

SHIFTING RESOURCE ENTITLEMENTS AND GOVERNANCE REFORM DURING THE AGRARIAN TRANSITION IN SUMATRA, INDONESIA¹

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Introduction

In November 1998, during a national crisis in Indonesia and in the midst of forceful student demonstrations, the highest representative body at the national level, the People's Consultative Assembly (MPR), held a special session to set out national priorities that needed to be immediately addressed. The MPR laid particular stress on the need to "organise regional autonomy, in a just fashion regulating the distribution of national resources and the division of revenue between the centre and the regions, to be carried out through the formation of new

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laws”.² At a time when centrifugal forces appeared to be gaining the upper hand, regional autonomy or decentralization had become a matter of national urgency: as press clippings from the period suggest, regional autonomy was seen as a way to avoid national disintegration. This would involve finding a new social compact between the ‘national community’ (mediated by the state) and its constituent local communities.

Policy documents from the period when Indonesia began to embark on its decentralization program point to the emergence of a specific social justice and welfare agenda. In addressing a heritage of injustice, the State Planning Guidelines for the next five years (GBHN 1994-2004) and various instructions of the MPR (e.g. TAP MPR IV/2000) repeatedly emphasise the need for a system of regional government that provides for authority and the allocation of resources in the districts and cities to be built upon the main concerns of regional communities. These statements envisage improving the transparency and accountability of government at all levels, dividing financial resources and political authority between the regions and the centre in a more equitable fashion, and improving the standard of government services in the regions.³ In other words, through this new policy direction the state wished to find a new form of legitimacy: by reconciling the interests of regional communities and the nation, and by facilitating the improvement of the welfare of disaffected regional groups, the implicit assumption was that the Republic should more effectively work in the ‘common interest’ of all (Warren and McCarthy n.d.).

Democratization of local government formed a key means of pursuing this end. The regional autonomy law (UU 22/1999) devolved administrative and decision making responsibilities to district governments in a range of areas. It also granted newly empowered and locally elected assemblies (DPRDs) extended powers to hold district and municipal executives accountable. The national policy guidelines for the following five years specify that regional autonomy should be developed in “the framework of increasing the capacity (*pemberdayaan*) of communities, economic, political, legal, religious, and customary (*adat*) institutions as well as

² Tap MPR No.XV/MPR/1998, Decision of Peoples Consultative Assembly of the Republic of Indonesia concerning the implementation of local autonomy; including the arrangement, distribution and equitable utilization of national resources.

³ GBHN 1994-2004; TAP MPR IV/2000.

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non-government organizations".⁴

This formulation resonates with recent developmental thinking. Decentralization reflects the same preoccupations driving collective action and other approaches – getting ‘social capital’, ‘participation’ and ‘community’ to work for policy objectives. This in turn builds on recognition of the shortcomings of top down development approaches and the ineffectiveness of externally imposed and expert-orientated planning. The difference is that decentralization introduces this policy lexicon to state policy formulation. Participation is believed to make plans more relevant, to give people more self-esteem, and to help legitimize the planning process and the state as a whole (Conyers 1990; Cooke and Kothari 2001; Ribot 2001). The argument is that decentralization can make the state more responsive and more adaptable to regional and local needs than when administrative powers are concentrated in a distant bureaucracy (Webster 1992). Decentralization has subsequently become *the* policy tool for states seeking to achieve participation (Ribot 2001). As Manor has noted, "decentralization has quietly become the fashion of our times" (Manor 1999: 1). However, as it has been defined, decentralization in a more encompassing sense requires considerable change:

Achieving many of the equity, efficiency, environment and development benefits of participation is predicated on devolving decision-making powers and responsibilities to some individual or body representing or within the local community. This requires representative and accountable authorities or groups to whom powers can be devolved or the need to create such authorities (Ribot 2001).

In short participation through decentralization has become a policy tool to make the state more responsive and more adaptable to regional and local needs and hence more locally legitimate.

Indonesia's regional autonomy policy addresses a set of challenges faced by many national polities. This involves developing better localized forms of accountability and representation. In addition, it entails finding national legal formulations that reconcile contending notions of property and finding a legitimate and equitable

⁴ Ketetapan Majelis Permusyawaratan Rakyat Republik Indonesia Nomor Iv/Mpr/1999 Tentang Garis-Garis Sehati Haluan Negara Tahun 1999–2004 Section G.1.A..

way to distribute resources across national and local scales (Warren and McCarthy n.d.). This necessarily involves reconstituting discursively, in laws, in administrative practices, and on the ground, the modes of access and the distribution of the benefits derived from resources. In other countries, as decision making processes changed with decentralization, to varying degrees decentralization processes have led to the redistribution of rights over and access to the benefits derived from resources. As winners and losers materialize from these changes, we could expect to see conflicts emerge. These include conflicts between different actors competing to claim resources and between different levels of government (Ribot 2002).

This paper considers how Indonesia's governance reforms worked out in one specific locality – in a hilly subdistrict of Jambi Sejati (a pseudonym). This is a district in Jambi province, on the east coast of Sumatra, predominately populated by people of Malay (Melayu) ethnicity. Here I will consider a number of questions: How have the reforms affected popular participation in governance? How has this affected resource access and distribution, as well as patterns of conflict over agrarian resources? How has local government responded to local aspirations – in particular popular demands for an allowance for and recognition of property rights and interests embedded in shifting village/*adat* regimes? To what extent have local representation and planning become accountable? How has this affected processes of bargaining and negotiation? And to what extent have we seen the emergence of the means for integrating across and mediating among the differences kindling conflicts in this district?

