

ETHNIC IDENTITY AND LAND UTILIZATION: A CASE STUDY IN RIAU, INDONESIA

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ABSTRACT

This article looks at the economic and social position of first- and second- generation transmigrants of Javanese origin in the northwestern part of the Province of Riau, Sumatra, in the aftermath of the 1997/98 monetary crisis. The article is based on the findings of a study undertaken by the author in 2001 in the context of the International Labour Organization's InFocus Programme on Socio-Economic Security called 'Indonesia: Improving Security After the Crises'. Data were collected in two villages in a transmigration settlement near Pasir Pangarayan, Riau, where several thousand transmigrant families had been resettled during the 1980s.

Keywords: Ethnic identity, Transmigrants, Land use, Labour, Palm oil, Riau

INTRODUCTION

Between 1950 and 2000 large numbers of people from rural Java and Bali were resettled in other parts of Indonesia under the government-sponsored transmigration program. While the underlying purpose of resettlement was always the reduction of population in these two islands, objectives such as the development of sparsely populated regions were also put forward by policy-makers as justification for expenditure on the program.

Since the 1990s several unanticipated factors have appeared that now place former transmigrants in a somewhat different political and social situation from that which existed when they migrated. Among them is the fact that by the year 2000 transmigration was no longer the major national program that it had been in the late 1970s and 1980s, when World Bank loans enabled the scale of the program to be expanded considerably. Secondly, decentralization and the demands of regional autonomy have become increasingly important

elements in the political picture since 2001 and, with devolution of authority to the district (*kabupaten*) level, local governments have been seeking ways to increase revenue. Thirdly, with steadily growing demand for crude palm oil (CPO), oil palm has become an important crop in many regions, including northern Sumatra, to the point where it has had considerable influence on patterns of land use. This has created a dilemma for transmigrant smallholders in their decisions about how to use their land. While they benefit from the cultivation of perennials like oil palm when prices are high, they find that, with all their land under a tree crop, they cannot afford to buy the foodstuffs that they need when prices for perennials are low.

THE TRANSMIGRATION VILLAGES

The settlement of transmigrants

With only 1.4 per cent of Indonesia's people and a population density of 13 persons to the square kilometre in 1971, the Province of Riau offered potential for agricultural development when plans were prepared for expansion of the transmigration program during the Third Five-Year Development Plan (1979-1984). Land was made available for settlements in the Pasir Pangarayan area by the Riau provincial government, which expected that the cultivation of arable crops by transmigrants would increase supplies of rice and secondary foodstuffs for the more urban parts of eastern Riau, where the exploitation of oil resources had long dominated the economy. There were no existing claims to the land that was offered, as most of the local people obtained a livelihood from shifting cultivation and the tapping of stands of wild rubber.

In order to examine how settlers have been utilizing the two hectares of land that they received as transmigrants and the extent to which ethnic identity has been significant, two villages, referred to here as Sukamaju and Karang Tengah,¹ were selected in a subdistrict (*kecamatan*) in Rokan Hulu District some 40 kilometres to the north-east of the small town of Pasir Pangarayan,

¹ Interviews were conducted with 247 first- and second-generation transmigrants. A house-to-house approach was adopted in randomly selected parts of each village. Only households in which either the husband or wife (or both) came from a transmigrant family were included. The number of respondents was as follows: *Sukamaju*: Generation I = 38 men, 28 women; Generation II = 25 men, 28 women. *Karang Tengah*: Generation I = 40 men, 29 women; Generation II = 27 men, 32 women.

which is itself approximately 200 kilometres from Pekanbaru, the provincial capital. These villages had been established in 1981 and 1982, which meant that, since most families had small children when they migrated, there was already a second generation of adult age when the study was carried out in 2001.

The majority (82.1 per cent) of first generation respondents had arrived from Java between 1981 and 1984 as fully supported or General Transmigrants, while 5.2 per cent moved in 1984-85 under a resettlement program for army members who had retired on a monthly pension. Another 4.4 per cent were Local Transmigrants who were resettled under a program that required 10 per cent of the land in new settlements to be allocated to local people (Hardjono 1986:30). The remaining first generation respondents (8.1 per cent) were completely unassisted or spontaneous transmigrants who had bought land in the villages before 1988. Half of these spontaneous settlers had migrated from Java while the rest, who were also of Javanese origin, had moved from the plantation areas of North Sumatra.

