Disaggregating the State, Discerning Class Formation

A Comparative Historical Analysis of Indonesia's Transmigration and Malaysia's Federal Land Development Authority (FELDA)[1][2].

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Abstract: This paper examines why Indonesia persists in reestablishing its contentious transmigration program after the Asian financial crisis of 1997 and the collapse of the New Order regime in 1998 and even expects four million new transmigrants in the five years from 2015-2020. It does so despite the program's socio-ecological and economic atrocities, rejection by international communities' campaigns, and the fact that the rest of the countries assisted by the World Bank to carry out land resettlement projects have diminished or stopped their programs. This preliminary work elaborates the case by disaggregating the components of the state through comparative historical analysis with Malaysia's FELDA Land Resettlement to show how transmigration works with many purposes--state interests in capital, profits from population control, and stratification of peasants. I emphasize two factors of Indonesia's persistence which relies in its heavily disaggregated managing bodies of transmigration and the state's behavior towards the smallholders. This fragmentation combined with the weak relationship between the smallholders and the state creates the opportunity for the longevity of the program, despite a set of factors that are supposed to be capable of terminating the program, as occurred in other countries.

Keywords: state interest, capital, the World Bank, land resettlement, transmigration

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1. Introduction

In 2011, then-president of Indonesia Susilo Bambang Yudhoyono laid out the blueprint for revitalizing a land resettlement program named transmigration in the Masterplan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI). He planned to integrate transmigration into the expansion of industrial agriculture that would later take place in the eastern part of Indonesia, particularly in Merauke regency, Papua. Until 2015, this specific decision on reviving transmigration to its former triumph during the New Order era did not face any serious backlash or attention; the program is considered the subsumption of the bigger contentious plan that is MP3EI. Joko "Jokowi" Widodo, the incumbent president of Indonesia, later announced the decision to make transmigration a national priority development program (MENKONOMI July 17, 2017) and to establish four million acres and recruit nine million families to participate the program. A different situation occurred in Malaysia in 1990 when the Government of Malaysia decided to stop its similar land resettlement program like transmigration under the Federal Land Development Authority (FELDA). Malaysia's authority justified its decision due to the rising cost of each settler's household (Office of The Prime Minister of Malaysia 1989*)*. A similar path with Malaysia also was conducted by other countries with land resettlement programs; Brazil, Colombia, and Kenya.

This paper aims to analyze why the Government of Indonesia (GOI) persists in resuscitating transmigration despite the nation's industrialization economic outlook, the economic failure of transmigration, and its costly implementation, and doing so as other countries, like Malaysia and several others, which used to implement land resettlement policy have already ceased it. My overarching argument is that the persistence is enabled through two intertwined factors that occur concomitantly; (1) the fragmented interests within the managing institutions, accompanied by (2) a weak relationship between the state and resettlers/smallholders. This confluence has enabled the decision makers to avoid the responsibility for the people on the ground. The obligation to create a politically secure environment for the in-migrants is largely ignored in Indonesia's case, because there has been a break between the transmigrants and the regime.

To support my argument, I will analyze the data I obtained from the semi-formal interview I conducted between 2016-2017 in one transmigration site in Riau. I also apply the

historical comparative frameworks to have a broader understanding of the similar program and to identify sets of factors that may or may not terminate land resettlement policies. The findings pinpoint two important differences that affect the governance of the program; (1) the proximity of the relationship between the state and its land resettlement program's subjects; and (2) the type of the layout of the governing administration. While the commodities cultivated in the sites which are tied to the type of program matter to a certain degree, the way the state's orchestrating up the economic and political machine is considered more significant and impactful.

Previous research explicates the contentious design within transmigration (Levang 1985; 1997), with some even calling the program a "policy failure" (Tirtosudarmo 2015, p. 48) and that it embodies nothing but the accumulation of state capitalism (Perez-Sainz 1987). The existing literatures are capable of highlighting the predicaments of transmigration, but they do not sufficiently address two important features: the character of the program, and the political elite constellation bounded within the stakeholders of transmigration as a development program. These features enable it to continue despite the absence of funding after the World Bank, the main funding source of transmigration since the 1970s, abandoned transmigration in the mid-1990s, prior to the Asian financial crisis.

The program is loosely identified with the authoritarian president of Indonesia, Soeharto, and the World Bank. Hence, the understanding of the program had been that transmigration would lose its significance once Suharto and the World Bank's project supporting it were gone. Yet, the program continues and has even regained its lofty reputation despite its troubled implementation on the ground. The campaign for transmigration plays well in the People's Representative Council (Prihatin 2016), that believes the program will help with population control and wealth distribution, even though the program has never really achieved those goals. The situation defies the cost-benefit argument of a large-scale program's longevity; nor the "failure" of the program is sufficient to cease the project as exemplified in many cases like Tanzania's collective land resettlement program (Scott 1998).

The outcomes of transmigration program are rather ambivalent Regarding the whole concept of land resettlement programs, Shresta and Conway (1987) identify three main criticisms which I will contextualize to Indonesia's transmigration program. First is the increasing social crisis resulting from the program; for example, rising agrarian conflict in 2016 (Indonesia

Consortium for Agrarian Reform 2017) is caused mainly by a land grab by corporations or the government for state and private plantations that include transmigration.[3] Second, a lot of agrarian scholars criticize the model of individual ownership as a capitalistic means of easily getting people to sell their land, as reflected by the transmigration; land and the communities that it surrounds are transformed into a mere commodity (Rachman 2012). Third, transmigration has caused notorious international criticism for its contribution to deforestation and worsening environments and ecosystems, particularly related to forestry. In the case of Malaysian FELDA and Indonesian transmigration, the issue of deforestation has been crucial since the great fire in the late 1990s, particularly vis a vis the use of Indonesia's peatland for the development of palm oil plantations (Fearnside 1997). In the late 1980s, the environmental journal *The Ecologist* led a campaign against transmigration by accusing the World Bank of funding the contentious program.

In addition to the three aforementioned criticisms, Indonesia has plenty of other reasons to end transmigration. Previous research by Li (2011; 2015) and Levang (1997) shows that although the transmigration scheme is lucrative for the transmigrant smallholders, the land resettlement program itself is far from satisfactory (See also Tirtosudarmo 1990). Levang (1997) also shows the economic failure resulting from transmigration, while Li criticizes how the land distribution scheme favors private enterprise over benefit to Indonesia (2015) and Indonesian smallholders. Indonesia's persistence in reestablishing transmigration thus is worth heavy scrutiny to understand its aim, particularly after more than 140 years since its initial establishment.

This research adds to the underdeveloped study of transmigration (Alfirdaus 1990) by leveraging on the historical institutional aspect and bringing the case to a comparative framework. The importance of understanding why Indonesia continues the program comprises both empirical and theoretical realms. Historically, transmigration has created increasing social and land conflict, as noted previously. Yet, transmigration has also served as popular legitimacy to sustain the state's present in society. A thorough comprehension of the situation may be helpful to illuminate the prolonging land inequality as reflected in the rising agrarian conflicts,

3 A recent case is in Papua where the newly-established transmigration is integrated with Merauke Integrated Food and Energy Estate (MIFEE). See Ginting and Pye (2011). https://www.iss.nl/fileadmin/ASSETS/iss/Documents/Conference_papers/LDPI/1_Longgena_Ginting_and_Oliver_Pye_Final.pdf

including ones that are resulted by transmigration. Theoretically, and more broadly, I hope that this preliminary work will reveal a further research direction for understanding the relationship between costly land-oriented development programs like transmigration and the state interests in governing people by any means necessary, particularly in the Global South.

This paper is constituted in four chapters. First chapter will lay out my theoretical frameworks and the methodology that I used for conducting this research. Second chapter explicates the concept of land resettlement policies in other countries and elaborate the factors that contribute to the termination of the program. Third chapter specifically analyzes the cases of Indonesia's transmigration and Malaysia's FELDA. Fourth chapter presents the preliminary conclusion and the future direction of this research.

1. Theoretical Frameworks and Methodology

Although plenty of research has been dedicated to understanding transmigration, few of the literatures dissect the managing institutions of transmigration. The closest to this approach is Tirtosudarmo's work (1990; 2015) in which he managed to interview key people within the government's body and to examine the fragmented interests and visions of each stakeholder working for the transmigration. The fragmentation ranges from the ministry of transmigration to the local authorities in the host areas of transmigration. Yet his tremendous amount of research concludes with the old notion that transmigration is a "naïve and misleading" program to address the problems it would like to resolve (population and wealth distribution) (Tirtosudarmo 1990, p. 25). In his later assertion in 2015, Tirtosudarmo repeats his finding that the program is a "policy failure" (Tirtosudarmo 2015, p. 68).

