPB, *Institut Pertanian Bogor*) who developed the method of 'five farming efforts' or *panca usaha tani*, see Soepardi 2000, Soemardjan and Breazeale 1993: 82-86.

⁵⁴ The redevelopment of the plantation sector during the New Order period was begun at the beginning of the 1970s under the recommendation of the World Bank, which was fully involved in its design, to redevelop tree- and cash-crops plantations, both large and small. For that purpose the Bank provided financial support for several projects such as the Rejuvenation, Rehabilitation and Extension of Export-crops Project (PRPTE, *Peremajaan, Rehabilitasi dan Perluasan Tanaman Ekspor*), the Management Units Project (UPP, *Unit Pelaksana Proyek*), and a contract-farming scheme, which was implemented in various Nucleus Estate and Smallholders Schemes (PIR-Bun, *Perusahaan Inti Rakyat Perkebunan*) (Bachriadi 1997b: 127-128). The project approaches were about farming efficiency, technological improvement, improvement in production management, and production reorganizing. In fact, as noticed by van der Kroef (1971) and Robison (1986), the redevelopment of plantation estates was driven by interest in reopening opportunities for foreign investment to once again operate these businesses in Indonesia. Van der Kroef noted that 'in July 1970, Tojib Hadiwidjaja, Minister of Agriculture, announced that the number of State-owned plantation companies had been reduced from 102 to only 28. Increasingly, foreign operational control

intensified, particularly through timber extraction, in order to add to economic growth rates (Room 1980, Meijer 1981, Ramli and Ahmad 1983, Brown 1999, FWI/GFW 2002). As Robison remarked, the forestry industry was a new business area for the Army on top of their control of many state-owned plantation estates (1986: 186 and 256-258),⁵⁵ and a new area to invite foreign investment that the previous Sukarno regime had tried to limit. Forestry ‘...was one of the boom areas of investment in the period of 1967-1975, and at this stage was concerned almost exclusively with the export of logs, an export earner second only to oil’ and ‘large numbers of logging concessions fell into the hands of a number of the military and their Chinese clients, who in a large number of cases entered joint ventures with foreign companies’ (Robison 1986: 186).⁵⁶

Through the Green Revolution program and the development of plantation estates into modern agro-industries, the performance of Indonesian agriculture clearly showed a positive performance statistically in its

was permitted again in the estate agricultural field, as part of the new hospitality to foreign capital investment’ (1971: 175-176). See also Bachriadi 1995 for a short history of the implementation of contract farming schemes in various projects in Indonesia.

⁵⁵ The Army was deeply involved in controlling plantation businesses since the Old Order regime started a nationalization program of foreign companies. Pelzer described how ‘over five hundred Dutch estates, roughly three-fourth of all plantations in Indonesia, as well as a great number of other Dutch enterprises, had been put under military supervision by December 1957 ... The army took advantage of every opportunity to place officers in government agencies concerned with the administration of Dutch properties. In June 1958, for example, Nasution in his capacity as head of the Central War Administration (‘Penguasa Perang Pusat’), assigned officers to the Central Administrative Committee of Dutch industrial and mining enterprises, or Badan Pusat Penguasa Perusahaan-perusahaan Indusri dan Tambang Belanda (BAPPIT), the Committee for Trade Matters or Badan Urusan Dagang (BUD), and PPN-Baru. His instruction contained guidelines for cooperation between the Central and Territorial War Administrators on the one hand and PPN-Baru on the other. Even more explicit was Nasution’s order that the deputy director of the PPN-Baru headquarters in Jakarta be an army officer responsible directly to the office of the Central War Administration and appointed by the Prime Minister. Similarly, the deputy director of a provincial branch of PPN-Baru had to be an officer acting as the representative of the Territorial War Administrator’ (1982: 163, 167-168).

⁵⁶ Besides Robison 1986, see also Crouch 1978 (particularly pp. 273-303) and several other well-informed sources in Indonesia that explore military activities in plantation, forestry, mining, and other business, for instance, Samego *et al.* 1998 and Iswandi 1998.

contribution to the Indonesia's Gross Domestic Product (GDP).⁵⁷ Green revolution programs also brought Indonesia the achievement of food self-sufficiency by 1984, after being a net importer for more than 15 years. Ironically, this achievement was maintained for only a short period, because Indonesia returned to become an annual net food importer, especially in rice, a situation which increased after 1986.⁵⁸

The 'success story' of rural and agricultural development, increasing food supply and the growth of the agricultural sector's contribution to GDP (Rosendale 1981, Mears 1981, Mears and Moeljono 1981, Booth 1988, Tabor 1992, Thorbecke and van der Pluijm 1993, Hill 1996, and Bachriadi 1997a) was later described as being from the contribution of the large plantation sector, and which would have been significantly greater if the contribution of the forestry industry was included.⁵⁹ While it contributed to the economic growth of developmentalism, it did not resolve rural poverty problems, but stood alongside an increasingly unequal land distribution and agrarian conflicts.

Although in general recognizing that the Green Revolution had an positive impact on agricultural productivity, Profesor Sajogyo, an authoritative Indonesian rural sociologist, argues that the incomes of farm labourers had actually 'dropped in relative terms compared with the incomes of farmers and

⁵⁷ During the Five-year Development Plans (PELITA, Pembangunan Lima Tahun) I to IV, the agriculture sector had a significant contribution to GDP (between 23%-43%) although with a decreasing trend from one PELITA to another (Bachriadi 1997b: 124).

⁵⁸ Moreover in 1998, at the end of the New Order period, Indonesia imported around 5.8 million tonnes of rice, about 50% of the total rice traded in the international market (*Kompas* 2 November 1998). For complete statistical figures on domestic rice production and consumption in Indonesia from 1964 to 2003, see *World Rice Statistics* provided by IRRI at www.irri.org/science/ricestat/ (accessed 27/5/2008).

⁵⁹ According to Rosendale, from 1968 to 1978, the contribution of forest products to total Indonesian exports increased from 4.3% to 8.7% (1981: 229). Forest Watch Indonesia (FWI) and Global Forest Watch (GFW) noted that in 1997 the forestry sector and timber and processed wood products contributed 3.9% to the GDP; the value of plywood, pulp and paper exports reached 5.5 billion USD. This value was almost half of the value of oil and LPG exports and equal to 10% of total export revenues (FWI/GFW 2002: 4). See also Ramli and Ahmad 1983, for critical studies of forestry's contribution to the Indonesian economy. They said that the contribution of the forestry sector to generating income, creating job opportunities, and national revenues, frequently quoted to show success stories of forestry development and its contribution to the Indonesian economy, were actually wrong statements. The only small contribution of the forestry sector was to national income reserves.

landlords who have gained as their enterprises have become more capital-intensive' (Sajogyo 1993: 48). Other studies also showed that the Green Revolution program in Indonesia was only benefiting large landholders which in turn contributed an increasingly unequal land distribution among the peasants, labor displacement and inequalities in wealth and income (Franke 1972; Budhisantoso 1975; Soewardi 1976; Arief 1979; Billah, Widjajanto and Kristyanto 1984; Manning 1988; and White and Wiradi 1989).

In questioning the contribution of the Green Revolution to job opportunities in rural areas, Wiradi (1996) and Manning (1988) also criticized the program compared to the reality of the rural-urban migration rate and the 'export of cheap labor' overseas that had increased since this program had been implemented. Manning stated explicitly that 'by the early 1980s, the majority of rural households still remained desperately poor, but the incidence of poverty had almost certainly declined under the New Order' (1988: 72). A decade before, Arief (1979) showed that since its inception, the New Order's rural development program had rested on a 'betting on the strong' approach, in Wertheim's terminology (1964: 259-277), while hoping for a trickle down effect, whereas there was an income disparity both between urban and rural populations or among rural villagers and increased mass poverty. In the same vein, Bachriadi and Wiradi (forthcoming) who studied land tenure problems in Indonesia based on the ten-yearly Agricultural Censuses between 1963-2003 (covering nearly 30 years of the New Order), concluded that an increasing number of landless and small peasants, and inequality of rural income based on agricultural land holdings, showed that rural poverty was not declining, but has increased significantly.

While rural development programs were contributing to an increasing inequality in land holding structures and of poverty both in rural and urban areas, many expensive development projects, which took over people's lands both in non-forest and forest areas, created conflicts in all many parts of Indonesia (see, for instance, Lucas 1992; Suhendar 1994; Djuweng 1996;

Bachriadi 1997a, 1998a, 1998b, 2002b and 2004; Bachriadi, Faryadi and Setiawan 1997; Fidro and Fauzi 1998; Ruwiasuti, Fauzi and Bachriadi 1998; Gunawan, Thamrin and Suhendar 1998). In some regions, State authorities that dealt with land allocation for business operations, particularly in the 'forest areas', manipulated laws to reject the existence of customary land. There is no adequate calculation of how much State land is in the non-forest area, because many parcels of individually owned land are still not certified under the current land administration system. This became one of the most problematic issues behind land conflicts in Indonesia during the New Order. In state forestry areas there are many local and indigenous peoples with claims under various customary land systems or *adat* laws. Communities depended on areas claimed as State land in 'non-forest areas' for their livelihood for many years. When the authorities allocated these areas for business or conservation purposes and granted new definitive rights over this land, suddenly conflict occurred. This problem of a just and fair resolution of competing land claims was more complicated since the authoritarian regime of the New Order used its state power to repress local people and almost always stood in favour of big business interests (Bachriadi 2002b and 2004).

