

FOOD SECURITY AND THE DE-AGRARIANISATION OF THE INDONESIAN ECONOMY

Jeff Neilson and Bustanul Arifin

Introduction

Food insecurity and the spectre of famine have been persistent, and sometimes volatile, political issues in Indonesia since the country gained independence in 1945. During the early 1960s, a combination of drought; a rat plague on Java; the destruction of crops due to the eruption of the Gunung Agung volcano on Bali; and imprudent economic policy resulted in large-scale food shortages across the archipelago. A 1964 article in *Time Magazine*, 'Indonesia: Of Rice and Rats', described the dire situation on Java:

'Nearly 1,000,000 people were on a starvation diet in Java; scores have already died of malnutrition. Peasant villages emptied as food supplies dwindled, and native families poured into already overcrowded cities'.

This same period of chronic food insecurity was portrayed in the 1982 film, *The Year of Living Dangerously*, when Billy Kwan, the half-Chinese, half-Australian cameraman working with journalist Guy Hamilton, unfurls a protest banner from a Jakarta building reading 'Sukarno feed your people'. In the film, Billy is subsequently killed as a result of this provocative political statement. In reality, President Sukarno went on to lose his grip on power due, at least in part, to his inability to ensure food security for the population. Sukarno's successor, President Soeharto, subsequently made national food security (narrowly equated with national-scale rice self-sufficiency) a central pillar of economic and social policy. Indeed, ramifications from the 1964 rice crisis and associated food riots are still felt in the political formulation of food policy in Indonesia today.

For Soeharto, rice self-sufficiency reflected a dominant international perspective on food and hunger, widely held until as recently as the mid-1990s, which prioritized production-centric explanations aimed at maintaining domestic food stocks. The work of Amartya Sen, particularly his 1981 book *Poverty and Famines: An*

Essay on Entitlement and Deprivation, however, led to a fundamental shift in the way that scholars and policymakers approached food and famine. A highly simplified rendering of Sen's work explains that famine is not a result of food shortages per se, but is due to the absence of resources (or entitlements) at the individual or household level to access food. The 1996 World Food Summit in Rome was later widely accredited with introducing a framework for understanding food security that incorporates Sen's three dimensions of availability, accessibility and utilization. As this chapter demonstrates, the discursive practices that shape food policy in Indonesia, however, have been largely unable to accommodate such a household perspective. Reconciling policy priorities at different scales (national, regional and household) by managing the relationships between supply control and household access to food lies at the heart of the food security conundrum in a de-agrarianising Indonesia, and is the core concern of this chapter.

Soeharto ruled Indonesia autocratically for 32 years, from 1966 until 1998, in what became known as the *New Order* regime. The New Order is generally associated with the introduction of pro-western economic liberalism into Indonesia; rampant and highly centralised corruption; severe limitations on individual democratic freedoms; and the sometimes violent repression of activist movements and human rights. Peasant organizations and others advocating land reform were singled out for particularly harsh treatment by the regime due to their association (real or imagined) with the outlawed and demonised Communist Party of Indonesia (PKI). Despite this extreme political marginalisation, it is inaccurate to portray the regime as systematically working against the commercial interests of farmers. Economic policies during this period even indicated a structural bias towards agriculture in an attempt to ensure political stability and stimulate food production through farmer appeasement (Timmer, 2004). The regime, however, tended to equate food security with national-level rice self-sufficiency (i.e. an emphasis on a narrow definition of food 'availability'), maintaining a single-minded policy of rice protectionism.

Structural changes in the Indonesian economy, associated with socio-economic processes of de-agrarianisation, now demand new strategic approaches to food security, requiring greater emphasis on food accessibility at the household-level and an appreciation of the diverse livelihood portfolios of the Indonesian poor. The emergence of representative democracy in Indonesia since 1998 (a period generally referred to as *Reformasi*) has, instead, served to strengthen the political case for food protectionism. Indeed, subsequent administrations have responded to nationalist political demands for domestic food production by maintaining various agricultural subsidies and extending a protectionist trade policy. Food self-sufficiency, and the specific scale at which this should be achieved, continue to be highly politically contested policy goals in Indonesia; goals informed by the discursive practices of various interest groups both within and outside of the archipelagic state.

