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LAND REFORM OR LAND SETTLEMENT: SHIFTS IN INDONESIA'S LAND POLICY, 1960-1970

by

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INTRODUCTION

Indonesia's short-lived implementation of its Agrarian and Land Reform (1962-1965) accounts for the scarcity of recorded data, both qualitative and quantitative.

Territorial characteristics of the young Republic, which is comprised of approximately 3,000 bigger and smaller islands with very uneven population distribution, made land reform very urgent for some, and much less so for others. For this specific reason the land reform was planned to be a two stage operation, setting a higher priority for the densely populated islands (Java, Madura, Bali, and Lombok).

Indonesia's land area amounts to 1,904,000 square kilometers with an estimated population of 120 million (1970) increasing at an annual rate of around 2.7 percent. The densely populated islands, Java and Bali, where slightly more than two-thirds of Indonesia's population lives have, respectively, 7 and 3 percent of the country's total land area. The respective average population densities per square kilometer are 477 and 321.

Agricultural density figures (1961) for Java and the "Outer Islands" (Sumatra, Kalimantan, and Sulawesi, among the largest) are even more revealing as can be shown in the following table.

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Island	Cultivated land (Square Kilometers)	Population (million)	Agric. Density (Square Kilometers)
Java	91,260	63	700
Outer Islands	124,380	34	280

Only part of the cultivated land is sawah (wet rice) land producing most of the main food crops. The first comprehensive population census of 1930, implemented under the Dutch colonial government reported an average density of 1,248 people per square kilometer of sawah land.

Whereas most of the irrigated land in Java and Bali is used to cultivate rice and other food crops, only limited sawah land is found in the Outer Islands. Here shifting cultivators plant upland rice on 1-1.5 hectares of cleared secondary forest or land covered by alang-alang (savannah grass). Over the last half century or so, extensive cultivation of perennial crops, e.g., rubber, coffee, pepper, and cloves has been practised. The slash-and-burn system of cultivation allows for inter-cropping of rice and rubber, or pepper and coffee after 2-3 consecutive rice harvests. The shifting cultivator then moves to cultivate upland rice on a new plot. Perennial crop land may comprise acreages of 2 or more hectares. As a consequence of the slash-and-burn system, land scarcity has been increasing rapidly for the last four decades or so; land suitable for shifting cultivation has in many of the Outer Islands reached densities between 35-50 people per square kilometer, already a critical stage (van Beukering, Pelzer and Kampto Utomo).

Indonesia's first Basic Agrarian and Land Reform Bill, which was accepted by parliament around the turn of the year 1959/60 was preceded by a long struggle starting as early as 1948, three years after the country's Declaration of Independence. Strong political forces pushed for a change of the Colonial

Land Reform Law of 1860, which favored the Dutch interests rooted in estates for such export crops as rubber, tea, tobacco, and cocoa. Sugar cane was also among the export crops; however, it was planted on part of the smallholders' farm land around sugar mill sites. The growing land hunger in densely populated areas made the system less attractive to the small farmers, whose urgent need was to grow more food crops.

Some of the major targets of Indonesia's Agrarian and Land Reform were undoubtedly political in nature, such as: attaching a "social function" to land ownership (Article 33 of the Constitution); giving soil to its tillers; and the eradication of excessive landownership so as to revise the landlord-tenant relationship in favor of the latter. The redistribution of land was guided by the provision in the reform law regarding minimum and maximum landholdings.

Moreover, initial provisions were made in the law concerning sub-operations, such as raising a land reform fund, creating a network of rural cooperatives, and even organizing farmers into collectives. A bureau for land use planning was established to design the appropriate use of land from a national perspective. Therefore, the planning included the utilization of all agricultural resources, land reclamation and tidal areas for wet rice cultivation, and the exploitation of forest land.

The land reform program was moreover and simultaneously placed in the context of such other government efforts as: intensification in cultivation, inter-island migration, and establishing a basis for industrialization. The government's "Stand on one's own feet" policy was intended to encourage development in as many sectors as possible. This was clearly reflected in the eight-year development plan of 1961-1968. Shortage of capital, inadequate programming, insufficient expertise, and bad timing, however, were

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some of the major factors which greatly reduced any chance for successful implementation of the plan.

As for inter-island migration or "transmigration" as it has been more often referred to since independence, some critical stages should be mentioned. Encouragement of inter-island migration (or "colonization" up to 1942) in an organized way started as early as 1905, when the Dutch Colonial Government implemented a land settlement project in South Sumatra. Transferring people to less densely populated areas of South Sumatra also meant the improvement of labor market conditions in the Outer Islands, which enabled the Dutch to expand their rubber, palm, and other estates. In Dutch colonial circles the idea of elevating the indigenous people's standard of living materialized in the so-called Ethical Policy of the 1900s. Education and public health services were extended to many more people.