A database of agrarian conflicts constructed by the Consortium for Agrarian Reform (KPA), recorded 1,753 agrarian conflict cases up to 2001.⁶⁰ These cases indicated that the 'Big 10' causes of these conflicts were: conflict because of large-scale plantation projects (19.6%), projects for urban facilities (13.9%), middle class housing and new town projects (13.2%), logging concession projects (8.0%), projects for factories and industrial estates development (6.6%), large dams and irrigation projects (4.4%), projects for tourism and hotel resorts (4.2%), big mining projects (3.4%), projects for

⁶⁰ Recorded cases in this database are based primarily from clippings collected intensively during 1999-2001 from several national newspapers published since 1970. All information from those clippings was then compared with information and reports that had arrived in the secretariat of the Consortium for Agrarian Reform between 1996 and 2001. Those reports are usually compiled as chronologies of land conflict cases in areas reported by KPA members spread all over Indonesia. The KPA's performance as one of the nation-wide social movement organizations that has promoted the implementation of agrarian reform and land conflict resolution in Indonesia will be explored more fully in Chapter VI.

military facilities (2.7%), and projects to establish protected and conservation forest (2.5%).⁶¹

Around 10.5 million hectares of land were disputed, according to this KPA database, and more than 1 million households were evicted (see also Bachriadi 2001b). This is not surprising given Suhendar's (1994) and Lucas' (1992) earlier findings about land conflicts in Java. In West Java alone, according to Suhendar, around 15,000 farmers and tenants were forced to leave their cultivated land, which would be used for many 'development' projects, in only the three years 1988-1991; while Lucas' 1992 study of nine structural land disputes in various places in Java found that around 89,500 households had been forcibly moved and 480 houses burnt to compel the owners to leave.

2.1.3 Control and Repression of Rural Politics and Mass-based Organizations

As a Bureaucratic-Authoritarian state regime, the New Order carried out depoliticisation and political exclusion of popular forces, with a reliance on a bureaucratic approach and top-down control (O'Donnell 1978, Mas'oed 1989 and Budiman 1991). Political and mass-based organizations were simplified, which usually meant merged into single sectoral organizations, lead by 'loyal and trusted people' and managed by a vertical hierarchy of command to make mobilization and control easier.

The bringing of popular social-political forces under control of the state, after the leftist mass-based organizations and the PKI were banned, was carried out using a number of strategies. Firstly, by strengthening a military institution that became central for maintaining 'security and order', the Kopkamtib ('Komando Operasi Pemulihan Keamanan dan Ketertiban' or Operational Command for the Restoration of Security and Order) later replaced by Bakorstranas ('Badan Koordinasi Bantuan Pemantapan Stabilitas Nasional' or

⁶¹ See also Appendix 4 for detailed characteristics of these conflicts.

Coordinating Body to Assist in Maintaining National Security) in 1988.⁶² Secondly, by unifying political parties and reducing the number from the 10 parties that had been involved in the 1971 General Election to only 2 parties and Golkar ('Golongan Karya' or Functional Group) in 1973.⁶³ Thirdly by imposing a package of political laws and unification of mass-based social organizations in a single organization for each sector.⁶⁴ The HKTI became the one and only peasant organization recognized by the government.⁶⁵ Not

⁶² For an explanation about the operations of Kopkamtib and Bakorstranas, see Southwood and Flanagan 1983 and Thoolen 1987.

⁶³ The two parties formed as the result of this forced fusion were the Indonesian Democratic Party (PDI, Partai Demokrasi Indonesia), which merged nationalist and other non-Islamic oriented parties, and the Development Unity Party (PPP, Partai Persatuan Pembangunan), which merged all the Islamic-oriented political parties. Based on a new political party regulation, the 1975 Law concerning Political Parties and Golkar, all political parties had a limited space to engage in activities in the countryside, except for a short campaigning period prior to each general election.

⁶⁴ Law No. 3/1975 (replaced by Law No. 3/1985) on Political Parties and Golkar; Law No. 5/1979 (replaced by Law No. 2/1985) on Structure and Position of the MPR/DPR/DPRD; Law No. 2/1980 (replaced by Law No. 1/1985) on General Elections; Law No. 8/1985 on Social Organization; and Government Regulation No. 18/1986 concerning the Regulation of Social Organizations.

⁶⁵ The formation of HKTI and the Federation of All Indonesian Workers (SBSI, Serikat Buruh Seluruh Indonesia) were the first unified sectoral mass-based organizations formed when the New Order took over power. This was from the influential initiative of General Ali Moertopo, a close political ally of Soeharto and one of the main conceivers of the 'floating mass' concept (see Moertopo 1974 and 1975). HKTI was formed on 26 April 1973. It was the one and only recognized peasant organization operating at all administrative levels except at village level. This organization defined itself as the association of farmers rather than of peasants. It officially translated the term of 'Tani' in its name into 'Farmers'. See their official website: www.hkti.or.id. This organization was totally a product of the New Order, and of course was affiliated to Golkar as well. It was always lead either by bureaucrats, ex-bureaucrats, military officers or businessmen who were loyal to Soeharto. This organization never seriously criticized the New Order's program even though many Indonesian peasants or farmers that it claimed as its members suffered. For Soetrisno (1990: 33), an Indonesian rural sociologist, HKTI was essentially not a true peasant/farmer's organization, but a government-owned organization to mobilize rural villagers. The International Labour Studies (ILS) described this organization as 'a government controlled and largely inactive organization, which was supposed to protect the interest the farmers and the laborers whom they exploit' (ILS' Newsletter, 18 July 1983, p. 5). After the fall of Soeharto, the tradition of being led by non-peasants/farmers who were another political vehicle for the elites has been continued. In 1999-2004 Siswono Yudo Husodo, a former nationalist student activist in the 60's who became a successful businessman, and an ex-Golkar member after the New Order period, led HKTI. In 2004, he was promoted by Amien Rais, a leader of the Muhammadiyah, one of the biggest moderate Islamic organizations, to be the candidate for Vice President accompanying himself as candidate for President in the 2004 presidential election. Since 2004, ex-Lieutenant General Prabowo Subianto, one of Soeharto's sons-in-law and a rising star among the New Order's military officers, has led this farmer's association. Probawo is a son of a prominent architect of the New Order economic policies, Prof. Soemitro Djojohadikusumo, who lived in exile when Soekarno banned his political party (the Indonesian Socialist Party or PSI, Partai Sosialis Indonesia) in the 60's. In 1998, Prabowo was forced to resign from the Army, when he was suspected of being responsible for a series of kidnappings of student and political activists in 1997-1998. Through the HKTI and his party, the Greater Indonesia Movement Party (Gerindra, Gerakan Indonesia Raya), he was promoted to be a candidate for Vice President in the 2009 presidential

surprisingly, along with all of these single sectoral organizations, the HKTI had to become affiliated to Golkar.⁶⁶ The three last political rearrangements to limit popular participation in political activities led to the formation of the so-called 'floating mass', restricting almost the whole population from being involved in politics. This concept of 'floating mass' had been promoted by leading generals since 1971 and was the archetypal expression of the New Order's concern with political stability as the precondition to economic growth (van Tuyl and Witjes 1993: 197).

Another important restriction on popular participation imposed by the New Order was the law concerning village administration, promulgated in 1979.⁶⁷ The structure of village governance was unified under this law, which put the village at the bottom of the centralized government coordination. This political arrangement had an impact on the disappearance of pluralism and any customary laws concerning social consolidation and cohesiveness at the community level as well as community-based property ownership and land usufruct.⁶⁸ Under this law every village in Indonesia was to be governed by two institutions, the Village Community Resilience Board (LKMD, Lembaga Ketahanan Masyarakat Desa) headed by the Village Head, which consisted of the Village Consultation Board (LMD, Lembaga Musyawarah Desa) and the Village Head ('Kepala Desa'). The LKMD and LMD were agencies for promoting

election accompanying Megawati Soekarnoputri of the Indonesian Democratic Party – Struggle (PDI-P, Partai Demokrasi Indonesia Perjuangan). They received 27% of the vote (second place out of the three candidate-pairs).