In this analysis, I will be concerned with how during the regional autonomy period a concept of a 'community of interest' – where notions of shared welfare, common interest and identity are embedded and articulated – have been recast and utilized reflexively at national, regional or local scales. At the same time, this will involve unpacking "the critical interests and processes within communities, and between communities and other social actors" to perceive how they affect outcomes (Agrawal and Gibson 1999).

In analysing patterns of resource use here, a useful distinction can be made between endowments, the "rights and resources that actors actually have", and entitlements, the "legitimate effective command over alternative resource bundles" (Leach et al. 1999). Entitlements emerge from the processes where actors negotiate access to and use of resources, such as land and labour. Such negotiations necessarily involve power relationships, identity and debates over

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meaning; they also are mediated by the matrix of existing institutional arrangements (cf Leach et al. 1999: 235-6). The ability of an actor to generate a living depends upon access to resources and their capacity to control them in ways adequate enough to support their livelihoods. The structure of political, economic and legal relations affects the conditions under which actors can gain access to and continue to use resources. Access can then be understood as a process that occurs within a structural matrix where actors develop strategies to make use of or otherwise attempt to shape entitlements for their own ends. Consequently, political and economic changes alter resource entitlements as actors engage in recursive struggles within the local domain.

This paper will proceed in a number of sections. I will first consider the development of concepts of community property and interest embedded in shifting village/*adat* regimes and tied to local identity. This section will also discuss the effect of state strategies. These facilitated the extraction of the region's timber resources by corporate interests and their replacement with timber plantations, and the development of modernized plantations cultivating a traditional African crop (oil palm), combined with the development of 'satellite' transmigrant smallholdings on former community lands. It will consider how this led to the transformation of land uses, the enclosure and commoditization of former *adat* lands, and a process of agrarian differentiation. The second section will discuss the development of village conflicts with two oil palm estates, disputes with their roots in the New Order period, comparing these outcomes with a third dispute that emerged in the regional autonomy period. At this time the contradiction between conceptions of national interest on which corporate strategies depended and concepts of community property and interest embedded in shifting village or *adat* regimes became explicit. The conflicts between plantations and villagers that have emerged since 1999 will be understood as disputes over alternative definitions of what constitutes an appropriate resource use, over the legitimacy of alternative forms of land tenure, and over the value of alternative notions of property tied to local identities and agro-ecological regimes, and finally over who should have privileged access to resources in the local domain. This article will then, in the third section, discuss these disputes in terms of the policy lexicon of enhanced participation in decentralized state policy processes, before, in the final section, drawing some conclusions.

Transition

In a similar fashion to other parts of the world, farmers practicing shifting cultivation in Jambi traditionally embraced diversity, developing “a multi-stranded and spatially fragmented approach to building livelihoods” (Wilson and Rigg 2003: 695). This involved a diverse portfolio of activities, including fruit and vegetable production from gardens, the production of agricultural commodities for export markets – particularly rubber – for cash income, and rice production in shifting plots, supplemented with the collection of non-timber forest products in surrounding forests (Mubyarto 1992). This was a means of spreading the risks associated with ecological variations and fluctuations in the market economy through time and space (cf Wilson and Rigg 2003; Dove 1993).

The system of resource control worked in the following way. Behind the extensive coastal mangroves and peat swamp forests lay a hinterland of agricultural and forested land cultivated by people of Melayu ethnicity. Here villagers engaged in swidden agriculture and rubber cultivation. Until the logging concessions began to construct roads during the 1980s, farmers from villages located along the rivers would travel up tributaries to reach their farming lands and carry agricultural goods down to market by boat. Villages tended to develop at strategic nodes along the rivers, where farmers could readily access lands. Over time, particular villages had developed territorial rights to lands found along particular stretches of river and along the tributaries accessed conveniently from their village. The borders between neighbouring villages were formed by watersheds and territorial (*ulayat adat*) rights of a particular village were identified according to the aphorism ‘as long as the water drains to the river’ (*asal air jatuh di sungai*). Given that the area between these rivers and tributaries was extensive, the *adat* lands of each village in Peluang (a pseudonym) were also far-reaching. The colonial administration systematized and mapped this order of entitlements under territorial units known as *marga* which managed ‘*adat* community’ territories under the colonial system of indirect rule.

In the Suharto period, three major changes affected this local land use pattern. As in other areas of ‘outer island’ Indonesia, first, state policy created a land tenure and forestry regime that systematically overlooked indigenous tenurial assumptions (McCarthy 2000). Second, changes in village government led to a systematic eclipse in *adat* forms of authority, taking away the formal role of *adat* in the management of local resources. Yet, while this led to the decline in *adat* forms of authority, the idea of a local moral economy embedded in *adat* persisted. Third,

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the area was transformed into a resource frontier where the economic value of resources became paramount (McCarthy 2006). Subsequently, as New Order resource policies were applied other non-economic, social, cultural, socio-religious and ecological values embedded in the old *adat* moral economy were disregarded.

With the extension of these state policies into the frontier areas of Jambi, the system of resource entitlements shifted along with changing laws, power relations and strategies of capital accumulation and revenue generation. Local actors could no longer simply negotiate access to land and forest resources locally within a frontier space allowed for by the colonial socio-legal dispensation. A new order of resource entitlements had come into being that worked in ways that did not accord with long established, local resource rights. (For a summary of this process, see Potter and Lee 1998). As the New Order state began to allocate rights, it facilitated the transfer of *adat* territory to corporate actors, establishing a system of entitlements that systematically overlooked pre-existing *adat* endowments. This occurred according to laws and administrative decisions that were supported by actual or threatened action by security agencies. Yet local conceptions of *adat* rights tied to local identity remained salient in village communities as alternative concepts of resource entitlement even while the state oversaw a process of enclosure and effective privatization of extensive areas of *adat* lands.