The first large scale colonization project under Dutch rule was carried out in 1937; the Way (river) Sekampung irrigation scheme, with the inclusion of land settlement projects, became the standard approach to colonization. Even since independence, transmigration has followed much the same pattern, at least in its basic design. In practice, there has been a serious lag between establishing the settlements and the construction of irrigation works and roads. This lag has forced settlers to depend on rain-fed rice fields, and to practice mainly dry farming for the rest of the year. Under the given agronomic conditions, soil conservation became a problem; after the third year, harvests decreased to levels inadequate to sustain a farm family for one year.

Under the increasing population pressure in Java and Bali, migration and land settlements have been regarded as one way to achieve more equal population distribution, and at the same time to attain a more favorable man-land ratio

in the new settlements. Therefore, it is understandable why transmigration and land settlement were both included as important efforts in the Basic Agrarian and Land Reform Law of 1960.

Although ever since independence consecutive Indonesian cabinets have taken great pains in preparing a large-scale program for migration to less densely populated areas, official figures show (Keyfitz and Widjojo Nitisastro, Central Bureau of Statistics) that in no one year did the number of migrants exceed 50,000 people. Inter-island migration remained poor throughout the 1960s.

LAND REFORM

The decade 1950-1960 can be regarded as the planning period for the agrarian and land reforms; however, the basis for planning was weak because of the absence of up-to-date data concerning cadastral registration, minimum and maximum landholding, numbers of landless farmers, farmer laborers, etc., etc. The second comprehensive population census in Indonesia (31 years after the first) was conducted in 1961; to utilize its results a 1 percent sample was taken from the enumerated data. The agricultural census was held even later--three years after the passing of the Agrarian and Land Reform Bill, and two years after the population census.

Indonesia's first five-year development plan (1956-1960) did not elaborate on agrarian reform to any extent. Thus in effect the first steps toward land reform implementation in 1961 were quite experimental in nature. They coincided with the beginning of the eight-year development plan (1961-1968), which did give outlines for agricultural and industrial development. The plan, however, has been much criticized for its weak foundation and its ambitious targets.

Political and military efforts to regain sovereignty over West Irian (West New Guinea), as well as the subsequent confrontation with Malaysia were

disruptive to the implementation of the plan. These effects were intensified by rapid inflation, particularly between 1963 and 1966. Foreign aid was limited; much of what was obtained from the Soviet Union was utilized for the purchase of military equipment.

After 1962, when the West Irian dispute with the Dutch was virtually at an end, the confrontation with Malaysia was the major issue that distracted political interest from the development plan. The Communist party, however, kept a sharp eye on the implementation of the agrarian reform, specifically on land redistribution.

Although the Basic Agrarian and Land Reform Law was enacted in 1960, it was not until 1963 that the first list of land areas available for redistribution--approximately 337,000 hectares of excess land--was submitted to the government by district committees in Java, Madura, Bali, and Lombok. Redistribution of land was entrusted to district and local or village committees. Bureaucratic machines, however, are slow, even if functioning properly.

The B.T.I., or Peasant Front, which had close affiliations with the Communist party, tried to help the land reform committees by redistributing the land themselves. This premature interference was known as "actions from one side," which met with opposition from the landlords. In many of the villages in Java, landlords are Moslem Conservatives, having affiliations with the Nahdattul Ulama party. In several cases military people were subject to the actions of the Peasant Front, and were not prepared to concede.

The above was a rough delineation of the trends discernible in the period 1963-1965, in which the land redistribution was carried out. It should also be admitted that coordination within the Ministry of Agrarian Affairs, which had the responsibility for implementation of the land reform, was weak.

Similarly, coordination between several ministries, such as Public Works and Power Cooperatives and Trans-Migration, Agriculture and Interior was insufficiently geared to conduct the reforms successfully in a few years.

Even more difficult to achieve was the "democratization" of the village bureaucracy, which in fact was never really attempted. Little wonder than that progress in land redistribution, not to mention other facets of the Agrarian Reform Law, was extremely modest. The following figures illustrate the achievements.

The land that was to be redistributed consisted of excess landholdings, and state-controlled land, including former principalities. The largest acreage of redistributed land prior to the abortive 1965 coup d'etat was state-controlled land--454,966 hectares allotted to 568,862 people. A sizeable portion, 165,764 hectares, mostly in North Sumatra, remained undistributed.