⁶⁶ Trade unions were merged in the Federation of All Indonesian Workers (FBSI, Federasi Buruh Seluruh Indonesia), peasants/farmers were organized in the Indonesian Harmonious Farmers Associations (HKTI, Himpunan Kerukunan Tani Indonesia); fishers were organized in the All Indonesian Association of Fisherman (HNSI, Himpunan Nelayan Seluruh Indonesia) and youth organization were merged in the National Committee of Indonesian Youth (KNPI, Komite Nasional Pemuda Indonesia). Then many other professional groups such as journalists were organized in the Indonesian Journalist's Association (PWI, Persatuan Wartawan Indonesia), women were organized the Indonesian Women Corps (Kowani, Korps Wanita Indonesia), and so on. Usually these mass-based organizations led by bureaucrats or ex-bureaucrats, military or ex-military officers, or 'independent' persons whose loyalty to Soeharto had been tested and approved.

⁶⁷ The Basic Law of Village Administration (Law No. 5/1979).

⁶⁸ For a useful critique about the disappearance of pluralism and destruction of social solidarity at community level because of implementation of this Law, see Zakaria 2000.

development, inculcation of the Pancasila as state-ideology, as well as enforcing local security and order.

The New Order's centralized agrarian policymaking process and authoritarianism caused rural socio-economic and political life to worsen, particularly for 'the victims of New Order's developmentalism'. The rural poor or evicted villagers could neither channel nor struggle for their interests in land and livelihood through existing institutionalized politics. Neither political parties nor alternative peasant organizations operated at village level. If there were any branches of the HKTI in the villages, they were more concerned with the process of peasant mobilization to support the New Order's developmentalism than to represent the true interests of village communities, whilst rural villagers had no freedom to organize and express these interests. If anyone wanted to conduct popular activities among the villagers, even development and income generating schemes, they needed approval from local authorities.⁶⁹ Military control operated down into village level through its strategic approach of controlling territory: army offices were formed in every sub-district and its officers, 'Babinsa' (Bintara Pembina Desa or Noncommissioned Officer Village Supervisors), stationed in every village in coordination with the local chapter of the HKTI in order to 'control all forms of political life at the village level' (Thoolen 1987: 121). So there were almost no spaces for local people in rural areas to express criticism or protest openly against this repressive political behavior.

The rural power holders, elites and authorities such as the Village Head, and the LMD/LKMD, for instance, were not representative of all villagers, particularly the rural poor, landless poor or peasants who lost their lands, and who needed to defend their interests and to improve their livelihood. Although the village heads, were selected through direct village elections that in some cases were relatively democratic, other formal local elites could do nothing when faced with certain 'big problems' that originated in state-

⁶⁹ It was regulated by the Government Regulation No. 18/1986.

authoritarianism that was in many cases had in glove with large commercial investors. They had to save their skin from state repression or safeguard their economic interests.⁷⁰

As a result, many public decisions related to land allocation and use, particularly for 'development projects' that involved potentially serious impacts of access by villagers to land or other natural resources, could not be made by local political institutions operating in rural areas even at the district and provincial levels. Formal power holders and other authorities, from village to national level, often neglected local peoples' rights over land and natural resources, rather than representing their interests. They preferred to repress any popular criticism and keep local democratic contentions at a minimum level, even if they did not take any preemptive actions.

Another obstacle for local people to express their interests, either as peasants, villagers or citizens, resulted in political stigmatization and criminalization, and other kinds of human right abuses, on the one hand, and 'post-65' political-trauma that led most rural villagers to cope with a culture of repression through self-censorship of any criticism on the other.⁷¹ After the massacres in 1965/1966 and the banning of leftist political activities, most political stigmatization of criticism and protests in rural areas involved these

⁷⁰ Some studies showed that the Village Head and his relatives, who were often members of the LMD or were village officials as part of the village elite, were among the strongest economic groups in the village. Their position as village officials strengthened and enhanced their socio-economic position, particularly when they controlled village subsidies as well as the budget and implementation of rural development programs. As rural elites, they became the government's economic and political agents who were involved in the larger government structure as valuable clients who got benefits from being in village positions of authority but were also dependent on these positions (Zacharias 1983 and Hart 1986).

⁷¹ When conducting interviews during previous research, or popular training for rural villagers outside land conflict areas, I often found this traumatic situation among villagers. It was expressed in their reluctance and fear to express their criticism openly or avoidance of appeals to form local organizations as an alternative to existing formal social organizations. This kind of experience is not limited to rural areas. Farid, a scholar-activist who is involved actively in urban-based worker organizing activities, writes that 'when conducting labor education training classes in various cities of Java in the late 1980s, I realized that many workers were very worried that a repeat of the 1965/66 violence could occur. One major obstacle for the growth of labor unions was the fear among the workers themselves; they were unwilling to join a union for fear they would be abducted, tortured or killed' (Farid 2005: 12).

being labeled as 'communist' or 'leftist'.⁷² Such stigmatization became an important mantra in the anti-communist New Order's state religion (Roosa 2006: 6-13). Being labeled as leftist or communist will cause loss of rights as a citizen, and became a standard unwritten warning, either in a political or social sense, for individuals or groups challenging that regime. Torture, prison, illegal arrest, or even abuse of civil and political as well as economic and social rights were standard punishments for anyone who questioned or challenged this authoritarian regime, as experienced, for instance, by Pramodya Ananta Toer, a renowned writer and Nobel Prize candidate who was stigmatized as leftist/communist, illegally arrested and kept for more than 10 years in jail on the prison island of Buru (see Toer 1999).

Political stigmatization became an effective method to suppress unrest over land evictions or neglecting local people's rights over land. Bachriadi (1995, 1996, 1997a, 1998a, 2001b and 2002b) and KPA (1996) have accounted for many forms of repressions of rural villagers during the New Order era; from intimidation to arrest, from kidnapping to killing, from criminalization to character assassination, as well as the denial of civil and political rights as citizens. This political violence was conducted by the regime in all areas of rural life as well as peasants' and human right defenders (Heryanto 2006). Almost all state officials were involved in this violence, from military officers to civilian leaders, from police to legal officers in 'the law and order' institutions, and others.

⁷² For instance, in 1996, Soeharto use the famous words of Chairman Mao, 'cities under siege by villages' to express his view of critical statements of certain rural social movement groups about the New Order's land policies. Soeharto expressed these words in order to remind public awareness in Indonesia about the 'dangerous' Left movement in the past that had began to revive by using Mao Tse-Tung's popular strategy and tactics (*Bisnis Indonesia* 18 January 1997). See also note 74 in Chapter V.

2.2 *Reformasi*, Clearing the Ground for Replanting Global Neoliberal Land Policy

On Wednesday 20 May 1998, Jakarta was in a suspense filled situation, thousands of students and youth had occupied the Senayan parliament precinct, whilst hundreds of thousands more flooded onto the streets in many other cities. For more than a week protesters, students, youth, peasants, and other poor people flooded city squares, streets, and local assembly buildings in many cities in Indonesia. They had only one demand, Soeharto must step down from the presidency. The same was true for villagers of Cibedug, a small village in the foothills of Pangrango mountain, in Ciawi, West Java, located just behind the Suharto family's Tapos ranch. They were in suspense waiting to see what would happen. A week before, gunshots had killed five students in a street demonstration in Jakarta, that had been followed by urban riots in and around the city. Political elites, who so far had remained loyal to Soeharto, were busy maneuvering, to distance themselves from the President, seeking to save their positions.

A day later, 21 May 1998, Soeharto resigned from the presidency, and several hours later some Cibedug village youth moved onto the Tapos ranch. They brought hoes and sickles, having decided to occupy the land of the ranch. Even though Soeharto had *lengser*,⁷³ after two days of uninterrupted cultivation, military forces that were backing up the ranch's security stopped them. From then security and military officers closely guarded the ranch area. The Cibedug villagers did not give up, with some of them going to the Jakarta office of the Indonesian Legal Aid Institute (LBHI, Lembaga Bantuan Hukum Indonesia) to ask for advice. There they met a group of students from Bogor who were in a meeting at LBHI.

⁷³ *Lengser* is a Javanese word literally meaning 'step down' (see Kawuryan 2006); while *keprabon* probably means voluntarily, so *lengser keprabon* means to step down or abdicate (Stevens and Schmidgall-Tellings 2004). Soeharto declared himself *lengser keprabon* when he decided to step down from his presidency on 21 May 1998.

