



**Neo-liberalism, Social Conflict and Identity of  
Papuan Indigenous People  
Case study of Merauke Integrated Food &  
Energy Estate (MIFEE) in Papua**

A Research Paper presented by:

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In partial fulfilment of the requirements for obtaining the degree of  
MASTERS OF ARTS IN DEVELOPMENT STUDIES

Specialization:

**Conflict, Reconstruction, and Human Security**  
(CRS)

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December 2012

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## List of Acronyms

AMAN	Aliansi Masyarakat Adat Nusantara (The Alliance of Traditional Communities of the Archipelago)
BAPPENAS	Badan Perencanaan Pembangunan Nasional (National Planning Agency)
BAPPEDA	Badan Perencanaan Pembangunan Daerah (Regional Planning Board)
BKPMMD	Badan Koordinasi Penanaman Modal Daerah (Investment Coordination Board)
BPS	Badan Pusat Statistik (Central Statistics Agency)
DAK	Dana Alokasi Khusus (Specific Purpose Fund)
DAU	Dana Alokasi Umum (General Purpose Fund)
DPR-RI	Dewan Perwakilan Rakyat Republik Indonesia (Republic of Indonesia House of People's Representatives (Parliament))
GRDP	Growth Regional Domestic Product
HGU	Hak Guna Usaha (Right Cultivation Title)
IDR	Indonesian Rupiah
ILO	International Labour Organization
KEK	Kawasan Ekonomi Khusus (Special Economic Zone)
LG	Pemerintah Daerah (Local Government)
MIFEE	Merauke Integrated Food and Energy Estate
MIRE	Merauke Integrated Rice Estate
MP3EI	Masterplan Percepatan, Perluasan dan Pembangunan Ekonomi Indonesia (Masterplan for Acceleration and Expansion of Indonesia Economic Development)
MRP	Majelis Rakyat Papua (Papua People's Council)
Otsus	Otonomi Khusus (Special Autonomy)
OPM	Organisasi Papua Merdeka (Free Papua Organization)
Perdasi	Peraturan Daerah Provinsi Papua (Papua Provincial Regulations)
Perdasus	Peraturan Daerah Khusus Provinsi Papua (Papua Special Regional Regulations)
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UP4B	Unit Percepatan Pembangunan Papua dan Papua Barat (Special Unit of Acceleration Development in Papua and West Papua)
UUPA	Undang-undang Peraturan Agraria (Basic Agrarian Law)

## **Abstract**

This research analyses the implementation of Merauke Integrated Food and Energy Estate (MIFEE), which was launched in August 2010 by the Indonesian government. Within this broad context, the study aims to understand the external (international) and internal (national and regional) factors that influenced the launching of MIFEE in Merauke, Papua. Therefore, it looks at historical/political aspects, rules and regulations, economic policies, and identity issues to understand the struggles of indigenous people in Papua particularly Malind people, who are mostly affected by MIFEE.

The research combines neo-liberalism and capitalism forces responsible of the economic policies and development strategies undertaken in Papua, but also decentralization and social conflict between central and local government which facilitate such condition. Fragmented societies, various interest and power struggles in Papua further marginalize indigenous people in the area and add up to past oppression, exclusion, and grievances. This paper finds that all the forms of protests aims to defend their land ultimately their cultural identity as Malind people specifically. When this continually is ignored, Papua in general would remain volatile, and could increase violence in Merauke particularly where MIFEE is being implemented.

## **Relevance to Development Studies**

The creation of MIFEE is part of the Papua Economic Corridor of Masterplan for Acceleration and Expansion of Indonesia Economic Development (MP3EI). The corridor's objective is to accelerate development as well as alleviate poverty in Papua. This hegemonic discourse of development derives from neo-liberalism approach in which this research aims to review and analyze. The research findings reveal several factors from laws, economic policies, and power relations between stakeholders that facilitate capitalist forces. This paper aims to find the roots of conflicts in Papua particularly impacts of MIFEE towards land and identity of Papuan indigenous people.

## **Keywords**

Indonesia, identity, land, neoliberalism, grievances, decentralizations, social conflict, indigenous people

# Chapter 1

## Introduction

### 1.1 Research Focus

This research is focus on issues related to implementation of mega food project called MIFEE in the eastern province of Indonesia, Papua. The project was launched in 2010 by the Ministry of Agriculture as a strategy to accelerate development and alleviate rural poverty in the region. However, local communities including academics have condemned the implementation of this project as land grabbing for agrofuel businesses and further marginalized the indigenous people. Consequently, tensions over land ownership between private companies and indigenous tribes, and within clans occurred in several areas.

In order to fully understand the situation in Papua and the impacts of MIFEE in its two-year running period, this research will go to back to historical insertion of Papua to Indonesia after the Second World War and examine the roots of causes that left the island still volatile in the last 50 years. Policies and development strategies will be studied together with economy and social implications towards the Papuan indigenous people. It will also explore and untangle the social conflict relations to fully grasp the on going situation. Lastly, identity and recognition of Papuans play an important role in unravelling the complexity of the situation. This will explain the unrest island in general, and analyse the implementation of MIFEE in particular which relates to the existence of Malind people, indigenous people who are mostly suffered by the mega-food project.

This paper will start with a brief explanation of contextual background and methodology used during the research. Chapter two and three will seek to understand historical background of Papua, and political and governance issues of the island respectively. Regulations and policies imposed in implementing MIFEE will be elaborated in chapter four. Socio-economic implications as a result of policies and strategies implemented for the province in general, and through the project in particular will be analysed in chapter five. Chapter six will deal with identity and recognition specifically and finally a conclusion will be given at the end to summarize the complexity of the conflict in Papua and Merauke specifically.

### 1.2 Motivation of This Research

Many academics and activists have conducted a thorough research over MIFEE specifically on its impact to Malind people on the ground and its implication to the environment in Merauke region. Most studies were conducted using the agrarian approach and focused on findings at the grass roots level. With this study, I hope I could contribute in revealing factors that play roles behind the implementation of MIFEE, including dynamics of power relations between stakeholders and forces of neo-liberal paradigm that influence Indonesian polices.

Historical background, politics, and social-economic policies at the national and international levels are essential in understanding the issue at macro level,

while power relations between actors are key influence on shaping the process of launching and implementing the project on the ground. Therefore, this study seeks to map the conflict mapping and actors involved. The paper does not focus on finding the solution the conflict in Merauke, which I believe should be conducted as another study. Rather its intention is to recognize forces that drive behind the implementation of the project, relations between stakeholders at different levels, and finding the roots of conflicts in Papua and particularly in Merauke. Hopefully, by revealing the various forces, this paper can contribute to the ongoing research and dialogue on MIFEE debates in Papua and elsewhere, so that giving voices of Malind people who are fighting for their lands and identity can be done efficiently and effectively by targeting the right stakeholders.

### 1.3 Contextual Background

On 11 August 2010, Ministry of Agriculture officially launched the MIFEE project, which covers 1.6 millions hectares of commercial plantation such as palm oil, corn, soybean, sugarcane, and timber. This mega food project aims to provide energy and food security in the country to overcome food deficiency in 2008. The government foresees by 2020 the region will produce 1.95 million ton rice, 64,000 cows, 2.5 million ton sugar, 167,000 ton soybean, 2.02 million ton maize, 937,000 ton crude palm oil annually (MP3EI grand design, 2011).

MIFEE is sort of an extended food project, which was initiated by the former mayor of Merauke Johannes Cluba Gebze in 2007. He developed a project called Merauke Integrated Rice Estate (MIRE) that unfortunately failed to materialize due to lack of investors (Ginting and Pye 2011: 2). He quickly took the opportunity when the President Yudhoyono announced his plan to provide food security in the country and in an attempt to overcome the international food crisis. The Presidential Instruction 5/2007 on the Acceleration of Development in Papua and the Government Regulation No. 39/2009 on Special Economic Zones (Kawasan Ekonomi Khusus, KEK) have created Papua a strategic location for development which perfectly fits into the neo-liberal agenda of globalization.

Although this project just started almost 2 years ago, many have condemned the agenda behind it and its implications towards environment, Papuan indigenous people, and their livelihood. With the collaboration from local authorities, and central government policies and regulations, MIFEE has opened doors to national conglomerates and multinational corporations to engage in this initiative. Academics are seeing this as a text-book land grab as stated by Borras: “Powerful transnational and national economic actors from corporations to national governments” have identified Merauke as an “empty land” as a site “fuel and food production” (Ginting and Pye 2011: 2).

After the project was launched, the government invited national and multinational companies to invest in this. At the initial stage more that 30 companies showed their interests and have received concession permits from the government. Most of the local investors came from the usual agribusiness and logging conglomerates that received profits and “special treatment” during Soeharto’s “New Order” (Ibid: 2). These include Rajawali groups, Sinar Mas, and Muting Hijau that have received sessions for palm oil plantations prior to MIFEE announcement. Other groups such as The Comexindo, PT Bangun

Cipta Sarana, Medco Energy, and Artha Graha are linked to ministries, high rank military profiles.

These companies have joined ventures with multinational corporations which are interested in investing food plantation projects. Foreign investors include companies from other Asian countries, Middle East, and the United States such as LG International from Korea, Japanese company Mitsubishi group, Singapore's Wilmar Group, other companies from Qatar, Oman, and United Arab Emirates. Saudi's Binladin Group has received concession for 500,000 hectares of rice fields land in spending USD 43 millions although later pulled out last year. These companies are also interested in timber, mining, and industrial cheap production.

There are split views among the Papuans regarding this plan. Some viewed it as a positive way of development and acknowledgment from the central government, while others felt that this is another form of colonization in disguised as a poverty reduction strategy. Many indigenous people in the region, especially Malind people, who are most affected, have been protested against the project. Mechanisms that are being implemented by the central, local authorities, and corporates excluded local tribes in the planning and implementation process. Military forces are often also present and create intimidation atmosphere of transparency in land acquisitions. Most of the time villagers received little or no information at all regarding land acquisitions, their rights and impacts on their livelihood and environment. The situation also creates conflict between clans inside the Malind tribe, as lands are being used and occupied according to clan's name. There are no written agreement of land ownership, nor there are written borders dividing the lands. All defined through customary law passed from generation to generation and on the basis of trust between clans. Without any proof of ownership, most lands declared, as state owned which is a violation of indigenous land rights according to Indonesian Basic Agrarian Law. Tensions arose between clans, also with transmigrants in Papua, private sectors, and local government added up complexity of volatile situation in the region.

## 1.4 Theoretical Framework

This research focuses on identities issue as the root of land conflicts that occurred in Merauke. This study examines the link between MIFEE project with the neoliberal globalization agenda in order to accelerate development programme and as a rural poverty reduction strategy in Papua. IMF and World Bank introduced a broad set of new policies in rural political economies in the form of structural adjustment programmes, and continued now through poverty reduction strategy paper. In this strategy they imposed liberalization of international trade in land, food, formalize ownership and control public property which they stated under their 2008 report on Agriculture for Development (Akram-Lodhi, Kay, Borras 2009: 215). As a consequence, this "neoliberal agrarian restructuring creates a new global politics of land in which dominant global class forces and their representatives seek to promote through free trade agreements, and poverty reduction strategy papers, a market-led, and hence neoliberal, appropriation land, in an effort to respond to a broadened and deepened market imperative, so as to promote the improvements in productive efficiency that boost capitalist competitiveness" (Ibid).

This situation led to land dispossession in which local communities lost their lands and became contractor workers to companies that have obtained lease certification from the government. This structural change and development of rural capitalism first of all require state to apply property rights law and regulations in judicial sphere which then steer power dominant class to regulate the social relations that govern the land, extraction of resources and capitalized agriculture (Ibid: 218).

To understand the neoliberal approach David Harvey's theory of accumulation by dispossession and uneven geographical development will be used to support neoliberalism paradigm that is influencing Indonesian policies.

Decentralization policy which was imposed in 1999 and Special Autonomy Status in 2001 had not done any significant changes in Papua in terms of improving standard of living of the people especially indigenous tribes. Instead, the changes fuelled new emerging power elites to be included in the political stage. Corruption is also drastically increased in the region. During the centralized government in Soeharto era, most of the province revenues were transferred to Jakarta, while since 2001 it has been changed. Despite its natural resources abundance, Papua is still considered to be the least developed region in Indonesia.

This research will also analyse the impacts of horizontal inequalities caused economic globalization which is considered to be the remaining factor that caused violent internal conflict (Murshed 2010: 191). In addition, greed and grievances theory would be helpful to understand the ongoing struggles of Papuan indigenous people.

In addition, social conflict theory will be used to understand that market and institutions are closely linked to one another and both are influenced by the power relations surrounds it and how these powers are produced (Rodan et.al, 2001). It aims to understand politics and power that play behind the market growth in Asia development (Ibid). This will help analysing the power relations in Papua and specifically in implementation of MIFEE

## 1.5 Research Objectives and Questions

### *Research objectives*

- Analyse the neo-liberal agenda of globalization that shape Indonesia's development strategy and influence the power and social relations between the central and local governments, indigenous people, and private sectors.
- Examine governance policies in Papua to unfold asymmetrical power relations, which explain social, political, and economy relations in the region.

### *Main research questions:*

To what extent do neo-liberalism paradigm and governance policies in Indonesia legitimize the implementation of MIFEE and influence the identity struggles of Papuan indigenous people in Merauke?

*Sub-questions:*

1. How history of occupation of Papua shape relations between Jakarta and Papua?
2. How politics and governance in Indonesia outline the creation of development strategies in the country and it has influence power relations between stakeholders in the Papua?
3. What are the rules and regulations imposed to ensure government's development strategy such as MIFEE to run efficiently?
4. To what extent globalization and modernization influence the creation of MIFEE?
5. How the implementation of MIFEE affects Papuan indigenous people environmentally, culturally, and in terms of their collective identity?