Levang (1997) also provides a thorough explanation of how transmigration works and why it fails. His work does not necessarily consider the uncoordinated and fragmented managing institution in transmigration as playing a significant role in the persistence of transmigration during its remaining years under the New Order. Levang mainly problematizes the incompetence of the stakeholders and the agroeconomic design of the program as a whole as deeply economically disadvantageous and disempowering of the transmigrants, leading to the project's failure. Levang's account thus rotates around a further explanation for why the program is an utter failure.

Li (2011) has a different take on comprehending the benefits to the smallholders, even at a minimum level. Her research focuses on the no-exit design for the smallholders whoare kept in the system as part of transmigration's "infrastructural violence" (2011). The smallholders enjoy the luxury of owning properties, and the program's lucrativeness ensures a monthly wage for the settlers. Her second analysis, on the role private plantations play (Li 2015), that focuses on the labor value inherent in the transmigration scheme, examining how transmigration enables the network of cheap and subsidized labor pools for the private plantations that are closely tied to the program establishment. While her research is significant in illuminating why this program continues to exist, it underplays the state capacity and the state role beyond providing access for the capitalist interest.

I do not intend to evaluate the policy or to label the GOI as a capitalist state, but rather to comprehend why, despite the program's notorious failure and economic loss, the government is still confident about delivering the program. To achieve this aim, this study utilizes two frameworks for assessing what has been neglected in studying transmigration; (1) the dissenting nature of the state; and (2) class formation and its relationship to the involved actors in this enigmatic program.

The Many Hands of the State: State as Exchange of People

The state plays a significant role in explaining the two cases of land resettlement. I use a "many hands of the state" analytical tool, adopted from Morgan and Orloff (2017). Applying the framework, I avoid labelling certain state behaviors as merely "capitalist" or "authoritarian," because labelling a state by only certain circumstances produces a tautological explanation. Instead, the state theory in the analysis focuses on disaggregating state components to see how fragmentation in states, no matter how limited, leads to different approaches to implementing a land resettlement program. The fragmented state body not only refers to the coalition of elite-state or between elites (see Vu 2010) but also displays the space where a certain actor or institution of state can benefit or exercise its power, even to the small amount, upon the involved stakeholders (Lara-Millan in Morgan and Orloff 2017). Knowing what kind of benefits or disadvantages each fragmentation receives in the state is crucial to understanding the longevity of a state development program.

Disaggregating the state may also explain the resistance against certain programs, like transmigration. Intervention between the relation of workers/farmers and capital is conducted by the state, instead of by the capitalist class itself, despite in the land resettlement case corporations's playing a large and significant role. Here I do not suggest following agricultural studies' mainstream accusation against the state merely for being a capitalist handmaiden of a global food regime (see van Der Ploeg 2008; Cousins and Scoones 2010). I would like to avoid the pitfall of labelling and bracketing the state with an adjective that would imply a one-dimensional character of the state. Orloff and Morgan (2017) make a clear argument that "capitalist" or any modifier of the state "reflects a problematic lack of engagement […]–how do these modifiers actually relate to each other?" (p. 2). Hence, I prefer to disaggregate the state component in Malaysia and Indonesia for understanding the dynamics of a contentious project that persists despite vehement protest from its own sectors, including within the state itself. I hope that by using state analysis, my research will help to expand the theoretical concept of class in agricultural societies in which the state stands tall between farmers and international agrarian/food corporations.

In addition to the overarching concept of many hands of the state, I particularly use "state as series of people exchanges" from Lara-Millan (2017) to acknowledge and capture the layered and dissenting nature of states. Beyond the abstraction of the fragmentation within the state, Lara-Millan identifies several characters in the fragmentation: (1) uncoordinated budget-maximizing behavior; (2) constant negotiations among the state actors; and (3) exchange of actors (Lara-Millan 2017, p. 81-84), which I translate as the activity of the changing institutions, whether back and forth or not.

Class Formation

In complementing state theory, class analysis can be useful in comprehending the formation of the ambivalent position that the farmers contribute to the continuing encouragement of transmigration by the GOI and plantation moguls. Scholars in the tradition of class analysis, from Marxist and neo-Marxist schools, have expanded the concept of class to be more encompassing than merely the individual's or household's holding entitled property. In agrarian studies, class differentiation has particularly broadened the understanding of the reconfiguration

of the new peasantry, especially during and after the Green Revolution. Bernstein (2001: 41) argues that class object is never concrete, exploitation in the agricultural sector is not uniform, and class analysis in agrarian studies must avoid essentializing the concept of class that is closely tied to many Marxists' linear arguments on the capitalist transition.

Bernstein's (2001; 2015) exposition of class dynamics in agrarian studies acknowledges the relation of peasants to their material production; thus, his theory elucidates the fluid position of smallholders who also serve as labors on industrial plantations, and land owners whose private properties are legitimate and even supported by corporations and the state. The relation between the peasants, then, should be taken beyond the framework of whether or not they are exploited. The theoretical implication should further explicate what kind of position the smallholders enjoy in the rather ambivalent position of smallholder under certain schemes of agricultural development, and how their position contributes to the fate of land resettlement policy.

Class configuration in the land resettlement program compliments the analysis of the institutional element's reciprocal relationship between maintaining the development program and contributing to a certain class formation. It also leads to the question of what role of this newly-established class, along with its inherent distinctive (ambivalent) character, plays in the implementation, continuation, or even the termination of a land resettlement program. In the case of land resettlement policy, the smallholders have become the distinctive feature that is produced massively under the project. In many countries implementing the program, the smallholders have become rich farmers, or they have become financially handicapped and further subsumed under the industrialization of agriculture. Their situations result from and at the same time contributes to the future of the resettlement program. The degree of strength and power within the smallholders and the state's relationship with the state actors will determine the program's quality and the longevity.

1.2 Methodology

This paper will use primary and secondary data for the analysis. In 2016 and 2017, I was able to conduct in-depth and semi-formal interviews with three people who were in charge of and participated in the transmigration site of Riau (Kandis village, Sumatra). These people were the head of a unit (*Kepala Satuan Penduduk*) (R1), the assistant of the head of a unit (R2), the wife

of the head of a unit, and the wife of the assistant (T). R1 has been on the plantation since it was first analyzed and prepared for resettlement in the mid-1980s, while the assistant and his wife moved to Kandis village in 1992-1993 (fifth installment of the Transmigration supported by the World Bank) from East Java and Madura Island. All their names are undisclosed due to privacy concerns and their personal request. Although my interlocutors are from the subject of transmigration governance, R1 was both a transmigrant and the government officer appointed to manage the unit. R1 embodies the dilemma between the government's perspective in implementing the program and the voice of the transmigration participants.

The secondary data is from the existing research on agriculture, land resettlement, and transmigration in Malaysia and Indonesia and the World Bank's appraisal report on FELDA and transmigration. I also us data from Malaysia's and Indonesia's Department of Statistics to analyze economic change, especially in agricultural trends. Precisely in the secondary data, particularly from the World Bank's archives, is where my limitation resides. I do not critically examine what constitutes the positive tones in the World Bank's reports on FELDA. I treat the secondary data and the archives from the donor's reports in pragmatic manner, hence I leave the question whether FELDA indeed is a successful example, and whether this model contributes to the termination of the program, unanswered. Yet, albeit promising for the future research and a broader analysis, I have to emphasize that it is not the core intention of the research to understand the success and the failure of a certain development project. Rather, I focus on the why amidst the narration of its success and its failure, a development program continues to reign.

Since I will identify sets of factors, I apply Mill's method of agreement and differences to accommodate limitations within the factors of the cross-case analysis (Bennett and Elman 2006). I lay out the eliminated causes and main causes as below:

	Eliminated cause			**Main Cause**				**Outcome**
	Commodity	*Regime Breakdown*	*Soial movement*	*Change in Political Landscape*	*The World Bank's Assessment*	*Land use/management*	*The program continuation*	*Socio-economic inequality*
Brazil	Food crops & cash crops	Authoritarian transition	Present	Yes	Incapable institution	Individual household – state plantation	No	Yes (widening)
Indonesia	Food crops & cash	Authoritarian transition	Present	Yes (weak institution	Incapable institution	Individual household	Yes	Yes (widening)

	crops			)		- state & private plantation		
Colombia	Food crops	Armed rebellion	no	Yes	Incapable institution	Individual household – state plantation	No	
Kenya	Food crops & cash crops		Present	Yes	Incapable institution	Individual household – state plantation	No	Yes (widening)
Malaysia	Cash crops (mainly) & food crops		no	Yes	Capable institution	Individual household – managed stakeholders by the state	No	Fluctuating

Table 1: Mill's Agreement & Differences

2. Land Resettlement Policy on a World-Wide Scale

Land resettlement conveys the notion of moving people, at very minimum expense, to areas that have or have not been inhabited (Pankhurst in Saad 1993: 9). Land resettlement was later institutionalized as a development program and was encouraged during the agricultural revolution[4] in the Global South (Wilkes and Wilkes 1997) by international financial institutions like the World Bank. The project was considered to advance the new society's lives through equal distribution of land. The purpose of land resettlement programs, however, may vary over time and depending on the context of the country, e.g., economic-political turbulence, population control, cultural integration in state-building, and state needs. Land resettlement policy can also refer to any resettlement process, whether or not the displacement is forced. In this paper, the case of land resettlement policy refers only to the program to transfer people from certain areas to others, for working in the agricultural sector, by distributing land for the settlers. Following this framework, I exclude two cases: (1) Sudan's Gezira scheme which did not distribute land but only give tenancy for certain years; and (2) Mahaweeli Dam Project in Sri Lanka in which land plotting was a very limited addition to its main focus of building a dam.

