

BOOK REVIEW

Agrarian Change in Indonesia

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Habibi, Muchtar (2023), *Capitalism and Agrarian Change: Class, Production and Reproduction in Indonesia*, Routledge Frontiers of Political Economy Series, Routledge, Abingdon and New York.

At the very outset of the book under review, Muchtar Habibi writes that the book

intends to show the prominent role of class dynamics in shaping contemporary agrarian change in Indonesia. It first develops a proper framework for understanding the internal dynamics of agricultural producers in contemporary capitalist social relations and secondly, with this informed framework, investigates agrarian change not only in the outer islands of Indonesia but also in the neglected region of Java. (p. 4)

The book consists of eight chapters. The first chapter introduces the issues discussed in the book, provides an overview, briefly describes the methods adopted in the study, and sets out some of the key conclusions of the author.

In the opening pages of the book, the author states that

Marxist political economy . . . posits that a proper account of agrarian change requires an examination of the class dynamics, production relations, and the reproduction of agrarian classes in a specific setting. Of all these dimensions of agrarian change, the state's role in navigating such dynamics cannot be overlooked. (p. 5)

Habibi argues that

the contemporary dynamics of capitalist agrarian change in Indonesia, both in oil palm in the outer islands and Javanese rice cultivation, owe much to the class dynamics which shape the nature of agricultural production and the pattern of class reproduction. (p. 5)

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Arguing that farmers/smallholders in Indonesia are not a single class, Habibi notes that

they are differentiated by an exploitative relation between farmer-employer (capitalist farmer or "landlord-capitalist") and farmer-worker (classes of labour). Somewhere between these two distinct classes lie the Petty Commodity Producers (PCPs hereafter) who mostly employ their own family labour to till their land; they thus neither command others' labour nor is their labour commanded by others. (p. 5)

Habibi is of the view that agrarian populism, an influential ideology among major peasant/farmer organisations, fails to consider capitalist development and class relations in Indonesian agriculture. He states:

Against agrarian populism, we argue that capitalist transition has transformed the "peasantry" into farmers. Situated under the law of generalised commodity production (competition, efficiency, profit maximisation), farmers have been differentiated into different agrarian classes. (p. 6)

He further notes that

the production process (under capitalism) has a different impact on the reproduction of different agrarian classes. While capitalist farmers manage to accumulate capital, the PCPs are mostly only able to maintain simple reproduction, and classes of labour struggle to survive at a subsistence level. (p. 7)

Habibi rejects the view, which he attributes to agrarian populists, that the Indonesian state is simply "anti-farmer." In Habibi's understanding,

the Indonesian state is rather a capitalist state in the peripheral world that needs to provide affordable staple food to maintain its low-wage working population while at the same time obliged to welcome corporate agriculture in non-staple foods and corporate non-agriculture to boost economic growth and capital accumulation. This implies that the Indonesian state is not simply anti-farmers/smallholders, but it is anti-workers both within and beyond agriculture. (p. 6)

The second chapter explores the theoretical challenge of bringing out what the author describes as the "class dynamics of agrarian change under capitalism," providing in the process the author's views on classical and subsequent debates on agrarian transformation with particular reference to the colonial and post-colonial experience of developing countries in a world still dominated by imperialism. Habibi argues that the Marxist understanding of class as exploitation is a more powerful analytical tool to grasp the nature of agrarian classes than Weberian approaches. He argues that,

under capitalist agriculture, the prominent aspects of production (land tenure, labour arrangement, credit provision, and technologies) are shaped by class dynamics, and the different levels of agricultural outputs and incomes from "own-account" farming of different agrarian classes shape the pattern of class reproduction. (p. 31)

The author makes the valid point that

the current phenomena of "land grabbing" and "enclosure" are not necessarily associated with primitive accumulation and the creation of capitalist social relations. It rather shows the intensification of commodification under the neoliberal wave, both in its spatial-scale and coverage-sphere, and has thus expanded and deepened capitalist social relations. (p. 33)

The author also points out correctly that

class and gender oppression are intertwined in capitalist social relations, reflected in exploitation in the workplace (production) and oppression in the non-workplace (reproduction of labour) for the sake of capital accumulation. (p. 33)

The third chapter looks specifically at agrarian change in Indonesia and the role of the Indonesian state in this regard. As Habibi points out, in the period following independence, through the 1950s and the early 1960s, the Left had a significant presence, with powerful organisations of workers and of the peasants. The Left-led union, along with others, played an important role in the nationalisation of foreign-owned plantations by the Indonesian state in 1958. The influence of the Left led to progressive policies such as the introduction of the Basic Share Tenancy Law (BSTL) in 1959 and the Basic Agrarian Law (BAL) in 1960. BSTL sought to increase the share going to the tenant under share cropping arrangements. The BAL sought to

regulate the maxima and minima of arable land ownerships: a minimum of two hectares of land for each farmer, while in terms of the maximum, it ranged from five hectares in the most densely populated areas to 15 hectares in the least populated. The maximum also applied to the land at one's disposal through land mortgage and land lease. (p. 45)

But the decimation of the Indonesian Communist Party (*Partai Komunis Indonesia* or PKI) and the large scale killing of its members by the Indonesian State under the leadership of General Suharto (with the blessings and active support of Western imperialist powers led by the USA) put an end to progressive agrarian reform. One may note that limited agrarian reform, with a view to promote capitalist relations and growth of productive forces, was a common feature of agrarian policy in many newly independent countries with large agrarian populations in the period of global decolonisation in the 1950s and 1960s. Habibi notes that during the early Suharto period the state focused on economic growth and (political) stability, with the key concern being ensuring of "food availability at relatively stable prices" (p. 47). He makes the point that under the Suharto regime and after, "rice capitalist farmers/landlord-capitalists-cum-village officials have regained the role they held during the colonial period, acting as patrons to their clients in the village" (p. 48).