## **1.6 Research Methodology**

This paper applies qualitative research methodology using primary and secondary data which were collected during the field visit. For the purpose of this research I returned to Indonesia and did a field work both in Jakarta and Merauke to gain information and perspectives of MIFEE from various stakeholders. These include central and local governments, local advocacy groups, Malind people, and private sectors. I tried to set up interviews with several key informants from various departments in Ministry of Agriculture, National Planning Agency (*Bappenas*), Investment Coordination Board (*BKPM*), however the plan did not work due to non-availability of the personnels. The plan to interview key informants from various private sectors such as Medco and Rajawali Group which have approved land concessions in Merauke, were not possible either. I managed to interviewed 2 key informants from an advocacy group in Jakarta called Pusaka which gave an invaluable information regarding realities on the ground and update of implementation of MIFEE.

The second part of the fieldwork was conducted in Merauke, Papua where I had the opportunity to participate in a workshop organized by several advocacy groups. With the help of Merauke Archiodese I was able to visit a village in Domande where I managed to meet several Malind people in the area. Unfortunately, due to limited of time I could not visit other areas or meet with local governments and private sectors personnel work in the area. Due to high sensitivity of the issue and security condition in the area, I mostly used participative observation, informal interviews methods and rely on secondary data I gathered from existed researches or reports and literature reviews.

## Chapter 2

# Political and Historical Occupation of Papua

This chapter will give a brief history of conflict genesis in Papua which is important to understand the seemingly endless volatile situation of the region. It will show that nation building and identity issues are important aspects and play important roles in comprehending the roots of conflict in the region (Heidbüchel 2007). In addition, relations between actors and their political practices will be explored to find out power relations between them, how it is in practice, and how it is being legitimized by political, economic, and development discourses of dominating actors (Widjojo et. al, 2010)

### 2.1 Unity in Diversity or Coerced Unity?

*Bhinneka Tunggal Ika* or Unity in Diversity is the national motto of Indonesia which was adopted in 1950 after Indonesia gained its independence. The spirit of tolerance was an essential element for unity despite any language, racial, religion, and culture differences among people in the country. However, this spirit has been challenged in various events pertaining Papua. Power struggle over political identity in Papua can be traced back to decolonization period. After Indonesia gained its independence in 1945, the territory did not include West New Guinea (The name of Papua during the colonial period). There was an argument that Papua was perceived culturally, ethnically too different from the rests of other islands to be included into Indonesia. However, if it were excluded, it would posit a security threat for the new independent state, as it would border directly with Papua, which was still largely occupied by the Dutch. The final decision was to include the area together with West Timor (then Timor Leste), and eastern part of Borneo.

In 1950s the Dutch government has already prepared independence plan for Papua and the Morning Star flag was raised on 1 December 1961 with declaration of its independence. However, Soekarno delivered his *Trikora* (Three People's Commands Speech) on 19 December 1961 "to prevent the Dutch from creating a Dutch puppet state in West Papua, fly the red and white flag in Papua and to defend Indonesia's independence and to free West Papua from the Netherlands" (Heidbüchel 2007: 38).

After several failed negotiation attempts between the two states, 1962 New York Agreement in which it stipulated a referendum in 1967 to determine Papuan decision to be included to Indonesia or become an independent state.

The referendum, called "Act of Free Choice" took place in 1969. It should be in accordance to internationally voting system, where one person gives one vote. However, it was changed to Indonesian system of *musyawarah dan mufakat* (consultation and consent). Ideally this would not cause a problem, but in practice it became coerced consents, where military threatened 1,022 Papuans forcing them to vote in favour of Indonesia (Heidbüchel 2007). Until present day, the result of Act of Free Choice is considered fraud and still posits one of the main causes for Papuan discontent (Ibid).

Papuan self-determination rights has always been controlled by external actors and placed in favour of political powers (Ibid). Betrayal and oppression feeling have strongly influenced Papuan especially towards Indonesian. Fear and distrust in central government caused by military oppression, and further marginalization of Papuan, developed prominently during 30 years of Soeharto regime. From 1978 – 1998 Papua was declared *Daerah Operasi Militer* (DOM) or Military Operation Zone to tackle any separatist movements. These leave physical and psychological trauma for many indigenous Papuans, and construct Papuan identity on the bases of repeating violence history caused by Indonesian government. In addition, the pattern of exclusion of indigenous people in economy, social, and political aspects is keep reiterating from Papuan insertion to Indonesia up to now. The difference is before it was conducted by the central government, now it has shifted in which local elites are also contributing.

The political unrest increased again after the fall of Soeharto, where many regions in Indonesia demanded changes in government administration from authoritarian to democracy. Many have sought self-determination in administering their regions as well as managing their resources. Others such as Aceh and Papua demanded their independence. The state enacted decentralization policy in 1999, and gave Special Autonomy Status in Aceh and Papua in 2001. Many have seen this as a strategy from the central government to redeem separatist movements from these two regions. More on this topic will be covered in the next chapter. The Figure below shows how intensity of political activity in Papua changes over the years. Although it was dated only until 2006, the latest development was in 2011, when Papuan returned the Special Autonomy Package as it was failed to bring improvement of living into the island 10 years after its implementation.

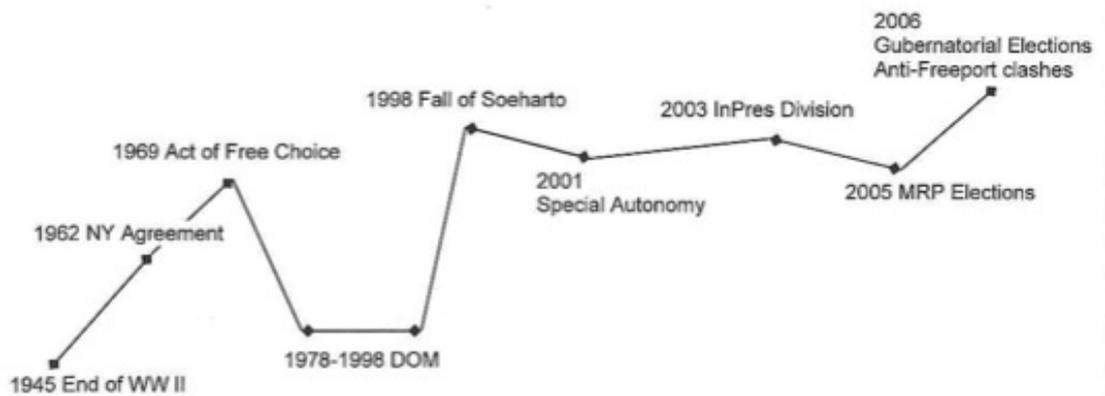


Figure 1: Intensity of Political Activity (Sources: Heidbüchel 2007)

## 2.2 Failure of Development and Marginalization of Papuan Indigenous People

The terms *Indonesianization* or *Indonesia-ness* are often used by Papuan to describe technocratic and development approach that the central government imposed for their land, social, economy and culture (Heidbüchel 2007, Widjojo et. al, 2010). Due to previous centralized government administration, all policies in Papua was, and in certain extend is, still heavily Javanese centred. It is the rea-

son why policies are measured according to Javanese criteria, such as standard of living, house building, and standardized examples on textbooks education. In addition, as part of transmigration scheme, government developed of rice cultivation plans, which is geographically often not suitable for Papua terrain. The massive influx of transmigrants mostly came from Java and South Sulawesi in 1970s and was lured with money compensation and ability to cultivate rice like in their hometown. As a result, many regions in Papua experienced rapid population growth especially in urban areas. The ratio of migrants is almost half of indigenous people, where in certain urban areas the figures are higher (Widjojo et. al, 2010). This frightens many Papua as if they are being invaded, and could become minority in their own land.

Sago is the staple food for Papuan indigenous people; however, development of rice cultivation has been given the priority. By ignoring the basic needs of indigenous people and implementing bias development strategy for the area current government administration is yet again repeating patterns from the past. The notion that Papuan indigenous people are “backward, dirty, stupid, aggressive” (Heidbüchel 2007: 44) has set the government’s discourse of development policies. This derived from the Dutch ruling, when colonizer set up class systems. The Dutch or white people were at the highest rank, Indo-China or Arabs (mostly merchants) on the second, and indigenous people who have dark coloured skin at the last. Among the Indonesian, there was favouritism towards Javanese, and the rests of populations being the lower, especially for Papuan whose characteristics show a different race than the rest of country. The fact that Papuan indigenous rights have not been recognized and the perception of being second-class citizen are only added to their psychological trauma (Heidbüchel 2007). This condition motivates Papuan to seek a justice, as what Collier and Hoefler (2004: 563) stated, “Rebellion may be explained by atypically severe grievances, such as high inequality, a lack of political rights, or ethnic and religious divisions in society”. These grievances can be measured using 4 objectives: economic inequality, ethnic or religious hatred, political repression, and political exclusion (Ibid: 570), which represents conditions that Papuan indigenous people endeavoured to date.

## 2.3 Conflict Mapping



Figure 2: Conflict Mapping of MIFEE

Source: research results, 2012

This research is focusing on MIFEE project and its impacts towards Malind people and other indigenous peoples in Merauke region. It does not aim to analyze Papuan conflict in general, however, historical and political issues behind Papua integration to Indonesia were analyzed briefly as it is important to understand the background of Papuan identity.

Increasing internationalization process of production and finance has influenced the complexity of politics, economic development, culture, and environment in societies around the world. Globalization is highly contended, as international capital and free market are only benefitted multinational corporations at the cost of local societies, local environment, and its cultures. However, in this capitalistic world, globalization has determined state's various policies. In this inseparable relation, it is therefore important to understand the domestic power structures. Rodan et.al said, (2001: 6) "markets and the institutions that define them are forged within wider and system-level processes of social and political conflict". Hadiz (2002) also mentioned, policies are not neutral, it is merely a competing interest between various actors playing the field. Robison states, "State policy cannot be neutral [...] Policy is a reflection of the nature of domination in society. The issue is not to identify 'good' and 'bad' policy choices, but to understand why it is that particular policy agendas emerge and hold sway under particular political and economic regimes" (Ibid: 250, Rodan et.al, 2001)).

The following chapters will focus on revealing the influence of globalization in Indonesia domestic power structures that shape policies pertaining Papua in general, and MIFEE project specifically. Law and regulations, governance issues, and economy policies manifested into several phenomenon events which explain conflicts in Papua and finally hoping to unveil the roots of struggles of indigenous Papuan people.

## 2.4 Stakeholder Mapping

Below is the table of a stakeholder mapping which show various actors from several sectors, their discourses and real interests around MIFEE. Central government is the key actor who supported the initial idea of MIFEE and finally launched the project by the Ministry of Agriculture. The power relations between the public sectors stakeholders are intertwined especially in regards to authorities between provincial and regency governments. Military and police forces are commonly used in Papua to redeem separatist movement. This is also used in Merauke to ensure stability in the region and create good investment atmosphere for business sectors. Various UN agencies has been contacted by advocacy groups which against MIFEE, hoping that letters sent to UN agencies would put pressure on central government to end the project and acknowledge Malind peoples' rights. Obviously, private sectors aim to gain maximum profit from land concessions in Merauke, but link up with the government's development strategy in the area. Civil societies, such as church helps to mediate tensions and conflicts that caused by MIFEE, others seek to create awareness on MIFEE negative impacts in wider societies at national and international levels. Local communities including migrants and local indigenous people are the one who mostly suffered in this development project.

Sectors	Stakeholders around MIFEE	Discourses	Interests
Public Sector	Central Government (Ministries & advisors)	Accelerate development and poverty alleviation in Papua	Profit driven development, control over land and natural resources in <u>Merauke</u>
	Military and Police force	To maintain "order" and "stability" in the region	To maintain "order" and "stability" in the region as a continuation of repression of indigenous people
	Papua Province (LG)	Accelerate development and poverty alleviation in Papua	To maintain power control over regency level, and profit driven development
	<u>Merauke</u> Regency (LG)	Accelerate development and poverty alleviation in Papua	Profit driven development, control over land and natural resources in <u>Merauke</u> , and maintain authority power in its region
	International bodies (United Nations)	Protection of basic human rights including indigenous people's	Protection of basic human rights including indigenous people's
Private Sector	National and international corporations	To support government's development strategy in Papua	Profit maximization over land and natural resources in the area
Civil Societies	Media	To create awareness and reporting news of human rights violations, environ. Degradations, and other impacts of MIFEE	To create awareness and reporting news of human rights violations, environ. Degradations, and other impacts of MIFEE
	Churches/religions	Peace in Papua	Peace in Papua
	Society movements/advocacy groups	Democratization in province, recognition of indigenous people's struggles	Democratization in province, recognition of indigenous people's struggles
	National NGOs	Democratization in province, recognition of indigenous people's struggles	Democratization in province, recognition of indigenous people's struggles
	International NGOs	Create awareness at international platform, democratization in province, recognition of indigenous people's struggles	Create awareness at international platform, democratization in province, recognition of indigenous people's struggles
Local Communities	Papuan Indigenous people in <u>Merauke</u>	Welfare, prosperity, recognition of their cultures and identity	Welfare, prosperity, protection of ethnic group, recognition of their cultures and identity
	Migrants in <u>Merauke</u>	Welfare, prosperity, end struggles with Papuan local indigenous people	Welfare, prosperity, end struggles with Papuan local indigenous people
	Tribal/Ethnic leaders	Welfare, prosperity, recognition of their cultures and identity	Welfare, prosperity, recognition of their cultures and identity

Table 1: Stakeholders, Discourses, and Interest Related to MIFEE Project

Source: research results, 2012

## Chapter 3

# Politics and Governance in Papua

### 3.1 The ‘Big Bang’ Model of Decentralization

Indonesia is a large and diverse nation where there are more than 237 million people, 17,000 islands (11,000 inhabited), and more than 300 linguistic groups (BPS, 2012). Until 1998 Indonesian government was heavily centralized for 32 years under the authoritarian rule of Soeharto. In 2001 it became one of the most decentralized countries in the world.