All families received two hectares of agricultural land as well as seed for food crops, a few agricultural tools, and food supplies for eighteen months. Under a policy adopted by the transmigration agency in 1978, the two hectares were to be allocated to settlers in three sections, the first of which was a home-lot (*pekarangan*) of 0.25 ha in ready-to-plant condition with a fully constructed house on it. The second section consisted of one hectare of cleared land (referred to as *LahanI*) for food crop cultivation, while the third section (*LahanII*) consisted of 0.75 ha of uncleared land that would ultimately be used for tree crops. *LahanI* was to be close to the settler's home-lot, while *LahanII* was to be located within two kilometres of the house (Hardjono 1986:36).

Sukamaju

Sukamaju (674 households in 2001) was the first transmigration village established in the area and was designed by spatial planners as the 'core' or service centre for the ten villages planned for this part of the Pasir Pangarayan resettlement area. For that reason considerable care was taken in site selection and preparation. The village was established on flat land close to a river. The soil was good by comparison with soils elsewhere in the district, while an access road, although unpaved, facilitated communications with Pasir Pangarayan. When transmigrants arrived in 1981, home-lots and *Lahan*

I were ready for cultivation, so they were able to plant rice, corn, peanuts (*kacang tanah*) and mung beans (*kacang hijau*) immediately on both pieces of land. Although not comparable with yields in Java, output was high for rain-fed crops and productivity could be maintained if chemical fertilizers were used. The provision of cattle for draft purposes by the International Fund for Agricultural Development (IFAD) in 1987-88 greatly helped labour-short households to develop all of the land intended for annual crops. By the early 1990s rice output was such that four rice-hullers, powered by home generators, were operating in the village.

When Sukamaju, along with other settlements in the Pasir Pangarayan area, was transferred from the transmigration agency to the provincial government of Riau in 1993, it was doing well economically. Many of the transmigrants, however, had not been allocated the 0.75 ha that formed the third part of their holding (*Lahan II*), while most of those who had received *Lahan II* had not yet made any attempt to utilize it. The main reason was that the land, which was several kilometres from the village, was too far away for regular cultivation. A few transmigrants cleared this section of their holding and planted rubber but they became discouraged because trees were often destroyed by fire. Others sold the trees growing on *Lahan II* and in a few cases the land itself.

Karang Tengah

Karang Tengah (490 households in 2001) proved to be a far less successful settlement. Although the site was only five kilometres from Sukahaji, the land was marshy and the shallow greyish soil was much less fertile than the deeper yellowish-red soil of the core village. Furthermore, preparatory work had not been done as thoroughly as in Sukamaju. The transmigrants settled here in late 1981 and 1982 found on arrival that the home-lots were not in a ready-to-plant state, so they had to set about clearing the land around houses in order to plant dry rice and corn. They then prepared *Lahan I* for cultivation. The work was heavy since land-clearing contractors had left tree stumps in the ground. Without suitable tools to remove the stumps, transmigrants had to burn them or plant around them.

Yields of rice and corn from home-lots and *Lahan I* were good for three years but then fell sharply. Finding that applications of fertilizer made very little difference, transmigrants turned to the cultivation of cassava as a subsistence

food crop. After two more years, not even cassava would grow, and fields were left to revert to scrub. The World Food Programme then supplied foodstuffs to enable settlers to construct unsurfaced roads in the village, while the IFAD program provided cattle. Most of the cattle, however, were sold soon after distribution by households that had virtually no source of cash to buy necessities like clothing. During this period transmigrants survived by felling trees on their own *Lahan II* for sale to timber companies, while those willing to travel several kilometres to land still under primary forest were able to earn a livelihood from the collection of resins like *damar*.