This chapter argues that, despite some initiatives to improve food accessibility over the last decade, Indonesian policy continues to conflate food security with

rice self-sufficiency, often to the detriment of food-insecure households. As the evolving nature of the Indonesian economy moves the country further away from being a predominately agrarian nation, differing visions of food security are now being brought into sharp contrast. Despite insistent claims that rice protectionism actually increases poverty (such as those expressed by Warr(2005)), a radical political departure from current policies is unlikely in the foreseeable future. Complicating food security policy options further, the relative resilience of the Indonesian food system during the 2008 global food crisis (primarily due to strong domestic supply) has provided grist for the mill for advocates of enhanced food protectionism in the country.

Food insecurity in Indonesia

In 2008, the National Food Security Agency (Dewan Ketahanan Pangan(DKP)) classified approximately 87 million (36 per cent) of Indonesia's 240 million people as food-insecure, of which 25 million were severely food-insecure (Martianto, 2009). Clearly, food security remains a daily challenge for Indonesia and many of its people.

The United Nations Millennium Development Goals include a target to halve the proportion of people suffering from hunger globally by 2015 (from 1990 levels). In Indonesia, the indicators used to measure progress towards this goal are the percentage of children under five suffering from severe malnutrition (severely underweight) and undernourishment (moderately underweight). In 1989, 37.5 per cent of Indonesian children were suffering from severe malnutrition and undernourishment (Bappenas, 2007). While this had decreased to 26.4 per cent in 2002, it had risen again slightly to 28.17 per cent in 2005, suggesting that Indonesia is unlikely to meet its target of 18.7 per cent by 2015 (Bappenas, 2007). Neither is undernourishment solely a concern for infants in Indonesia. According to the United Nations Food and Agricultural Organization (the FAO), in its 2010 State of Food Insecurity report, 13 per cent of Indonesia's entire population was undernourished during 2005–2007.

Food insecurity is also unevenly distributed across Indonesia. Indonesia's Food Security and Vulnerability Atlas (FSVA) jointly released in 2010 by the World Food Programme (WFP) and the National Food Security Agency, identifies 30 districts (out of the then 346 districts in total) as receiving Priority 1 ranking according to its Composite Food Security Index — and thus experiencing 'chronic food insecurity'. Of these 30 districts, 16 were concentrated in Indonesian Papua and six were in Nusa Tenggara Timur (NTT, part of the island chain between Bali and East Timor). Poverty is the primary factor resulting in food insecurity in Indonesia, with these same provinces experiencing the highest poverty rates in Indonesia — with Papua the highest at 40 per cent (FSVA, 2010). However, the relationship between poverty and prevalence of undernourishment is by no means entirely linear. The Special Province of Yogyakarta on Java experiences levels of poverty above the national average but low levels of undernourishment, while

other provinces, such as South Kalimantan, experience high levels of undernourishment amongst relatively low levels of poverty (Bappenas, 2007). Makassar, the capital of South Sulawesi province — a rice surplus province — has been widely reported as experiencing numerous fatalities due to malnutrition (Hajramurni, 2008). Such apparent anomalies demand solutions beyond a sole focus on either food self-sufficiency (at any scale) or poverty reduction alone.

While food aid for disaster relief has, tragically, become somewhat routine in Indonesia in recent years, with natural disasters such as the Indian Ocean tsunami, the Yogyakarta and Nias Island earthquakes, and the 2010 volcanic eruption of Mt Merapi, reports of famine and severe malnutrition unrelated to such events continue to cause great concern. In late 2009, for example, reports from Papua emerged of 113 deaths in Yahukimo District due to hunger and associated diseases when the local sweet potato harvest failed (AHRC, 2009). In the Yahukimo case, despite initial government denials that lack of food led to the deaths, it became apparent that failures in broader food security institutions were indeed to blame. Elsewhere in Indonesia, urban poverty and the chronic inability of the poor to afford basic foods have resulted in what some claim to be an epidemic of ‘hidden hunger’. Newspaper reports from South Sulawesi suggested that over a two-month period in 2008, there were ten infant deaths from hunger and 94 other cases of acute malnutrition in the provincial capital of Makassar (Hajramurni, 2008).