Habibi rejects the agrarian populist narrative which, in his view, treats the agrarian population as largely undifferentiated, constituting "the people" (a term often carrying a romantic flavour among the populists) both in general and especially in Indonesia. The point is well taken, although the argument about differentiation

among the peasantry should not be made in a manner that rules out peasant unity altogether under particular circumstances, especially in facing a rampaging imperialism and a landlord-capitalist state serving corporate capital ruthlessly. Habibi argues, against the agrarian populists, that

the bias of the state towards rice farmers at the expense of oil palm farmers relates to the broader nature of the Indonesian capitalist state, to provide affordable staple food (rice) in order to maintain cheap domestic labour to boost capital accumulation. (p. 41)

Habibi also points out the limited nature of support that the Indonesian state provides to the agrarian economy:

For both oil palm and rice capitalist farmer, apart from the subsidy for agricultural inputs, the only major help from the state at the production site has been the contra-land reform policy that has helped maintain the capitalist farmers hold on their privileges in the countryside . . . Although it keeps providing agricultural input subsidies, the state has done little to prevent land conversion and land dispossession by displacement. Nor has it provided price support, particularly for the oil palm sector. (p. 71)

Habibi's book provides, from a critical political economy perspective, an interesting historical account of agrarian change in Indonesia for over a hundred years, focussing in particular on the regions of Java, predominantly characterised by rice cultivation, and Sumatra, where oil palm is the main crop, and drawing widely on scholarly writing and secondary material from official and non-official sources. His book also includes intensive studies of two villages, one from Java and the other from Sumatra, based on primary data collection. The methods used in the village studies do not include carefully designed and statistically rigorous sample surveys. However, some estimates of costs and returns from cultivation and of income accruing to different categories of the agrarian population, based on purposive sampling, are presented to show the processes of class differentiation at work. The author justifies his decision to reject both a census type inquiry and a statistically rigorous sampling procedure in the following words:

The respondents of the household survey were chosen through a purposive process. They were picked from three different land strata established from the interviews and the wider observations in the villages. This sampling method was chosen to capture the different nature of the various social groups (classes) in the village. The problem with using a purely random sampling procedure, in this case, is that it may exclude important features of households for the sake of formality. Thus, pure random sampling was not only deemed inadequate, but it could lead to a misleading analysis of the processes and mechanisms of agrarian change . . . It should be noted that our survey was not designed to proportionally represent the population of each social group identified, as is often the case when using a positivist approach. The main goals of the survey were to collect more information to highlight the different characteristics of each social group when capturing the processes and mechanisms of class dynamics in the village. This is also partly the reason why we did not conduct a baseline census

of all households. Another reason was that a single researcher simply does not have the resources to complete such a major undertaking. (pp. 86-87)

While the argument that a single researcher lacks resources needed to do a statistically rigorous survey in all respects on an adequate scale has validity, the other justifications for the methods of primary data collection remain unconvincing. Nevertheless, the author has made skilful use of both the primary data collected and the secondary data to present a rich account of the nature of agrarian change occurring in the Indonesian countryside.

In four successive chapters (Chapters 4 to 7), using secondary and primary material, Habibi provides a compelling account of the growth of capitalism in Indonesian agriculture in Java and Sumatra. He points out that, since the decimation of the political Left under the regime of Suharto, the Indonesian state has been promoting capitalism in the countryside as well as in the whole nation. Since the emergence of neoliberal policies worldwide from the mid-1980s onwards, Indonesia has also seen vigorous implementation of these policies, and the role of international capital from the imperialist countries, both through agencies such as the International Monetary Fund (IMF) and the World Bank as well as the transnational monopolies, is evident in the policies of the Indonesian State.

In the eighth and concluding chapter, Habibi provides a summary of his conclusions from the study. He notes:

Class structure, both in Javanese rice cultivation and Sumatra's oil palm production, reveals how a handful of capitalist farmers (and "landlord-capitalists" in Java) are in charge of commanding, all year round, labour from the classes of labour, which includes "semi-proletariat farmers," "proletariat farmers," and the "fully-fledged proletariat" (FFP). (p. 231)

He also recognises that small holders ("petty commodity producers") do not altogether disappear, though their number, while larger than that of capitalist farmers, is very small relative to the far more numerous section of the rural workforce that is engaged mainly in wage labour. Habibi notes that the vast masses of the rural labouring population receive little support from the capitalist state, with "welfare" programmes of various kinds constituting at best "management of poverty" rather than its elimination.

Overall, Habibi's book is an important contribution to the literature on agrarian change in the contemporary era from a critical political economy perspective. Its limitations include: a rather uncritical acceptance of the notion that peasants cease to be peasants merely because they are engaged in circuits of commodities and must therefore be called "farmers"; and not taking into account the possibility, in particular concrete circumstances, of uniting all sections of the peasantry while excluding capitalist landlords in the fight against the imperialist and corporate offensive under conditions of hegemonic globalisation and the critical importance of the worker-peasant alliance in the democratic transformation of societies in the developing world.

Habibi concludes both poignantly and hopefully:

Inter-sectoral and class-based political struggle is not without precedent in Indonesia. The country experienced this broad (inter-sectoral) class struggle between workers and capital before the mid-1960s. Only with mass killings was this struggle crushed and expunged from the memory of Indonesian workers. It is only by re-exposing the class dynamics in the countryside and beyond that the disorganised classes of labour across economic sectors may be re-organised to powerfully oppose both capitalist farmers (with "landlord-capitalists") and corporate capitalists. (p. 245)