Physical conditions in Karang Tengah were so unfavourable that at least half of the original General Transmigrants had returned to Java by the late 1980s, while 85 of the 100 retired army members who had been resettled in the village in 1984 and 1985 had left within a couple of years. Similarly, all but one of the 23 families who had been persuaded to migrate from West Java when their fields were destroyed during the 1982 eruption of Mount Galunggung had gone back to Java. It was the high drop-out rate that led transmigration authorities to transfer abandoned holdings to Local Transmigrants from the plantation areas of North Sumatra in 1986 and to allow spontaneous settlers to buy land in the village.

CHANGES IN LAND USE

The influence of oil palm

Economic development in Sukamaju was greatly influenced by the activities of a Medan-based oil palm company that had established a plantation and processing factory a few kilometres to the north of the village in 1993. For the first time conflicting claims to land appeared in the area. Government maps prepared in 1983 showed that usage rights to land close to Sukamaju had been granted to the oil palm company in that year, even though the land in question had previously been designated by the provincial government for transmigration settlements. It turned out, however, that the company had acquired usage rights not only to land intended for future transmigration villages but also to the undistributed *Lahan II* of a number of transmigrants in Sukamaju. Despite several representations by village officials to the provincial government, the issue had not been settled to the satisfaction of the

transmigrants and was the cause of considerable resentment among Sukamaju residents towards the plantation company.

The establishment of the oil palm plantation soon had an indirect effect on land use in Sukamaju, for it offered opportunities for wage labour. The plantation company hired men to clear land and plant palms, while women were employed to prepare and care for seedlings, although at a lower wage than that paid to men. Plantation work was heavy but wages exceeded any income that settlers could obtain from the cultivation of food crops. As a consequence many transmigrants took jobs on the plantation and neglected food crop cultivation on their home-lots and *Lahan I* fields, which were soon covered in weeds. While the regular cash earnings coming into the village encouraged expansion in non-agricultural activities, this trend lasted only until 1999, when the plantation company dismissed the majority of its workers. The reason was that, with all its land planted and further expansion delayed by the 1997-98 monetary crisis (*krismon*), the company required only a small number of labourers for maintenance and harvesting.

Meanwhile, a change had occurred in land use in the village itself. Attracted by high palm oil prices in the second half of the 1990s, many of the transmigrants who had been growing food crops on *Lahan I* replaced them with oil palm, not realising that the high CPO prices were very largely a reflection of changes in the value of the rupiah during 1997 and 1998. At the same time settlers who had abandoned farming for wage employment on the plantation started clearing their neglected *Lahan I* fields and planting oil palm. Thus only a very small proportion of the *Lahan I* land in Sukamaju remained under food crops.

Rubber, oil palm and logging

Commercial interests also brought about changes in land use in Karang Tengah. In 1990 a company holding a forestry concession adjacent to the land of transmigrants established a sawmill in the village. In addition to removing trees growing on its own concession land, the company purchased any trees that remained on the *Lahan II* land of transmigrants as well as trees felled elsewhere by small-scale illegal loggers. The sawmill provided wage employment for a number of village men but only until 1995, by which time all the valuable timber in the vicinity had been removed and the sawmill closed down. Most of these unemployed men then took jobs as wage labourers on the

oil palm plantation near Sukamaju until 1999 when they, like workers from the core village, were no longer needed by the company.

By this time the transmigrants in Karang Tengah had given up trying to cultivate their *Lahan I*. One of the constraints on development in this and many other transmigration villages had always been the insistence on the cultivation of food crops by local transmigration officials, who adhered to policies formulated in Jakarta (World Bank 1988), even when it was obvious that only tree crops could flourish in the area. The staff of the local transmigration office even destroyed small rubber trees that settlers had purchased locally and planted on their home-lots. After transfer of the village to the provincial government in 1993, settlers were free to plant whatever they wished. Very few households in Karang Tengah, however, had the capital to prepare land and establish a tree crop. It was only a timely intervention from outside the village that saved the community from total economic disaster.

As the follow-up to a World Bank initiative for the introduction of a Second Stage Development Program in the late 1980s to help economically weak transmigration settlements (Hardjono 1988:434), a Pekanbaru-based company operating in the smallholder rubber sector agreed to plant rubber on a credit basis on the land originally intended for food crops (*Lahan I*). Transmigrants were employed temporarily by the company as wage labourers to clear secondary growth and plant the land with rubber. As this land was adjacent to home-lots, settlers were able to keep a close watch over the rubber trees and to reduce the risk of fire by removing grass and weeds regularly. When trees started producing latex in 1999, settlers began repaying the loans that they had received from the company, which also handled marketing of the latex.