In the early years of the Green Revolution, the World Bank encouraged less-developed and developing countries to participate in the program called Integrated Rural Development (IRD). IRD is a multipronged program that aims to boost the economic growth of rural areas by integrating three main components: (1) agricultural production, i.e., arranging small credits,

4 Green Revolution is the program of agriculture modernization that was first implemented in the 1960s. It promoted modern farming, short-duration but high-yielding varieties of seeds and plants, the use of chemical fertilizers, and the introduction of large-scale monoculture plantations (see Dharma and Dak 1989).

establishing markets, assisting input and supply; (2) social services, i.e., healthcare and education; and (3) infrastructural amenities, i.e., building roads and irrigation networks (World Bank 1985, p.15). IRD was derived from the post-World War II economic plan as a "big push" in global economic growth in the Global South, which at that time still heavily relied on agricultural production (Ibid. p. 3).

Land resettlement policy is built upon these three components. The World Bank promoted financial and technical assistance in the form of soft loan. Although it has three general components, the implementation is highly tailor-made and contextualized to specific needs of the borrowing countries. The cost for land resettlement policy is incredibly high, ranging from $25 million to $1 billion from the 1960s to the late1980s, depending on the approach of the particular land resettlement program. The current cost is even higher following the inflation.

The World Bank was reportedly very active in approaching countries to implement the land resettlement policies (Wade 2011), for example in Kenya's Million-Acre and Brazil's POLONOROESTE (the official name is Northwest Region Integrated Development Program), and Indonesia's transmigration. The funds the World Bank gave to countries for implementing land resettlement policy programs were also intended for many additional components (besides establishing plantations and sending the in-migrants). In Brazil, the fund was used to build road networks through the Amazon rainforest, and in Indonesia the fund established irrigation networks. Kenya's Million-Acre program was an exception, for the fund was designated exclusively for land purchasing and the installment of settlers.

In this subchapter, I outline the factors of termination of land resettlement policy in Kenya, Brazil, and Colombia. These three countries implemented the program under the funding and supervision of the World Bank, approximately from the early 1960s (Kenya and Colombia) to the late 1980s[5]. None of the appraisal reports from the World Bank for the assessment of these three countries shows any satisfactory results, nor any recommendation showed the Bank's belief of the program continuation. The elaboration on these cases identifies six factors that contributed to the terminating of land resettlement programs in those countries.

5 It is worth noting, however, that Brazil still struggles to reimplement the program to no avail through its old institution called The Instituto Nacional de Colonização e Reforma Agrári (INCRA). Its land resettlement program, unlike Indonesia's, is no longer a top priority. The government reportedly has abandoned the settlers who had already moved into the project area, leaving them without neither thorough systems for cultivation nor even basic amenities.

Countries	Brazil	Colombia	Kenya		Malaysia	Indonesia
Project name	*POLONOREST A*	*Caqueta Project*	*Million -Acre*	*Bura Irrigation*	*FELDA*	*Transmigration*
Funding	√	√	√		√	√
Regime breakdown	√	√	√			√
Movement	√		√			√ (1984-1986; 2001)
The character of the program	√		√			√
Institutional competence	√	√	√			√
Political reconfiguration	√		√		√	√

Table 2: Factors of termination. Green box signals the continuation

First is the unbearable cost of the land resettlement policy that keeps increasing over the years, worsened by the rather unstable economic growth in less-developed and developing countries. A lack of external funding for this program would almost certainly lead to its end. Such is the case particularly in land resettlement areas which produce petty commodities.

Second is regime breakdown, as what occurred in Colombia with the armed force's taking over the project area in Caqueta, although the particularity here makes the case unique. This indicator also refers to financial meltdown, as in 1970s Kenya where it disrupted the Bura Irrigation Project.

Third is the constellation of politics in each country implementing the program and its relationship with the settlers. Kenya's case shows how the elite-biased land distribution according to certain identities led to unrest, even among the settlers and other minority ethnic groups (Leys 1975). The bias according to ethnic group was not helpful, to the point that even

the premise of land rewarding through Million-Acre became contentious, as an addition to the country's long history of unequal land distribution and contributed to Kenya's 2007 riot (Veit 2011). The grip on smallholders or the settlers matters, because in all of the cases above, no regime had a good connection or close tie with their subjects of resettlement policy and sometimes abandoned them like in Brazil, making it difficult even for those who are in favor of the program to justify continuation. The proximity of the state and the smallholders or the settlers is highly dependent on the contribution of farmers.

Intertwined with the third aspect, the *fourth* is the particularity of the land resettlement project. All three cases I have explicated are considered as generally inefficient and disadvantageous, and of benefits only to certain sectors and not as a whole. Although agriculture in that time was significant for the countries subjected to the land resettlement policy, none of the World Bank reports for the three programs ever acknowledged the significant contribution of the policy to the accumulative rising agricultural production, only in certain commodities. Brazil's POLORONOESTE initially tried to plant palm oils which are more lucrative, but the failure in building the necessary amenities related to the uncoordinated governmental bodies diminished that opportunity (Wade 2016). The involvement of private corporations in the three cases was minimal, since at that time the private plantations largely worked only in big cash crops like rubbers and palm oil and they would not favor small-scale holding. In Kenya, the private corporations managed to boost tea production and contribution to the agricultural sector, strengthening the position of already-privileged large-scale smallholders from the majority ethnic groups.

Fifth is the absence of coherent goals and institutions from the countries implementing the program. The institution here refers to not only a mere organization that works for the program, but rather a whole set of establishments within a state which are supposed to share similar values and purposes to make the program work. With the exception of Kenya's Million-Acre, the reports on Brazil's POLONOROESTE, Colombia's Caqueta project, and Kenya's Bura program express the World Bank's concern over the inconsistent and incongruent behaviors of the respective countries (The World Bank 1992; The World Bank 1984; The World Bank 1990). The reports display the World Bank's discomfort with the fragmented bodies of state. This unstable and changing pattern of the government in implementing the land resettlement policy

even occurred in the authoritarian military regime in Brazil which was expected to be more centralized and the stakeholders of POLORONOESTE to share one vision.

Sixth and last is a strong movement to oppose the project. The rejection and unrest against the Million-Acre program in Kenya falls into this category. A similar pattern happened in Brazil during the 1980s (Wade 2016). Blatant displays and criticisms against the World Bank and Brazil were effective in stopping the program, or at least in suspending it. In Kenya, the risk of distributing land was too great, since the political division between the ruling party and the opposition widened more. The situation was reflected in the violence acted upon the majority ethnic groups encouraged partly by the issue of landlessness (Elhawary 2008).

These six factors might have occurred together or separately, like the armed forces in the case of Colombia. Yet, although many of these factors are present in Indonesia and to a certain degree were not present in Malaysia, these two countries had different outcomes. Indonesia persists with the transmigration project and has even made it its national priority until 2020. In 2018, the cost for transmigration settlement is already $21,400[6] per household. The transmigrants have no direct political connection with Indonesia's governmental bodies, and even some local provinces display strong rejection of the program. The 1997 Asian financial crisis only slowed the in-migration (Tirtosudarmo 2011, p. 37) as the government kept sending people from Java. The fragmented institutions of transmigration and its ever-expanding goals did not cause the World Bank to stop the funding, even after the GOI was proved to have given a fake report to the bank in the middle of the project. Malaysia, in contrast, ended the program for its "rising cost" (Prime Minister Office 1989), although Malaysia supposedly had no trouble in finding external funds for their highly lucrative and praised model, and the country experienced no strong movements against its agricultural expansion through FELDA.