Causes of severe hunger are clearly diverse and defy simple categorization or linear associations. It is therefore somewhat disturbing to observe policy formulation occurring based on assumptions that a direct relationship exists between food availability (domestic production) and food security in Indonesia. Certainly, there is a deeply-held belief amongst most Indonesian people and policy-makers that rice self-sufficiency equates to food security — a sense that was exploited by the New Order regimes to gain widespread support for their quest to achieve national self-sufficiency in rice, and which continues to influence current debates on national food policy.

At what cost should Indonesia strive to feed itself?

During the 1970s and 1980s, Indonesia achieved remarkable progress towards improving the availability of food domestically through a combination of agricultural supports, protectionist trade policy, public purchasing and the maintenance of buffer stocks. As a result of these policies, Soeharto received an award from the FAO during the 1985 World Food Summit for successfully transforming his country from being the largest rice importer in the world to being self-sufficient. This achievement was widely celebrated within Indonesia, fuelling a strong sense of nationalistic pride and instilling a deeply-held belief in the population of the inherent cultural significance of a nation being able to feed itself. Everyday Indonesians recall staged photos of President Soeharto wearing a farmer’s hat with a hoe in his hand, amidst green fields of rice, heavy with grain. Domestic rice production actually fluctuated slightly above or, more commonly, below

national consumption levels in the following years, until massive deficits were again recorded in 1998.

Subsidizing rice production

The flagship agricultural development programme during the New Order was the *Bimbingan Massal* or Mass Guidance Scheme (BIMAS), which focused on enhancing domestic rice production. BIMAS encompassed a package of integrated farmer support structures: funding for improved rural infrastructure such as irrigation and roads; technology transfer through agricultural extension; subsidized agricultural credit channelled through village-based cooperatives; the generation and dissemination of improved ‘green revolution’ crop technologies; and provision of agricultural machinery, such as tractors and hand sprayers, to farmers. Critically, the government ensured the availability of low-price fertilizers by supporting the establishment of state-owned factories in strategic locations across the country. Removal of the costly fertilizer subsidy was included within the austerity measures specified within the Letter of Intent (LoI) that Indonesia signed with the International Monetary Fund in 1998 (pesticide subsidies had already been abolished as early as 1989). Popularly-elected governments subsequently re-implemented the fertilizer subsidy in 2003.

The reformasi period has delivered a new national institution, the National Food Security Board (Dewan Ketahanan Pangan(DKP)), which was established in 2001 by Presidential Decree (No. 132), with an implementing Presidential Regulation (No. 83) issued in 2006. The DKP was tasked to assist the president to formulate a national food security policy which would ostensibly cover various areas such as food availability, maintenance of food stocks, distribution, consumption, food quality and variety, nutrition, and food safety. While the inclusion of food consumption and nutrition within the DKP would appear to suggest greater attention to household-level food accessibility and utilization, in reality a core concern for national-level food self-sufficiency has been retained. This is perhaps not surprising, as the DKP is supported by a full-time secretariat within the Ministry of Agriculture. This institutional location challenges the impartiality of the DKP at moments when it needs to carefully balance consumer and producer interests instead of responding to its ‘natural’ farmer-based constituency.

During the 2004 presidential election campaign, Susilo Bambang Yudhoyono (SBY) highlighted his recent doctoral study in rural political economy from Bogor Agricultural University, leading to widespread expectations of enhanced agrarian support during his presidency. Indeed, agricultural production and productivity did increase during his first presidential term (Table 10.1), with claims again being made in 2008 that Indonesia was self-sufficient in rice. An important strategy to bolster food production during the period 2005–2009 (as reported in the 2010 Food Security and Vulnerability Atlas, in DKP (2010)) was the expansion of permanent agricultural land, accompanied by a two-fold increase in the budget allocation for fertilizer subsidies; enhanced regulation of LPG for fertilizer production;

Table 10.1 Production of major food commodities in Indonesia, 2006–09

<i>'Strategic' Crops</i>	2006	2007	2008	2009
<i>Rice</i>				
Productivity (ton/ha)	4.62	4.71	4.89	4.94
Production ('000 ton dry unhusked)	54,455	57,157	60,326	62,561
<i>Corn</i>				
Productivity (ton/ha)	3.47	3.66	4.08	4.16
Production ('000 ton dried grain)	11,609	13,288	16,317	17,041
<i>Soybean</i>				
Productivity (ton/ha)	1.29	1.29	1.31	1.32
Production ('000 ton dried grain)	748	592	776	925
<i>Sugarcane</i>				
Productivity (ton/ha)	5.90	6.08	6.20	6.26
Production ('000 ton sugar)	2,267	2,402	2,542	2,840

Source: Central Agency of Statistics (BPS), various issues

and agricultural investment and credit incentives (FSVA, in DKP (2010)). These initiatives reflect the central aim of the DKP, explicitly expressed as achieving (or maintaining) national self-sufficiency in 'strategic' commodities such as rice, maize, soybeans, sugar and meat.