There was a further change in land use in 1996 when a small oil palm company acquired the former timber concession adjacent to Karang Tengah. The company, which was based in Pekanbaru, planted oil palm on this land and also on the partly cleared but uncultivated *Lahan II* land of transmigrants under an agreement that was arranged by the village head and had the endorsement of the provincial government. Although the company was introduced to members of the transmigrant community as a *bapak-angkat* (foster father) that would help settlers, the latter, who legally owned the land, were not included in negotiations. The basis of the agreement was supposed to be profit-sharing, with 40 per cent of output from each 0.75 ha of *Lahan II* land going to the company and 60 per cent to the owner. Although the palms planted in 1996

began bearing fruit in the year 2000 and the company commenced regular harvesting, settlers had still received no money in 2001. Most were feeling apprehensive about the future, especially since they had been obliged to entrust their land ownership certificates to the company as part of the ‘agreement’.

Meanwhile, in its own interests the company allowed transmigrants to grow annuals like dry rice, corn, long beans, chilli and mung beans between the rows of young palms planted on their *Lahan II* land, as cultivation of the soil restricted the growth of weeds and the young palms benefited from the fertilizer applied to the food crops. This system of intercropping was the only form of arable farming in the village. It was possible for only three years, however, because of the decline in fertility and the increase in the size of palms, which prevented sunlight from reaching ground crops. Farmers who practiced intercropping were finding it necessary to move further away from the village in order to obtain temporarily fertile soil, even though, beyond the boundaries of company-controlled land, there were stretches of degraded forest to which they could make no claim.

During the 1990s several industrial timber estates (*Hutan Tanaman Industri*, HTI) were set up in Riau to cultivate fast-growing trees as raw material for pulp factories. The establishment of two HTI estates some 80 kilometres from the village marked a further stage in commercial activities in the area, as recruitment agents made frequent visits to Karang Tengah and other transmigration villages in search of labourers. Since workers had to live in barracks on the timber estates because of distance from the villages, it was mainly young, unmarried men who undertook this kind of work. The two timber estates provided regular employment during the 1990s but only one was still operating in 2001. Like the plantations, it too had reduced its workforce once the work of preparing land, raising seedlings and planting small trees had been completed.

One further commercial activity in the immediate vicinity of Sukamaju and Karang Tengah during the later 1990s was the small-scale logging industry. Men who were physically strong could obtain regular employment at one of the ten sawmills within a couple of kilometres of their homes. The sawmills depended for trees on the 100-hectare stretches of land for which logging permits had been issued by the local *bupati* (district head). They also relied on illegal felling, which was done much further away by labourers whose so-called ‘bosses’ organized the sale of logs to the sawmills. Sukamaju had two

self-employed 'timber entrepreneurs' who bought trees growing on privately owned land and then employed local labourers to fell them and transport the logs to one of the sawmills. This form of small-scale logging had been much more common in the 1980s before companies from Medan, Pekanbaru and even Jakarta took over the local timber industry.

SOURCES OF LIVELIHOOD

Employment

Patterns of land use are reflected in the sources of income of transmigrant households in Sukamaju and Karang Tengah in 2001, as shown in Table 1. Agricultural employment was much more important for first generation households than for those of the second generation. At the same time first generation households tended to have multiple occupations and hence more than one source of income. These occupations generally consisted of crop cultivation and the raising of cattle in conjunction with some form of trade. Landlessness was not a problem among generation I households. All had a home-lot and, even though one third had sold a part of their *Lahan I* and *Lahan II* at some time in the past, only three had no agricultural land at all. Some 29 per cent had increased the size of their holding by purchasing additional land from other transmigrants or from indigenous people. Fragmentation of ownership had begun to occur with home-lots but not with agricultural land, which will, however, be subdivided through the traditional Javanese system of equal inheritance for all children as the number of first generation transmigrants becomes smaller.