The next subchapter elaborates this contrast between Indonesia and Malaysia by looking deeper at the fragmented bodies and the relationship between the state elites and the smallholders or the settlers. It also examines the particularity of the two land resettlement projects which highly differ from the cases in Kenya,Brazil, and Colombia. The main feature of Indonesia's transmigration and Malaysia's FELDA is the nucleus-estate plantation in transmigration and the managed stakeholders of FELDA. These models led to both countries' emphasis on cash crop

6 Interview with R1 and R2, February 2018

commodities like rubber and palm oil and the involvement of big corporations. The situation was not found in any other cases of land resettlement policies across the world.

3. The Case of Indonesia's Transmigration and Malaysia's Federal Land Development Authority

The World Bank funded the transmigration project in the 1970s and the memorandum of understanding was signed in 1974. Although transmigration has existed since the colonial era. Since it was first established by the Dutch Empire during the colonial era in 1905, the transmigration program has received criticism, whether internationally or within the domestic space. Transmigration, which was called *Colonisatie* (colonization) under the Dutch occupation, is a land resettlement policy in which the government invites people from the dense areas of Java, Bali, and parts of western Lombok to less populated areas like Sumatra, Kalimantan, Sulawesi, Maluku, and Papua (Levang 1997). In the host areas, in-migrants are granted 2.5 hectares on average for the cultivation of food or cash crops, and small plots of household farming, thus making them smallholders. Not all people can join aboard the program since transmigration mainly favors farming-skilled men with wives, and sometimes with children. Typically, within 3-5 years, the in-migrants are expected to pay back the fees spent by the government or involved stakeholders for land clearing, seeds, and initial harvesting season necessities (fertilizers, costs of building irrigation networks). The payback is not applied for rice farming transmigration. Every month, transmigrants receive wages according to their harvest production weight.

The program thus continued in the Soekarno era (1945-1965). The funding during Soekarno's reign mainly came from the government's own budget, as the left-leaning government in post-independence Indonesia refused to engage with foreign aid, particularly that which was tied to the United States' or British governments. After the 1965 Massacre, the pro-Western government of Suharto rehabilitated Indonesia's foreign relation with the United Nations, International Monetary Foundations (IMF), and the World Bank.

In general, Indonesian transmigration under the New Order occurred in six waves of migration and five advanced plannings that typically occurred a year before the annual in-migration took place. The planning was led by the coordinating ministry and assisted by the

World Bank. During this period, the GOI had special requirements, as the Dutch used to have. The requirements, however, were downscaled, only limiting the program to married couples, preferably those with agricultural skill. The return payment remained the same as in the Dutch era. An additional requirement was that prospective in-migrants must not be affiliated with the "Indonesian Communist Movement of 30th September" [7] or any proscribed political organization (Perez Sains 1987: 23).

At first, the establishment was funded by the revenue of Soekarno's regime, initial funding from the United States asked to Marshall Green, American ambassador to Indonesia during the transition (Tirtosudarmo 2013: 32; Ananta and Arifin 2004: 325) The World Bank had given $560 million (World Bank 1994) in total. This amount was only 58% of the program's total amount of nearly $1 billion (Wade 2011), as the GOI also contributed 42% of the cost, derived from investments, oil boom revenues, and bank credits for plantations from the late 1970s to the mid-1980s. The settlement fee for each settler grew increasingly, such that in its third installment in the mid 1980s it cost the program $7,835 dollars per family. A few years before the crisis, the resettlement cost was almost $10,000.

The first installment of transmigration under Suharto aimed to restart economic growth, and to fix the economy and severe inflation after 1965. It was first managed by the Ministry of Transmigration and Veteran Affairs. The veteran issue was incorporated into the transmigration because in the first period of the New Order's transmigration, aging war veterans were included as prospective transmigrants. Soeharto invited many private businesspeople, in contrast with the protectionist policy of Soekarno, to re-establish the transmigration program. Under the Ministry of Cooperation and Rural Development, transmigration wanted to apply micro-credit and cooperative units to control the finances in transmigration sites. The Memorandum of Understanding and contracts with the World Bank stated that the global financial institution agreed to support and assist the land resettlement projects both technically and financially.

7 The 1965 massacre, or 1965 coup, was among the bloodiest mass killing in the 20th century. The official narration of the GOI was that the Indonesian Communist Party attempted to take over the government and kidnapped (and later killed) seven high-ranking military officials who were identified as against the left-leaning ideology. This coup was defeated by the command of then-Major Soeharto. As a result, 500,000 to a million people died in extrajudicial killings conducted by paramilitary groups and military operations. The impact of 1965 lasts to the present day in Indonesia: the banning of leftist ideology, an anti-peasant movement notion by the government, and economic-social injustice for the mass killing survivors. Scholars dispute who actually orchestrated the coup. United States involvement in this coup was later proved (see Roosa 2001; Anderson & McVey 1967; Indonesia People Tribunal 2016).

Transmigration was also administratively reconfigured with the Presidential Instructure 1977[8] on Transmigration that mandated the transmigration plan to build Settlement Units (*Satuan Pemukiman/SP*) on each site[9] and centralized all the decision making for the host areas at the national level of government. This instruction was highly centralized and left no room for provincial governments to decide the types of estates or where they should be constructed.

The New Order's transmigration incorporated an irrigation project and parts of an agricultural revolution agenda, such as industrializing agriculture, monoculture plantations, and food sovereignty goals. Transmigration was encouraged to meet objectives, particularly in food sovereignty. Although various crops had been specified since the first establishment of transmigration, rice was particularly prioritized in the first installment, and Soeharto encouraged many agribusiness corporations to establish rice estates. Many corporations were hesitant to do so due to the long return on investment in rice. Nevertheless, food sovereignty was achieved in the mid-1980s, and many stakeholders acknowledged the role of transmigration in the accomplishment (Makinuddin 2006: 54).

Due to a rather dissatisfying report from the second installment, however, the World Bank urged the GOI to implement some policies that were applied by Malaysia's FELDA mechanism (World Bank 1988). The GOI reluctantly accepted this proposal and shifted to focus on cash crops rather than food crops. After the shift to a focus on palm oil markets, many once-lackadaisical private plantations were more interested in investing. Under the second installment, the Nucleus Estate Plantation (*Perkebunan Inti Rakya/PIR-Trans*) was established, in which the government and the private estate shared the production costs and profits. The cost-sharing mechanism was highly supported by both stakeholders. The *PIR-Trans* model later proved to be more profitable and helped Indonesia to climb in the palm oil market (McCarthy & Cramb 2015). *PIR-Trans* also became the largest smallholding scheme in the national landscape of palm oil plantations (Pramudya et al.; 2017).

Palm oil smallholding is a particularly interesting social class that was born out of Indonesia's shift to the model of nucleus estate plantation and has a different situation compared to Malaysian smallholders. In Indonesia, smallholding transmigrants hold no significant political

8 This bill later transformed into 1997 Transmigration Law, with more or less the same the decrees as in the previous instructions.

9 One transmigration typically has up to eight SPs, with each SP consisting of hundreds of family households.

power despite their highly valuable contribution to Indonesian agriculture, particularly in palm oil sectors. Regardless of their lucrative position, the Indonesian smallholding systems rarely bring independence to the farmers, especially those tied to the transmigration scheme. In all Nucleus Estate Plantations transmigration, all the smallholding farmers already have a *de facto* permanent contractual relationship with certain corporations, meaning that transmigrant farmers are forced to sell their labors and productions only to particular corporations that fund their transmigration sites. This situation only subsumes the position of smallholders under either state or private plantations, despite their having their own land and properties within the sites. Scholars focus attention on the smallholding scheme as the starting point of the "labor regimes" of transmigration, due to the transmigrants' cash crop production chain (Cramb and McCarthy 2015, p. 46). This population of pool of labors and cash crops farmers, however, is not politically tied directly to ruling parties or certain political forces, unless with the oligarchs who own the private plantation or several high ranking military officers who manage or have ties to the state corporations. This is strikingly different from what we will see with Malaysian FELDA smallholders whose connection to the state elites is politically stronger.

As expected from the labor issues that arose in transmigration, by the 1970s the management of transmigration was already taken over by the new Ministry of Transmigration and later, incorporated it to labor issues due to the rising significance of the smallholding scheme. In 1973-1974, Indonesia abandoned Soekarno's Import Substitution Industry (ISI) approach and pursued Export-Oriented Industry (EOI) which took many advantages from the oil boom (van Zanden and Marks 2012). The boost of transmigration in the early 1970s can be linked to the Indonesian oil boom. Indonesia had confidence in increasing revenue after the oil embargo in the Middle East, and the revenue was mobilized to fund many agricultural projects, particularly transmigration in which many retired army generals had holdings in the plantations (Tirtosudarmo 2013).[10] This transmigration was later strengthened once Indonesia profited from the shift to cash crops, regardless of its not fully deploying the managed stakeholder system like in Malaysia.