As explained below, increasingly costly supports are required to encourage Indonesian farmers to continue growing enough rice for Indonesia to feed itself, causing some to question the actual cost-effectiveness of such a strategy.

The Merauke Food and Energy Estate: food self-sufficiency at all costs?

Perhaps the most audacious and impudent policy consequence of a production-oriented approach to food security, politically invigorated by the 2008 global food crisis, has been the move to establish the Merauke Integrated Food and Energy Estate (MIFEE) in the relatively underpopulated eastern province of Papua. In a move reminiscent of the failed attempt by Suharto to establish a multi-million hectare food bowl in the peat swamps of Central Kalimantan in the 1990s (the so-called mega-rice project), MIFEE has lofty goals of generating 1.95 million tonnes of rice, 2.02 million tonnes of corn, 167,000 tonnes of soybeans, 2.5 million tonnes of sugar and 937,000 tonnes of crude palm oil each year on 1.2 million hectares of land (Deptan,

2010). The estate was officially launched in August 2010 amid hyperbolic sloganeering about the need to secure domestic food production and ensure food security for the nation. According to the Department of Agriculture, 'Merauke will not only become the national food bowl, but it will also be capable of feeding the world' (Deptan, 2010). Despite the official launch of the project, there are still considerable concerns over the practical future of the project, not least from anxious investors concerned over long-term tenure arrangements in Papua.

Not surprisingly, opposition to the Merauke plan has been overwhelming. Many NGO (Non-governmental Organization) observers consider the project to be nothing less than a thinly veiled resource grab by domestic and international investors, a view not helped by the list of companies associated with the plan, including oil palm giants such as PT Medco, PT Bangun Cipta and PT Wilmar (Setneg, 2010). Serious questions have arisen regarding the environmental and carbon implications of the project, with a leading Jakarta-based environmental NGO, Greenomics, using satellite imagery, combined with data from the Ministry of Environment and the Ministry of Forestry, to estimate that no more than 500,000 hectares of suitable land (unforested scrubland classified as production forest) actually exists in the district. The implication is that MIFEE inevitably requires extensive land clearing (with the resulting release of substantial terrestrial carbon stocks). Moreover, Indonesian environmental NGOs such as WALHI predict a worsening local situation of food insecurity as a result of MIFEE as traditional resource access rights, including those allowing for sago production, are denied as a result of the project (Rakyat Merdeka, 2010). With ethnic tensions already severely strained in the province amidst heightening calls for a moratorium on further in-migration from other parts of Indonesia, it is highly ironic that the rhetoric of national food security is being invoked to justify actions likely to further marginalize traditional communities living in this critically food-insecure province.

The case of MIFEE suggests that the single-minded policy aim of ensuring food availability at the national level, and ignoring drivers of food insecurity at the household level, may have disastrous consequences.

BULOG – The national logistics agency for rice procurement and distribution:

Complementing the network of producer subsidies during the New Order was a pricing policy implemented through the para-statal National Food Logistics Agency (*Badan Urusan Logistik*, or BULOG). A primary function of BULOG, from the time of its inception in 1967, was to maintain a floor price for rice (the

Harga Pembelian Pemerintah(HPP)) at the farm-gate (or close to it). The HPP was politically stipulated at a level above the estimated costs of production, with BULOG purchasing rice not otherwise absorbed by the open market in an attempt to build a national buffer stock. Initially, market intervention through the HPP was popularly interpreted as directed toward improving the welfare of Indonesian rice farmers. In the national consciousness, rice farmers were considered to constitute the marginalized backbone of a fundamentally agrarian nation and therefore deserving of support. Indeed, ensuring that agricultural produce (but not only rice) remained competitive in local and international markets was integral to Indonesia's relative success in achieving pro-poor economic growth during the New Order (Timmer, 2004). Significant government resources were allocated to supporting the notion that 'rice was the barometer of the economy', and therefore justified special policy treatment.