Table 1
Major Sources of Household Income, 2001 (percentage of households)

Source of income	Generation I		Generation II	
	Sukamaju n= 66	K. Tengah n = 69	Sukamaju n = 53	K. Tengah n = 59
Agricultural self-employment	45.5	50.0	28.3	20.3
Agricultural wage labour	6.1	2.9	15.1	10.2
Plantation/HTI wage labour	4.5	1.5	1.9	18.6
Non-agricultural self-employment	9.1	8.	13.2	3.4
Non-agricultural wage labour	1.5	0	13.2	18.6
Non-agricultural skilled work	12.1	10.1	15.1	6.8
Trade	18.2	20.3	9.4	13.6
Salary employment*	3.0	1.5	3.8	8.5

* = teachers and community health centre staff

For second-generation households the non-agricultural sector was more important than farming, reflecting the fact that 57 per cent of this generation in Sukamaju had no farming land of their own. Occupational multiplicity was less common among this generation. Some earned a living from agricultural wage labour, opportunities for which were more frequent in Sukamaju than in Karang Tengah because a greater area in the former village was under food crops, which require more intensive input of labour than do tree crops.

In the case of Karang Tengah, self-employment in agriculture included intercropping on land controlled by the palm oil company and also the raising of livestock. Several households, in particular the poorer ones among the first generation, raised cattle to rent out for ploughing and the pulling of carts or, more commonly, to sell for slaughter. The 'sharecropping' of cattle occurred in both villages as in Java, where the 'sharecropper' looks after a cow and later shares the offspring with the owner. A couple of households kept chickens and ducks on a commercial scale, while three well-off households in Karang Tengah had established fishponds, reflecting their place of origin in West Java, where inland fish-breeding is common. All these products, from poultry to eggs and fish, brought good prices from intermediate traders (*bandar*), who could easily sell them at a profit in towns like Pasir Pangarayan and Pekanbaru.

Not many people were working on oil palm plantations or timber estates in 2001. Between 1994 and 1999 the larger of the two plantations, near

Sukamaju, had employed men and youths from both villages but, as already noted, it had reduced its workforce considerably at the end of 1999. The small oil palm plantation adjacent to Karang Tengah also reduced its workforce once planting was completed, but it still employed village men to harvest the fruit. Both men and women were employed to do weeding and other maintenance tasks, although much of this was casual work, available only when labour was needed. With the expansion of oil palm in the Province of Riau, wage employment was available on the large plantations established by companies some 75 kilometres to the south of the transmigration villages. It was here that 18.6 per cent of second-generation Karang Tengah men, shown in Table 1 as working on plantations or HTIs, had found jobs.

Non-agricultural self-employment in the two villages, which largely involved the production of cement roof tiles and the digging of river sand for local building purposes, also included food processing, which in these villages meant the making of tapioca crisps (*krupuk*), soya bean products (*tahu* and *tempe*) and sweets from red sugar. Non-agricultural wage labour included the employment of women to assist in food processing. The relatively high figure (18.6 per cent) for non-agricultural wage labour for the second generation in Karang Tengah reflects the employment of men in local sawmills. Skilled work outside agriculture takes in bricklaying, carpentry and furniture-making as well as the management of small repair shops for radios, motor-cycles and bicycles and the driving of trucks and *ojek* (motorcycles that carry paying passengers).

Trade has always been a major source of livelihood or at least supplementary income for transmigrant households. A few large-scale traders in the two villages purchased oil palm fruit and latex from small producers for sale to factory agents. They also dealt in commodities from outside the region, like fertilizer, cement and kerosene. Others with less capital worked part-time as *bandar*, purchasing local products and selling them in other transmigration villages, where poor soils, similar to those in Karang Tengah, had been planted with oil palm. A number of women (and a few men) had stalls (*warung*) in or close to their homes, where they sold cooked food, household necessities and cigarettes. Other women worked as itinerant vendors, either riding bicycles or walking around the village every day to sell food that they had prepared themselves or bought from a producer. Some of them also sold food and small quantities of fresh produce like beans and tomatoes at the weekly market.

Income levels

Social stratification based on economic position was evident in both villages. Since it proved impossible to obtain any clear statement of income from respondents, the socio-economic position of households was estimated using the following indicators: extent of land ownership, type of housing, non-agricultural employment, the scale of trading activities and the level of education provided for children. On this basis households in Sukamaju and Karang Tengah fell into four broad groups, as shown in Table 2.