10 It was also not a coincidence that the Minister of Transmigration in this period was Martono. Martono was a political bureaucrat and had been a soldier during the independence struggle. He was a member of the Cooperation of Mutual Help (*Koperasi Gotong Royong*/KOSGORO) that was built by the Indonesian Armed Forces in 1957. Later, this organization transformed into Golongan Karya–a political party established by Soeharto.

Transmigration under the New Order displayed the most dynamic situation, compared to its implementation under other Indonesian regimes. The elite and oligarchic reconfiguration in the New Order highly affected how transmigration was planned in the long-term, particularly in their cleavages and clashes of interests which had existed since early independent Indonesia. Inter-elite engagement in transmigration is important to the prolonging of transmigration. In 1957, the army elites were emerging in the business of plantation and forestry. The military later was involved in establishing corporate connections to the future Indonesian oligarchs (Resosudarmo 2005). Forest landscapes that became the base for opening transmigration sites were made available and readily accessible for land clearing by corporate or state plantations, helping the GOI build the Nucleus Estate Plantation scheme.

A new layer of elites participating in the dynamics of the New Order's transmigration comprised the technocrats. At the peak of the oil boom, many economic-technocrats planned to return and mobilize the capital into non-agricultural industry, involving Indonesia in technological development. Soeharto was rather displeased with the idea, and he gradually suppressed the influence of economist-technocrats such Emil Salim and Soemitro Djojohadikusumo (Tirtosudarmo 2015). Soeharto then over the years appointed a series of Golkar-affiliated politicians and former military generals to the position of Minister of Transmigration to secure the military's interest in plantations. Even after the disastrous implementation of the 1980s transmigration, when 16,000 houses for the in-migrants were overhauled (*Kompas* November 25 1987),[11] Soeharto remained undeterred in continuing transmigration. Harun Zain, the Minister of Transmigration at that time (1976-1983), admitted that "the transmigration has become the embodiment of the president's personal will" (Tirtosudarmo 2015: 23-25; Tirtosudarmo 1990).

The persistence of the New Order in expanding transmigration faced criticism from the World Bank which has supported Indonesia's impelementation to transmigration when the GOI agreed to change its trajectory for planting cash crops in the 1970s. Indonesia was accused of producing fraudulent data for the 1988 public report on transmigration (Tirtosudarmo 2015; World Bank 1988). Despite this humiliating circumstance, the World Bank seemed already to be aware of how to deal with Indonesia. With cultural sensitivity, as reported by Winters (1996:147-

11 Although it is not stated in many explanations for this case, I believe it was also caused by the sharp decline in the palm oil price in 1986. The dropping price also affected Malaysia, although Malaysia could adjust the situation with its advanced rubber plantations (Sutton 1989:342).

149), the World Bank used the "Indonesian way" to both assist and criticize the country: an informal meeting, rewriting shadow reports, and personal approaches to individuals in the government were among the steps taken by the international financial institution. The accusation barely affected the funding that continued until 1993. If anything, the transmigration program found its revival in the 1990s when the last installment of transmigration became the largest in the history of the program. Not only did it surpass the previous numbers, but also the World Bank's assessment of the latest installment praised the GOI for achieving 95% of its objectives, compared to previous four processes (World Bank 1994).

The World Bank's response to Indonesia's behavior was strikingly different from how it addressed Brazil and Colombia, accusing those countries of incompetence. In the five reports of transmigration, there is not a single piece of evidence that the World Bank heavily criticized the behavior of Indonesia's inefficient bureaucratic system. Rather, the World Bank proposed to hold more workshops and trainings for Indonesian government officers in order to work according to the plan (World Bank 1981); such a tone is not found in the five reports on POLONOROESTE, Burra Irrigation Projects, and Caqueta Land Colonization. Only in one report did the World Bank complain about the fraudulent data, and even that material was written rather ambiguously and focused more on the methods used in surveys (World Bank 1994).

The Bank's approach and Indonesia's confidence in delivering the program may also be related to the politics of the Cold War in that era. In the London School of Economics Report No. 55 on October 2010, an interview with experts working on the transmigration project reports a rather interesting situation. It states that the majority of the World Bank's experts and the fact finding teams refused to implement the program, particularly the Nucleus-Estate Plantation mechanism that produces small-cash and petty producers of the cash crops. They also strongly opposed the idea of low cost settlement program in that time. The experts thought the whole program was simply "impossible" (Wade 2011, p. 40). One expert reportedly resigned due to a heart attack while managing and making the justifications of the program (Ibid.). Yet, the current president of the World Bank at that time, Robert McNamara, intervened and forced the whole team to justify the program since the Bank and the United States could not afford to lose Indonesia to the expansion of China's Communist Party (*New York Times*, Aug 10 1997).

The number of transmigrants critically dropped after the Asian financial crisis in 1997 and the 1996 massacre of Maduranese transmigrants in Borneo. The program lost its triumph once again. Several strategies were conducted in post-authoritarian Indonesia to revive transmigration, but it never again reached the peak level of Soeharto's era. Since the New Order regime, transmigration has relied heavily on independent transmigration and other development projects or natural disasters in Java that require local inhabitants to move out.

The social structure of transmigration, however, compared to the case of Malaysian FELDA as I later explain, is not politically strong or closely affiliated with national-level authorities that could influence the policy of transmigration or the in-migrants' bargaining position. Two conditions may explain the detachment. First, transmigrants' commodity and cash flow as labors and farmers is highly controlled by the Village Unit Cooperation (*Koperasi Unit Desa*/KUD), thus hindering the chance to form other unions.[12] In many cases, I should note, the power relation with the local government is more approachable, especially since 1998. Second, the repression of the New Order and the disciplinary power embodied in the transmigration program harnessed the unrest that must already have existed in the transmigration sites. Docility had likely been greatly facilitated by the prosperity of transmigrants during the financial crisis despite data in the 1980s surveys reporting that 80% of transmigrants felt nothing had improved in their financial matters. My interlocutor R3 said that in 1997 and 1998, when the "people in Jakarta" suffered a monetary crisis, the transmigrants, especially the farmers of cash crops like rubber and palm oil, enjoyed the steeply increasing prices. "I could throw away my money just like that, I could use it however I please, a handheld fan for example. It was money rain."[13]

3.1 Post-authoritarian Transmigration: Conflicted authority and responsibility

Just like in Soeharto's era, the GOI shows neither remorse nor any signs of stopping the program, even as Indonesia has become the largest palm oil producer in the world, thanks mainly to the Nucleus Estate mechanism's flourishing in the late 1970s. As stated before, in Indonesia, the attempt to revive and further develop the development project is still echoed by the legislative assembly and several recipient provinces.[14] Many critics doubt the existence of

12 Forming unions was also not a favorable option in the New Order's political climate.
13 Impromptu interview in July 2016
14 Some of the areas include South Sumatera, Western Kalimantan, and Central Kalimantan.

transmigration in the future. Levang, a transmigration consultant, warns that even if the GOI continues the program, it needs to reform its paradigm of agricultural and social development (Levang 1997) due to the incompatibility of transmigration's agricultural technology in Sumatra and the Javenese-centric cultivation system in the Outer Islands. A lot of criticism of transmigration is not taken seriously by the GOI. As long as critiques do not contribute to the maximization of the crop intensification, the policy makers will dismiss them (Levang 1997: vii). This includes the critique from the transmigration consultants that calculated the financial loss suffered by the GOI through transmigration (Ibid.; Marr 1990).

The managing institution of transmigration in post-authoritarian Indonesia has changed three times since 1998. It was heavily underplayed due to the instability of Indonesian politics from the time of the 1997 Asia financial crisis to the early 2000s, a period of conflicts in provincial areas, particularly in Aceh, one of the transmigration host areas. The transmigration process continues but at a minimal level, once again like during the early New Order. What remains the same with the revitalization of transmigration is that the program is still attached to the labor issue, as seen in the name of the Ministry of Manpower and Transmigration. In the post-reformation era, the aim for transmigration, to its present day, is to distribute population and to pursue equal development across Indonesia. The contemporary transmigration has recently focused more on establishing the program in the eastern part of Indonesia which is considered to have been neglected under the development programs of Indonesia's New Order.

Nevertheless, there has been some attention to the critiques, especially after the program was heavily criticized in the mid-1980s. Subsequently, the GOI has used much jargon to campaign for the betterment of transmigration. Indonesia promises a sustainable and more environmental approach in implementing the resettlement program, particularly the palm oil mechanism. Aside from the environmental tone, the project has been closely tied to the Indonesian campaign for agrarian reform, particularly in the current (2014-2019) regime led by Jokowi. More than offering just a sugarcoating campaign, both Jokowi and his vice president Jusuf Kalla consider transmigration the key platform to truly implement agrarian reform in Indonesia (*Media Indonesia*, October 20 2017). An official press release from the Coordinating Ministry of Economics states that Indonesia plans to lease approximately five million hectares of land for utilization in transmigration project (KEMENKO Perekonomian, July 18 2017).