Political pressure in 1998 which coincided with Asian financial crisis forced Soeharto to step down and reform leaders demanded structural changes at the government which include decentralization policy to give regional leader more power to administer their region. However, the assumption that decentralization policy will empower local authority, bring democracy, boost region economic growth, and social development are hijacked by political and economy agenda that stir the power relations between actors behind it (Hadizh, 2004).

For more than 33 years Soeharto eliminated autonomy of regional governments in Indonesia although it was stated in 1974 law for devolution of power to regional level (Bennet 2010: pp. 2). Soeharto and the army-backed Golkar party had overall control on legislative assemblies at local government, including screening and approving chief positions to ensure loyalty to central government. Most of the time policies imposed by the central government ignored the needs of people in other regions, and created social and economic disparities. Central government policies had the tendency to accommodate needs of people in Java island especially Jakarta, the capital. Other regions particularly on the eastern part of the country were disregarded and often exploited due to its natural resources abundance. However, because of the centralized governance, all regional revenues were accrued to the capital, and often the case it was all absorbed for development in Jakarta and its surrounding only, transferred less percentages to the regions. Consequently, regional government became heavily depended from central government transfers. The accumulation of being disregarded and suppressed for more than 3 decades, created violent conflicts in several regions, which demanded independence to self-govern and determine their own future development such as Aceh, Papua, Maluku, and Timor-Leste.

Although decentralization was being considered in national’s policy at the end of 1980s, it was never realized. According to World Bank, decentralization, a global phenomenon which all developing countries experienced, is a transfer of authority power from central to subnational government that include political, fiscal, and administrative powers (Hadizh, 2004). World Bank also indicated that country should choose the most appropriate designs to find the right balance and the right pace to accommodate country’s needs which lead to governance and larger participation in establishing democracy in the country (World Bank). This expressed what happened in Indonesia when the country opted to draft a decentralization policy. Under political pressure, Habibie administration finally considered to draft a decentralization policy by

looking at several options of designs, which appropriate for the country, while clarifying power relations between unit of governments, task division, and power of central government might maintain. During the discussions there were three options came up: 1) to grant autonomy at the provincial levels only, 2) to eliminate provincial government and transfer authorities to the local levels, and 3) provincial levels would have limited autonomy, but local levels have full autonomy (Bennet 2010: pp. 4).

The idea that decentralization brings democracy through good governance notion of accountability and transparency is problematic. Neo-institutionalist orthodoxy embraces that policies that would lead to democracy will not be intervened by social interest and power relations that embedded in free market, which in fact build network patronage and highly political (Hadizh, 2004). “The Indonesian case shows that what ultimately matters is not decentralization itself, but the system of power relations within which it is undertaken” (Ibid: 699).

During the discussion of drafting the decentralization policy, threat of secession was one of the most concerning issue. The government at that time felt that by devolving fully authorities at the local level (regencies and cities), it would hinder these entities to seek independence from the country, although this might increase a lot of political tension by abolishing 27 provincial administrations (Bennet, 2010).

At the end, the government endorsed the proposal that suggested autonomy at the local government level (regencies and cities), which demanded significant financial transfers to accommodate their responsibilities. The document also suggested removing supervisory role of provincial level (governor) over local governments. The assumption was that this would reduce any collective actions lead to separatist movement. “...potential separatists would be far more difficult to coordinate if power was diffused among approximately 300 mayors and regents at the district level rather than 28 provincial governors” (Bennet 2010: pp. 4).

At that time the parliament was more concern on political reform especially on electoral system rather than local government reform. Thus, the new law on decentralization was passed within 3 months, and due to its rapid procedure, little time was given to get public’s opinion. The House of Representative enacted Law No. 22 on Regional Governance, and 25/1999 on Fiscal Balance between central and local governments. The set 1 January 2001 as the date of entry into force. Law no. 22/1999 posits local governments (regencies and municipalities) full power for administration, independent and do not poses any hierarchical relationships from one another, can directly communicate with central government, no longer obliged to report to provincial level, and have full authority to administer subdistricts (*kecamatan*) (Arifin, 2011: 195). However, there are discrepancies between these two laws, wherein Law 22 assigned authorities without any budget requirement, while Law 25 authorized financial support for authority without requirement of needs (Bennet 2010: pp. 5). In addition, Law 22 did not specify responsibilities between government levels, which left it ambiguous, which created overlapping responsibilities between government officials, and by giving so much power at the regencies/cities levels, the authority of provincial government became superfluous (Ibid). Law No. 25/1999 offers financial decision-making at local government, which include generating local government revenues from natural re-

sources, determining subsidy from central government, and deciding ratio revenues that needs to be divided with central government. This is an important issue for resource abundance region like Papua, where most resource revenues were given almost at 100% to Jakarta during Soeharto administration.

In order to overcome problems arose in the first years of implementation of decentralization laws, President Megawati ordered the two original laws to be revised in 2004, which then became Law 32/2004 on Regional Autonomy that include specification role of power between governors and local leaders, and Law 33/2004 on Fiscal Balance. Consequently, these amendments changed the balance of power again in favour of provincial governors, while frustrating new regents (*bupati*) and mayors who just started receiving more power. Many see this lack of commitment from central government to implement decentralization policies. As for the central government, it is a solution for two problems: providing answer of what much demanded autonomy from local governments, and rather than coordinating more than 400 regents and mayors, it is working only with 33 governors (Hadizh, 2004).

The reactions that follow were tug-of-war between authorities in the name of pride, ethnicity, and identity of region (Hadiz, 2004). Corruption was also increased, in which investors did not know who to bribe anymore and guarantee they targeted the right person in Indonesia's notorious bureaucracy. While, decentralization sought delegation of authority to regional level, it also means delegating corruption to several levels (Rodan et.al. 2001). The competition between local governments is actually about "power to control authority and resources" (Hadiz, 2004: 709). Decentralization is about political competition in the end. This is what happened in launching MIFEE project. The former Merauke regent Johannes Gluba Gebze had the idea in 2007 to resuscitated rice cultivation in Merauke region which was initiated during colonial period. However, this project called MIRE was not materialized due to limited investors. This later changed into MIFEE. Regent Gebze initiated an area of 1,28 million hectares for the estate, but was rejected by the governor who gave approval only to up 500,000 ha (Kleden, Franky, Zakaria, 2001) This created tension between two officials and regent Gebze went directly to Jakarta with this proposal, claiming that the concession area is under his region, therefore, it is under his authority not governor's.

The faulty design of Indonesian decentralization is beyond doubt, following the rushing implementation, the ambiguity of rules, lack of commitment, and conflicting roles, however, it is not the main problem, power and social interest that emerged after Soeharto regime is (Hadiz, 2004: 711). Although decentralization enacted by the reform government, 11 years ago, it has not yet shown any particular changes in terms of democracy and living improvement in Papua. It is due to democratization process that has been hijacked by interest from the old authoritarian regime masked as actors in democratization process.

### 3.2 Fiscal Decentralization – the impact in Papua under Decentralization and Special Autonomy Status

Before the implementation of decentralization and special autonomy status (*Otsus*) in 2001, most of the region’s revenues from mining exploitation and exploration, forest concession, oil & gas are accumulated to the central government (Resosudarmo, Manning, and Napitupulu, 2009). As a result, Papua relied heavily from central government transfers to cover its administrative costs and regional budget. Under Government Regulations (*PP*) No. 25/2000 the central government has the authorities in regards to monetary and fiscal policies, security, and foreign relations, while the local governments deals industry, education, agriculture, infrastructure, trade and investment (Ibid). Thus, investors of MIFEE can directly go through LGs at the regency level, instead of going through cumbersome bureaucratic procedures from the capital. This short cut boost investments to the regions, but also widen corruption as local authorities gain significant power in their administration as previously mentioned.

Before the decentralization policy, the transfers from central government are covered under the Autonomous Regional Subsidy (*SDO*) for civil servants salaries, and Presidential Instruction Programme (*Inpres*) to cover development activities. These two mechanisms were changed to the General Purpose Fund (DAU) and Specific Purpose Fund (DAK) when decentralization was implemented in 2001. The purpose of activities covered under DAU was completely depends to the LGs, while DAK is earmarked for activities which in line with central (Ibid). In Papua, DAK also include autonomy fund (*Dana Otsus*), which covers reforestation, education, health, and ad hoc infrastructure fund.

Item	Before Decentralization (to December 2000)	After Decentralization (from January 2001)	After Special Autonomy (from 2002)
Taxes	<i>Property tax</i> <sup>a</sup> centre: 100% (later allocated to regions)	<i>Property tax</i> <sup>a</sup> centre: 10%; local: 90%	<i>Property tax</i> <sup>a</sup> centre: 10%; local: 90%
	<i>Fee for transfer of property title</i> <sup>b</sup> centre: 100% (later allocated to regions)	<i>Fee for transfer of property title</i> <sup>b</sup> centre: 20%; local: 80%	<i>Fee for transfer of property title</i> <sup>b</sup> centre: 20%; local: 80%
			<i>Personal income tax</i> centre: 80%; local: 20%
Royalties & proceeds from natural resource extraction	<i>Forest concession licence fee</i> centre: 30%; local: 70%	<i>Forest concession licence fee</i> <sup>c</sup> centre: 20%; province: 16%; producing district: 64%	<i>Forestry, fisheries &amp; mining</i> centre: 20%; local: 80%
	<i>Fisheries</i> unclear	<i>Fisheries</i> centre: 20%; split among all districts: 80%	<i>Oil &amp; gas</i> centre: 30%; local: 70% (for 25 years until 2026, thereafter 50%)
	<i>Mining exploitation &amp; exploration fee</i> <sup>d</sup> centre: 20% province: 16% district: 64%	<i>Mining exploitation &amp; exploration contribution</i> <sup>d</sup> centre: 20%; province: 16%; producing district: 32%; split among districts in producing province: 32%	
	<i>Oil &amp; gas revenues net of tax</i> not shared	<i>Oil &amp; gas revenue net of tax</i> centre: 85% (oil), 70% (gas); province: 3% (oil), 6% (gas); producing district: 6% (oil), 12% (gas); other districts in producing province: 6% (oil) 12% (gas)	
DAU & DAK	Not applicable	National formula	National formula + special infrastructure fund + special autonomy fund* (the latter equal to 2% of total national DAU for 20 years until 2021)

a Pajak Bumi dan Bangunan.  
b Bea Perolehan Hak atas Tanah dan Bangunan.  
c Iuran Hak Pengusahaan Hutan.  
d Iuran Eksplorasi dan Iuran Eksploitasi.  
e Dana Otsus.

Source: Alisjahbana (2005); Law No. 25/1999; Law No. 21/2001.

Figure 3: Papua: Revenue-sharing Arrangements before and after Decentralization (Law No. 25/1999) and Special Autonomy Law (Law No. 21/2001)

Source: Resosudarmo, Manning, Napitupulu, 2009

The purpose of DAU to each region was to accommodate funds needed at the local governments. However, due to large disparities of resources between regions, fiscal equalization was impossible. What happened was that rich resource region would not cut its DAU, on the other hand the central government had insufficient funds to allocate to struggling ones (Bennet, 2010). Due to lack of accountability mechanism in placed for DAU, the LGs received its allotments despite lack performances. As what was predicted, this increased corruption at regional level. Under the Special Autonomy provisions, revenues should be divided 40% for provincial and 60% for district/municipalities, but did not provide guidance on how much of the latter should be dispersed between district and municipalities (Resosudarmo, Manning, and Napitupulu, 2009). This in an important issue due to revenues of each areas varies and highly unequal.

Also, with lack of accountability system, it encourages aspiring politicians and its constituents to create new districts to claim a share of DAU (Bennet 2010: 8). Starting from the implementation of decentralization policy in 2001 until 2009 there are 191 newly autonomous entities, which comprises of 7 provinces, 153 districts, and 31 cities and municipalities (Ibid). This rapid growth comes with problems: 1) government budget are mostly used to fund administrative costs from paying civil servants salaries, new offices, transferring costs, 2) disruption on government programme which need to be delivered to local community, and it will take years until the new administration function properly, 3) power struggles between local elites who seek to gain endorsement by throwing plans to new district, which then create conflicts between ethnic and language groups (Resosudarmo, Manning, and Napitupulu, 2009).

By creating new districts it also means elections for government officials. Candidates would need support and back up from political parties, which they would pay large amount to be affiliated. This turns into a lucrative business for political party (Bennet, 2010). Consequently, government officials' task which supposedly addressing the needs of its constituents, is stirred by business or incentives promises which were made during campaign.

Since 2008, there was a suggestion to create the South Papuan province, but it did not go through. A group of activists signed a petition to Papua People's Council (MRP) despite rejection earlier from the governor. This proposal came up again September this year when the Deputy chairman of the House of Representatives' Commission II on regional autonomy, Ganjar Pranowo, said that lawmakers should endorse the formation of South Papua, the third province after West Papua, and Papua (Jakarta Post, 2012). The government lawmakers placed a moratorium of creating new region in 2009 until end 2012. "South Papua should become a priority destination and it meets the requirements for becoming a third province, after Papua and West Papua," Ganjar said (Jakarta Post, 2012).