In a number of respects this had a remarkable effect on Melayu communities. First, with the hiving off of village common pool resources to timber concessions, forest depletion ensued and forest products became scarce. Second, with the enclosure of dry agricultural swidden (*ladang*) lands for plantation developments and transmigration settlements, villages lost surrounding areas of swidden and extensive areas of rubber cultivation. Land shortages emerged, a problem exacerbated by population growth and in-migration. Rubber cultivation had been integrated into a specific land use framework where villagers did not intensively manage 'jungle rubber' gardens, but rather used old, low productivity clones over extensive areas. 'Jungle rubber' gardens – dissociated from the extensive swidden system, squeezed into smaller areas and in many cases needing replanting – were unable to support community livelihoods on their own. Taken together, these changes had dismantled the multi-stranded, extensive forms of livelihood strategies that villagers had pursued over many decades. Meanwhile villagers lived alongside oil palm plantations located within their former customary territories that had been taken without appropriate compensation and that failed to employ village people in significant numbers. At the time when the government had supported the development of transmigrant 'satellite' oil palm smallholdings, Melayu villagers

had been offered smallholdings in the Nuclear Estate and Transmigrant (PIR-Trans) development. The Melayu villagers mostly refused to join a project that they saw as designed for ‘poor’ Javanese. A decade later they watched jealously as these formerly ‘poor’ transmigrants farming in their former *adat* territories were now better off than the original Melayu inhabitants.

From 1998, with the collapse of the New Order regime, laws, legitimizing discourses and institutional arrangements shifted. Grievances and unresolved claims that had accumulated over the previous decades surfaced in demonstrations, theft, conflicts against plantations and even spontaneous occupations of some areas. The reform era posed questions regarding the extent to which an emergent order of entitlements would allow villagers to reclaim some of their old *adat* endowments or otherwise make the transition into more productive smallholdings. It remained to be seen to what extent the reform period might provide local farmers with improved livelihood options or resolve conflicts in ways that accommodated farmer aspirations. Alternatively, would the New Order pattern of entitlements finally settle back (more or less) into place?

Conflicts over New Order Era Oil Palm Estates

During the Suharto period a large oil palm group pocketed a plantation license (HGU) over 9,000 ha of land. Although this land fell within the boundaries of eight villages, it had been classified as state ‘forest estate’ and accordingly was allocated to the company, PT Minyak Manis (a pseudonym). Local officials describe how they had been involved in a rather careful process that sought to compensate villagers. Given that this land was considered part of the state administered ‘forestry estate’ under national law, villagers only received compensation for rubber trees. The state would not compensate villagers for their land rights or for the loss of secondary forest and fallow swidden areas even though these fell within *adat* territory.

During the political upheavals of 1998, villagers joined together into a farmers group (*Kelompok Tani A*) to take action against PT Minyak Manis. Farmers involved in this group maintained that the *adat* lands allocated to PT Minyak Manis had been taken over without sufficient compensation. “Our land was taken over arbitrarily during the era of ex-president Soeharto,” Yusril, the leader of a 2001 demonstration was quoted as saying. “In those days, the central government was trying to boost the output of the palm oil industry and strongly supported

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plantation owners, without caring about the problems suffered by local farmers (Indonesian Observer, 27/1/01)." In 1998-2000 a series of demonstrations had culminated in the burning down of the plantation office and equipment, reportedly costing 16 billion rupiah (interview village head, 27/6/04).

According to provincial officials, in the early days of *reformasi* (1998-9) government officials felt overwhelmed by conflicts that found their source in New Order resource allocation policies. By 2004 the state was beginning to regain its confidence, and various levels of government were becoming more "tough" (*tegas*) in handling these conflicts. They now demanded evidence of pre-existing *adat* rights in plantation lands from protesters. In the New Order period the state had overseen a process of converting these areas into plantations, offering compensation for village tree crops but not for land. This occurred in a context where neither the colonial nor post-colonial state had ever set up an effective process for documenting *adat* rights. Accordingly, while the protesters held that the original conversion had occurred under pressure and without sufficient compensation for land, they faced difficulties substantiating their grievances. A district government official noted that, although informally he could understand *adat* claims, as villagers lacked a basis for proving their claims, formally, the government would not compensate villagers. Compensation would amount to recognizing prior claims, overturning the assumptions underlying state regulation of land affairs, and would open a floodgate of claims. Consequently negotiations dealt with the *de facto* existence of claims and avoided the question of formal rights.

By 2004, according to a member of the district legislative assembly (DPRD), these land conflicts had become the single biggest issue occupying the time of the district assembly. Virtually every plantation company in the district had a dispute with surrounding communities. The Jambi Sejati district assembly had set up a commission to handle these conflicts. However, as the member of the DPRD noted, the conflicts were intractable. With conflicting maps developed by different levels of government, and with a legal system that failed to provide a clear and consistent framework for recognizing these *adat* rights, efforts to resolve conflicts could only proceed via pragmatic efforts to accommodate villagers through a program that would benefit them, such as the farmer group (*Kelompok Tani A*) initiative discussed below. In effect this approach worked to weaken the position of villagers: in the absence of hard evidence and access to the formal legal system, conflicts could only be solved informally without providing them with long term security.