The revitalization plan for Indonesian transmigration in 2017 sets up a distribution and production market. The GOI also plans to integrate the transmigration mechanism into rural area development programs.[15] The new scheme means that transmigrant villagers will determine the featured agricultural commodity, which will be adjusted by the government and any stakeholders assigned to the geographical landscape of the transmigration site and according to the availability of technological assistance from the government (*Detik*, November 17 2017). The current on-going transmigration which garners most public attention is in easternmost Papua, with the Merauke Integrated Food and Energy Estate (MIFEE) projected as the "next national barn" for rice and biofuel energy. Sagoo-culture Papua is being transformed into a rice and palm oil producer, causing backlash and local people's uproar, including the local authority, particularly the church[16] and local legislative bodies. Although the program has existed since the reign of Susilo Bambang Yudhoyono (2004-2014), the infrastructure and the working foreign investments have been applied and established rather lavishly during Jokowi's era.[17]

Transmigration remains a problematic development program. The decentralization of the Indonesian political structure also contributes the prolonging transmigration. If anything, the provincial governments have become the new managing institution of transmigration, sharing responsibility with the central government. The 1997 Transmigration Law was amended in 2009 to give more access to local provinces' authority. The host areas of transmigration now can contribute to the decision making process and even choose which corporations/investors they deem suitable for the land resettlement project. Furthermore, several provinces[18] that have become the hosts for transmigration resettlement publish their stance; they all agree with resuming transmigration and acknowledge the financial benefit they receive. My interlocutor, a Soeharto loyalist who served as the head of *Satuan Pemukiman* (SP/Settlement Units) from the Department of Transmigration in the 1980s to 1998, expressed his concern over the shift:

> "I never trust this Riau elites. Do you? In the old days, Pak Harto (Soeharto) decided everything, the top military people were involved. Jakarta knows best.

15 The current administration of transmigration is held by the Ministry of Village, Development of Disadvantaged Regions and Transmigration of the Republic Indonesia.
16 The Christian Church plays a significant role in Papuan local politics.
17 For a closer investigation, see the documentary movie *The Mahuzes* (2016), available on YouTube https://www.youtube.com/watch?v=MSVTZSa4oSg. This film documents the speech from the former regent of Merauke Dr. Johanes Gluba Gebze expressing his refusal of MIFEE.
18 Those provinces are: Riau, South Sumatera, West Kalimantan, Central Kalimantan, and East Kalimantan. Notable exceptions are Aceh, West Sumatera, and Papua, which to this day organize strong bases for the anti-transmigration movement.

> This whole decentralization thing is a fraud. The local government has no idea how to govern these Javanese. Same thing goes with the transmigration nowadays. What do you expect, huh? Nothing."
>
> (R1 on post-Soeharto transmigration, in October 2017 interview)

This statement displays the concern over increased corrupt practice in the current transmigration program. In its history, however, transmigration has not been without suspicion over corruption. During the New Order, the position for Minister of Transmigration was filled mainly by former high-ranking military or Golkar elites. The decentralization process in transmigration reflects the unrest after the breakdown of Soeharto's controlling power; it also has led to the distrust of many people in the transmigration project. Similar skepticism is also evident from R2. As a 4-wheel drive car left the plantation, R2 shook his head and said, "It was the **big boss,** [the current SP head; [emphasis in R2's tone] typical bureaucrats nowadays." R2 maintains a close relationship with R1 who wer a former SP head, and R2 still acts as R1's right hand in managing R1's estates in the site, just like in the New Order days.

The distrust and the increasing number of agrarian conflicts in Indonesia are challenges for the current GOI. In 2016 alone, more than 300 cases of land conflict were recorded; the main cause derived from the establishment of state and private plantations (mainly palm oil) in which transmigration is clearly included (Konsorsium Pembangunan Agraria 2017). The land conflict sometimes takes place at already established transmigration sites. A notorious example is the South Konawe transmigration site (*Unit Pemukiman Transmigrasi/UPT*), UPT Arungo, in Southeast Sulawesi province. The majority of transmigrants lost their land, houses, and harvested crops due to the conflicted land tenure against another palm oil corporation. The case is still being settled as this working paper is written.[19] The South Konawe case is particularly important for highlighting the problem emanating from both the decentralization process and the rising land conflict. The local government seems to have no interest in settling the dispute between the palm oil corporation and the transmigrants who were sent by the national team after the eruption of Mount Merapi in 2010. Hence, the in-migration process was conducted at the national-program level as a mitigation from natural disaster. Due to the different level of program urgency, the Southeast Sulawesi province had no pressing duty to ensure the establishment and

19 See "Demi Tanah Kami" [For Our Land], a television program on March 15 2017, which interviewed one transmigrant named Ujang Uskandiana from Yogyakarta province. Ujang actively campaigns for government accountability. Available on: video.metrotvnews.com/mata-najwa/0Kvm8VGk-cerita-transmigran-diitimidasi-agar-tinggalkan-lahan

instead prioritizes the authorized private palm oil estate. This deliberate disinterest reflects clearly the latest action taken by the South Konawe government. The regency of South Konawe plans to register UPT Arungo as a regular village, rather than a transmigration-specified settlement. The meaning of such an action from the local authority is clear: the transmigration office of South Konawe refuses to be responsible for the lives of 500 in-migrants and diverts the responsibility to the regency office of South Konawe, making it impossible for the already- in-migrants to having the palm oil estates and monthly wages that are rightfully theirs.

3.2 The case of Federal Land Development Authority (FELDA) in Malaysia: Stable and centralized management

The difference in the programs' governance condition between Indonesia and Malaysia reflects the political climate in the respective countries. Following the contrasting political climates, the governing bodies of Malaysian FELDA and Indonesia's transmigration are deeply distinguished from each other. Malaysia had only one body, FELDA as an institution, under the direct command of the Prime Minister's Department, as mentioned in a previous subchapter. FELDA concentrated on the recruitment process, expanding the estates, and other administrative matters. FELDA planned the amenities necessary for the resettlement site and invited other related ministries or departments to build them. The command line belonged clearly to FELDA. In its later development, FELDA even expanded its hand for certain purposes like land conflicts (FELCRA) or commodities governance (RISDA, FELDA Global Ventures/FGV), establishing undisputed responsibility.

In the pre-FELDA program, a different approach was taken by the British Empire to implement a rather similar program. The genesis of FELDA is found in the late 1950s, before Malaysian independence. The land tilting scheme for in-migrants began as part of a counter insurgency movement during the communist insurgency[20] that started in 1948. The strategy of the insurgents was to seize the British mining and plantations at the frontiers. The Malaysian communists were also helped by Chinese squatters[21] who lived in the frontiers where the

20 Also called "Anti-British National Liberation War" for some insurgents. This movement was established by the Malaysian Communist Party. The initial plan had been made in the 1930s, with guidance from Communist International (Cominternet) that was based in Moscow. The aim was to "overthrow British colonialism, abolish Malay feudalism, and set up a Malayan People's Republic" (Hanrahan in Cheah 2009: 133).
21 Ninety percent of Malaysian Communist Party members were Chinese dissidents (Hack 2009).

plantations were located. During the latest decade of British Malaya in the 1950s, General Commander Briggs implemented land governance policies that paralyzed the insurgents and stopped the flow of resources from the Chinese squatters. This particular counter insurgency move was named "The Briggs' Plan." General Briggs' strategy resulted in surveillance and documentation of the Chinese squatters, and in-migration of Malayan natives to the forests to live side by side with the Chinese (Ooi 2009). This plan later was developed into land plotting for Malayan natives and caused Chinese-Malaysians to shy away from the plantation fields. It also transformed into the persistent ethno-racial segregation that occurs in present Malaysia (Koh 2017: 148). As James Scott says, the FELDA scheme acted as a "soft civilian version of new villages created as a part of counter insurgency policy" (Scott 1998: 191).

The Briggs' Plan later developed into the more rigid institutionalized FELDA which transformed into a governing body. Structurally, it was a government agency authorized directly by the Prime Minister's Department. Aside from this difference from transmigration's status merely as a program under certain ministries, FELDA also existed in the rather non-expansive character of British plantations (mainly rubber) in British Malaya, compared to colonial Dutch and other private plantations in pre-independence Indonesia. Heading toward the end of the 1950s, Malaysia was preparing for its independence, and the uncertain future of what came after independence discouraged investment in plantations related to a fear of a nationalization process (that did not happen). As a result, the British large-scale plantations refused to expand their estate reach and kept the investment low in the late 1950s. This situation gave birth to seriously uneven development among rural area and also the urban areas where the government activity took place after Malaysian independence.