The new suggested province would cover an area of 119,749 km<sup>2</sup> (Ibid). The special autonomy fund for Papua province would be increased from IDR 3,1 trillion to IDR 4,3 trillion (USD 450,5 million). One of the initiator was Johannes Gluba Gebze, the coordinator of the South Papua Community Brotherhood Union, as well as the former regent of Merauke, who was the initiator of MIFEE. Besides the proposal of a new province he also added the need of creating five regencies: Boven, Asmat, Mappi, Muyu, and Merauke, areas that largely covered under grand design MIFEE and thought to be ex-

panded. He said, “South Papua had met the socioeconomic, political and administrative requirements for a new province, as well as other conditions related to education quality, food resilience, trade, security and transportation. The creation of South Papua will be the safest. It has 225 different ethnic groups with each of their own languages, but they communicate [with one another] in Indonesian” (Jakarta Globe, 2012). This statement is controversial given the reality on the ground where Papua education level is still one of the lowest in Indonesia, minimum infrastructure, and food insecurity affected by MIFEE.

As what Hadizh (2004) described political contestation and interests took over autonomy administrations. No decision has been made until end of 2012 when the moratorium will be lifted, but if the creation of South Papua province would be approved, one could only imagine the implications towards Papuan indigenous people who would be further marginalized and further legitimization for corruption at regional level. The argument that the creation of new province would help development in the areas are in reality might hamper the future of it. As MIFEE is also located in the area of proposed province, it is only a justification for boosting the investment climate for expansion of land concessions, and in the end exacerbates the on going social, ethnic, natural resources, and land conflicts. “Accelerate development through capital boost did not always necessary drove growth in poorer nations, and narrow the “convergence” phenomenon, but the contrary (Maddison 2001, Mansoob 2010). In addition, when growth achieved only for certain groups, tendency of greed and grievances condition would appear which overtime can escalated into an internal violent conflict (Ibid).

### 3.3 Doomed to fail? Period from 2001-2011 of Special Autonomy in Papua

After the fall of Soeharto and the Referendum in 1999 which led to Timor Leste’s independence, a number of events emerged in Papua demanding the same faith. In the same year, Team of 100 (A team consist of 100 Papuan leaders, also called *Tim Seratus*) came to the capital and had a political debate in the National Dialogue with then President B.J. Habibie to push *Otsus*, as a peaceful solution in DPR-RI (the National House of Representatives). Although it took more than two years for the bill to be endorsed by the high officials in Jakarta, the Special Autonomy bill (UU *Otsus*) was finally approved by President Megawati Soekarnoputri on 20 October 2001 under Law No.21/2001.

Following *Otsus*, a Presidential Instruction (*Inpres*) No. 1/2003 was announced on the implementation of Law (UU) No. 45/1999 in regards to expand (*pemekaran*) of then Irian Jaya<sup>1</sup> Province into West, Central, and East Irian Jaya. With the support of Hendropriyono, Head of BIN (National Intelligence Agency), and Hari Sabarno (Minister of Internal Affairs), finally a new prov-

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<sup>1</sup> The name of Papua has been changed several times from West New Guinea (by the Dutch) or West Papua (by Indonesian) during the colonial period, to Irian Jaya means Victorious Irian, and now the name Papua has been restored. Irian has several meaning: in one of the local language means hot land, but it was also an acronym slogan during Soekarno era which mean ‘Ikut Republik Indonesia Anti Nederland’ (Follow Indonesia against Nederland).

ince was established, and Irian Jaya consists of two provinces: West Irian Jaya and Irian Jaya (Widjojo et.al. 2010: 28).

The procedure in the province partitioning surpassed and conflicted to UU *Otsus* No.21/2001. Article 76 of UU No. 21/1999 states Papuan People's Council (MRP) and Papuan People's House of Representative (DPRP) have to approve any expansion of Papua Province after a careful consideration to maintain unity of the province. Within months a new province is created although many have expressed opposition towards this. By surpassing the UU *Otsus* means that the central government turned its commitment by default (Widjojo et.al. 2010).

According to Papua provincial Audit Board report in 2007, there are allegations of misuses of funds by MRP and LGs with the amount of IDR 5 billion to build house of one of DPRD leaders, and exceeded amount of IDR 40 billion out of MRP budget for allowances and incentives in 2006 (Widjojo et.al. 2010). However, these cases were never been investigated or raised serious concerns neither from central government nor from local legislatures. It was believed that the central government ignored these cases as compensations to the elites at the LGs who have been supporting national integration until then (Widjojo et.al. 2010: pp. 29). In the long run this will damage the credibility of *Otsus* in empowering Papuan.

MRP is also yet to achieve representing political aspirations of Papuan regarding its culture and political identity, i.e. use of the morning star (*bintang kejora*) and the crowned pigeon (*burung mambruk*) as the Papuan flag. Although Papuan considers these symbols represent their cultural identity rather than political sovereignty, however, the central government thinks otherwise. Government Regulation (PP) No. 77/2007 addressed attempts from Aceh and Papua specifically that stated that any separatist symbols as cultural or regional symbols are strictly forbidden, including carry its own flag and sing their song. Many Papuans are highly contested the law as it is a violation of UU *Otsus* No.21/2001 which allow such freedom of expression. According to Harrison (1995) this kind of behavior he regarded as symbolic conflict which is a form of competition used in political conflict where groups struggle to compete and manipulate each other over power, legitimacy, wealth and their existence. These symbols serve as value which embedded within one's culture and historical frames that represents one's honor, recognition, and prestige.

Based on UU No. 21/2001, 11 special regional regulations (*Perdasus*) and 18 provincial regulations (*Perdasai*) should been created by DPRD in order to monitor and guidance for *Otsus* (Widjojo et.al 2010). However, these were not possible unless the central government creates a central government regulation (*PP*) to guide it and DPRD initiated the draft of such *Perdasus* and *Perdasi*. Given the fact that central government inconsistent with the implementation of *Otsus* and priority set by DPRD (Widjojo et.al. 2010) its assessment for success or fail become unclear, and the peak of at the end of 2010, when hundreds of Papuan showed their discontentment by demonstrating in front of parliament in the capital demanding the government to take back *Otsus* package as it has failed to represent and bring Papuans to better condition.

### 3.4 UP4B – Special Unit of Acceleration Development in Papua and West Papua

Discourse of social exclusion tried to “immediately conducive to legitimizing an approach to poverty based on the extension of market forces” (Phillips, 2011: 390) as what happened in the case of Papua through several development programmes. President Yudhoyono issued Decrees No. 65/2011 on Acceleration of Development in Papua and West Papua Provinces as an alternative in addressing Papuan needs and boosting development in the regions. Following the Decrees, a special unit for coordinating the acceleration programmes in Papua and West Papua (*UP4B*) was established under the central government regulation (*PP*) No. 66/2011.

This initiative aims to coordinate, facilitate, synchronize, as well as monitor and evaluates development programmes in the island. “It is our responsibility to ensure that programs designed by central government in Jakarta fit the needs of the Papuan people. Our job is also to bring together all desks on Papua within all ministries and make sure that they all are in line with the grand design. Also, we have agents in all districts in Papua to help us connect with, and monitor the people”, said Lt. Gen (ret) Bambang Darmono, the chairman of the unit (Aritonang, 2012). He also mentioned that the fund available for the unit this year is IDR 4 trillion (USD 420 million) which has been used in consulting several partners including ministers. Although the budget is relatively small compared to other development projects in other regions, yet 75% of its total fund (USD 315 million) was allocated for field visits. This allotment is used to assess and monitor situation on the ground such as local administrators and people’s needs in general (Ibid). However, the figures allocated for missions and hospitality are distressing which could be cut down in significant amount and distribute it towards the substance programme, and provide services to local communities.

Many Papuans remain sceptical on establishment of *UP4B* including The House of Representatives Commission I (administer information, defense, and foreign affairs) stating that *UP4B* has done little since its establishment last year (Ibid). However, this was contested that notable progress has been made by *UP4B* including action plans in five areas: food security, and poverty alleviation, education, infrastructure, healthcare, and affirmative action for human resources of Papuan indigenous people (Indonesian Embassy in the Netherlands website, 2012). However, there are no clear indicators for monitoring and evaluation of the programmes.

It is not a coincidence that the pointed chairman was Lt. Gen (ret) Bambang Darmono, who was the commanding officer in Aceh from 2002 – 2005 when Aceh was declared a military emergency in 2003. Several dialogues had been held including with separatist movement members of from Free Papua Organization (*OPM*) to gain perspectives from all groups in Papua (Maruli 2012, Aritonang 2012). “Protection and prosperity for the people comes through dialogue with all stakeholders in Papua. We are always open to dialogue on social issues in Papua. But, we will not talk about Papua’s integration into Indonesia — there is nothing else to discuss. Papua belongs to Indonesia. Those who disagree may leave the country. Period”, said chairman Lt. Gen (ret) Bambang Darmono (Aritonang, 2012). Based on the fragment interview above, clearly not all subjects are open to discussion. In other words any sepa-

ratists movement will not be tolerated by the central government and there is only one way of communicating it. It does not seem as discussion or dialogue as much, but a top-down approach. As long as not all social issues can be discussed, and strong military measure and active repression used in the region, Papua will remain volatile.

In addition, UP4B was established one year after Masterplan for Acceleration and Expansion of Indonesia Economic Development (*MP3EI*) was launched in 2010. Together with *UP4B* there will be overlapping programmes, responsibilities of local administrations, and spill over funds. As stressed before, this will widen opportunity for corruption at regional level which empower only local elites and their henchmen. “Corruption at local level is normal [...] You have to accept the reality [...] We have to strengthen our management system, strengthen especially our supervision system, controlling system, monitoring system”, said Rasyid, former Head of the Ministry of Administrative Reform (Bennet, 2010:8). The problem is that lawmakers and practitioners who part of the management system are playing the fields too. Thus, those systems are directed to improve whom? Or what? It is embedded deeply from central to all local levels, which become normality and standard operating procedure. In the end strengthening the management system will not make a lot of difference. It would be a new ‘play’ but there are the same actors and procedures behind the curtains.

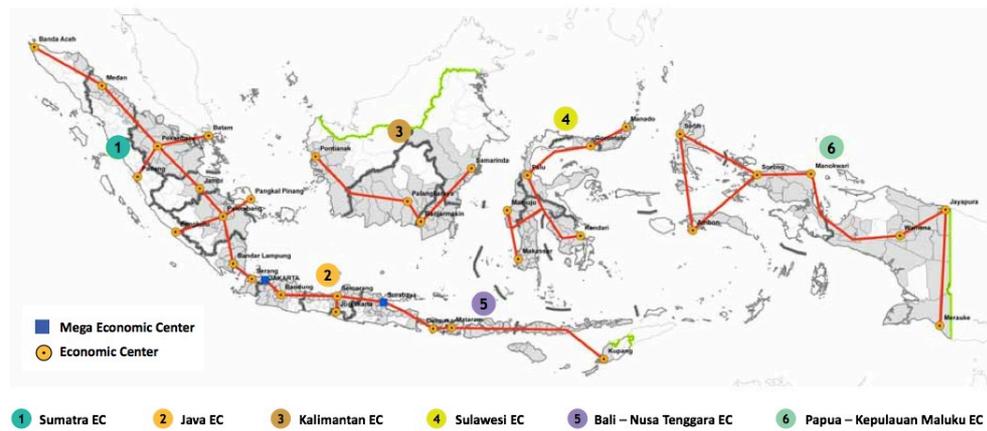
Furthermore, it seems that UP4B is a government’s project of development in disguise as a control mechanism to protect capitalism force that enter Papua in the form of economic corridor which will later discussed. As what Harvey claimed (2005: 20), when necessary the state will impose surveillance, policing tactics to limit any forms of opposition or problems arising from marginalized populations. Papua economic corridor focuses on several projects which attracts millions of dollars investment. Total investment in Papua-Maluku Corridor is IDR 622 trillion (USD 65 billion) and IDR 80 trillion (USD 8,4 billion) for MIFEE alone (Master plan MP3EI, 2011: 172). Investors obviously need assurance that their projects investments would run smoothly and gain more profit.

### **3.5 MP3EI – Masterplan for Acceleration and Expansion of Indonesia Economic Development**

Under government regulation No. 32/2011, MP3EI was launched in 2011 as a strategy for Indonesia’s economic development from 2011 – 2025. This masterplan has two key factors (Grand Design MP3EI, 2011): 1) acceleration of economic growth in Indonesia which include boosting prime economic sectors, improving infrastructures, development of human resources, science and technology, and increasing food and energy supply, 2) expansion of Indonesia’s economic development throughout all provinces and regions so that the impacts can be benefitted society and communities at large. With this directive the government hopes to improve the equality, and quality people’s lives through out the nation, and growth in purchasing power and income per capita as “a self sufficient, just, and advanced and prosperous country”. (Ibid).

MP3EI created six Economic Corridors, covers six main islands in the country where each region focuses on specific theme for accelerated and ex-

pansion development. There are Sumatra, Java, Kalimantan, Sulawesi, Bali – Nusa Tenggara, and Papua – Kepulauan Maluku Economic Corridors. Sumatra Economic Corridor as the nation’s energy reserves that produce and process natural resources, Kalimantan’s focus in on energy reserves and national mining, Java becomes the driver behind national industry and services, Bali – Nusa Tenggara as tourist destination, support food for the country, Sulawesi on oil & gas, fisheries, and natural agriculture, and Papua – Kepulauan Maluku on food development, national mining, and fisheries (Grand design MP3EI, 2011: pp. 47). For this research, discussion is limited to economic corridor for Papua and Kepulauan Maluku only.



Map 1: Economic Corridors in Indonesia  
Source: Grand Design MP3EI

It has eight main programmes which consist of 22 main economic activities. The strategy of this masterplan focuses on three aspects: 1) develop six regional Indonesia Economic Corridors, 2) improve human resource capacity as well as technology and science to support all economic activities in the regional corridors, and 3) increase national connectivity at international platform and nationally. By implementing MP3EI, Indonesia hopes to increase its GDP from USD 700 billion (income/capita USD 3,000) to GDP USD 15.0 – 17.5 trillion (income/capita USD 44,500 – 49,000) and reduce inflation from 6.5% in 2011 – 2014 to 3.0% in 2021, which the combination of these two aspects (GDP and low inflation rate) determine traits of a developed state (Ibid: pp. 15).