In addition, BULOG would intervene to release rice onto the market when consumer prices moved above a predetermined ceiling, purchasing rice on the world market when required. For many years, BULOG maintained a monopoly on rice imports, until this was dismantled as part of the 1998 IMF-imposed austerity measures. This ceiling price (enforced through *operasi pasar* or 'market operations') ensured rice was affordable to low-income households, especially in urban areas. The argument in support of such market operations was to avoid price spikes, which could trigger social unrest similar to those experienced by the previous regime. However, as Indonesian economic policy shifted towards a greater degree of openness in the early 1990s, the centralized, bureaucratic and monopolistic management system within BULOG attracted civil society criticism amidst allegations of inefficiency and corruption. In this context, price stabilization policy was becoming increasingly expensive and difficult to justify. BULOG was subsequently transformed into a state-owned enterprise in 2003, and expected to function as a profit maximizing body engaged in trading activities and warehousing, together with other commercial activities. The boundary, however, between BULOG's commercial mandate and its traditional social responsibility role remains wafer thin. Its role is also frequently confused in public debate where it is still often associated with ensuring price stabilization.

BULOG continues to be the key institution providing government rice supplies for military and civil service rations. It has also assumed responsibility for government programmes such as the RASKIN rice-for-the-poor programme (discussed below), a programme that consumed a full 80 per cent of BULOG's rice stocks in 2007 (SMERU, 2008). However, by 2008, BULOG was responsible for only procuring approximately 8 per cent of the country's rice harvest, which it stored in its 1,575 warehouses with a total storage capacity of nearly four million tons — compared with national production in 2008 of 37 million tons (Arifin, 2009). While the overall cost of BULOG's role as a national logistical warehousing agency, relative to its social benefits, continue to be sharply debated in Indonesia, it is generally accepted that the agency was successful in its role of stabilizing rice prices during the New Order regime (as argued by Timmer, 1996).

Trade policy and food security

Throughout the New Order, BULOG was granted a monopoly over imports of all major tradeable foodstuffs — rice, sugar, maize and soybeans. And for much of this period, domestic rice prices were actually maintained in relative accordance with world prices (Thomas and Orden, 2004) because the large national rice deficits recorded in 1998, combined with the IMF structural adjustment package, resulted in the temporary liberalization of rice imports. Starting in 2000, however, the popularly elected governments of Presidents Abdurrahman Wahid and Megawati Sukarnoputri began to again tightly regulate imports to protect domestic rice producers. This was achieved through a formal import tariff of 25–30 per cent. (Thomas and Orden (2004), however, estimate that effective tariffs were as high as 75 per cent at that time due to non-tariff barriers such as difficult customs regulations and costly inspections.) Special licensing regulations also limited the involvement of private sector traders, reducing competition and possibly resulting in further upward pressure on prices. This policy was then followed by a temporary ban on all rice imports during the Megawati presidency, before returning to a reduced import tariff (of between 8 per cent and 11 per cent) during the SBY Presidency.

Fane and Warr (2008) explain the tendency for protectionist trade policy during the reformasi period as resulting from the greater political influence of farmers in parliamentary democracy at a time when the ascendancy of economic nationalism in parliament corresponded with the declining influence of economic technocrats. As a result of these protectionist trade policies, and in sharp contrast to the situation during the New Order, domestic prices began to significantly diverge from world markets — the implication being that Indonesian consumers were paying the price for supporting domestic rice farmers. Indonesia is an active member of the G33 of Developing Countries, and is currently leading negotiations in the World Trade Organization (WTO) for the inclusion of certain Special Products (SPs) to be exempt from tariff reduction commitments. To this end, Indonesia is arguing for the right to independently regulate production and trade in commodities such as rice, corn, soybean and sugarcane, due to their ‘special significance’ for food and livelihood security. As highlighted by Fane and Warr (2009), these four commodities are also import-competing products in Indonesia.