Based on a decision made by the villagers and the student activists, Cibedug villagers decided to re-occupy the Tapos ranch. On 15 July 1998 around 300 peasants, men and women, entered the area of the ranch, intending to work together to measure and cultivate the land on which they wanted to start growing vegetables and staple food crops. However, they were met again met by a military back up of the ranch's security officers. Physical clashes occurred, but the Cibedug villagers' determination to re-occupy their families' lands that had been seized by the owner of Tapos ranch 24 years previously could not be stopped again.⁷⁴

The land occupation in Tapos was a kind of culmination of rural villagers' hatred against the New Order regime; but the Tapos case was different from other land occupation cases. According to those villagers trying to re-occupy Tapos, their occupation was more an expression of social revenge against Soeharto who had seized their parents' agricultural land without compensation almost a quarter century before, besides needing an alternative income during the financial crisis that had hit Indonesia since 1997. When interviewed, most of those taking part in the occupation action claimed to be pleased to be back working as peasants.⁷⁵ In other places, for various reasons, many land occupation actions particularly those conducted on large plantation and forestry lands, were an important part of the political change dynamic following the fall of Soeharto in May 1998.⁷⁶

⁷⁴ This shortened account was extracted from Bachriadi and Lucas 2001, particularly pp. 61-65

⁷⁵ Based on interviews with Sobari and Nawi at Cibedug, Bogor, 3 November 2002 (interviews for the Oral History Research Project, 2002-2003. *Berjuang untuk Tanah, Penghidupan, dan Kebebasan*, 2003: *tape No. 20-23*). For a full account of these occupations see Bachriadi and Lucas (2001).

⁷⁶ A more detailed explanation of the dynamics of particular land occupation and reclaiming actions, both before and after the fall of Soeharto, that occurred in eastern Priangan and Bengkulu will be explored in Chapter VII, VIII and IX.

2.2.1 1998: Political Change that Opened the Way Toward Economic Liberalization and Liberal Democracy

The moment of Soeharto's *lengser* became a new point of departure in Indonesian politics and economy. It had been long awaited by many parties, particularly those challenging authoritarianism, those opposed to Soeharto's dictatorship and other pro-democracy groups, as well as international and domestic proponents of free market capitalism. Obviously Soeharto could not survive the Asian financial crisis that began to hit Thailand at the beginning of 1997 which had then spread over the entire Southeast Asian region, including Indonesia, and which shook him from power. The crisis caused a sudden drastic drop in the exchange rate of the Indonesian rupiah, especially to the US dollar, and trapped many big business enterprises, including those of Soeharto's cronies, in a deep financing crisis.⁷⁷ Price of goods skyrocketed and, at the same time, many companies fired their workers. Soeharto, since he had been re-appointed as the President of Republic of Indonesia in March 1998 at the '5 yearly ritual' of the People's Representative General Assembly (SU-MPR, Sidang Umum Majelis Permusyawaratan Rakyat), which was conducted in the midst of deep financial crisis and waves of pressure from various groups that were demanding the MPR refuse him the presidency again, was only waiting for the time of his fall to arrive.⁷⁸

During the first year of the monetary crisis in Indonesia, commonly called *krismon* (*krisis moneter*), the inflation rate increased very rapidly, reaching 80% by the end of 1998, the number of unemployed had risen to an officially estimated 27.8 million by the end of February 1998, an increase of 112% since the end of 1997, and the economy shrank by between 10 to 20 per cent of GDP during 1998 alone. In early July, the Central Bureau of Statistics announced that the number of Indonesians living in poverty had surged to 79.4 million or about 40% of the population (Robison and Hadiz 2004: 150). In this situation many

⁷⁷ About the currency crisis in Indonesia see Robison and Rosser 1998.

⁷⁸ For accounts describing the circumstances surrounding Soeharto's stepping down, see Forrester and May 1998, Aritonang 1999, and Luhulima 2001.

people, who up to then had been either industrial workers or dependent on the small and informal economy in urban areas, went back to their homes in rural areas, and tried to cultivate land there. If they were landless, they often occupied large plantations and forestry lands. This was the situation in Tapos (Bachriadi and Lucas 2001) and in other places around the Eastern Priangan area of West Java, where the Pasundan Peasant Union (SPP, Serikat Petani Pasundan) was active.⁷⁹

Pro-democracy groups in Indonesia that had been sustained by critically deconstructing the existence of the New Order regime intensified their attacks after the financial crisis of mid-1997.⁸⁰ International finance agencies, such as the IMF and World Bank, also pressured Soeharto to set up new financial arrangements as a precondition for a US\$ 43 billion loan that would be granted by the International Monetary Fund (IMF) to save the collapsed Indonesian economy.⁸¹ The IMF was waiting for another chance to push Indonesia to move faster on liberalization. A similar attempt taken at the beginning of the 1980s had not been successful. At that time the oil dependent Indonesian economy was collapsing because, as argued by Robison and Hadiz, 'as trade deregulation began to stall it became clear that important domestic monopolies and cartels were surviving' and 'the politico-business oligarchy was able to avoid sectors where pressures for reform were most intense (2004: 72 and 74). But, along with the 1997 financial crisis, the IMF Chief, Michel Camdessus, believed that 'countries cannot compete for the blessing of global capital markets and refuse their disciplines' (Saludo and Shameen 1997: 62-63).

⁷⁹ SPP is a peasant-based organization operating in the eastern Priangan area of West Java Province. It is one of the case studies in this dissertation, which will be explored in more detail in following chapters.

⁸⁰ Pressure from the urban-based pro democracy groups became stronger after the 'dark July' or 'July 27 affair' in Jakarta in 2006. This was the day Megawati's Indonesian Democratic Party (PDI, Partai Demokrasi Indonesia) headquarters were attacked and occupied by pro Soerjadi elements (Soerjadi was the previous leader of PDI), that had full support from Soeharto's military officers. Many Megawati followers were killed in this incident known as the 'Jakarta Crackdown'. See Hadiwinata 2003: 73-74 and Aspinall 2005: 177-193. For some studies about the development and consolidation of the pro-democracy movement in Indonesia since the 1990s, see Eldridge 1995, Uhlin 1997, Hadiwinata 2003, Boudreau 2004, and Aspinall 2005.

⁸¹ See, for instance, International Monetary Fund 1997, 1998a and 1998b.

Democracy was embraced as that liberating mechanism within which coalitions might be formed to challenge State control and open the door to market reform (World Bank 1997a: 334). One important thing that occurred after the fall of Soeharto was that economic liberalization agendas were strengthened along with a redevelopment of democracy. This was the expectation of proponents of a free market economy; even though, according to Robison and Hadiz (2004), the oligarchies continued to reorganize their power to survive and still control Indonesia's politics and economy. In addition to rearranging the monetary system, free trade and investment, and significant reduction of subsidies in all sectors, privatization of state-owned enterprises to eliminate state monopolies, the IMF and World Bank also wanted urgent law reform,⁸² good governance and implementation of decentralization and local autonomy, to assure private capital would have new facilities and legal certainty with which to operate.

Politics in post-Soeharto Indonesia were characterized by relative political openness; space for freedom to organize and speak, on the one hand, and implementation of decentralization and local autonomy since 1999, on the other. The response to the new freedom to organize was the emergence of hundreds of new political parties, either genuinely new or a 'new' party that was an attempt to revitalize an 'old' one, and the emergence of mass-based social organizations based variously on class, occupation or religious orientation. These mass-based social and political organizations then became active competitors and new challengers to the established political groups in the new Indonesian political arena. The long-established New Order parties like Golkar, PDI and PPP had new competitors after the 1999 General Election,⁸³

⁸² Actually some preparation for reform in Indonesia had been done by the World Bank in collaboration with the National Development Planning Agency (Bappenas, Badan Perencanaan Pembangunan Nasional) through a study entitled 'A diagnostic study on the development of law in Indonesia', which had been conducted at the beginning of 1997. This study resulted in several recommendations and action plans. The US government through USAID had agreed to fund its implementation, if the highest decision maker, the President, was willing to implement them; but the President was not (Lubis and Santosa 1999: 344).

⁸³ There have been two General Elections since the 1998 resignation of Soeharto, involving 48 political parties in 1999 and 24 in 2004. There were other parties that could not be involved in the

both from 'new' Islamic-oriented and secular political parties, although most of them were actually organized fractions of the three established parties.⁸⁴ Also several new political parties were formed to consolidate workers, followers of former socialist parties, and other groups of marginalized people.⁸⁵

Likewise, there were mass-based organizations that had operated underground during the New Order which have been operating openly since 1998, even though some of them had appeared occasionally since the mid-90s. In this context, several autonomous peasant unions that had already been formed since the beginning of the 1990s, mostly operating only locally at inter sub-district, district or inter-district levels, declared the formation of the Indonesian Federation of Peasant's Unions (FSPI, Federasi Serikat Petani Indonesia) in 1998.⁸⁶ Some of these peasant-based organizations have tried to

elections because they did not pass the verification processes. For more details about the orientation of the political parties that were involved in the elections, the results and analyses of the 1999 and 2004 general elections see, for instance, Liddle 2000 and 2005, Suryadinata 2002, Sulistyono 2002, Sherlock 2004, Rinakit 2005 and Apriyanto 2007.