The district administration now played a key role in efforts to mollify villages in these various disputes. But these solutions often raised their own problems. When the government set about resolving the PT Minyak Manis dispute, as a part of the settlement, the Farmer Group A was granted an area of 1500 ha from lands outside the forestry estate and 2500 ha of forestry land in the village of Sungai Badak to develop a “satellite” (plasma) area for smallholders. The leaders of Farmer Group A listed villagers who would receive allotments of “satellite” land, issuing cards to many members of the Farmer Group A that would entitle them to receive a land allocation. Farmer Group A also obtained logging permits from the district government to log the areas through the cooperative established in their name; the leadership of Farmer Group A then oversaw the logging of this area. Although PT Minyak Manis promised to develop oil palm smallholdings for cooperative members, the development stalled during the economic crisis period, because the mother conglomerate claimed that it was unable to provide credit. Instead PT Minyak Manis supplied 100,000 oil palm seedlings, a bulldozer, a car, and Rp 100 million in capital. Those controlling Farmer Group A obtained these assets. While they either sold or distributed the 100,000 seedlings, it remained unclear where the other assets ended up. Meanwhile some people from Sungai Badak village, including the village head, said they would not accept Farmer Group A obtaining satellite lands in their village territory because it represented a loss of its own village *adat* lands. Eventually the conflict between Farmer Group A and Sungai Badak village was avoided by default. In the absence of credit and an effective partnership with PT Minyak Manis, the Farmer Group A “satellite” development failed to proceed.

Many of the farmers from the five villages that had sought compensation from PT Minyak Manis were disheartened by this experience. With the support of the environmental advocacy organization, WALHI Jambi, and a consortium of Jambi NGOs, a group of farmers from one village formed a farmer’s group (*Gelompok Tani B*, GTB) that continued to struggle for compensation. GTB and their NGO supporters organized a series of demonstrations in the district capital and Jambi City, making representations to the legislative assemblies at both levels and the District Head and Governor. These villagers also occupied areas of company land from 2000 to 2003. In response, officers from the paramilitary police brigade (*Brimob*), reportedly receiving payments from the plantation, repeatedly arrested villagers and attempted to intimidate them, at times firing shots into the air. At the time of writing GTB had yet to succeed in their efforts to obtain compensation.

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A second case with roots in grievances associated with New Order land acquisitions emerged on the other side of the same villages. Here the state had also “freed up” land that was “surrendered” by the village heads for the PT Banyak Sawit’s Nuclear Estate and Transmigrant (PIR-Trans) development (Casson 2000).⁵ This area largely encompassed forest lands that included less extensive areas under cultivation by surrounding villages. As much less of the land in this area had been utilized for farming, PT Banyak Sawit never faced the same degree of contention as PT Minyak Manis. Nonetheless a dispute emerged with surrounding villagers when a local PT Banyak Sawit employee disaffected with the company leaked out word that PT Banyak Sawit had taken possession of 2006 hectares above what had been allocated to it under its plantation concession permit. Subsequently, the six surrounding villagers began to make land claims on the basis that the company had taken village land above the limit of its legal allowance and at the expense of villages.

PT Banyak Sawit had clearly breached its legal rights and faced pressures from all sides. The district government sought “a compensation contribution” and taxation back payments from PT Banyak Sawit for the profits derived from these excess lands (*Jambi Ekspres*, 18/7/03). Meanwhile surrounding villagers sought to obtain their share of this land. Eventually, the company was forced to divide up 974.5 hectares among 700 villagers, with each claimant receiving 0.83 ha of productive oil palm (*Jambi Express*, 7/10/03). Even though the parcels of productive oil palm land received by these villagers were small, the villagers who received them attested that it made a significant addition to their meagre livelihoods. This increased the desire of Melayu villagers for further redistributions and for developing their own oil palm smallholdings. Later it was revealed that PT Banyak Sawit was still 1032 ha above its legal HGU concession area, and this time the district government demanded that PT Banyak Sawit return this land to the district government. By holding on to the land the district government aimed to use the area as a source of district income and to avoid the highly contentious process of deciding which villagers should obtain redistributed land. Villagers demonstrated

⁵ The PIR-Trans scheme (*Perkebunan Inti Rakyat-Transmigrasi*, or Nucleus Estate and Smallholder Transmigration Scheme) involved state funded infrastructure development, land acquisition, smallholder plantings, initial living expenses, and housing for smallholders, mostly transmigrants participating in a ‘satellite’ (*plasma*) development and the provision of credit at concessionary rates for companies to develop a ‘nucleus’ (*inti*) estate, plant oil palm and establish crushing facilities.

outside the district assembly and spontaneously occupied an area of PT Banyak Sawit land (*Jambi Express*, 2/10/03). In the absence of a sympathetic response from district government, NGOs threatened to take the case to court (*Jambi Express* 10/2/04). Nonetheless, at the time of writing the district had been able to resist these claims to return this excess land to villagers.

A comparison of these two cases points to elements that need to come together to support villagers' claims against powerful outside actors. In the first case, legally speaking, PT Minyak Manis was on firmer ground: the state had granted it legal concession rights over what was formally declared to be state land. Challenging the definition of state land clearly was beyond the capacity of villagers or local NGOs. Consequently, they lacked the means of asserting their claims for tenurial rights over the PT Minyak Manis area in a fashion that the state was prepared to recognize. As in other cases, when faced with a powerful opponent and unable to threaten legal sanctions, villagers had a weakened ability to negotiate a solution (World Bank 2004; Nicholson 2005). The company elicited local government support in its attempt to defuse the conflict via an accommodation. While this accommodation may have been "captured" by the cooperative managers, it was yet to address the substantial grievances, and fell over when the plantation decided not to pursue it further for financial reasons. In the second case villagers had the support of the district government. PT Banyak Sawit clearly had exceeded its legal rights, and faced the real threat of legal sanction. So there were considerable incentives for the company to settle the dispute via negotiations outside of the courts. A section of PT Banyak Sawit's lands were redistributed to farmers. Later a dispute emerged between villagers and the local government over a second parcel of land. However, this time villagers faced a powerful opponent without (at the time of writing) strong external support.