Figure. 4 shows the quantum estimated investments in each corridor. In terms of investment value, Papua – Kep. Maluku comes on the fourth with the total amount of IDR 622 trillion (USD 65 billion), after Java (IDR 1,290tn=USD 134bn), Kalimantan (IDR 945tn=USD 98), and Sumatra (IDR 714tn=USD 74bn). In this programme, private sector, as stressed before, plays an important role, in which it has 51% of total investment share in development programmes for the next 23 years. Meanwhile, government contributes only 10%, while state owned enterprises 18%, and mix investors 21%. Having said that, this means development programmes would be profit-driven which largely controlled by private sectors and determined by market. The operative word is “profitable” investment as what Harvey (2010) posits, in which he asserts that capital is not a thing but a process; a process that needs to be constantly ongoing, otherwise if there is any slowdown or blockage capitalist socie-

ty dies. Therefore, implementation of MP3EI and MIFEE are important to serve the capitalism paradigm and assurance from state through policies, laws and military forces (if necessary) is crucial.

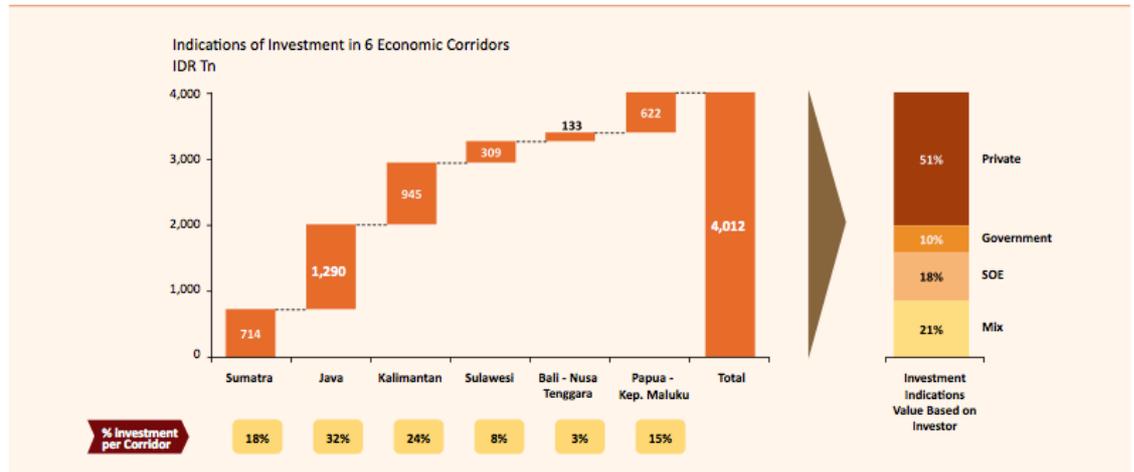


Figure 4: Quantum of Estimated Investments in Each Corridor  
Source: Grand design MP3EI, 2011

Neo-liberal approach is currently dominating the policy paradigm adhered by the Indonesian government, which produced an arrangement of set regulations to push greater privatization and liberalization that accommodate pro-market bias. The hegemonic discourses of development also showed in MP3EI grand design where it stated that one of the basic principles for development success determining factors is the importance and major roles of private sectors in which economic growth of Indonesia depends on. This full-fledged neo-liberal approach which facilitate conditions for profitable capital accumulation, where it promotes free market and free trade lines, give more access to natural resources for private exploitation, and increase foreign direct investment to regional levels (Harvey, 2005).

The masterplan stated that government not only plays the role as a regulator but a facilitator, and a catalyst for growth, “with regard to regulations, the government will amend or remove (debottlenecking) regulations that inhibit the implementation of investments. As a facilitator and catalyst, the government will provide incentives, both fiscal and non-fiscal” (MP3EI, 2011: 10). As a result, this generates investment-hungry dispossession ronment in Indonesia. This is exactly the fundamental mission of neo-liberal state, which is to create a “good business climate” that stimulate, optimize, and open up capital accumulation (Harvey, 2005: 19). By facilitating business interests, neo-liberal paradigm assumes that it will foster growth, alleviate poverty, and in the end increase population well-being. Therefore, it claimed that it is necessary that the state maintain its “flexibility” to remove barriers for private sectors to nurture free mobility of capital between regions like grand design MP3EI proposed. As a result, it diminishes state roles in welfare provision, and opening up markets for commodities and money capital to global forces of capital accumulation (Ibid: 20).

### 3.6 Papua – Kepulauan Maluku Economic Corridor

This Economic Corridor consists of four provinces: Papua, West Papua, Maluku and North Maluku. From the figure below, it shows that growth in Papua-Maluku region was the second highest after Sulawesi at 7% for the period 2006 – 2009. It also shows that the GRDP of Papua is much higher than the most populous Java island (5.6%), the capital Jakarta (5.9%) and the national average at 5.6%. However, the graphic on the right side shows Papua-Maluku region’s Real GRDP, which is still the lowest from all regions in 2009. By capturing the real output growth and measure the real income, the Real GRDP for the region is only IDR 92.9 trillion (USD 96,5 million) or only 0.6% from Java’s IDR 1,500 trillion (USD 155 million).

In addition, the condition in Papua can be seen statistically according to Ananta, Soekarni, and Arifin (2011: 290) data of classification of regions in Indonesia based on Income Per Capita and HDI in 2005. It shows that Papua is the only one in Quadrant II where it has high income per capita (more than IDR 6,588,970 equivalent to approximately USD 650) but low human development (lower than 69.28). In addition, data statistics in 2005 comparing regions economic growth and HDI also shows that Papua is in Quadrant II where it has low economic growth (less than 3.14) and low HDI (less than 69.28) (Ibid: 291). This immense gap of income differences between Java and Papua and HDI rate clearly shows vast horizontal equality between these two provinces. Social/economic polarization between these two provinces can show indication of grievance-based origins of conflict in Papua to date (Murshed, 2010: 86). Therefore, a solution that needed for peace in the region is combining “economic development and reduced horizontal inequalities in parallel with democratic development and inclusiveness” of indigenous people in social/economic and political spheres (Ibid: 88).

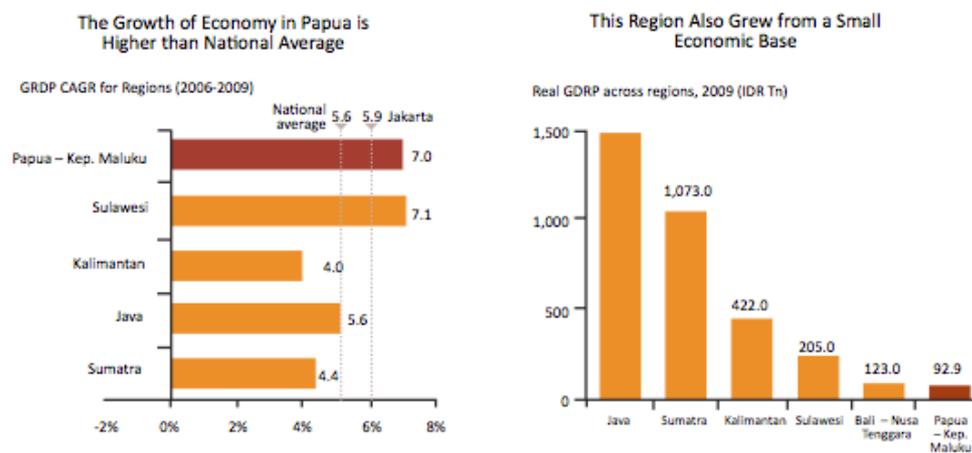


Figure 5: GRDP within Corridors

Source: BPS 2010, MP3EI, 2011

According to dominant neo-liberal paradigm this situation can be explained by several factors including low investment in Papua, low productivity in agriculture sector, lack of infrastructure throughout the region, and low population density which lead to high mobility for designing programmes es-

pecially in Papua. One of the members of the president’s special staff on food matters said, “We need to expedite the development of new crop-producing regions such as [MIFEE], to strengthen our crop resistance [...] “This is a matter of national urgency” (Tempo Investigation, 2012). Foucault explains (in Li 2007:5) that the purpose of government sets conditions to “artificially so arranging things so that people, following only their own self-interest, will do as they *ought*” People would not realize on power that is being imposed by the government on them.

The discourse of poverty reduction approach could be done through economic growth is explained by Hickey and du Toit (2007: 5) that said, “The residual approach views poverty as a consequence of being left out of development processes, and contains the assumption that development brings growth and that what is required is to integrate people into markets. Relational approaches emphasize the extent to which ‘development’, growth and the workings of markets can also produce poverty”.

In addition, there are large social and economic polarizations between regions in Papua. Mimika regency (where Freeport gold and copper mining is operated) showed below had GRDP per capita IDR 240 million (USD 24 million) in 2009 alone, while other regencies in the island were 90% less, or below the national GRDP per capita at IDR 24 million (USD 2,4 million) (Figure. 6).

In order to boost human development and economic growth in this region, the government is focusing its development strategy in five activities: food agriculture – MIFEE, copper, fisheries, nickel, and oil and gas (Grand design MP3EI 2011: pp. 158).

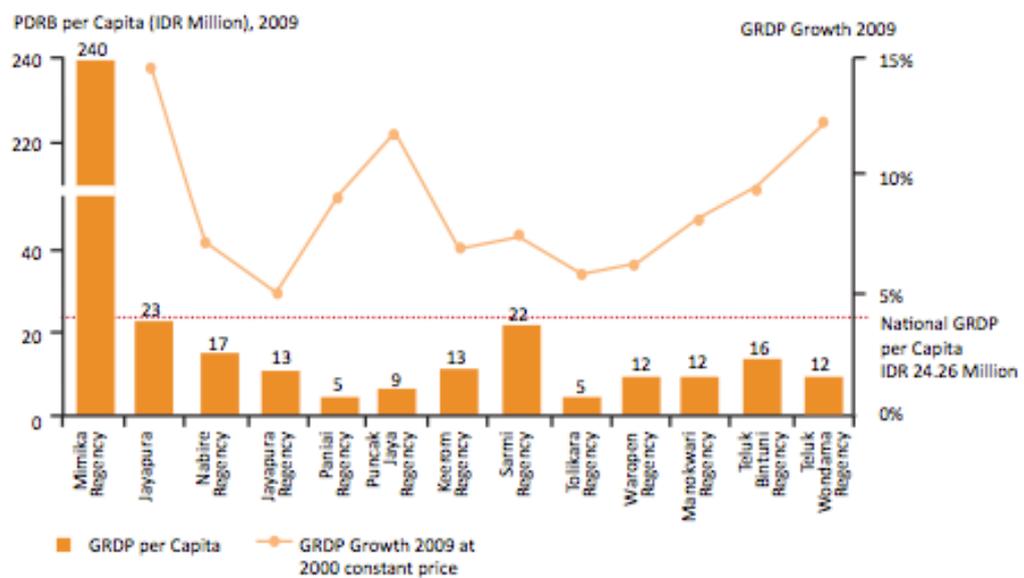


Figure 6: GRDP per capita between regions in Papua

Source: BPS 2010, MP3EI, 2011

A total amount received for investment in this corridor is IDR 622 trillion (USD 65 billion). Figure. 7 shows copper, infrastructure, and food agriculture are the top three sectors that obtained high investment. In food and agriculture sector, investment mainly came from private sector and small percentage from

state owned enterprises, while oil & gas and copper investments came solely from private sector. Meanwhile, government solely contribution is at infrastructure sector (IDR 66 trillion) and some percentages mix with other stakeholders on fishery and infrastructure as well. A clear breakdown of investment can be seen in Map 2 on strategy initiatives for the region. As previously mentioned in the sub-chapter earlier, development programme in all economic corridors, including in Papua is driven by private sector which gives a total amount of IDR 391tn or approximately 62% of total investment. This means the role of government is diminished, as it is being dictate by corporations. As Cotula and Vermeulen (2010: 913) claimed, “the balance of power is skewed strongly towards the investor, particularly in the case of foreign investors with access to international legal advice and arbitration mechanisms” like what happened with Freeport, copper mining company in Mimika.

To date Freeport is still number priority in generating investments, while MIFEE is second. This will change the investment climate in Papua, which it will no longer be monopolized by Freeport, but by many national and international corporations. By implementing MP3EI not only the government agreed to open up market in Papua and bring capital flow in, but also corporations are given a ‘red carpet’ treatment and ‘menu’ of which sectors and areas of land concessions they are interested in.

In the area where horizontal inequality is high, like in Papua, this type market-base approach can only worsen the situation in which it creates a bigger gap between societies in the island, which likely to manifest into a rebellions against the oppressive state (Mansoob, 2010). While, government plays the role not only as a regulator, but also a facilitator, regulations are made and amended to allure more investors into the economic region including MIFEE in Merauke. The implication on this is that the process of getting a concession permit would be much easier and faster, tax reduction, and amend regulations related to customary land, which give justification of this vast land grabbing. The impact of this project is not only alarming for environment degradation, but also affected the identity of Papuan indigenous people as their land and culture are on the verge of annihilation due to forces of capitalism.