⁸⁴ Examples are: PDI-P (the Indonesia Democratic Party - Struggle), led by Megawati Soekarno Putri, fractured from the PDI (the Indonesia Democratic Party) that was formed in 1973. Several Islamic-oriented parties such as the National Awakening Party (PKB, Partai Kebangkitan Bangsa) led by Abdurrahman Wahid and based on the Nahdlatul Ulama (NU); the National Mandate Party (PAN, Partai Amanat Nasional) partly based on the Muhammadiyah; the Crescent-and-Star Party (PBB, Partai Bulan Bintang) which has tried to revitalize the Masjumi; and the Star Reformation Party (PBR, Partai Bintang Reformasi) were examples of parties that split from the PPP (United Development Party). Several elements of Golkar then formed the Democrats Party (Partai Demokrat) and the Indonesian Justice and Unity Party (PKPI, Partai Keadilan dan Persatuan Indonesia); while Golkar changed its name to the Golkar Party. Another Islamic group that played a significant role in this new political arena in Indonesia is the Justice Party (PK, Partai Keadilan) that changed its name after the 1999 election to the Justice and Prosperity Party (PKS, Partai Keadilan Sejahtera).

⁸⁵ Some of these are the New Indonesian Party (PIB, Partai Indonesia Baru), formed by a new generation that believed they are the inheritors of the Indonesian Socialist Party (PSI, Partai Sosialis Indonesia) tradition; the Labour Party (Partai Buruh) led by Muchtar Pakpahan, leader of the Indonesian Prosperity Trade Union (SBSI, Serikat Buruh Sejahtera Indonesia), a non-government worker's union; the Indonesian Democratic Union Party (PUDI, Partai Uni Demokrasi Indonesia) led by Sri Bintang Pamungkas, originally a radical proponent of the New Order affiliated Islamic party, the PPP, who recruited some of the pro-democracy activists to lead this party including Agustiana, leader of the Pasundan Peasant Union (the SPP) who became general secretary of this party at that time; and the People's Democratic Party (PRD, Partai Rakyat Demokratik), formed by several radical ex-student activists that tried to consolidate local people and student groups. Some middle class people and former New Order bureaucrats who were concerned about the fate of Indonesia's peasants tried to form the Peasant's Party (Partai Petani), which failed to meet the requirements to participate in both elections.

⁸⁶ The formation of the FSPI, the emergence of rural social movements and autonomous peasant organizations in Indonesia since the New Order's period will be explored in more detail in Chapter VI.

influence politics during elections, both national and local, through developing loose relations with several politicians and political parties that were involved in the elections to consolidate the voters.⁸⁷ These activities took place especially after the 2004 general election that implemented a direct vote mechanism for parliament members at both national and local level, members of the newly established national Regional Representative Assembly (DPD, Dewan Perwakilan Daerah), the President and Vice President, and after 2005, heads of Local Government both at provincial and district level as well. Since this time, not only political parties have been busy maneuvering for power either in legislative or executive institutions, but also several non-party mass-based organizations have developed new political activities so as to be involved in these political rituals of democracy.

Despite this political openness, which indicated a significant development of democracy in post-Soeharto Indonesia, Harris, Stoke and Tornquist through their analysis of several studies, concluded that 'although the recent past has witnessed a wave of democratic transitions, many of these have yielded formal and minimalist liberal democracies rather than processes of substantial democratization' (2004: 25-26). Moreover, according to Nordholt (2004), the implementation of the politics of decentralization has opened a space for anti-democratic local elites to come back to power in the new political arena. According to Robison and Hadiz, the oligarchies' power has been 'metamorphosized within a new political democracy and within a framework of new political alliances with political and business interests, local officials, fixers and even criminals formerly operating on the fringes of the Soeharto regime as these now flooded into the new political arena' (2004: 217). But 'the neo-liberals had been casual in their approach to the power of predatory coalitions during the Soeharto era' (Robison and Hadiz 2004: 215), assuming the neo-liberals will re-adjust their approach to the current political conditions with

⁸⁷ Particular experiences of peasant's organizations in general elections, especially in West Java and Bengkulu, will be explored in Chapter IX.

more opportunity to speed up the process to form free markets under relatively democratic circumstances.

The implementation of global land policies in Indonesia that have led to a strengthening of the formation of land markets as a precondition for an economic growth-oriented development, as proponents of neoliberalism believe,⁸⁸ reflects how neoliberals work in different political circumstances in order to continue a process of primitive accumulation, even though it is a painful process, as recognized by the World Bank (1997b: 334). But the current processes of democratization will clear the ground for those processes. In other words, recent processes of democratization have been directed to the formation of a neo-liberal democratic regime that is relatively more suitable to the operation of capital and formation of markets in Indonesia, than it is to resolve agrarian problems in populist ways. If there are any attempts initiated by the new political regime that controls State power, both at national or local level, that seem to be resolving agrarian problems, these are only partial, piecemeal actions, artificial resolutions that do not touch the root of the problem. They perform two strategic purposes: first, to facilitate the control of resources by local political and economic elites, and, second, to gain more support for political consolidation, especially from social movement groups, who will be important in subsequent elections.

In 2000, Abdurrahman Wahid or Gus Dur, then President of the Republic of Indonesia, announced that he would have 40% of state-owned plantation land redistributed to landless peasants, especially that which was already occupied by local peasants⁸⁹ (Bachriadi 2000). His stated intention was never implemented as he was impeached by the Parliament in 2000. President

⁸⁸ The most significant publications on links between land registration, market formation, and capitalist economic growth are Binswanger and Elgin 1988; De Soto 1993 and De Soto 2000; Binswanger and Deininger 1995; Binswanger, Deininger and Feder 1995; Feder and Nishio 1999; and Deininger 2003.

⁸⁹ Gus Dur first conveyed this message when he delivered an opening speech at the National Conference of Natural Resources Management, Jakarta 23 May 2000. Then he spelt it out again at the opening of the SU-MPR (People's Representative General Assembly) in 2000.

Megawati, who replaced Gus Dur, coordinated a cabinet meeting to discuss the resolution of land problems in Indonesia. She then delivered a message to the public via her Economic Minister, Dorojatun Kuntjoro-Jakti, a rhetorical assertion of the 'necessity to urge structural reform to make land become an instrument for people's prosperity' (*Kompas* 27 May 2003). Ironically, this produced only a failed effort to revise government regulation of land reform implementation⁹⁰ through her representative in the BPN that was collaborating with a Washington-based research institute, the Rural Development Institute (RDI), funded by the USAID.⁹¹ When a representative of the Pasundan Peasant Union (SPP), in a meeting with her, said that agrarian reform was needed in post-Soeharto Indonesia in order to make a fundamental structural change, Megawati responded that land reform in Indonesia is impossible (interview with Nissa Wargadipura, Director of YAPEMAS, Garut 7 September 2007 [No.: P-02]). So her rhetoric of agrarian structural change was gone with the wind when she lost at the 2004 election.

2.2.2 Toward a New Agrarian Law and Strengthening Land Markets

As explained above, the BAL, which became an important pillar in post-independence Indonesian agrarian history (Wiradi 2000: 132-139), was nationalistic, pro-populist, anti-foreign, anti-capitalist and anti-monopoly by private enterprises. However, it set up the State, embodied in the central government, as the dominant actor. The New Order regime, which was pro-capitalist economic development, effectively used this legal authority. The regime chose to manipulate this law for its developmentalism purposes rather than to replace it with another law that would more obviously fit with capitalist interests. Investors could enjoy the benefits made available through the state-led land acquisition mechanism - even though special payments to bureaucrats

⁹⁰ Government Regulation No. 224/1961.

⁹¹ Maria S.W. Soemarjono, Deputy Head of BPN at that time, blocked this effort, because she prioritized revision of the BAL. For more detail about this attempt to revise agrarian law see the next section in this chapter.

were needed (MacAndrew 1986: 49-71, Suhendar and Kasim 1996: 57-59). These 'bureaucratic costs' were incurred because the New Order's land administration mechanism could reduce the direct cost of land acquisition: Repressive actions and legal manipulation could reduce significantly the direct costs of land transfers. The 'bureaucratic costs', frequently quoted as 'invisible costs' or '*biaya siluman*'⁹² in investment activities, were considered as a substitute for (or an addition to) the direct costs of land transfer.

Liberal economic thought, which became more influential amongst economists in Indonesia with the end of the oil boom era in the early 1980s, led the government to provide facilities for capital, especially foreign, to invest as much as possible in order to maintain high levels of economic growth.⁹³ An easing of land controls for investment activities was one of these provisions.⁹⁴ Eviction and denial of current conditions of local land-holding as well as maladministration in support of capitalist interests, became an important characteristic of the New Order's state-led land acquisition mechanisms (Wiradi 1998 [originally 1993]; Suhendar and Kasim 1996: 111-113; Bachriadi, Bachriktora and Safitri 2005: 134-137).