In a third case, villagers had moved into an abandoned timber concession area to open gardens alongside the road. At the same time the company, PT Pulp and Paper, applied to obtain a timber plantation (HTI) licence over the same area. In 2004 the Ministry of Forestry issued new timber plantation permits in the area occupied by the villagers. When the dispute erupted between the concessionaire and villagers, during the politically sensitive period in the run-up to provincial elections, the district government facilitated special meetings involving representatives, demonstrators and leaders from local communities. These allowed for the representation of local points of view, and initially the process led to bargaining and an incipient accommodation between the opposing actors. However, after the elections passed it emerged that the district head had written a

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letter of support to the Ministry of Forestry that effectively allowed for the PT Pulp and Paper application over the area claimed by local land pioneers to proceed. In May 2005 PT Pulp and Paper bulldozers backed up by mobile armed police brigades (*Brimob*) began pushing over the oil palm and rubber gardens and removing the land pioneers out of the disputed area. Here the district head's recommendation for the PT Pulp and Paper plantation extension flew in the face of village desires. This demonstrated, as the IRDA (2005: 28) report noted, "in most policies, local society is not active in the bargaining process" that led to decisions and the formation of policy. While meetings and consultations – the participatory mechanisms of local government – did provide fora for local people to vent their feelings and space for dialogue and protest, these processes channelled protest in a non-explosive direction. Informal accommodations were made, and the heat of the conflict attenuated. But this occurred without decision makers making any far-reaching (or legally binding) commitment to solving the underlying grievances. Later, when the political situation shifted, the accommodation fell over and the villagers were evicted.

These disputes point to the reality that local outcomes emerge at the intersection of local processes involving direct action, clientelist relations and *ad hoc* processes that materialize in the course of disputes. Undoubtedly while state structures and laws that provide for legal entitlements shape these processes, they do so without addressing underlying, embedded notions of *adat* rights tied to local identities and livelihood strategies. Previously these notions of *adat* rights were embedded in the institutional arrangements governing local "commons" associated with a well established local moral economy. After the dismantling of these local "commons", these localized processes emerge in the absence of effective state legal structures to accommodate unresolved claims or to provide for a more just dispensation in line with a local moral economy that secures rural livelihoods. Such processes can force a slow down and perhaps even a compromise. However, they typically fail to bring about the fundamental change in the developmental trajectory required to assuage local grievances. In other words, they do not articulate with formal decision making processes in a fashion which leads to the resource rights of marginalized local groups finding institutionalized expression in an enduring form.⁶ This is because the lack of legal legitimacy of local claims curtails the negotiating power of village actors. Further, these localized processes are readily

⁶ For some recent discussions regarding approaches to the required reforms see: Thorburn (2004); Conteras-Hermosilla and Fay (2005); CIEL (2002); van Meijl and F. von Benda-Beckmann (1999).

dominated by informal power relations that lack accountability and transparency. Accordingly, the enhanced capacity of marginalized local actors to take action during the period following the demise of the authoritarian regime has not seen substantively better outcomes for landowners.

Participation, Reform and Regional Autonomy

Following Schönwälder (1997), we can usefully distinguish two modes of participation in decentralization. On the one hand, according to a minimalist participation model, participation is a means to an end. Here participation is elicited to increase the effectiveness and the efficiency in the implementation of developmental projects and decentralization programs with very limited participation of local actors in policy formation. On the other hand, participation within decentralization can involve “organized efforts to increase control over resources and regulative institutions in given social situations, on the part of groups and movements of those hitherto excluded from such control” (Stiefel and Peasres 1982: 146, quoted in Schönwälder 1997: 756) This more encompassing and political concept of participation sees “decentralization as a vehicle for political reform, or more precisely, a means to democratize a state apparatus” (Schönwälder 1997: 759). This can occur by the development of local government apparatus that, by virtue of its position close to local populations, can perform a “bridging function” between state and civil society. In this view, to link the aspirations of local people and the political system, local government needs to develop in a number of ways. First, the district government (in this case) needs to be accountable and responsive to local needs. Second, it should have sufficient autonomous capacity to address local aspirations as they emerge. Third, in addition to opportunities for electoral participation, the political system needs to develop new channels for popular participation in decision making (Schönwälder 1997).

With respect to the issue of accountability and responsiveness, and the problem of developing representative democracy, as noted earlier Indonesia’s decentralization reforms⁷ contained initiatives that aimed to democratize the local state. In particular, the reforms increased the powers vested in DPRD’s elected directly by local people. The problem could be described in terms of “interest articulation” –

⁷ Law 22/1999 on Regional Government.

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how the formal political system processed political demands from below (The Asia Foundation 2004). While in theory elected local assemblies would represent district constituencies and use their enhanced powers to hold district administrations accountable, Indonesia's election system is an insufficient vehicle for accountability (Sherlock 2004). As Ackermann has noted,

the effectiveness of elections as mechanisms of sanction and control is weakened by the distance between political and civil society, the clientelist nature of many political parties, the excess private funding for candidates, and the lack of public information about the general workings of government and even less information about the specific behaviour of individual office holders. (Ackermann 2004: 449)

Many of these problems are prevalent in Jambi. As an interview with a candidate who stood for election to the District assembly in 2004 demonstrated, centrally directed party organizations controlled the levers of political representation. While popular, critical local candidates could stand, their position on the party ticket depended upon their relation to party apparatchiks. Votes attracted by a particular party were aggregated and seats in the assembly allocated to candidates according to their position on the party ticket. Consequently, candidates that were listed too far down the ticket were unlikely to be allocated the number of votes required to take a seat in the DPRD regardless of the number of primary votes they had attracted. At the same time there is a lack of forms of organization that are "politically and economically efficacious" and that can act as countervailing powers to ensure state accountability (Evans, quoted in Sundar 2000).