Households in the high income group earned most of their income from trade, as they owned the four large village shops that sold goods like building materials and kerosene for lamps. At the same time they had large land holdings, which were cultivated by agricultural labourers. In 2001, households in this group had monthly incomes over Rp 750,000. Most householders in this income category had been young adults when they migrated from Java with their parents in the 1980s and already had a junior high school education. Others were retired army men who, besides having a relatively good education, had had the initial advantage of a regular pension. In many cases they could afford to send their children to high schools and universities in Java.

Table 2
Estimated Income Levels, 2001 (percentage of households)

Income group	Generation I		Generation II	
	Sukamaju n= 66	K. Tengah n = 69	Sukamaju n = 53	K. Tengah n = 59
High	6	4	0	0
Medium	17	14	9	9
Poor	23	19	30	29
Very poor	54	62	60	71

Although all households in the medium income group (monthly incomes between Rp 750,000 and Rp 500,000) owned land, in many cases as much as three to four hectares, very few depended entirely on agriculture. They preferred to leave cultivation of their land to wage labourers while they themselves undertook more profitable economic activities. A few people in

this group were elementary school teachers or public servants employed in the Community Health Centre in Sukamaju, while others were producers of *tahu*, *tempe* and *krupuk*. Some ran small shops that sold clothing or daily necessities like rice, while others had roadside stalls that sold petrol and oil for motor-cycles. A few raised fish in ponds near their homes and also traded in cattle and latex, although not on the scale of the high-income group. Many households in this group had been able to put their children through six years of secondary schooling and in a few cases tertiary education in Pekanbaru.

Households in the poor group (monthly incomes of Rp 300,000 to Rp 500,000) obtained most of their income from the agricultural sector. The majority of Generation I households owned land, and several still had the two hectares allocated to them in the 1980s. Even so, most did agricultural wage work if available, while a few were employed by the households that made *tahu* and *tempe*. Several owned or 'sharecropped' a cow. In some households husbands worked as carpenters and brick layers or collected building sand from the river, whenever work of this kind was available. Petty trade was important for many in this group, although a shortage of capital limited the scale of their activities. A few worked occasionally as *bandar*, buying local products like chickens and coconuts and selling them to bigger traders from outside the village.

Most households in the very poor group (monthly incomes below Rp 300,000) obtained the greater part of their income from employment on the land of households in the first- and second-income groups. First generation households in the very poor group still had a small piece of land but the majority of second-generation households in this group had no land at all. It would be difficult for both first- and second-generation households in this group to diversify their sources of income as they do not have the financial resources or knowledge to undertake activities like trade or food processing.

The Effects of the 1997-98 Monetary Crisis

On the whole regions outside Java that produced cash crops for export fared better than Java during and immediately after the 1997-98 monetary crisis because the value of these crops rose as the rupiah weakened (Booth 1999:26). For this reason the crisis, which caused the prices of goods of all kinds to rise in Java, had relatively little effect on the overall level of economic security of households in the two villages. Within the village communities, however,

the crisis had a differential impact that was related to the individual family's sources of livelihood. Houses with land under productive oil palm or rubber felt an immediate benefit, while traders dealing in fertilizer made a good profit. Households growing food crops also did well because demand for products like mung beans and corn remained high and they were able to increase their selling prices. Households dependent on the processing of foodstuffs were unaffected, for although there was a rise in the prices of raw materials like soya beans, they too were able to put their prices up. Other non-agricultural workers like *ojek* drivers were able to raise their rates in keeping with the higher prices for oil palm and rubber, while those employed in the local building industry benefited from the higher incomes of oil palm growers, who could now afford to have extensions and improvements made to their houses.

People on a fixed salary like school teachers, however, immediately experienced a negative impact since the benefits of high oil palm and rubber prices were not passed on, yet their cost of living rose. Petty traders selling manufactured goods from Java like plastic buckets were also affected as village households could no longer afford the prices, which had risen sharply. Plantation and timber estate labourers were not affected at first since the oil palm companies and timber estates were able to increase wages slightly. They felt the impact in 1999, however, when the plantations and estates scaled down their own activities because of the financial situation. Meanwhile, households dependent on agricultural wage labour in the villages were much more seriously affected because wages for this kind of work did not keep pace with the rise in the prices of food and other daily necessities.