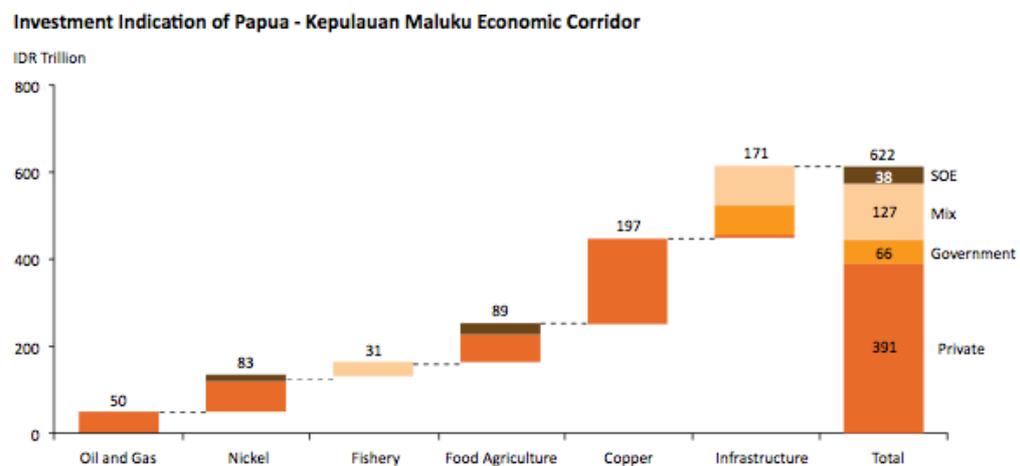
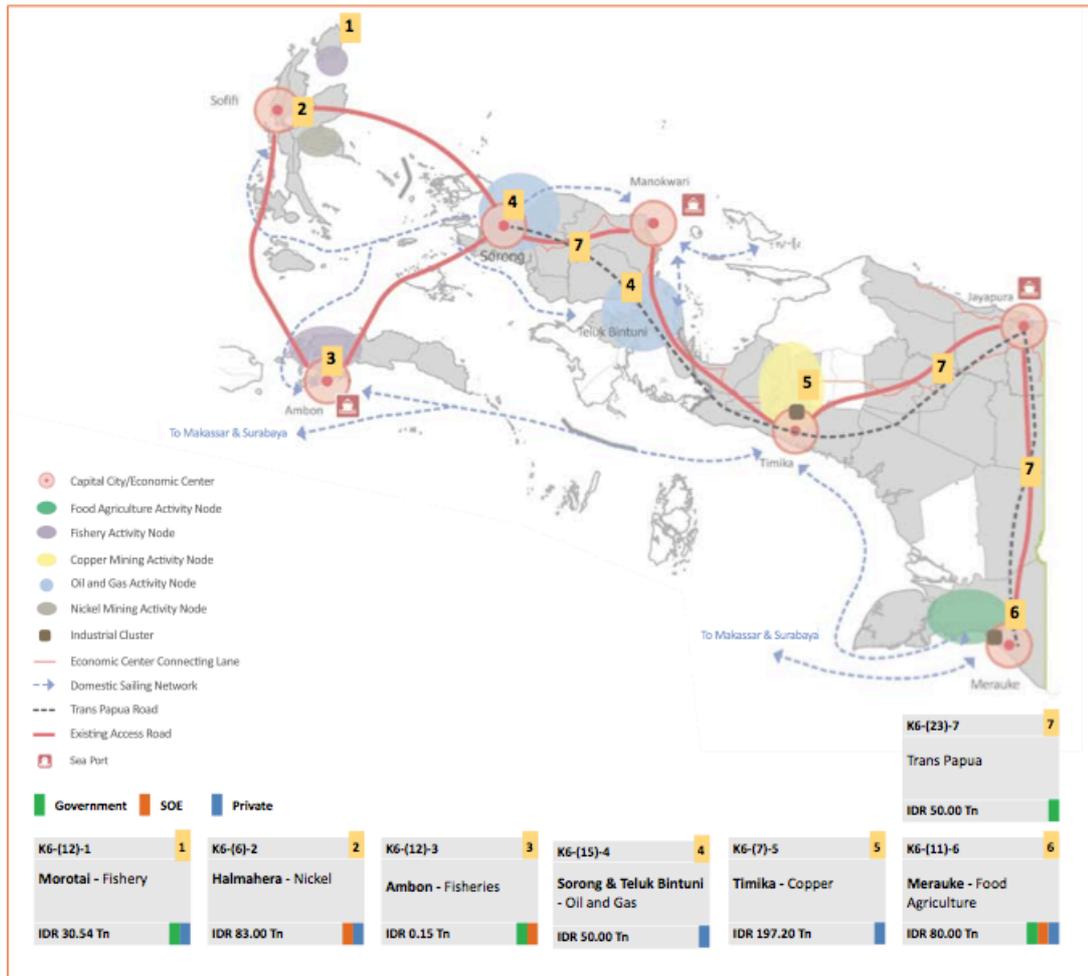


Figure 7: Investment indication of Papua – Kepulauan Maluku Economic Corridor

Source: Grand design MP3EI, 2011



Map 2: Investment mapping based on locus industry in Corridor of Papua – Maluku

Source: Grand design MIFEE, 2011

# Chapter 4

## Land Laws and Regulations in Indonesia

### 4.1 Hierarchy of Indonesian Land Law and Regulations

Land law in Indonesia is a mix between customary/ traditional *adat* laws, Dutch colonial law, Western civil law, and modern Indonesian law after the independence. Hierarchy of law and regulations that govern land issues in Indonesia is as follows (Limbong, 2012):

1. The national emblem of Indonesia (*Pancasila*)
2. 1945 Constitution
3. Basic Agrarian Law (*Undang Undang Pokok Agraria or UUPA*)
4. Law related to Agrarian (UU Terkait Agraria)
5. Government Regulation and Presidential Regulation (*Peraturan Pemerintah-PP and Peraturan President -Perpres*)
6. Regulation instructed by the Head of National Land Authority (*Peraturan Kepala Badan Pertanahan Indonesia or Perka BPN*)

### 4.2 Indonesian Constitution, Basic Agrarian Law Act and its interpretations

Land has an important meaning for Indonesian people at large. Indonesian refer their country as “*tanah air*”, in direct translation it means “land and water”. It is not seen as commodity as in capitalistic society, but it prominently has a philosophical, social, political, and cultural meaning (Limbong, 2012). Land is viewed as a status symbol, and existential symbol of each individual or groups of people. In the creation of Republic of Indonesia, the Constitution (*UUD 1945*) included an article which govern land issues for prosperity of the people. The approach was socialistic in nature that reflects the views when the constitution was framed in the spirit of nationalism as to develop a unity of the country. However, it was also influenced by the Dutch colonial law *Agrarische Wet* and *Agrarische Besluit*, in which politics of land ownership *Domein Verklaring* of 1870 was established (Limbong 2012, Wahyuni 2012, Bamba 2008). It states, “all lands over which no ownership could be proven (*eigendom* right) belonged to the colonial state” (Limbong, 2012: pp. 138, Bamba, 2008: pp. 261). The concept of state controls land ownership was adopted in the creation of Art 33 (3) 1945 Constitution, where the state acts as the manager to control over natural resources to ensure prosperity of the population at large.

“The land, the waters and the natural resources within shall be under the powers of the State and shall be used to the greatest benefit of the people”<sup>2</sup>

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<sup>2</sup> The 1945 Constitution of the Republic of Indonesia (Unofficial translation from the Embassy of Indonesia: <http://www.embassyofindonesia.org>). The original provision states: “Bumi, air dan kekayaan alam yang ada di dalamnya dikuasai oleh Negara dan digunakan untuk sebesar-besarnya kemakmuran rakyat”.

In addition, this notion is adopted in some provisions under Basic Agrarian Law, UU No. 5/1960: Article 1 paragraph 2:

“All the earth, water, and airspace, including the natural resources contained therein, which exist within the territory of the Republic of Indonesia as gifts from the Only One God, are the Indonesian nation’s earth, water, and airspace and constitute the nation’s wealth”<sup>3</sup>

Article 2 paragraph 1:

“On the basis of the provisions contained in Article 33 paragraph 3 of the Constitution and of the matters referred to in Article 1 of this Act, the earth, water, and airspace, including the natural resources contained therein, are at the highest hierarchical level controlled by the State in its capacity as the whole people’s organisation of powers”<sup>4</sup>

The provisions of Art. 33(3) 1945 Constitution, and Art. 1 & 2 of *UUPA* promulgated that the state has the ultimate power over land. This became the basis of land tenure in Indonesia. However, the meaning of this article can be contested as 1) what does it mean by state has the power over the land, the waters and natural resources? Does it mean to control and have ownership or managing it? 2) To what extent state can exercise its power? 3) What does the greatest benefit of the people refer to? 4) Who are the people that the provision refers to?

According *UUPA* Art. 2 No. 5/1960, the powers of state are limited to regulate, organize, provide, supervise, maintain, and manage the land. The powers of state does not mean in term of ownership but rather managing, providing regulation that relates to land issues for the benefit of all people (Wayhuni, 2012, Limbong 2012).

The second part of the sentence “to the greatest benefit of the people” has also ambiguous meaning, which gives rooms for various interpretations. If it translated as the benefits of the people at large in general, then it means the majority of the population. On the other hand it can also refer to the specific people in a certain area. Furthermore, based on Art. 5 UU No. 5/1960, the agrarian law recognizes custom or traditional *adat* laws, which is essential in relation to recognition of indigenous people and their lands.

“The agrarian law applicable to the earth, water, and airspace is *adat* provided that it is not contrary to the national interest and the interest of the State, which are based on national unity, to Indonesian socialism...”<sup>5</sup>

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<sup>3</sup> Basic Agrarian Law, formal translation by The Directorate General of Agrarian Affairs of the Department of Home Affairs in 1976.

<sup>4</sup> Ibid

<sup>5</sup> Ibid

When the greatest benefits of the people refer to a specific population in a certain area, it promotes and help indigenous to obtain recognition of their rights. However, when it applies to majority of people, this most of the time exclude the minority rights of indigenous people. Therefore, it depends strongly on political and economic strategy that the government adopts as a national interest. When it concerns national interest, this is of course also vague in nature, depending on political and economic agenda behind such interest. Nevertheless, it gives the state a legal base to convey regulations over land according to its purposes. As a result, indigenous people's rights are further being limited and marginalized. Recognition of their rights is on mercy of willingness from the government, as Bamba (2008) called it "recognition in-kind".

This is exactly what is happening with Malind people and other indigenous peoples who are affected by MIFEE project. Although the legislation recognizes the *adat* law to govern their land, however this is overruled by national interests, in this case accelerated development project towards improvement of Papuan standard of living and reduce poverty. As what Hall, Hirsch, and Li (2004) stated, legal instruments imposed by the state could exclude people from having access to their lands. This confirms how government's programme of development are shaped by political and economic relations, how they are constituted, and exclusion of certain groups (Li, 2007).

### **4.3 International Land Rights for Indigenous People**

Under ILO Convention No. 107 on Indigenous and Tribal Populations in 1957, land rights to indigenous people are finally internationally recognized, and later in 1989 the Convention was replaced by No. 169 on Indigenous and Tribal People in Independent Countries. Art 13 and 14 (1) acknowledge indigenous people to land rights and give them freedom on how to use it. Art 2 (b) stipulates that states need to respect and promote cultural, social, and economic rights of indigenous people. However, the concept "self-determination" was vaguely defined in the convention. The fear that this concept could lead to disintegration and spark separatist movements led only few states ratified this convention (Wahyuni, 2012). Consequently, their policies do not have to reflect articles stated in the convention, as it is not legally binding.

In 2007, during the United Nations General Assembly, it adopted the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Art. 26, para 1 stated, "indigenous peoples have the right to the lands, territories, and resources which they have traditionally owned, occupied, or otherwise used or acquired". However, unlike a convention, a declaration does not have legal forces if violated by signatory states. Although UNDRIP was signed by 144 member states, but in practice, it has weak mandates, and revert from ILO Convention in 1989.

### **4.4 Indigenous Land Rights in Indonesia**

According to Barlett (2004) indigenous land title can be traced back from occupation of indigenous people and their connection with the land based on customs and traditions they have practiced. Furthermore, in relation to law that guides indigenous land title, one can argue that (Brennan 1998, Wahyuni 2012):

“native title has its origin in and is given its content by the traditional laws acknowledged by and the traditional customs observed by the indigenous inhabitants of a territory. The nature and incidents of native title must be ascertained as a matter of fact by reference to those laws and customs”. Furthermore, “native title, though recognized by the common law, is not an institution of the common law and is not alienable by the common law. Its alienability is dependent on the laws from which it is derived” (Ibid). Since native/indigenous title is based on traditional law and custom, this principle can also be applied in Indonesian law.

According to *Aliansi Masyarakat Adat Nusantara* (The Alliance of Traditional Communities of the Archipelago) (AMAN), there are more than 300 indigenous groups in Indonesia. Each group has its own culture and identity including their own language, customs, and has a strong connection with their land. Each group is governed by its own traditional law which was long existed before the Dutch occupation. During the colonial period, those traditional laws was co-existed with Dutch law and have been adopted into modern Indonesian law system (Limbong 2012, Wahyuni 2012).

Indonesian Basic Agrarian Law (*UUPA*) No. 5/1960 states, “Agrarian law which applied to the land, water and outer space is *Adat* law, as long as it does not contradict the national and state interest which is based on the unity of the state”. The *Adat* laws concept above covers a general sense ranging from family law, customary law, property law, inheritance law, and dispute resolution among others. In addition, each group is governed by its *Adat* laws, which mean that the significance of it can vary depending on the group. These would cause a problem when there are disputes between two indigenous groups or more especially coming from different regions, such as the case of Dayak and Madura in Kalimantan.

Furthermore, *UUPA* No. 5/1960 stipulates contradictory meaning. Although it recognizes the *Adat* law, but government can overrule the implementation such law when it concerns national interest. This gives a legal basis and justification for the government to implement national projects such as development or poverty reduction neo-liberal driven strategy at the expense of indigenous people’s land.

## 4.5 The Impact of Land Titles on Malind People

Most lands in Indonesia are communal lands, which ownership of the land is not only belonged to a certain individual. The ownership of the land is usually not in a form of a piece of paper registered at the local government, but rather as a verbal agreement passed from generation to generation. The border of land ownership is defined from signs in nature.