Next, there is the issue of whether the district government has the autonomous capacity to address local aspirations as they emerge. As described in this paper, many village aspirations focus on livelihood concerns. These particularly concern redrawing resource entitlements to allow for sufficient productive land for farmers and to redress grievances associated with the allocation of *adat* land to plantations during the New Order. Initially, according to the key decentralization law (UU 22/1999), authority over land tenure was to be decentralized. Moreover, the highest national legislature, the MPR, passed a decree calling for the revision of agrarian laws implicated in "poverty, conflict and social injustice among the people and the destruction of natural resources" such as that prevalent in Jambi.⁸

⁸ Ketetapan Majelis Permusyawaratan Rakyat Republik Indonesia Nomor

However, despite extensive discussions in Jakarta, to date legislative initiatives in this area have failed to provide for a framework for resolving agrarian conflicts. The tendency of existing agrarian, forestry and plantation laws is to recognize *adat* rights in such a fashion that leaves various government agencies with immense discretionary power over the exercise of these rights (Colchester et al. 2006).⁹

As the state legal framework fails to confer formal status for village *adat* rights, *adat* resource endowments inherited from the past remain legally invisible within areas mapped as “forestry estate”. Consequently, even had they wanted to, district governments had little formal autonomy to address these issues. A land office official interviewed in the course of this research saw these resource claims as unverifiable, inadmissible in court, and hence unworthy of formal consideration. This clearly affected the position of district officials involved in discussions and consultations with villagers regarding the endemic conflicts between communities and plantations. Yet, communities do not want to be invisible: if they are administratively visible, they could contest the state agenda more easily, and hence seek the benefits of a fuller citizenship (Li 2002). To be sure during 1999-2004 the decentralization process had brought the district government more into the centre of negotiating entitlements in the local domain. As districts had enhanced discretionary powers with respect to the allocation of plantation permits and small scale logging permits, they could affect local access to resources. The district government could also try to rezone areas of forest land, to allocate conversion rights to cooperatives, and otherwise allow villagers to convert forest land into gardens. Yet the district government did not speak with one voice: while in a number of cases district government agencies allowed for village aspirations and grievances to play themselves out, other agencies (such as forestry) still had

Ix/Mpr/2001 Tentang Pembaruan Agraria Dan Pengelolaan Sumber Daya Alam.

⁹ While limited areas of authority over land tenure matters have been devolved (e.g. over handling conflicts), most significant areas remained the preserve of central authorities. Moreover, the New Order legal framework pertaining to the forestry estate remains virtually intact. To be sure there is a recognition of *adat* rights in the 1999 forestry law (UU 41/1999), but this has yet to lead to substantive changes on the ground. Consequently, the Ministry of Forestry still retains its authority over areas mapped as forestry estate - some 40% of this district. Where the district did have some authority within the ‘forestry estate’, this has been limited to providing a recommendation regarding a proposed concession license.

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vertical alliances out of the district that led them to work against village aspirations. Later, under Megawati's and Susilo Bambang Yudhoyono's administrations, and with the passing of a new regional autonomy law in 2004, there has been a consolidation of state power in the centre. This weakened the discretionary authority of district governments ensuring that many district initiatives that worked against central interests have been rolled back.

Decentralization was also meant to produce more genuine local development plans compared to the centrally dominated ones of the past (Usui and Alisjahbana 2003).¹⁰ This was to occur via governance processes that are meant to facilitate local participation in decision making and in the economy (The Asia Foundation 2004). Yet, as a number of cases discussed here demonstrated, despite the implementation of village level consultation processes, village aspirations failed to be taken upwards through consultation processes into policy changes. Indeed, a range of decisions have been made that directly contradict fundamental village aspirations – particularly in the case of development of timber plantations on community lands. Further, district governments are yet to respond effectively to local needs by finding new ways to provide the high quality seed stock and the micro-credit programs that are required to support poor smallholders (McCarthy n.d.).

As in the past, established district level networks of accommodation and exchange continued to shape how channels for popular participation impacted on decision making. As the IRDA report concerning decentralization across Indonesia noted, high profile but informal lobbying takes place at the homes or through private business meetings with DPRD members, local politicians and members of the executive (IRDA: 27). As such consultations take place in private – in the absence of effective transparency and accountability mechanisms – commercial interests can shape decision-making processes. Many in this district suspect that investments by corporate interests affected district decision making in this fashion. Clearly, compared with when the major decisions were made solely in Jakarta, the actors pushing new developments such as this needed to make “political investments” with district administrations who had enhanced discretionary roles in mediating access to resources found in the local domain. This affected the interests and the role that district government played in channelling conflicts into accommodations.

¹⁰ Usui and Alisjahbana 2003. In Jambi Sejati's villages the *Musbangdes* process of village consultations was the most salient (McCarthy n.d.).

Conclusion

As this study has shown, villagers faced considerable challenges due to shrinking land holdings and the dismantling of long standing diverse portfolio livelihood approaches. Prior to 1998, villagers could either find new opportunities outside of the agricultural sector or (against all odds) try to intensify their land uses on smaller landholdings. After the end of the Suharto regime, a third alternative emerged: villagers could act on long standing grievances and attempt to re-establish *adat* entitlements and regain control over areas of *adat* land enclosed during the New Order period. Hence in the period land conflicts were pervasive in these rural areas. According to the Consortium for Agrarian Reform, “plantation related social conflicts accounted for one-third of all forest and land conflicts in the country”, with more than 569,733 hectares in dispute during 2001 (Wakker 2004: 25).