The Land Use Dilemma

As it turned out, a steady decline occurred in palm oil prices between 1999 and 2001, reflecting changes in international prices and exchange rates as well as overproduction in the local palm oil industry itself. There was only a slight drop in food crop prices but the price of oil palm fruit, which had been Rp 700 per kg in 1997, had fallen to Rp 100 by early 2000. Prices remained low during 2000 but by mid March 2001 growers were receiving Rp 175. Within another week the price was Rp 210, indicating trends in the value of the rupiah. Prices continued to improve during 2001 and by February 2003 growers were receiving Rp 600 per kg for oil palm fruit. By mid March of the same year,

however, world market conditions were beginning to change once again and the price had gone down to Rp 550.

These fluctuations in prices created a dilemma for households that had all of their land under oil palm, since the practice of monoculture meant that they had to purchase the food that they needed for the family. Settlers had to decide whether to write off the money that they had invested in oil palm and go back to food crops or to retain the oil palm in the hope of better prices in the future. The same dilemma applied to the utilization of home-lots. When oil palm prices fell in 1999-2000, households in the two villages were obtaining very little for home consumption or sale from their home-lots. The reason was that, with the rise in oil palm prices in the 1990s, most had uprooted the plants and trees that they had carefully tended for many years, including fruit trees originally provided by the transmigration agency, in order to plant palms around their houses. Only a few had continued to grow cooking spices, pepper, ginger, medicinal herbs, vegetables and fruit on their home-lots, even though these commodities were always in demand. Similarly, only a small number of households still cultivated corn, mung beans, chilli and other dry-field crops on *Lahan I*. Even though lack of water in the dry season limited cultivation to nine months of the year, these farmers were comparatively well off in terms of household income for, despite the need to buy fertilizers to maintain yields, prices for food crops continued to rise in response to the relative scarcity of these commodities in the region.

CONCLUSION

Expansion in oil palm cultivation in Riau and other provinces was encouraged by the Indonesian government during the 1990s when, with favourable export prices, CPO was a good source of foreign exchange. The provincial government of Riau had always shown considerable enthusiasm for expansion in the area under this crop, especially in the western and southern parts of the province. With the transfer of authority to the *kabupaten* level of government, however, conflicts of interest began to occur. The existing plantations near the two study villages were soon at odds with each other over their demands for access to more land, while friction arose between adjacent *kabupaten* over sources of revenue. Those *kabupaten* without a palm oil factory were eager to have at least one processing facility established locally, as they were reluctant to see truckloads of unprocessed fruit leaving the district every day

without any financial benefit to the local government. Given the fluctuations that have occurred in CPO prices, however, the wisdom of a *kabupaten* relying on revenue derived very largely from a one-crop system of land use can be questioned.

The presence of oil palm plantations near the transmigration settlements has two major social implications. The first is the potential for future disputes over land between settlers and the plantations. The extent to which the local government will support smallholders, indigenous or otherwise, in disputes with plantations is uncertain, since oil palm has been given priority over other crops in land use policies. In any case local governments tend to show a preference for plantation rather than smallholder production as it is much easier to collect taxes and other levies from companies than from individual cultivators. Nevertheless, in the interests of maintaining social stability, they may have to support smallholders' concerns against the interests of companies, especially where rights to land and the acquisition of large stretches of land for new plantations are concerned. As noted above, the acquisition by a plantation company of the undistributed *Lahan II* land of transmigrants in Sukamaju caused great resentment. Furthermore, the local government did not respond to the complaints of Sukamaju farmers about the discharge of polluted water from the company's processing factory, even though this made it impossible for the farmers to cultivate a part of their land. Nor are hopes for an irrigation system that would enable them to cultivate their fields in the dry season likely to be realized, since construction of the necessary weir across a river would cause water to inundate part of the company's land.