During the counter insurgency, the land resettlement scheme (or proto-FELDA) did not have any special standardization and was based almost exclusively on ethnicity, with a focus on in-migrating native Malays. The lack of special requirements was due to a security aim, and only after the focus shifted to economic growth did FELDA standardize recruitment, in 1961. The World Bank agreed to fund FELDA in 1968. The total loan granted by the World Bank was $230 million and given in six stages, every few years. The loan was used for all necessities, from land clearing, seeding, and moving people, to the last stage of FELDA that was the advance of the assistantship in its later years. The requirements for prospective settlers, although simpler, were similar to Indonesia's "Ten Commandments" and generally shared the same pattern with other

land resettlement policies that favored skilled farmers or agricultural labors and families: (1) Malaysian citizens or state nationals; (2) Age 21-50 years; (3) Married preferably with children; (4) Landless or with rural holdings less than two acres; (5) Agricultural background; and (6) Physically fit (FELDA 1977, p. 56).

Like its neighbor Indonesia, Malaysia also preferred families with healthy bread-winners. What differed from Indonesia was that when the families moved into the resettlement site, most amenities, like schools, water irrigation networks, and mosques, were already available without the in-migrants building them from scratch.[22] The priorities of FELDA were clear from the beginning: economic growth to optimize the agricultural contribution and distribution plan of the new country, or poverty alleviation in general (FELDA 1977). Giving away land to cultivate is indeed no easy matter. In the first decade of FELDA, land disputes arose as part of the consequences of land tenure, especially during the continuing insurgence. Malaysia launched the Federal Land Conflict and Rehabilitation Authority (FELCRA) to mitigate the problems, and the number of FELDA participants boomed. Population control, although mentioned, was barely a focal point of FELDA, as Malaysia faced only an imbalance in population distribution rather than "overpopulation." Surely Malaysia experienced overwhelming population growth after the British left in 1957, but the goal for FELDA was to spread the rural people evenly and to connect the rural-urban economy.

While Indonesia has shown serious disruptions in its transmigration's governance and implementation, Malaysia managed to handle the implementation securely with its different institutional approach. FELDA's governmental shift was based on its changing role rather than on the institutional formation. To the present day, although the administrative purpose has changed, the governing body remains concentrated in FELDA. The three stages of FELDA's shift are:

a. *Financial management*: FELDA regulated and planned for the land resettlement program in the five years before the program started (1956-1961)
b. *Land expansion*: after the first program plan was launched, FELDA shifted its focus to expanding the estates

22 In Indonesia's transmigration case, most infrastructure for the project was self-built by the transmigrants. A notorious exception is Buru Island – where 1965 political detainees set up dams, roads, and barracks for transmigrants, as well as producing other necessary tools for the program prior to the arrival of transmigrants (see Goenito 2016).

c. *Assistantship for the resettlers*: once the mortgage was paid off by the in-migrants, FELDA assisted the market distribution for the smallholders and connected them to certain agricultural corporations

(Sutton 1989: 340-341)

Due to its consistent aim to support the political and economic growth of Malayan natives, FELDA never changed its commodity market. The program was not recognized for cultivating food crops, and it remained so as FELDA changed its business mechanism. Based on the map published by FELDA in 1977, all plants were exclusively cash crops, with rubber and palm oil as the two main productions, followed by sugar cane, coffee, and small amounts of cacao. The development of rubber particularly protruded compared to other crops. Following the success of rubber management across the history of FELDA, the Malaysian government established the Rubber Industry Smallholder Development Authority (RISDA) under the Ministry of Rural and Regional Development. Malaysia became the largest rubber and palm oil producing country during from the 1970s to 1980s, owing much to FELDA estates. This success was obtained due to the serious shift from rubber to palm oil in the mid-1960s. The more lucrative nature of the large monoculture cash crops plantations gave rise to wealthy rubber and palm oil farmers who then transformed into the new Malaysian landlords or affiliated with giant agricultural corporations. Nevertheless, in its 1987 report the World Bank praised FELDA's consistency in pursuing its goals–which focused almost exclusively on economic growth in the agricultural sector.

The implementation of FELDA faced serious obstacles, especially during the May 13 Riot, the Sino-Malayan sectarian violence in 1969. After its inaugural installment finished in 1966, FELDA showed no satisfactory result (Sutton 1989) for the resettlers who were almost exclusively Malayan natives. Following the loss of wealthy Malay in the national coalition in the 1969 election, slow urban development, and economic disparity compared to their Chinese-Malaysians citizens, some Malayans armed and raided Chinese neighborhoods. What followed was the 1970 New Economic Policy (NEP) whereby Malayan natives were granted a more accessible ladder to economic participation. FELDA also became favorable toward to Malayan natives, exclusively, although that bias was not mentioned officially in the requirements.

The ethnic disparity worsened after Tun Abdul Razak authorized the 1970 New Economic Policy (NEP) and Mahathir Mohammad's pamphlet *The Malay Dilemma* was

published. FELDA later prioritized the "*bumiputera*" (lit. the sons of earth, referring to the natives)--poor Malayan people—to participate in the FELDA mechanism. The policy became what Sundaram (2005) calls "positive racism," as the (native) Malaysians received many benefits from the state development program for housing, microbusiness capital, and land plotting schemes of FELDA. After NEP was established, the equity rate for native Malaysians' economic participation rose exponentially, and it was followed by the booming of the number of FELDA participants. Thus was a coalition of elites formed, between upper-class and working-class Malayans (Pepinsky 2009) that significantly upheld the stability of Malaysian governance. All the prime ministers in Malaysian history have been active supporters of FELDA settlement. The program (which also means "the institution") enjoyed many benefits for its close relation with United Malaysian National Organization (UMNO),[23] the largest and the most dominant political party since Malysian independence.

FELDA settlers' closeness to UMNO is not surprising. We should not forget, however, that alongside its economic purpose FELDA was regarded, since it was first implemented, as a nation-building and state formation agenda. . Its heritage that was rooted in countering Chinese Communism gave fuel to the ethno-nationalistic approach in building FELDA. UMNO always established its loyal supporters in rural areas, particularly for their development and economic pursuits, following the concentration of Malaysian natives in that region. In Pahang alone, 60% of FELDA settlers were registered UMNO voters (Kuhonta 2011). FELDA-affiliated state officials amount to 60 seats in the Malaysian parliamentary, displaying the blatantly strong position of FELDA settlers and their direct connection to the ruling elites and the government in charge.

The strength of FELDA settlers is related to the independence of farmers, as a result of "stimulating individual initiative among settlers" that was one of the aims in one of FELDA's divisions, Settler Social Development Division (Guinness 1992, p. 148). Yet, this independence should not be misinterpreted as a complete form of independent smallholders. The situation refers to the FELDA's dual position as an extra government body that affiliated freely with private corporations and the Malaysian Prime Minister's Office. This occurrence does not hold in Indonesia, as the relationship is more hierarchal in that transmigrants canwork closely with private corporations only in the nucleus scheme where the responsibility of production and

23 All six prime ministers of Malaysia have been affiliated with/members of UMNO.

management is granted to the private companies. The FELDA mechanism does not apply to this type of nucleus plantation. Instead, FELDA schemes were governed as managed stakeholders, meaning that FELDA as an institution was heavily engaged with every step in the production of the cash crop instead of leaving it to corporations or state plantations. Despite corporations' being favored by FELDA in many conflicts recorded between the settlers and FELDA (Guiness 1992), the leading institution is the one with authoritative control. FELDA still intervened in standardizing the quality and managing the relationship between involved stakeholders, like smallholders, corporations, and the local and federal governments. The conflicts in the FELDA implementation were usually rooted in this heavily controlled process, alongside the fact that the majority of FELDA settlers were tied to UMNO which could give them bargaining power.