The Jambi Sejati story demonstrates that villagers still face considerable difficulties in setting the agenda in an active sense. This is largely because of the poor articulation between state institutional arrangements and state supported forms of “participation” and the localized socially embedded arrangements that historically tied together resource rights, collective action and a local moral economy in a fashion that accommodated village aspirations. In the absence of wide ranging property rights reforms, the state maintains its formal control over the nation’s most significant natural resources. Hence, access to the state still remains a requirement for successful commercial activity. In rural districts what passes for civil society is often anaemic, disorganized and still needing assistance from outside if it is to build the capacity to hold the local state accountable. Yet, in a reactive way, the aspirations and grievances of villagers continue to inform developments. Local protests, land occupations, “guerrilla” style acts of vandalism and outright violence put a break on new plantation developments, and create difficulties, or even create significant financial losses for existing ones. Given the unremitting nature of this resistance, during this period policy makers came to recognize the need for modifying previous plantation practices (Kompas 2001). Informally district and provincial officials and the companies concerned were forced to deal with claims arising from unresolved village grievances that had emerged after plantations had taken over land while ignoring established *adat* endowments previously tied to local identities and livelihood strategies.

The positions taken by district and provincial government actors had a significant

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role in shaping outcome. In the course of these conflicts, the district or provincial government typically facilitated special meetings involving representatives, demonstrators or leaders from local communities. These allowed for the representation of local points of view, and in some cases facilitated bargaining and accommodations between opposing actors (The Asia Foundation 2004). In these disputes, meetings and consultations – more participatory modes of local government than those of the past – did provide better fora for local people to vent their feelings and space for dialogue and protest. With the limited powers over tenure issues discussed earlier, even had they wanted to do so, local government decision makers were unable to make any far-reaching moves to solve the underlying grievances. Nonetheless the local state seems to have used these opportunities to channel these protests into less explosive directions. One way to do this involved deploying the cooperative model.

The regional autonomy reforms conceived of cooperatives as a key vehicle for popular participation in the economy. Having long enjoyed a symbolic position in Indonesian nationalism and state policy, the role of cooperatives had been re-emphasised in the 1998 MPR decree on regional autonomy (Tap MPR No.XV/MPR/1998). Key policy formulations for development of rural resources in the agriculture, fisheries, plantation and forestry sectors were formulated in a fashion that emphasised the role of cooperatives: companies involved in resource or plantation development needed to work with local cooperatives; at the same time, villagers were to participate in plantation developments and for timber concession licences via cooperatives (McCarthy 2001a, 2001b; Lynch and Harwell 2002; Colchester et al. 2006; Henley 2007).

While the concept of a cooperative tends to assume a type of mutual interest among what might be considered as a “community of members”, in Indonesia cooperatives have a long history of state sponsorship, and during the New Order were largely organized from above. Furthermore, cooperatives need to conform to a bureaucratic form laid out in state regulations regarding how they are registered and operate. In the absence of an effective recognition of village or *adat* collective rights or of village management rights, villagers can form a recognized legal personality via cooperatives. This legal personality enables villagers to access bank credit and to enter into ‘partnerships’ with timber and plantations interests. Under existing forestry laws, in areas mapped as forest estate villagers can gain limited rights of access and use and commercial opportunities to participate in the management of these resources via the cooperative form. In areas where farmers lacked formal tenurial certification, through the legal personality of a cooperative

and with the assistance of a plantation patron, villagers could obtain certification of their rights – albeit at the cost of giving up significant parcels of land. As collective and individual rights are translated into legal entitlements via the cooperative form, this policy effectively compels villages to forego other long established rights associated with socially embedded entitlements and indigenous forms of collective action, subordinating local arrangements to state sanctioned ones. As well as constituting a bureaucratized mode of resource control open to manipulation by those who control it, the cooperative form also tended to tie villagers into market relations that can work to their disadvantage. This was because cooperatives inevitably control the circuits through which farmers obtain legal certification for their land rights, access agricultural inputs, and market outputs (see White 1997; McCarthy n.d.).

The logic of how this works is clear. Those managers who have gained the role of negotiating cooperative processes – as bureaucratically controlled routes to gaining access to resources – necessarily tended to be people with the knowledge, information and wherewithal to make them work. These were typically serving or retired village and local government officials or company functionaries working in their off duty capacity within their villages of residence or origin. For decades cooperatives were facilitated by district governments and these managers were appointed by the state. Typically, the leadership of cooperatives work closely with their “step parent” (*bapak angkat*) company from whom they obtain working capital and other assistance. Despite the rhetoric of community mutuality on which the concept of cooperative is rooted, a cooperative’s management committee tended to operate at some remove from ordinary members and all too often in the interests of its managers or those close to them. Village opportunities to participate in commercial timber and plantation enterprises on community lands were mediated and truncated by cooperatives. In the absence of effective forms of transparency, representation and accountability, in a highly clientalist fashion, these bureaucratically recognized forms for collective economic action can readily be controlled by dominant actors within the local ‘community’ working in collaboration with plantation or timber companies.

Under certain conditions tenurial reforms that formalize property rights can provide legal resources for the poor. However, rather than removing the ‘bell jar’ separating the advanced capitalist sector from the poor outside (de Soto 2000), the formalization of property via cooperatives can also readily work against the rural poor. It can lead to what Amartya Sen has called ‘friendly fire’. Communities that are differentiated in terms of wealth, assets, education, social and economic

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opportunities are readily targeted by common policies. However, unless policies are developed with care and pursued with vigilance, distributional institutions, such as cooperatives, that are designed to further the interests of the most vulnerable, can easily work to strengthen rather than weaken localized class divisions, thereby creating new barriers for the poor (Sen 2005).