This concept is also adopted under the provisions of *UUPA*. The basis of Indonesian modern land law is stipulated under UU No. 5/1960. Although *UUPA* should be the umbrella law that govern all resources linked to agrarian, in practice, other subsidiary laws are put at the same level of *UUPA* (Limbong 2012). In the end, the structure of law and regulations, which govern land issues, is overlapping. Therefore, despite the word ‘agrarian’, this law (*UUPA*) does not regulates agrarian land only, but all lands including forests, residential areas, transmigration areas, plantations, mining, coastal waters, rice fields, con-

servation, and many others. Land regardless how it is being used utilized or used is seeing as the same object, and govern by the same regulation. As legal system in Indonesia is rather precarious, this creates various interpretations and implementations from government officials according to their political agenda. Consequently, land conflict over ownership and utilization for the land are inevitable.

MIFEE project encompasses around 2 million hectares of indigenous lands in Merauke, which majority of this area is classified as forest by Ministry of Forestry according to 1999 Forestry Law. This law stated that lands which cannot be proven ownership are belong to the state. Therefore, land title permits granted for concessions on Malind indigenous people is the Right Cultivation Title (*HGU*).

According to UU No. 5/1960, art. 28 – 34, *HGU* gives the right to work on a state-owned land for the purpose of agriculture, particularly plantations, fisheries, and husbandry. This right covers an area up to 5 hectares or 25 or more for investment for development of the area. This title is granted for 25 years or 35 years at most for a company, and may be extended for another 25 years if managed properly. This title can be given to Indonesian and foreign residents and companies which incorporated under Indonesian law and domiciled in Indonesia. A *HGU* title can be transferred to a third party, and used as a debt collateral.

The 1999 Forestry Law is clearly contradicting to Art. 33 (3) of the Constitution and UU No. 5/1960 which is at the higher level on the hierarchy of land laws in Indonesia. The Forestry Law is reviving the politics of land ownership *Domein Verklaring* from the colonial period, the difference is now it is being implemented by the central government itself. According to *HGU* land titling, after 35 years of renting, the agreement may be extended to the same corporation or grant to a new company. Therefore, in the context of MIFEE, the land which has been granted *HGU* will not be returned to Malind people as they perceived. Land policies that being implemented are products of interactions process between several stakeholders with specific interests as what Grindle (1980: 5) said “ongoing process of decision making by a variety of actors, the ultimate outcome of which is determined by the content of the program being pursued and by the interaction of the decision makers within a given political administrative context.” “They are neither self- implementing nor self-interpreting”, claimed Houtzager and Franco (2003).

Although the UN Charter laid out universal declarations of human rights, ILO, and UNDRIP has convention of indigenous land and indigenous rights, but Indonesia is practicing neoliberalism paradigm, which mean accepting a regime of endless capital accumulation and economic growth regardless of its consequences (Harvey, 2005). Enforcing those rights from declarations and conventions means seriously challenge the neoliberalism hegemonic practices, and significant changes can be only be made through revolutionary political and economic alteration (Ibid).

# Chapter 5

## The Storm of Neo-liberalism and Capitalism Entering Papua

### 5.1 Growth – Conflict Nexus

Neoliberalism approach has failed to stimulate economic growth yet it has been acclaimed as the only alternative and has been celebrated successful by many (Harvey, 2005: 31). He claimed that there two reasons for this (Ibid): 1) uneven geographical development that cause some regions to advance rapidly at the expense of others, 2) It has acclaimed successful from the elite point of view, as it reinstated or created class power that created capitalist formation. The result is increasing social inequality. It assumed the reason some regions did not excel in economic growth is because there are not competitive enough compared to the others. Social inequality is seen as a necessary factor to stimulate entrepreneurial innovation and competitive environment, and if the lower class society fail to catch up with the others, it is because personal, cultural or political failings to accelerate human capital (Ibid).

The neo-liberal paradigm has been highly contested as Karl Polanyi famously states (1944: 73), “To allow the market mechanism to be the sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society... Nature would be reduced to its elements, neighbourhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed.”

Achievement of neoliberalism has been redistributive rather than generative (Harvey, 2003, 2005: 20), which mean that wealth is accrued through forms of redistribution from the vulnerable countries to the rich ones or from population at large to upper class. The case of Papua is the latter, showed from the centralized government policies during Soeharto era in which revenues gained from the province are transferred to the capital. This is possible through what Harvey stated in his theory of accumulation by dispossession. Primitive accumulation, a violent process, indicated in the early stage of capitalism is happening in the implementation of MIFEE.

This include commodification and privatization of indigenous lands, conversion of land titling from communal to state owned, changes and restrain of indigenous way of production and consumption in favour to industrialization, commodification of labour power, neo-colonial and imperial forms of appropriation of natural resources, and monetization of exchange (Harvey, 2003). According to Greenomics timber harvested from logging in Merauke could gives economic incentives to the region, where it is valued up to USD 12.72 billion local prices, or USD 39.53 billion on international market (Awamifee: 6).

In the near future, taxation of land, moneylending, and credit system will be imposed towards Malind people and other indigenous people in the area as they enter capitalism force and globalization. MIFEE legitimizes the global land-grabbing phenomenon, as defined by De Schutter (2011: 249) “acquisition or long term lease of large areas of land by investors”.

These on-going process of accumulation by dispossession is made possible through neoliberal orthodoxy in which state play a crucial role in promoting and supporting the processes through legality, monopoly, and at times violence (Harvey, 2005: 32). As what happens in the implementation of MIFEE, the central government used its state apparatus to ensure processes of concession areas surrounding Merauke, and active repression to maintain “order and stability” in the area.

The neoliberal accumulation by dispossession implemented through MIFEE has produced social gap and struggles between clans of Malind people and inter-ethnic violence between local indigenous people and transmigrants from Java and Sulawesi. Borrowing the term “dispossession for development” from Mishra (2011: 12) this has led to “violent disruptions of livelihoods” of the villagers in Orissa, India, which is similar as in high poverty villages in Merauke. For instance, several conflicts erupted between Sanggase and Buepe villages in 2010 where villagers demanded payment compensation of IDR 65 billion for 2,800 hectares used by Medco (Tempo Investigation, 2012). The large amount of payment was given to Jhonny Balagaize, the head of *Kampung* (village) Buepe. “Medco paid the wrong people. The Sanggase people should have been paid,” said Gerardus Kaize, vice chairman of the Customary Community Organization in Okaba District (Ibid). Sanggase people originally lived in Buepe but later moved to their current location. Buepe later is occupied by other tribes, which made an agreement with Medco.

Similar conflict also erupted in Zanegi village where the villagers felt they never released their land to private sector. Agreements made between stakeholders were not communicated through the rest of the villagers. Also, people who signed the agreement were not properly informed the implications of signing the document. “The document that they signed and the IDR 300 million given by Medco was just “door money.” We didn’t know those signatures to mean anything else” (interview with one of Zanegi villager, Tempo Investigation, 2012). IDR 300 million is quite a lot of money, but it is nothing compared to lands that Zanegi people had to give up and profit that the company would reap from it. Each individual in the end would receive only ridiculously small amount of money out of the lump sum.

Trajectory of neo-liberalism claimed would raise standards of living of the poor but in reality any opposition to the system would be trapped and could not escape (Harvey, 2005). Like what happened with people in Sumatra who are part of the oil palm industry, this will also happen with Malind people, “individuals who find themselves incorporated into oil palm under unfavorable conditions will not only remain poor but may even face deeper poverty” (McCarthy, 2010: 826).

People would demonstrate from loss of rights from violations of human rights, dignity, and environment degradation which often happened. However, the frequent appeals to seek legal action are time consuming, costly, and often biased towards the elites. The lower class that lacks of financial means would not stand a chance, even with the support of advocacy groups. For instance the case of Buepe-Sanggase people who brought their case to court in Merauke that required them to travel to town, stopped their daily job, and took up loan to support their daily expenses in the city. After a year-long procedure, finally the decision was out. In the end, the final compensation or-

dered by the Court could not even covered the loans they had to pay during their stay in Merauke, let alone compensation for the land they had lost.

Consistent repression and isolation of Malind people created opposition towards the implementation of MIFEE. The struggles against accumulation by dispossession of Malind people and social movement around it, like the Zapatista rebellion for example, does not aim to take over state power or to achieve political revolution, but to be more included in politics in search of alternative that specifically targeted the needs of the people in the area and to ensure that indigenous people and its culture is in the centre of politics and economic discussions rather than peripheral (Harvey, 2005, Castells, 2010).

## 5.2 Uneven Geographical Development

Uneven geographical development is a product of on going neoliberal capital accumulation which increase passed spaces and time despite any historical and geographical of a certain country or region (Harvey, 2005). He (Ibid) suggested there are 4 interpretations to understand this. In the context of Papua, Constructivist sees it as “development of underdevelopment”, where various exploitations (natural resources, populations, lands) are practiced by powerful forces or nations which endorsed by political and military activities. These can be in forms of imperialist, colonial, or neo-colonial, which destroy indigenous culture and their territories like what happened with Malind people specifically and Papuan in general. Environmentalist /”green” arguments claims environmental conditions including health issues of the populations are the fundamental reason for uneven development. Geopolitical interpretations see uneven geographical development appear due to social and political struggles between various actors from state level, local governments, and communities that compete over territories to gain resources, power, human capital and wealth. Historicist interprets the “backwardness” of Papua occurred because the inability or unwillingness of the people to “catch up” with other civilization in other regions of Indonesia and particularly with capitalist western society which is claimed as the standard of modernization. According to Rostow (1960) in his modernization theory, there are five stages of development before society can achieve high mass consumption era. Therefore, MP3EI and MIFEE project legitimize the need to accelerate development of Papuan and notably bring Indonesia economic growth as one of the industrialized countries by 2025.

The 4 interpretations mentioned above are no doubt overlapping each other, but 4 key preconditions play important roles in understanding the construction of uneven geographical development under capitalism (Harvey, 2005): 1) accumulation by dispossession, 2) social, political struggles in different areas, 3) laws that facilitating capital accumulation through space and time, 4) materials that becomes part of capital accumulation as part of daily life. Accumulation by dispossession underpins the survival of capitalism around the world (Harvey, 2005: 70). The act of dispossession is exercised by coercion from higher power, or existing social order that was formed by colonial, neo-colonial, and imperialist. However, when the circulation of capital is established, it does not exercised only by higher power but also its subordinates like what happened in Papua. Not only the central government imposed certain policies that enable accumulation by dispossession, but this is also being facilitated by LGs and groups within communities itself as happened in MIFEE.

Capital accumulation in space and time is also made possible if facilitated by state through rules and regulations imposed to support it such as laws mentioned in the previous chapter that imposed to assist business actors in investing in MIFEE. Expansion, growth activities, and “progress”/ technological change are considered inevitable and good, some characteristic of it which are underpinning the justification of MIFEE’s mission and objectives.

Rostow (1960) saw economic growth as a linear process, and disregard any aspects such as war, corruption, economic sanction, and political agenda for instance to halt progress. In regards to his modernization theory, Papuan is still considered as traditional society. Therefore, capital is needed to boost economic growth in the area in the form of investments. This is precisely what is happening at this moment through development project MP3EI. By creating economic corridor in major islands including Papua, large investments are injected into the region hoping to bring the society into modernization.

Although the stages that Rostow suggested are considered to be overlapping, however, by looking at the characteristics society of each level, MIFEE project would create more harm rather than economic growth in Merauke. Malind people who are currently at traditional stage would be forced to jump two levels to maturity level with this large investment development scheme. Hunting and gathering and substance agriculture are still dominant in the region, where limited technology is used. There is also little evidence of class division within society. When MIFEE took off, large-scale of investment in infrastructure were put in place especially transportation to build roads between villages specifically where concession area are operated. With this rapid transformation, Malind people are forced to change their way of living drastically. Consequently, they got confused with all the information that being bombarded towards them including development doctrines to modernization. After more than 30 years being isolated and disregarded by central government, finally their longing for change arrive, they thought. Instead, they are pulled to several directions to accommodate investors and regional government’s needs.

Ironically, MIFEE which aims to integrate Malind people into labour force and, supposed to be the beneficiaries from this development project, are actually being exclude and became the only victims. Li (2011: 282 – 283), states, “Land acquisition takes the form of an investment by a corporate actor bearing capital and seeking profit. Such an investor operates in a competitive context that compels it to seek maximum profit on the capital it deploys... Production might succeed, but poverty reduction through employment or compensation for land is not an investor’s concern.”

One then asks the question who then would benefit from it? It would be investors at large and individuals or groups of people who are well politically connected. As what Salih stated neo-liberal policies exacerbate horizontal inequalities in the society in which “the problem with this formula is that both, free market and the empowered private sector provide opportunities for repressive, criminalized elites” (2009: 135).

Polanyi (1994: 130) stated that land, money, and labours are not commodities, “Land is only another name for nature, which is not produced by man; actual money, finally, is merely a token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity descrip-

tion of labour, land, and money is entirely fictitious” (Polanyi, 1944: 130). He also stated the societies have been set for decades by double movement: the market economy which keep expanding and now the pattern of international trade spreading across nations are being contested by countermovement stir the market to the opposite direction to protect humans at the same time. This countermovement is eventually is no longer in line with the principal of liberal market and therefore liberal market itself if no longer fit for the economy system (Ibid).

### 5.3 Population growth ‘good for Papua’?

Population census data collected by the central statistics agency (BPS) shows that population growth in Papua increased rapidly from year to year. Below is the figure from 1990 – 2011, in which the population almost reached up to 3 million in total last year (BPS Papua, 2012). In the last two decades, population in Papua increased rapidly at 41%, while last year alone was at 5,57% (Ibid). Total area of Papuan province is 316,553.10 km<sup>2</sup>, and calculated against its current population, it means population density in this province is 9 people per km<sup>2</sup>, compare to Java island, and greater Jakarta at more than 124 people per km<sup>2</sup> (BPS, 2012).