The ceiling provision with regard to land ownership in the Indonesian Agrarian and Land Reform Law was based on the density of population in various provinces or regions. In the most densely populated regions, with 401 people or more per square kilometer, the ceiling was 5 hectares.

According to the Agricultural Census of 1963, there were approximately 720,000 hectares of redistributable excess land, presumably higher than the lists submitted to the government through the village and district committees. Under-registration at various levels accounted for the difference; so far no figures have been issued as to the rate of under-registration in various regions, particularly for excess land. Up to 1969 35-45 percent of this land apparently remained undistributed; part of the land already distributed before 1965 may have been reclaimed by the landlords in subsequent years.

The number of farmers who benefited from the land redistribution were few relative to the millions of land hungry farmers and landless farm laborers. Consequently the number of squatters occupying and cultivating

forest land grew rapidly; former estate land, in some cases abandoned or left idle, also became an object for squatters both in Java, and North and South Sumatra.

Political constraints were worsening as a consequence of these developments in the couple of years preceding the 1965 coup d'etat. Since the Communist-influenced Peasant Front formed the spearhead of these movements, land reform gave the very strong impression of being a Communist action--so much so that other political parties were alarmed and started to at least slow down the implementation of the land reform. Shifts in the political power balance might have been the outcome, had the land redistribution not been halted in 1966. Therefore, however much the coup d'etat started as an urban movement, it immediately affected power balances in the rural areas as well. Restoration of the jeopardized power balance in the rural areas resulted in the massacre of hundreds of thousands of Communists and Peasant Front members.

In summary, to present a picture of the land distribution up to 1969, the following table can be presented for the whole of Indonesia.

Island(s)	Land distributed (hectares)	Assignees (farmers)	Average (hectares)	Land categories (in percentages)
Indonesia	682,000	867,000	0.8	17% excess and absentee land 82% ex-state controlled land including principalities
Java	294,000	592,958	0.5	25% excess and absentee land
Outer Islands	388,198	274.025	1.4	11% excess and absentee land

LAND SETTLEMENT

Land settlement, or "transmigration" as the projects have been more often referred to since independence, has been going on both on a government subsidy basis and on a privately financed basis (so-called "spontaneous" migration).

Contingents of tens or hundreds of farm families arrived in successive stages to open up new land previously designed by the colonial government for irrigation schemes and wet rice cultivation. Unfortunately, between 1950 and 1960 no irrigation works had been constructed in South Sumatra or anywhere else, so that migrants were forced to practice dry rice (rain-fed) cultivation for a decade and longer. Without irrigation, farm families are incapable of cultivating rice on more than 1 hectare due to weed growth and labor shortage. Of the 2 hectares allotted to each farm family--in proportions of 0.25 hectare (home) yard; 0.75 hectare sawah land, and 1 hectare dry--only approximately half was actually cultivated. This situation stimulated the introduction in the new settlement areas of tenurial relations which were supposed to be avoided particularly to prevent farmers from cultivating uneconomic plots. Under the current cultivation techniques, 1 hectare of rice yield is insufficient to sustain a farm family for a whole year, so the rice shortage is being compensated by cassava.

Cassava cultivation requires less manpower for weeding and harvesting. Harvest is moreover not limited to a particular season, while shortage problems do not exist since the harvest for home consumption can take place at the very same day. Little processing is needed before cassava can be eaten. Of late, cassava has been an important export crop for many new settlements, increasing the much needed income of farmers.

The land settlement and irrigation projects were taken up again after 1966, under Gen. Soeharto's regime. Apparently the government considered it as a

reasonable alternative to land reform now that a new factor has been introduced: the green revolution, much to be preferred to the red revolution. Whether or not the green revolution can sufficiently contribute to self-sufficiency of food has as yet to be seen. Anyhow, the World Bank was found willing to supply loans for investment in the construction of dams and extensive irrigation schemes. The Bank declared that it was also prepared to finance land settlement projects through the Ministry of Cooperatives and Transmigration.

For reasons delineated above, agrarian and land reform no longer attracts the government's interest. In the five-year development plan currently under execution (1969-73) the emphasis in budgetary terms has been on irrigation, road building, and agriculture. No mention was made of the resumption of agrarian and land reforms. In the 1970-71 state budget 50 or more percent is allocated to both agriculture and public works. Rehabilitation of irrigation systems in Java has been started, and the construction of the Way Seputih irrigation scheme in Lampung, South Sumatra, was resumed in 1967-68 with the help of the World Bank.