High demand for land along with an large scale easing of land controls plus implementation of basic land price regulation, which was based on 'taxable market value' (NJOP, Nilai Jual Obyek Pajak), created an increase in land

⁹² The term 'invisible cost', '*biaya siluman*', refers to unofficial fees which were usually required by bureaucrats or public officers to provide various permits or certificates for investment and/or trading, including for distribution of goods and services or unnecessary security escorts. In the manufacturing industry in Indonesia, these 'fees' could be up to 40% of the total production costs. See Wiraatmadja 1997 and *Kompas* 24 June 2001.

⁹³ According to Robison (1986) and Robison and Hadiz (2004), economic liberalism permeated Indonesia after the rise of New Order power in 1966. But the end of the oil bonanza in the early 1980s undermined State revenue that depended heavily on oil production, so it was decided that more investment, especially foreign capital, had to be invited to Indonesia. The World Bank in cooperation with several technocrats urged the government to implement deregulation in all sectors, including land administration, to facilitate investors investing their capital in Indonesia (see World Bank 1997a [originally 1981] and 1997b [originally 1983]). For arguments about land deregulation policies and their relation to higher economic growth targets, see Harsono 1994.

⁹⁴ One important policy related to this was an easing of the process of obtaining Location Permits. These are licenses provided by local governments for business enterprises to obtain land for investment activities, including the transfer of land rights needed for these activities (Suhendar and Kasim 1996: 60 and 102-103; Bachriadi, Bachriktora and Safitri 2005: 68-70).

speculation activities, which, in turn, led to increased investment costs (Suhendar and Kasim 1996: 101-109, Simarmata 1997: 71-74). This land speculation activity with its many 'invisible costs' made the cost of land transfers increase uncontrollably. Moreover, various claims from desperate local people who had lost out in what they considered unfair processes of land acquisition, had the potential to generate land conflicts.⁹⁵ In many cases, these involved sustainable claims for recognition by local people who had suffered losses from those land transfers (Bachriadi 2001b), which would cost the investors again.

These problems opened more opportunity for neoliberalism advocates to strongly promote the idea of a free land market as a substitute for the state-led system of land acquisition. Within this model, land would be treated as a commodity. This clearly contradicts the BAL's position that access to land is a means for social justice (through its social functions).⁹⁶ Soni Harsono, Minister of Agrarian Affairs and Head of the National Land Agency (BPN), was the first Indonesian government officer after independence that officially declared land to be a strategic commodity. In his 1994 speech at the University of Muhammadiyah Yogyakarta, he noted the importance of the idea of land as a commodity to support investment in every development sector (Harsono 1994).⁹⁷

⁹⁵ Research conducted by the National Ombudsman Commission (KON, *Komisi Ombudsman Nasional*) in collaboration with the Consortium for Agrarian Reform (KPA) showed a correlation between maladministration practices, land speculation and land disputes (Bachriadi, Bachriaktora and Safitri 2005).

⁹⁶ About the social functions of land, see BAL Article 6. See also Hatta's explanation about land in Indonesia not being treated as a commodity in Hatta 1992: 10 [originally 1946].

⁹⁷ Although he was pro- investment and stated that land allocation must be provided in such a way to facilitate investment activities in order to achieve high levels of economic growth, Soni Harsono was not actually in favor of creating a free land market. His conception of land as a commodity mostly referred to the important economic position of land both for investment and peasant's interests, because if 'both interests compete freely under a market mechanism this will make one party, that is the peasants, be evicted. Because of that state intervention is needed' (Harsono 1994: 2). In other words, his conception of land as a strategic commodity is contention with the principle to develop a free market where limited state intervention is needed only to a certain level.

Since that time there have been several attempts to establish an efficient land market in Indonesia. This is part of the intermediate agenda of global neoliberal land policies as promoted by the World Bank (Binswanger and Elgin 1988; Binswanger and Deininger 1995; Binswanger, Deininger and Feder 1995; Feder and Nishio 1999; and Deininger 2003).⁹⁸ The implementation of the Land Administration Project (LAP) (1994-1998) and the Land Management and Policy Development Project (LMPDP) (2005-2009) were part of this agenda. Both these projects were funded by loans from the World Bank and aimed to build a new foundation for integrating Indonesian land policies into free-market agendas (World Bank 1994 and 2004). The importance of developing an efficient land market is stated in its document as follows:

The main objective of the Indonesian Land Administration Project (ILAP) is to foster efficient and equitable land markets and alleviate social conflicts over land through acceleration of land registration ... Efficient and equitable land markets are an important basis for modern economic development since they would quickly and flexibly accommodate changes in land use, allow fair land transactions, and mobilise financial resources through collateral arrangements (World Bank 1994: 10 and 2).

The idea of developing an efficient land market was now in the open and became part of the government's agenda. For that purpose a new legitimization was needed because the BAL as the main agrarian law in essence has a different perspective, which is against free land markets. So the BAL had to be changed. The World Bank supported changing the law because it was considered out of date and not fitting at all with recent Indonesian development. In a 1997 report of the Land Administration Project (LAP), it was stated that:

[The] BAL 1960 has some substantial problems, which were never resolved that imply a serious question of its relevance with modern conditions... The other constraints are that BAL was formulated with specific focus on agrarian relations and development. It was reflected in certain regulations such as a duty of landowners to cultivate or use their own land (a refusal of absenteeism), land ceilings, and special land use rights for agriculture activities. The specific attention to agriculture activities created many

⁹⁸ For critics of global neoliberal land policies see Rosset 2002 and Borras Jr. 2003.

problems when it was implemented for non-agriculture economic interests, like: industrialization, foreign investment, and other development projects in the current free trade and globalization era (National Development Planning Agency and National Land Agency 1997: RE – 2-3).

The BAL was also considered to be the main cause of the intricacies of land transfers for investment purposes: High costs in land acquisition for investment purposes, caused by market distortion and conflicts, were the result of a lack of legal certainty of land holding in Indonesia. Land market advocates believed that this situation originated from “the vocabulary of land rights created by Indonesia’s Basic Agrarian Law ... (being) inadequate” (Wallace and Williamson 2004: 2). An international land law expert hired by the Land Administration Project (LAP) emphasized in his review of the BAL:

It is concluded that if the goal of a stable land market is to be realized in Indonesia ... The principle cause of land market dysfunction in Indonesia is the Basic Agrarian Law itself. There are numerous provisions in this law which either inhibits the development of an open and free land market or which are in direct contradiction of the dictates of the land market (Wright, 1999: iv and 73-74).

Therefore land certification programs and replacement of laws related to land became an important agenda of the World Bank, which is a significant mid-fielder of neoliberal forces in Indonesia. The idea of changing the BAL was gradually presented to the public and contained in several documents after 1994 when the New Order was still in power. It seems the Bank wanted to ‘test the water’ to gauge broad reaction to this idea. Until the fall of Soeharto four years later this attempt was still developing arguments – through a series of studies⁹⁹ – and disseminating the idea of the significance of changing agrarian laws. However, this began to attract criticism from proponents of populist agrarian reform that were pro the BAL as it then stood (see, for instance, Konsorsium Pembaruan Agraria 1996a, 1996b, 1997a and 1997b).

⁹⁹ This series of studies is one of the objectives of LAP, and LAP-Part C, which aimed to review the agrarian-related laws and policies in Indonesia.

The World Bank and the Government of Indonesia were very aware of the difficulty of changing the BAL (National Development Planning Agency and National Land Agency 1997). The BAL's unique position in post-Independence Indonesian political history of law making had strong supporters, particularly from the more nationalist politicians, academics, and pro-populist agrarian activists (Bachriadi 2005b and 2006). But proponents of a free land market were given a more favorable platform when similar voices to change the BAL came from other non-government organizations, even though this group had a different orientation.¹⁰⁰ This convergence of voices provided the World Bank with a reason to push the idea further into the public arena. As yet the Bank and the government have not made any moves to formulate new laws to replace the BAL. After the 1998 political turbulence followed by regime changes and *reformasi*, which global capitalist forces wanted to use to promote a neoliberal state (Harvey 2005: 64-86), there have been several attempts to formulate drafts of a new law to replace the BAL 1960.¹⁰¹

While the momentum for reform of the BAL has weakened, neoliberal forces have been active behind the scenes rearranging Indonesian legal infrastructure through 'law reform' (*reformasi hukum*) in almost every sector, especially in investment, trade, and natural resources exploitation (see Lubis

¹⁰⁰ This difference will be explained in Chapter V.