The second implication is the general insecurity that was already apparent in the area in 2001 because of clashes between the indigenous people and the North Sumatran staff of the plantation company. The latter were accused of acting 'arrogantly' in their dealings with the local people, particularly in the use of public infrastructure like roads. Local people certainly had a point when they complained about the deep ruts cut in roads by company trucks transporting oil palm fruit. Feelings on both sides were expressed somewhat violently on one occasion in 1999 when a company truck collided with the motorcycle of a local man in a small town 10 kilometres from Pasir Pangarayan. The local people responded by attacking and damaging the truck. In retaliation, company employees burned down 300 houses belonging to the indigenous community. In the general disturbance the sub-district

administrative office and the police station were also destroyed. The local people then blocked the road used daily by company trucks to transport oil palm fruit to the processing factory. As a consequence, the transmigration villages were cut off from Pasir Pangarayan for several days.

Hostility towards the plantation company stemmed from more than anger over the condition of roads. Local people had hoped to obtain jobs with the company but they were unwilling to work as field labourers. Yet very few had the educational background required for employment as drivers, bookkeepers and factory foremen. Furthermore, while they felt that their communities should be getting direct advantages from the produce of 'their' land, they ignored the fact that the company was paying various taxes and levies to the *kabupaten* government. Company managers, for their part, felt that they had no obligations to the local people of the area, and from the beginning had made no attempt to establish good relationships with these communities. In dealing with issues concerning indigenous communities in past years, they had depended on support from the government agencies in Jakarta that had granted their original land concessions in Riau. Transmigrants, for their part, have always kept out of conflicts between indigenous people and the plantation company in the belief that such disputes did not concern them.

Clashes have not occurred between transmigrants and the indigenous people of the area. On the whole, however, while the local people appear to have no objection to the presence of the Javanese settlers despite ethnic differences, there has been very little contact between the two groups apart from occasional small-scale trade. Claims to land allocated to transmigrants in the 1980s are unlikely to arise because, unlike the situation that had prevailed in other transmigration settlements, the transmigration agency had issued individual ownership certificates for the two-hectare holdings before the Pasir Pangarayan settlement was transferred to the provincial government. In cases where transmigrants purchased additional land from indigenous people, however, disputes could occur since transactions of this kind were witnessed only by the village head. The statement signed by the latter at the time of the transaction is no guarantee of security of tenure, and it is very unlikely that other written records exist.

Riau has long had an ethnically diverse population. The relatively low population density of the province and the absence of a dominant local culture comparable to the cultures of adjacent provinces have encouraged spontaneous

in-migration to Sukamaju and KarangTengah, despite the great increase in the value of land in the transmigration villages after 1995. Most of the spontaneous migrants are the descendants of Javanese plantation workers who moved to North Sumatra several decades ago. Unable to afford even a small piece of land in the overpopulated plantation areas where they were born, they have moved to the transmigration villages to purchase land for a home-lot for their family while they look for work in other places. They have chosen this area because the village population is predominantly Javanese and the culture is one with which they are familiar.

The indigenous people of Riau live between two very strong economic and cultural groups, the Bataks to the north and the Minang people to the southwest. In the past they found it difficult to rise to a dominant economic and cultural position in their own province, but decentralization is now providing the opportunity for them to assert themselves politically. There is a growing awareness in Riau, as in many other provinces, of who is indigenous (*putra daerah*) and who is not. Associated with this is the feeling of many indigenous people that they have a greater right to local resources than do 'newcomers'. But this attitude cannot do away with the consequences of past national policies like transmigration or internal population movement in the form of spontaneous migration.

The extent to which newcomers will have a voice in provincial and district-level government and play a role in the political life of Riau remains to be seen. While the heads of former transmigration villages will most probably continue to be persons of Javanese origin, it is less likely that the position of sub-district head (*camat*), let alone that of district head (*bupati*) will be open to a newcomer, even from the second or third generation. Nevertheless, these newcomers are an important element in the composition of the regional labour force, for it is the younger generation of settlers, whether they are of transmigrant origin or the descendants of plantation workers, who are providing much of the manpower required for the expansion of oil palm plantations and timber estates in Riau and for a range of non-agricultural activities like the construction industry in Pekanbaru and the eastern part of the province.

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