Another program to increase the rice production was intensification of cultivation. This spread of the green revolution in Java and Sumatra can be partly laid at the hands of foreign agencies and companies, such as CIBA and Mitsubishi.

To complete the picture it should be mentioned also that land settlement programs with mechanization, initiated under Soekarno's regime in 1958, were abandoned. According to the design a mechanized farm unit implies 10,000 hectares of cultivable land, a tractor station including combines, and a repair workshop. The tractors were to serve on the mechanized state farm, but would also extend services to surrounding farms on a rental basis. In

practice none of the seven or eight mechanized state farm units were at any time able to cultivate more than 500 hectares. The unprofitable projects were abandoned because of all the negative results they displayed.

Coming back to the post-1965 land settlement program, it should be mentioned that the resumption of the Way Seputih irrigation scheme (25,000 hectares) in South Sumatra was the first comprehensive land settlement project since Indonesia's independence. Projects of a smaller magnitude were implemented a few years prior to 1967; however, these projects in the same region were extensions of the previous Way Sekampung irrigation scheme (± 20,000 hectares).

Resumed construction of the Way Seputih irrigation scheme began in 1967, and has now accomplished approximately 10 - 15 percent of its tasks in terms of irrigable sawah land. Whereas the primary and secondary canals are dug by heavily mechanized equipment, the tertiary canals providing irrigation water for the individual sawah plots are dug manually by farmers. It was through the study of some of the tertiary blocs that fairly detailed informations were obtained concerning the nature of major errors:

(1) no adequate soil survey was carried out before settlement;

(2) allowing settlers to open the area prior to designing the network of irrigation canals;

(3) the tremendous time lag between the settlers moving into the area and the resumption of the construction works (approximately 13 years).

As has been described above, a number of things changed in the meantime as a consequence of said time lag. These include: settlers moving away from the area, further fragmentation of the utilization of land, growing complexity of tenurial relationships, diversion from design of land use pattern, etc., etc.

The target that was set for 1970-71 was to prepare 1,500 hectares of sawah land for cultivation. Approximately 500 hectares were brought under cultivation by the end of the third quarter of 1970, a speed which has been considered slow by the executors of the plan, and the World Bank. Previous experience in the Way Sekampung area, however, showed that a period of 3-5 years was needed to attain fairly stable conditions for wet rice cultivation. Under such conditions the water intake will reach a minimum because supplies are constantly added by normal monsoons.

Manual tertiary canal digging is performed at a speed of 2 meters per man day (7-8 hour working day). Farmers get fixed assignments for a tertiary bloc, but often the assigned piece does not meet their immediate needs since (1) the tertiary canal system was designed after the allocation of farm land and may not lead to an individual sawah plot, and (2) movements as well as exchange of plots have occurred in the lapse of time between the opening of the settlement and the resumption of the construction works.

Half a generation of young settlers have never gained experience with sawah cultivation, while older settlers are often lacking the physical energy to dig canals at a high speed.

Tentative Conclusion

Both the land reform and land settlement programs have as yet failed to alter the man-land ratio so as to improve conditions for agricultural development. The redistribution of land came to a complete stop; it has also been argued that a great deal of the redistributed excess land was reclaimed by former landowners.

It was clear even before the general election of July 1971 that the Soeharto government did not intend to resume implementation of the land and tenure reform programs. There is no explicit mention of such a resumption in the first five-year development plan (1969-73), often referred to as REPELITA.

Rather, the emphasis has shifted to large-scale cultivation intensification and land reclamation projects in the Outer Islands, for which foreign aid has been attracted. Political stability has been restored so as not to favor leftist parties. Since economic stability was one of the remarkable results of the restoration, the remaining political parties are most likely to back the government for some time to come.

The impact of the green revolution has provided some breathing space; the question is for how long if industrial growth fails to absorp surplus labor from densely populated rural areas. Urban and rural unemployment is growing.

From the budgetary point of view, land redistribution was not very costly. A compensation which the government provided for 12,200 hectares of expropriated excess land in 1968 amounted to 253.3 million rupiahs in cash or an average of 21,000 rupiahs (U.S. $50) per hectare. Compensation in bonds, although promised by the government, has not materialized. Taking into consideration the limited budget put at the disposal of the Land Reform Foundation, it would have taken twelve years to compensate for the excess land indicated above. Calculated on this basis the government would have needed almost U.S. $28.5 million to compensate for the expropriated excess land up to 1969. Approximately 850,000 small farmers or landless farm labourers benefited from the land redistribution.

The admittedly "mild land reform" of 1962-65 has come to a halt; any resumption within the coming decade will be milder.

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