¹⁰¹ During Gus Dur's administration (1999-2001), BPN assigned an agrarian law expert from Trisakti University, Prof. Boedi Harsono, to formulate a draft of a National Land Law (RUU Pertanahan Nasional) that would establish sectoralism in the Indonesian agrarian system and prepare a legal foundation for land market formation (see Harsono 2002). Even though it would not replace the BAL, this new law had the potential to make the BAL dysfunctional. The draft got strong criticism not only from a group of BAL's proponents outside the Parliament (see, for instance, Fauzi 2001a, and Bachriadi 2000b), but was also blocked by several nationalist politicians, such as Armin Arjoso (Head of Commission II in the Parliament from the PDI-P), who became a member of parliament at that time. During the administration of Megawati Soekarnoputri (2001-2004), BPN through Prof. Maria SW Soemardjono (Vice Head of BPN) who was also a law expert from Gadjah Mada University, formulated a different draft of a new law, the Agrarian Resources Law (RUU Sumberdaya Agraria) to replace the BAL. But this RUU, which extended the period of HGU and simplified land rights, was thought to weaken other agrarian-related laws (such as Forestry and Mining Laws). So several related departments resisted the proposed new law. Of course, BAL's proponents again announced their refusal to reform it (see, for instance, Tjondronegoro *et al.* 2004 and Setiawan 2004). Since 2007, BPN has continued to reformulate and revitalize the draft of a new Land Law (RUU Pertanahan) with financial support from the Asian Development Bank. See Bachriadi 2005b and 2006 for an overview of efforts by foreign and government institutions (especially BPN and Bappenas) and non-government institutions to initiate changes of the BAL 1960.

and Santosa 1999, Bachriadi 2005b, 2006 and 2008, *Kompas* 5 September 2008). Several revised and new laws in these sectors were released, such as a revision of Oil and Gas Law (Law No. 22/2001) that changed the system of profit sharing and opened a space for private foreign oil companies to enter the retail fuel market; a revision of Forestry Law (Law No. 41/1999 amended by Law No. 1/2004), which has clauses that allow mining operation inside protected forest areas; a promulgation of a Water Resource Law (Law No. 7/2004) that facilitates private enterprise control of water resources; a new Plantation Law (Law No. 18/2004) that strengthens the position of plantation concession holders followed by an Investment Law (Law No. 25/2007) and a revised Mining Law (Law No. 11/1967 replaced by Law No. 4/2009) that provides more opportunities for foreign capital accumulation.

Nevertheless, the time to revise the BAL had not yet come and with a tug of war continuing between proponents of revision/replacement and defenders of the existing Law, the current government so far has preferred to stay out of this controversy. The current Head of BPN appointed by the SBY administration, Joyo Winoto, preferred not to continue efforts to change the BAL,¹⁰² but in his consultation meeting with Parliament he promised to formulate a draft of a new Land Law as a derivative law of the BAL.¹⁰³ In

¹⁰² Joyo Winoto mentioned this postponement in his consultation meeting with Parliament on 29 January 2007, when Parliament members asked him about the fate of efforts to revise the BAL. According to Usep Setiawan, the General Secretary of the KPA, the Head of BPN considered that at the time the current political situation and the momentum to change the BAL were not right. He referred to the ‘bad experience’ of the revision of the Labor Law (UU Ketenagakerjaan) (Law No. 13/2003) that had been bombarded by a wave of mass protests of workers during 2005-2006 that culminated in the May Day protest of 2006. The SBY-JK regime doesn’t want a similar bombardment of protests about the BAL. In Joyo Winoto’s perspective, the performance and composition of the current Parliament was not conducive to producing a new populist agrarian law (personal communication with Usep Setiawan, General Secretary of KPA, 26 August 2006). In one document of the Asian Development Bank, which was providing financial assistance to fund a project of formulating a new Land Law (RUU Pertanahan), it was stated that the main reason to formulate a new Land Law was to establish a new land rights system and to regulate matters of land acquisition and resettlement which would meet international standards (Asian Development Bank 2007: 3-4). Actually it was this last point that had made ADB agree to provide financial support for formulation of this law after the BPN on behalf of the Government of Indonesia had gone to the ADB to ask for financial support. ‘BPN advised ADB that Indonesia does not have the capacity to prepare the land law on its own’ (Asian Development Bank 2007: 4).

¹⁰³ In order to formulate this new Land Law (UU Pertanahan) the Government of Indonesia submitted a proposal to the ADB and finally was granted US\$ 500,000 of the total estimated cost of US\$

addition to that, the SBY government then proposed a new program called the National Program of Agrarian Reform (PPAN, Program Pembaruan Agraria Nasional) that created controversy both in his cabinet and among agrarian reform proponents.

2.2.3 A Pseudo Agrarian Reform: The Yudhoyono Agrarian Reform Program

While attempts to change the BAL have not been successful, the regime change as a consequence of the reformation movement in 1998 created new developments in the map of Indonesian agrarian politics. These were particularly marked by the emergence of 'agrarian reform' as a theme of the program of the winning SBY-JK president-vice president candidate team, during the 2004 presidential election campaign.¹⁰⁴ Social movement actors led by KPA and other proponents of agrarian reform claimed the emergence of this agrarian reform idea in the campaign document of these candidates was part of their election strategy (Maguantara *et al.* 2006, Setiawan 2007 and Bachriadi 2008: 8; see also Bachriadi and Juliantara 2007 and Poniman *et al.* 2005).¹⁰⁵

625,000; the Government of Indonesia covering the rest. Formulating this new Land Law (RUU Pertanahan) will strengthen one of the outcomes of the Land Management and Policy Development Project (LMPDP), the national land policy framework (Asian Development Bank 2007). The LMPDP is a 5-year (2004-2009) Bappenas-coordinated project funded by a World Bank loan (US\$ 2.9 million). For more detail about the LMPDP, see World Bank 2004.

¹⁰⁴ This idea appeared in the Vision–Mission document of SBY-JK titled *Membangun Indonesia yang aman, adil, dan sejahtera: Visi, Misi, dan Program Susilo Bambang Yudhoyono dan M. Jusuf Kalla* (Yudhoyono and Kalla 2004: 55-69).

¹⁰⁵ The appearance of PPAN as part of the Yudhoyono government program was in fact an outcome of intensive efforts of agrarian reform proponents to put the issue back onto the national policy agenda. NGOs and scholar-activists had lobbied SBY in the lead up to the first direct Presidential elections in 2004. As a result, Yudhoyono revised his draft Vision, Mission and Program statement to include two paragraphs concerning implementation of agrarian reform to win government (see Yudhoyono and Kalla 2004: 55-69). At the beginning of this process KPA saw the 2004 direct presidential election is a great opportunity to call all candidates to implement agrarian reform if they won the election. The KPA activists lobbied SBY's team led by ex-General Adairi, SBY's colleague in the army. At the same time Sediono MP Tjondronegoro and Gunawan Wiradi, two prominent Bogor-based agrarian scholars, were approached by Anton Poniman a member-founder of the United Indonesia Front FIB (Front Indonesia Bersatu), an organization set up to support SBY's candidacy for the 2004 presidential election. Poniman needed strong academic arguments to include land reform in SBY-JK's candidacy platform. Wiradi, a member of KPA's expert council, invited other council members to contribute their agrarian reform ideas to SBY's program. The result was a petition sent to

However, this idea of agrarian reform was not implemented in the first two years of the SBY-JK national leadership. Only at the beginning of 2007 did President SBY in his speeches mentioned that it would be implemented after 2007 through a program that he rhetorically titled 'Land for People's Justice and Prosperity' (*Tanah untuk Keadilan dan Kesejahteraan Rakyat*) (Yudhoyono 2007: 10). The non-government proponents of agrarian reform claimed that SBY only said he would fulfill his agrarian reform promise because of a series of demonstrations and marches of peasants and other supporters that culminated in a rally of thousands of people in front of the Presidential Palace in Jakarta on 17 April 2006 (*Personal communication* with General Secretary of SPP, 7 January 2007; see also Konsorsium Pembaruan Agraria 2006 and Bachriadi 2008).¹⁰⁶ Joyo Winoto, Head of BPN, said the agrarian reform program aimed to provide access to land as an economic resource for the people and to resolve land conflicts (*Kompas* 13 December 2006).

In fact, the National Program of Agrarian Reform (PPAN) is a kind of land redistribution and acceleration of land certification on certain State Lands, either non-forestry or forestry land (see Yudhoyono 2007: 10, *Media Indonesia Online* 22 May 2007, *Pikiran Rakyat* 23 May 2007, *Republika* 23 Mei 2007). PPAN cannot be fully recognized as an implementation of agrarian reform, but as a kind of 'pseudo agrarian reform', because it focuses only on partial land redistribution and certification;¹⁰⁷ moreover it has not targeted the problem of limiting land holding either by individual people or enterprises. Of more concern is that this program will provide around 40% of the total land for redistribution to business enterprises (Sutarto 2006 and *Tempo Interaktif* 28

SBY and other presidential candidates called for agrarian reform implementation by the newly elected national government in 2004. A year later this document was published as 'Petisi Cisarua' (Poniman *et al.* 2005).

¹⁰⁶ Detail of a big demonstration at Jakarta, 17 March 2006, described in Chapter VI section 6.1.

¹⁰⁷ The focus on land certification in SBY's concept of *reformasi agraria* was confirmed when he launched the LARASITA (Layanan Rakyat untuk Sertifikasi Tanah or Serving the People with Land Certification) program, on the 16th of December 2008, without any vision of structural reform of existing unequal land distribution or agrarian conflict resolution mechanisms (Nurdin 2008 and Fauzi 2009). The improved services would speed up certification, but without any framework for delivering distributive justice.