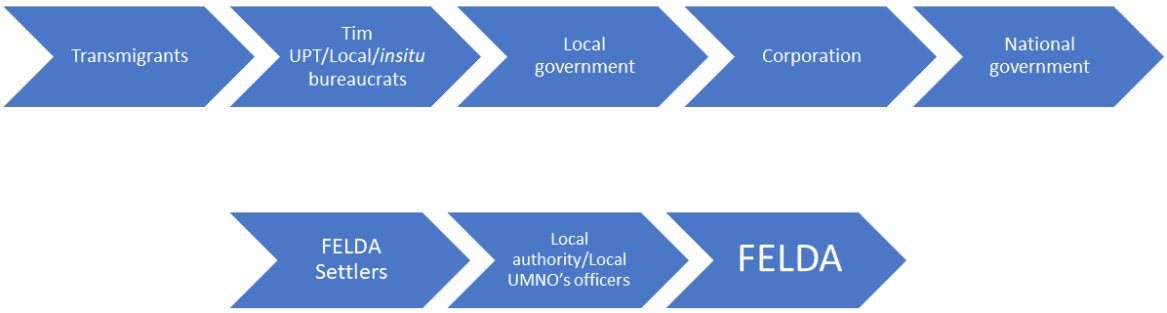

Figure 1: the hierarchy of decision making in transmigration (top) and FELDA (bottom)

Malaysia planned to cease its land resettlement program in the early 1990s, although it stopped gradually by 1993. The ending was even made clear in the Malaysian 6th Five-Year Plan (1991-1995) in which the government wanted to make "zero new land resettlement schemes" (Office of the Prime Minister 1991: 86). The cost of each household for FELDA had grown too much to bear, rising from $47,900 to $55,000 in just four years. Moreover, the Malaysian authority noted that the FELDA land settlement program had met the desired objectives as a social development program: distributing income between rural and urban areas, maximizing the agricultural contribution to boost other sectors, and eradicating or decreasing poverty. That claim justified the continuing operation of FELDA with the purpose of maneuvering toward a more commercial aim. The institution kept expanding and opening new private or government estates, without any new resettler households (Sutton 1995: 135).

3.3 Enjoying Its Weakness: Making Use of Transmigration

Unlike the criticism from many scholars and the World Bank, transmigration seems to enjoy its weak smallholders position, and it benefits greatly from the unstable and fragmented interests in Indonesia's elites. While the technocrats are eager to upscale Indonesia's industry, the elite in the army and the ruling party of Golongan Karya showed the opposite turn. Although criticism is ilevelled against transmigration for its fragmented interests in weak institutions (Tirtosudarmo 1990; 2010; 2015) and disempowered transmigrants (Levang 1998) ironically those characteristics are the ones that maintain the ever-lasting and undisputed position of the program. Another main point that strengthens the position of transmigration is the particularity of the program as based in small-scale farming tied to corporations through its Nucleus-Estate Plantation model or the *PIR-Trans.* This cost sharing mechanism with the private companies is not present in all the cases of land resettlement policy including the most similar one, FELDA. It significantly alleviates Indonesia's financial burden in establishing plantations and adds the revenue of private investments to the forefront, regardless of the dismal future of the transmigrants. Indonesia also played a significant role in Cold War geopolitics, to the point that the program's incompetence resulted in neither termination nor downsizing. Rather, the World Bank's funding and assistance for the program grew more comprehensive and supportive.

The situation in the Indonesia's transmigration is highly related to its mobile capital and the flexibility that was considered unfavorable during the 1997 Asian Financial crisis (Pepinsky 2009, p. 264), but has been generally helpful in delivering a program like transmigration which relies heavily on this type of capital. The capital mobility is helped and situated further by the dissenting bodies of the state in which actors compete for their own resources to pursue their own interest under the giant umbrella of transmigration. In post-authoritarian Indonesia, a similar pattern occurs and is compounded by the decentralization which encourages local provinces to invite their own prospective investors according to their needs, regardless of the identities of the investors. The different situation occurred in Malaysia's fixed capital which was strongly tied to the ethnic bias, more favorable to the native Malays.

In the FELDA case, the strong tie between smallholders and the ruling party in the long-term disrupted the implementation of the program. The direct connection of FELDA to the Malaysian

Prime Minister's Office also made it difficult for FELDA's decision making process to be uninfluenced by the regime. Although the same case happened in Indonesia's New Order as Soeharto heavily intervened in any process in transmigration, the rise of plantation tycoons has give more locus for stakeholders interested in prolonging the transmigration, particularly in the decentralized era. Despite having benefitted greatly from FELDA, its settlers are mainly UMNO supporters, realizing that only because of UMNO's pro-Malaysian native politics have they enjoyed the land distribution of palm oil or rubber plots. Any dispute between the settlers and FELDA would involve handling by UMNO officials. UMNO also could not afford settler unrest, for fear of losing important voters. In contrast, failed transmigrants in Indonesia have no compensation or place to complain but to the heads of units who reside *in situ*; most of these transmigrants decide to leave the sites.

4 Conclusion and Future Direction

This paper aims to understand the persistence of the GOI in re-implementing the transmigration program despite its costly establishment and economic failure. I argue that the persistence relies not merely on the opportunistic nature within Indonesian government or Indonesia's being a capitalist state, but on the whole structure of the program and the political economic climate that created the opportunity to prolong the contentious program. Utilizing the framework of the disaggregated state (Orloff and Morgan 2017) and the complex relation beyond the exploitation of smallholders by the state or private plantations (Bernstein 2009; 2015), I trace the historical process of many land resettlement programs across the world in the Global South. I do so to examine patterns and different outcomes that may elucidate the unique case of Indonesia's transmigration.

The actors and institutions involved in Indonesian transmigration competed for the resources, as reflected in the dispute between the technocrats and the military elites during the oil boom. Such competition across levels of the government, horizontally and vertically, continues in post-authoritarian Indonesia where the local provinces are encouraged to participate more in inviting investors to assist their own transmigration program. This decentralization often results in an uncoordinated mechanism, like in the case of the transmigration in Central Sulawesi. The partial benefits to different stakeholders from Indonesia's transmigration uphold the insistence

for the contentious program. The national level management does not necessarily encourage the persistence for its own benefit, but it is satisfied by the "uncoordinated budget-maximizing behavior" (Lara-Millan 2017, p. 82) conducted by different levels of actors involved in the project. Indonesian smallholders on the front line express mild satisfaction with their relationship with the corporations participating in the Nucleus Estate model, rather than their association with the state actors, although they are "grateful" for the idea of transmigration.

My argument, however, is preliminary and in need of further scrutiny. More research on transmigration should be conducted, for it is largely an underdeveloped topic due to the political climate during the New Order era and difficulties in obtaining the data from the transmigrants. This negligence may derive from the general understanding that the program was the project of the New Order's and the World Bank's capitalist scheme, thus needing no further explanation after the regime broke down and the Bank stopped its funding.

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Appendix I: The Comparison Between Indonesia's Transmigration and Malaysia's FELDA

COMPARISON TABLE (2018)

	Indonesia	Malaysia
AREA	1,906,569 km2 / 735,358 sq ml	330,803 km2 / 127,720 sq ml
POPULATION	261.9 million	32.27 million
POPULATION GROWTH	1.1% annual change (decreasing)	1.5% annual change (fluctuating decrease)
GROSS DOMESTIC PRODUCT	932.2 billion USD / 5% annual change	296.4 billion USD / 4.2% annual change
AGRICULTURAL CONTRIBUTION (2016)	13.45% of total GDP	4.50% of total GDP
LAND RESETTLEMENT PROGRAM (LRP)	Transmigrasi	FELDA Resettlement Program
TYPE OF LRP	Nucleus-estate farmers (for cash crops) Independent farmers (rice/food crops)	Managed stakeholders
AGE OF LRP	1902 (Dutch colonial) – now (113 years)	1950 (British colonial) – 1990 (40 years)
GOVERNANCE OF LRP	● Changing departments & ministry across history ● Ministry of Manpower & Transmigration	One autonomous body under Prime Minister department
FUNDS FOR LRP	State revenue, joint fund with private plantation, funds from US, World Bank, Asia Development Bank, USAid, Ford Foundation (assistantship)	State revenue, joint fund with private plantation, World Bank, Asia Development Bank, Commonwealth Development Cooperation
LAND AREA FOR EACH RESETTLED HOUSEHOLD	1.75 - 2 hectares per household	4 (individual household)-10 (collective household) hectares per household
PROGRAM STATUS	Continuing	Ended

Appendix II: The Change in Managing Institutions of Malaysia's FELDA and Indonesia's Transmigration

YEAR	INDONESIA				MALAYSIA
	Colonial Era	*Revolution Era*	*New Order*	*Post-Authoritarian Indonesia*	*I-IV Stages of FELDA*
1905	Private traders/brokers				
	Village administration				
1937	Central Commission for Migration				
	and Colonisation of Natives				
1947		Dept of Labor and Social Affairs			
		Dept of Development			
1948		Dept of Interior			
		Dept of Regional Development			
1955		Dept of Social Affairs			Federal Land Development Authority (1955-1990). With partnership of Ministry of Planning, Ministry of Transportation, etc, under the supervision of Malaysian Prime Minister's Office.
1957		Dept of Transmigration			
1959		Dept of Cooperation and Rural Development			
		Dept of Interior			
1967			Ministry of Transmigration and Veteran Affairs		
1973			Ministry of Cooperation and Rural Development		
1983			Ministry of Transmigration		
1988			Ministry of Transmigration & Labor		
1993			Ministry of Transmigration & Forest Settlement		
1999				Ministry of Manpower and Transmigration	FELDA ceased
2016				Ministry of Manpower and Transmigration	
2017				Ministry of Rural Development and Transmigration	