However, economic development in Papua is uneven and poverty rate is high compare to other regions. This can be explained due to incorrect support from Jakarta, negligence of the poor, and the absence of infrastructure in the regions (Resosudarmo et.al, 2009: 21). As there are no sufficient infrastructures, such as roads or river network, cost of transporting goods and services skyrocketed especially in highlands or isolated areas. Another issue is regarding routine political unrest that includes military actions led to violent conflicts in several areas.

According to *Aliansi Masyarakat Adat Nusantara* (The Alliance of Traditional Communities of the Archipelago) there are more than 300 indigenous groups in Papua. With such diversity, the fragmented societies had a long history of each group competing with each other to seek improvement for their living standard (Resosudarmo et. al, 2009: 27). Since 1970s the population growth has been increasing rapidly due to transmigration plan applied by the central government. Within 20 years, Papuan population last year more than doubled from 1990 (Figure. 8). The migrant flows mostly came from populace regions in Java and Sulawesi. The situation added more ethnic groups in Papua, which exacerbate the on going competitions but now towards the migrants. They view the migrants as a threat to have a better living (McGibbon 2004, Resosudarmo 2009), but also because their lands have been taken over and put their existence in peril. As previously mentioned, land has a special meaning as status and existential symbols.

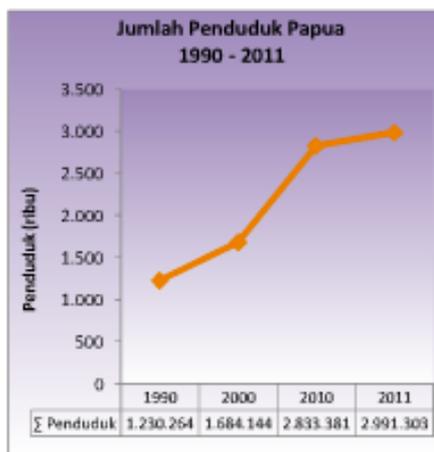


Figure 8: Population growths in Papua  
Source: BPS Papua, 2012

The diversity of ethnic groups and rapid population growth in Papua are viewed as an opportunity to improve standard of living of the people. “In the case of Papua, this is actually a good sign as the population density there is still low and migration will bring knowledge spill over to local residents [...] this would promote and increase productivity in the region”, said University of Indonesia Demographic Institute director Sonny Harry Harmadi (Jakarta Post, 2010). Based on 2010 census, distribution of population in Indonesia is still uneven, where 57% of its population resides in West Java totaled 136 million people (Ibid). There is a need for the government to find a solution to maintain or reduce the already choked population on West Java especially in greater Jakarta. The acceleration farmland conversion into other use such as housing can put a risk on food security of the country. Therefore, Papua was set as one of the destinations to redeem population growth in Java. University of Indonesia demographer Mayling Oey-Gardiner (Jakarta Post, 2010), said “Migrants are drawn to Papua because of money. Papua’s low population, the richness of its natural resources and mild competition are among the pull factors of migration to the region”.

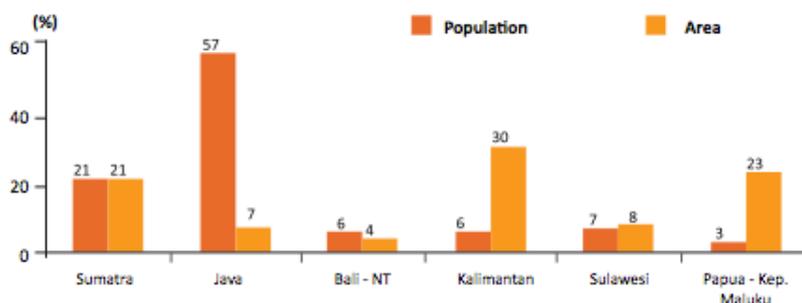


Figure 9: Population percentage and area in major islands of Indonesia, based on data from 2010. Source: BPS, 2010, MP3EI, 2011

With the implementation of MIFEE project, there will be bigger flows of migrants coming to the region. Consequently, this will exacerbate indigenous land struggles and also intensified the tensions between ethnic groups. Con-

flicts between indigenous people and migrants have happened in Muting village in Merauke over land title and resources in concession areas. As what Urdal (2005) stated there is a strong connection between demographic and environmental factors that causes conflict. This is on the basis of constant resources, while there is an increase in number of people sharing it, which later diminish intake per person. Neo-Malthusians view that “the availability of these resources determines people’s day-to-day well-being, and scarcity of such resources can, under certain conditions, cause violent conflict” (Urdal, 2005: 420, Homer-Dixon & Blitt, 1998: 2). Homer-Dixon (in Urdal 2005) argues that environment degradation can disrupt economic productivity which cause migration and increase poverty. Consequently, this can lead to violent conflict based on grievances from groups that is marginalized if the state fails to address their grievances and provide peaceful solution to address it (Urdal 2005).

As Harvey (2003, 2005) stated territorial competition plays a key role in continuation of capital accumulation, which is a fundamental factor in understanding urban process under capitalism. Neoliberal hegemony always pushes capitalist to venture to more advantageous territories for means of production. Following what Ben White et.al. (2012: 631) posits, “The justification for land investments on a large scale is often presented around a series of ‘crisis narratives’, linked to growing scarcity and impending catastrophe. The underlying assumption is that the solution to such food, energy and climate ‘crises’ lies in capturing the potentials of so-called ‘marginal, empty, and available’ lands across the globe”. Papua is considered the perfect place to set up the mega food project MIFEE, especially since areas in Merauke specifically is considered as “empty lands” that needed to be used in its maximum capacity for growth and development according to capitalist.

# Chapter 6

## Slow Motion Annihilation of Malind People or Not?

### 6.1 Territorial Identity

The social construction of identity is related to cultural attributes which is the roots of people meaning, but also a product of dominant institutions which is marked by power relationships (Castells, 2010).

Globalization has transformed state, politics, democracy of a country which influence the increasing power struggles and network society in this 21<sup>st</sup> century (Ibid). The importance of cultural values has predominantly become the bases of construction and expression of collective identity. In this rapid social change of globalization era, people still identifying themselves in terms of locality. Territorial identity has not diffused and still hold an important sense of belonging that bonds communities. In many cases, economic grievances occurred due to struggles of territorial identity which became political confrontation and influence social dynamics like what happened in Papua in general. As what Salih claimed, “Neo-liberal policies has exacerbated economic marginalization among the poor, increased poverty and fomented grievance and social injustice” (2009:137).

With the implementation of MIFEE, currently Malind people and other indigenous tribes in the area are on the verge of losing not only their land but also their communal, cultural identity. Large areas approved for concession purposes and high demand from business actors to invest in MIFEE has pushed Malind societies towards a process of social mobilization where they are bound to undergo drastic change in their way of living towards the acclaimed modernized civilization and industrialization. The commodification of natural resources and their land will lead to urbanization in the near future in which economic development goals have already set up by the central government for 2025. Malind people contested the implementation of the project and tried to boycott its implementation on the ground by blocking the roads to concession area for instance. Local and international advocacy groups are also mobilizing support and demanded central government to stop this controversial project. Several letters have been sent to three UN agencies to put international pressure towards the central government against violation of indigenous rights and environmental degradation in the area. The objective is to gain dignity, land rights of Malind people, and democracy after being oppressed for so long, and excluded from political and economy participation. All forms of protest aims to defend and control over environment and identity of Malind people. One of the clan’s chief said “Medco activities could potentially bring the indigenous people in Merauke towards slow extermination” (Moiwend 2011).

### 6.1 Malind-Anim and Anim-Ha

Malind people who live near the coast called themselves as “Malind” while the ones further inland are “Marind”. “Anim” in their language means people, they

identify themselves as Malind Anim. Malind Anim has a strong relation with their land or Anim-Ha as they called it, in which it has provided all what they need for sustenance. In their custom each clan of their ethnic group takes a symbol and being responsible to take care of that element in the nature. Malind Anim consists of seven clans or *marga*. Kaize clan takes cassowary as its symbol and looks after this animal, Gebze looks after coconut, Mahuze takes sago, Semkakai the kangaroos, Basik-Basik pigs, Balagaize the falcon birds, and Ndiken the Diki bird. They mostly live around the rivers; sago is their food staple, and use palm trees for their house exterior and any house appliances. They gather their food by fishing or hunting wild animals.

“It is more than likely that in five or ten years time, the next generation of Malind people will no longer sing: I grew up together with the wind, together with the leaves, together with the sago, together with the coconut trees.’ Instead, they will sing: ‘I grew up without the wind, without the leaves, without my sago village. I know nothing about my *Dema*, the symbol of my tradition, my language, my homeland. I will no longer be able to speak about my origins. All I will be able to say is that Papua is the land of my ancestors, the land where I was born.” (Rosa Biwangko Gebze Moiwend, 2011)

Land is an important element of Malind Anim, and each clan has an ownership of piece of the area. The geographical divisions for each clan have been determined by their ancestors from the path they have taken. With this division each clan knows where they should build their homes, fish or hunt. The tales from their *Dema*, or ancestors are passed on from one generation to another. Going to other’s area is prohibited but if they fish or hunt accidentally to the other clan’s area then the animals or plants they got will be divided among them. Although there is no written division for the land, and only oral promised among the clans, Malind Anim are following what have been determined with faith. They also believe it is important to protect their land or otherwise something bad will happen to them. Losing their land or their symbol in the nature means losing their identity (AwasMiffee: 5).

## Chapter 7

### Conclusion

This paper aims to answer this question:

To what extent do neo-liberalism paradigm and governance policies in Indonesia legitimize the implementation of MIFEE and influence the identity struggles of Papuan indigenous people in Merauke?

Pre-eminently neo-liberalism paradigm and governance policies in Indonesia legitimize the implementation of MIFEE as a strategic development project in Papua and exacerbate the identity struggles of Papuan indigenous people in Merauke. This research first looked at the historical and political issues on Papua occupation to understand the background of struggles of Papuan indigenous people. The findings revealed that territorial and identity struggles are the core of volatile relationship between the central government in Jakarta and people in the province. Papuan indigenous tribes endured repression, exclusion, and marginalization from social, political, and economy spheres during the authoritarian regime for 32 years. The perception and stigma of being second-class citizen due to their physical and cultural characteristics are only added to their psychological trauma.

After the fall of Soeharto regime in 1998, decentralization policy and *otsus* was granted to Papua to respond to highly demanded self-determination request of the region to manage its own resources for future development. It was granted by the central government as an effort to redeem any separatist movement and maintain unity of the country when it was undergone political and economy crisis that year. The big bang decentralization and *otsus* have not yet delivered any significant changes towards the improvement of Papuan indigenous peoples' lives despite the policies were enacted more than a decade ago. The faulty of the design of the policies are not in question following the ambiguity of lines of authorities, conflicting rules, and haste implementation. The real issue behind its failure are social interests and power relations that appeared after Soeharto regime. By delegating administrative and fiscal policies to regency levels, competing power between LGs over administrative authorities and natural resources are escalating together with the corruption level. In the situation of fragmented society it only exacerbates the identity and land struggles of indigenous people who are further marginalized previously by central government but now imposed by their local elites.

The creation of MIFEE was initiated by the Merauke former regent, Johannes Gebze who intended to create Merauke as a food and energy estate ensuring national's food security. This idea has generated positive supports from the central government and saw this as a national urgency to overcome food and energy crises in 2008. MIFEE was included as part of Indonesia acceleration and expansion economic development programme for 2011 – 2025. MIFEE is one of the projects in Papua Economic Corridor, the second biggest project that seeks huge amount of investments in after copper mining Freeport. This full-fledged neo-liberal driven development strategy as predicted put private sectors as the main stakeholder contributing in the project. Govern-

ment's role is limited to providing infrastructure in the region and facilitating the need of investors through "flexibility" in rules and regulations, taxations and military measures when necessary. This generates investment-hungry environment. Accumulation by dispossession of indigenous lands, cultures, labours that followed only further marginalized Papuan indigenous people who ironically to be the beneficiaries of such development and poverty reduction project.

The implementations of those projects are made possible through rules and regulations that are being created and applied. Indigenous land rights are internationally recognized and included in Indonesian 1945 Constitution and further applied in Basic Agrarian Law. However, the articles stipulated in these laws are often ambiguous which give room of various interpretations and implementations depending on perception and agenda behind the government actors. Therefore, indigenous right are sometime called "recognition in-kind".

Neo-liberal paradigm claims that development project which enable open market and depend on private sectors will alleviate poverty and achieve economic growth for underdeveloped region. Therefore, in poverty-stricken region areas like Papua, this large-scale investment MIFEE is launched and legitimized to bring the indigenous people into "modernization". The implementation of this project has created land conflicts between clans of Malind people and other indigenous people in the area. Tensions have also risen between local indigenous people and migrants who settled in the area. Competition between local tribes are common to seek improvement of their living standard, however, with the massive influx of migrants from Java and Sulawesi since 1970, local indigenous people fear that they will become a minority in their own land. MIFEE will bring even more skilled migrants flow into the region, which will only exacerbate the fear of indigenous people in general, and Malind people specifically.

Indeed, the neo-liberal paradigm and capitalism predominantly stir the political and economic policies in Indonesia. However, social interests and power relations specifically at the regional levels have worsened the situations and further marginalize Papuan indigenous people. Conclusively, the social movements and all protests since the inclusion of Papua into Indonesia are over their land struggles and recognition of their identity. As long as local political elites keep being divided and ignoring these issues, Papua will remain a volatile province and with the implementation of MIFEE it is only a matter of time before the current conflicts escalated into more violence

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