In the cases studied here the district brokered limited compensation offers and attempted to accommodate villagers in cooperatives developed under the wings of plantation companies. Under such deals, in lieu of customary lands previously taken over by companies, villagers were to be offered the opportunity of developing plots under the aegis of a cooperative facilitated by the company and the district government. In at least one case local subdistrict elites were able to manipulate cooperatives set up to help local communities. In the meantime in the course of discussions, negotiations and accommodations, the heat of the conflict was attenuated. As discussed elsewhere, decentralization had provided a means for the state to extend its reach into communities and defuse volatile issues (Ferguson 1994; Agrawal 2001).

Despite this, we need to avoid seeing smallholders as occupying a space determined by “invariant logics and autonomic unfolding” (Gibson-Graham 2006). In other words, outcomes are overdetermined: as they emerge at the intersection of multiple, complex processes, the outcomes of disputes are not inevitable but rather contingent: this leaves open the possibility of outcomes that favour villagers. For instance, in one case a village refused to allow a plantation company to accommodate aggrieved farmers from neighbouring villages with a ‘satellite’ development in their customary area. Here, while this resistance may well have affected the plantation’s decision not to continue, the most probable explanation for this success was that the company had decided not to pursue the cooperative development tenaciously for financial reasons. In the second case, described earlier, villagers successfully reclaimed a small parcel of land from a plantation. Here, village resistance combined with the poor legal status of the plantation land and the interests of district government in collecting revenues from this area. This success was possible because congruent interests between villagers, local elites and district actors – together with a clear legal foundation – made possible strategic interactions that favoured these outcomes.

In other cases, where contingent factors did not support village action, relationships between companies with their allies both within the local state and among the local elite (often described in terms of ‘social capital’) proved highly

capable of working in the opposite direction. This cooption of local elites into wider state-business alliances combined with the ‘disarticulating effect’ of previous state policies towards local institutions to affect the internal solidarities and the capacities of village actors to act collectively in the face of shifting opportunities and constraints (Bebbington et al. 2006). This is despite the fact that in some of these cases, informal arrangements had been worked out earlier which, although lacking legal status, had at one point sought to accommodate local demands.

This points to a central issue: while useful and important in themselves, informal extra-institutional processes deployed in dispute resolution are insufficient to address the underlying grievances or to shift natural resource management in a more ecologically sound direction. To be sure such informal processes forced a slow down and some compromises. However, on their own these informal processes did not articulate with formal decision making in a fashion that ensured that the resource rights of marginalized local groups found institutionalized expression in a legally recognized or more abiding form. Moreover, these accommodations were vulnerable to shifting political circumstances: in the face of assertive coalitions of interest, these accommodations might readily fall over.

We can identify two challenges facing villagers attempting to find justice in these contexts. First, in rural Jambi villagers act at some distance from wider popular movements, such as those organized by city based NGOs. Yet, the efforts of local NGOs are critical in disseminating information, outlining possible strategies for action and linking communities with outside sources of assistance (World Bank 2004). This means that, in seeking to find redress for their grievances and channel their aspirations, villagers have very limited means of organization, and their aims tend also to be restricted. Even when NGOs attempt to organize, community solidarity tended to be fragile. Those involved in organizing village resistance have too often been coopted, and this tends to be corrosive of community trust. This crisis of confidence works against collective action. There is a critical need to create effective forms of organization – such as strong farmer organization and associations and pro-poor political parties – to strengthen the voice of the poor and to assist the emergence of countervailing powers in the local arena. Further, there is a real requirement for the replacement of cooperatives organized from above with representative and accountable forms of collective agency. This could entail reforming cooperatives by requiring that they conform to mandatory principles for democratic decision making, disclosure of information, and the distribution of benefits. Perhaps, given the difficulties of policy makers instrumentally creating institutions that function appropriately, the better alternative might be to support

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the recreation of collective action through rebuilding pre-existing but now often dysfunctional local institutions. Such forms of local collective agency are needed to strengthen the voice of the poor in the informal bargaining processes and to hold local government more accountable through the new deliberative and representative processes created under the reforms. Perhaps then local villagers can more effectively make demands on the local state – for instance for the high quality seed stock and the micro-credit programs required for agricultural development on village land.

Second, given the poor position of *adat* claims under the law, company representatives did not fear litigation. As companies did not negotiate in ‘the shadow of the law’, the lack of legal recognized rights curtailed the negotiating power of village actors by weakening their position in informal negotiations. Further, in most cases informal dispute resolution processes tended to occur where there were wide imbalances in power between villagers and their company interlocutors. This has also had a detrimental effect on village attempts to seek redress. The only incentive for companies to accommodate villagers lay with the expense and inconvenience created by continuing village resistance. Legal reforms that respect pre-existing village based property rights and confer procedures for negotiating these problems remain a pressing, albeit confounding, requirement.¹¹ There is still a requirement for legal and administrative reforms supported by vigorous local actors able to press for change at the local level. In the meantime, village resource entitlements remain subject to a legal system characterized by “remarkable normative complexity” that effectively produces “all-pervasive tenurial insecurity” (Fitzpatrick 2007).

We need to acknowledge that the reforms associated with recent political openings have helped enhance opportunities for local actors for lobbying, review, debate and intervention. For more encompassing opportunities for villagers to emerge, as well as favourable policy formulations, better programs and legally conferred mechanisms to accommodate the aspirations and to address the grievances of the poor, districts such as Jambi require the local institutional environment to be restructured to allow for more encompassing modes of participation, engagement and collective action. This necessarily requires the painful work of re-establishing the interweaving of secure, localized resource rights, the claims of a local moral economy, and the principles of accountability and representation. (For further discussion, see McCarthy and Warren n.d.)

¹¹ See footnote 6.

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