September 2006). So this program will not seriously address the problem of unequal land holdings and agrarian conflict (Bachriadi 2007).¹⁰⁸

SBY's agrarian reform program has to be considered in the context of his other land appropriation programs, such as for bio-fuel, aquaculture developments, and for the 'revitalization' of big plantations, all of which have the potential for creating new forms of land concentration. Ironically, SBY's 2009 campaign advertisement, touting SBY-Kalla land reform credentials, indicated that HGU commercial agricultural leases increased during his first period of government by 1.47 million hectares, the advertisement claimed credit for land reform and other land redistributions of a much smaller figure of 717,000 hectares.¹⁰⁹ There are also hints that the current government's agrarian reform program might be a newly packaged (*kemasan baru*) attempt to strengthen the role of big plantations employing small farmers in such schemes as contract farming and the 'inti-plasma' (core-satelite) model.¹¹⁰ This is clear from statements by the head of the National Land Agency that the policy of implementation of '*reformasi agraria*' is only a 'complementary programme' to revitalise the agriculture, plantation,¹¹¹ fisheries and forestry sectors (*Tempo*

¹⁰⁸ Following this line of criticism, Gunawan Wirad asserted that 'PPAN is "PPAN": meaning it might not relate to the idea of agrarian reform, because its operational concepts do not fit with arguments and ideas according to an agrarian reform perspective' (personal discussion with Gunawan Wiradi, Bogor 7 August 2008). The SPI, the Indonesian Peasant Union, believed that PPAN is only a 'sweet promise of SBY to sing a lullaby to the people' (Serikat Petani Indonesia 2008a).

¹⁰⁹ The political objectives behind the PPAN program were clear when SBY's campaign team launched this political advertisement in a national newspaper during the 2009 presidential election campaign. Entitled 'Land for the People. Not Just Empty Words', the advertisement claimed massive increases in land certification during the previous term, and that Yudhoyono is one of the world leaders committed to undertake agrarian reform for the people's prosperity. The ad also claims the SBY government resolved 1,778 of 2,810 cases brought to BPN in 2008, but doesn't indicate what became of the 7,491 cases previously reported. See *Media Indonesia* 24 June 2009; see also Fauzi 2009, for further discussion of the appearance of SBY's political advertisement, and KPA 2009 for a critique of misleading data and claims used in this advertisement.

¹¹⁰ In practice, the core-satellite model is treated as a kind of contract farming (see Wiradi 1991 and Bachriadi 1995). In this model, small growers are consolidated to produce certain agricultural products under the management of a big enterprise. The enterprise controls all the production processes of small growers through provision of seeds, technology, and other costs of production. Through these rent-facilities they can control and monopolize the harvested products, price and quality. See Wilson 1986, Kirk 1987, White 1990 and Stiffler 2002.

¹¹¹ Regarding the plantation revitalization program, see Departemen Pertanian 2007.

Interaktif 28 September 2006).¹¹² The concept of partnerships (*kemitraan*) between big plantations and small farmers using the inti-plasma model is an old idea which has generally failed to empower small farmers.¹¹³

The tension between BPN and the Ministry of Forestry unquestionably contributed to the impediments affecting implementation of PPAN. BPN wanted to include a redistribution of state forestland but MS Ka'ban, the Minister of Forestry, challenged this idea. He argued that his department has its own redistribution program that will give local people access to state forest through a community forestry program (PHBM, *Pengelolaan Hutan Bersama Masyarakat*) (*Warta FKKM* edition November 2006). So if PPAN was to be implemented in forest areas, the Ministry of Forestry wanted to directly manage this redistribution program itself, not via BPN.

By the end of 2008, PPAN's very existence had become uncertain. BPN had not succeeded in getting President Yudhyono to sign legislation to implement the PPAN program that had been a flagship of his first term presidency.¹¹⁴ A new design for land redistribution now referred to by BPN as 'land reform ++', i.e. land distribution plus 'asset reform' would combine land distribution to farmers with commercial interests. This new design, which appears to be another installment in the rhetorical cooption narrative, includes the formation of working units (*unit kerja*) of as yet unspecified composition

¹¹² Meanwhile local banks have prepared credit schemes to support new agricultural production on the redistributed land. The banks prefer the contract-farming model in which small cultivators produce plantation commodities such as palm oil, cocoa and rubber. However the banks cannot implement their credit scheme before PPAN redistributes the land (personal communication with an officer of Bengkulu provincial plantation authority, Bengkulu 24 December 2007).

¹¹³ While the government describes the 'inti-plasma' model applied in the Indonesian context as a 'partnership', in reality it is little more than turning farmers into cheap labour on their own land. See Wiradi 1991; Bachriadi 1995; Gunawan, Thamrin and Grijns 1995; and White 1997. While Beckford 1972, Stoler 1985 and Mubyarto 1992 concluded that the big plantation system does not support rural development, but exploits rural productivity potential for the interests of outside capital.

¹¹⁴ By May 2007 BPN had only completed a draft implementation regulation (PP, Peraturan Pemerintah) concerning agrarian reform, which would become PPAN's legal umbrella. But by the end of his first term as President, Yudhyono had not revised or signed the document, designated as the 'sixth draft' of the regulation that would replace PP No. 224/1961. While no official reason has been given for this, it was apparently rejected by other government departments, namely Finance (because it was too expensive to implement), Forestry and Mining (who wanted to keep their own sectoral laws), and Agriculture (who wanted coordination between departments under its control).

and powers to implement land redistribution and manage post-distribution production activities.¹¹⁵ However, this new design does not make clear who are 'subject' and 'object' of land reform and distribution (see Pemerintah Republik Indonesia 2007). But it is clear enough that this new draft reform will not cover redistribution of excess land (over the maximum ceiling) and absentee land as regulated on the existing land reform regulations, which were never implemented effectively, namely Law No. 56/1960 and Government Regulation No. 224/1961. It seems that the SBY government did not want to deal with this sensitive issue; in fact this issue does not appeal to the neoliberal view on the unlimited freedom of the private individual to have legal control of landed property. But it should be kept in mind that one of the neoliberal critics of existing Indonesian land regulations has argued for maintaining the limitation on control of landed property by private-individuals. This is the conclusion of a report of the Land Administration Project, as mentioned above (National Development Planning Agency and National Land Agency 1997: RE – 2-3).

2.3 Concluding Remarks

This chapter is a map to understand what has been challenged by rural social movements in Indonesia since the New Order. This is the broader structural (political and economic) context that both facilitates and constrains the emergence and operation of rural social movements in Indonesia since the New Order era. The dynamic of agrarian politics and developmentalism that has been implemented by the New Order after taking power in 1965/1966 reflected a revitalization of the capitalist economic system in Indonesia and wound up the grand (although contested) strategy of the previous regime to develop Indonesian socialism. These were two sides to the same coin: on one side, it opened the door wide for private capitalist to control and exploit land

¹¹⁵ This new design has appeared in the sixth draft government regulation (RPP, Rancangan Peraturan Pemerintah) on agrarian reform, but because this draft law has yet to be promulgated, the formal structure (composition and selection) of these working units (*unit kerja*) has not been finalised (see Pemerintah Republik Indonesia 2007).

and natural resources using the argument that this would achieve the highest possible economic growth. On the other side, it caused a reformation of unequal land distribution structure as well as agrarian conflicts. The latter consequences then became the *raison d'être* for the emergence of rural social movements, triggered by various local and spontaneous protests against land expropriation. Activists and scholar-activists formulated claims to generate these movements mainly based on these two sustained conditions (unequal land distribution structure and agrarian conflicts), two themes which will be explored more in the following chapters (Chapter IV to IX).

Conflicts and unequal land distribution became important claims of agrarian contentious politics in Indonesia even after the authoritarian New Order changed to more democratic regimes as a consequence of the 1998 reformation movement. This is because agrarian problems had and still have no special place for resolution in the post-Soeharto governments' policies. Moreover, in the post-reformation period there were more visible attempts to change the BAL, which was considered by pro-rural social movement groups as the principal standard of populist agrarian politics. Even though efforts to change the BAL had begun during the last years of the New Order, their continuation under the democratic regimes is more significant. Pro-rural social movements have other arguments to make their claims in order to challenge authority.

Reformasi led to a democratization and implementation of decentralization, which opened wide the way for rural social movements to expand their political power. This included changes in their orientation as consequences of more opportunities to collaborate with reformist elements in national or local governments and other polity members, or even to penetrate inside the polity itself. In one side, this opportunity led to a new condition for rural social movement groups to sustain their claims in order to challenge authority. On the other, the transition to democracy would open the opportunity for some activists to use consolidated movement organizations for

their own political interests. This is part of the fight for positions in institutionalized politics which will be discussed in Chapter IX.