The costs to implement the food security strategies of the New Order (especially producer subsidies and BULOG’s pricing policy) were extremely high and were possible essentially through windfall government revenues generated by oil exports. Depletion of known oil reserves, stagnating exploration and rapidly rising domestic consumption have all resulted in Indonesia (a founding member of OPEC (Organization of Petroleum Exporting Countries)) being a net oil importer since 2004. The implications for national fiscal policy have been profound. With increasingly scarce budgetary resources, pressure has been brought to bear on dismantling the three core state subsidies retained in post-reformasi Indonesia — fuel, electricity and fertilizers. The changing structure of the Indonesian economy

has further brought into question the immediate social benefits, relative to cost, of a strategy of national self-sufficiency in basic foodstuffs.

De-agrarianisation and the contested rural futures of Indonesia

Rural livelihoods in Indonesia, and poverty alleviation pathways more broadly, are becoming increasingly delinked from agriculture, as off-farm income generation and rural-urban migration assume ever greater significance. While this does not negate the disproportionately large number of Indonesian poor still dependent on agriculture for their livelihoods, or the importance of agriculture in facilitating pro-poor growth, it does pose a challenging set of issues for the Indonesian government when trying to formulate effective food security policy. It is, for instance, questionable whether a pro-poor vision of development linked to agriculture is desirable in the context of contemporary Indonesia. Furthermore, a national goal of rice self-sufficiency has been criticized as no longer having ‘a serious macroeconomic justification’ in Indonesia (McCulloch and Timmer, 2008). This goal is seen to increasingly conflict, and competes for resources, with other government goals, such as poverty alleviation, decentralization and diversification of the agricultural sector toward higher value crops.

As the points above indicate, the structure of the Indonesian economy is undergoing a process that may be tentatively referred to as de-agrarianisation. According to the national employment survey (SAKERNAS), agriculture (broadly defined to include aligned sectors such as forestry and fisheries) constituted the primary source of income for 41 per cent of all households in Indonesia during 2009 and only 15 per cent of GDP (BPS, 2010). The changing structure of the Indonesian economy away from a dependence on agriculture, and rice in particular, has challenged the pro-poor assumptions of rice protectionism. It is estimated that only seven per cent of the total population of Indonesia is engaged in rice production (Warr, 2005). Even though most of Indonesia’s poor live in rural areas and work in agriculture, two-thirds of farmers are actually net consumers of rice (McCulloch, 2008). Reflecting this trend, the share of agricultural value-added from rice production has shrunk from 46 per cent in 1971 to 31 per cent in 2000, while higher-value fruit and vegetables increased from 14 per cent to 22 per cent and livestock from 0.6 per cent to 5 per cent (Fane and Warr, 2009). According to these studies, policies (such as import restrictions) aimed at artificially raising domestic rice prices to encourage production and ostensibly address national food security are actually counterproductive in terms of poverty alleviation and food security at the household level. As the opening quote from the 1964 *Time* article suggests, Indonesians have for many years now sought solutions to food insecurity problems (at the household level anyway) in urban centres, or at least through diversified rural incomes rather than through household-level self-sufficiency.

Do these structural changes in the Indonesian economy require a new strategy for food security? Throughout the 1980s and 1990s, ensuring that the resources

held by the poor (their own labour and sometimes their own land) could be converted to profitable economic activities through prudent macroeconomic policy was a key strategy to ensure pro-poor economic growth in Indonesia (Timmer, 2004). Agriculture was obviously an important part of this equation. But subsidized fertilizers, primarily intended for rice farmers, were easily applied to other, more lucrative crops. Over time, poverty alleviation in rural areas was increasingly achieved through export-oriented agricultural crops, such as coffee and palm oil in Sumatra, cocoa in Sulawesi, and high-value horticultural crops in Java, and then again by the growth of off-farm rural incomes. The impressive achievement of cocoa-derived poverty alleviation (and enhanced food security) in rural Sulawesi during the 1980s and 1990s is a case-in-point (Ruf and Yoddang, 2001). In a recent study by the authors of livelihood strategies for coffee farmers in Sulawesi and Nusa Tenggara (Neilson and Arifin, forthcoming), food insecurity was found to be much higher in Nusa Tenggara, where, paradoxically, food production was a far more central component of livelihoods. In this study, the most food-secure districts were those in Sulawesi, where farmers were engaged in a variety of commercially-oriented agricultural pursuits (as in Enrekang District) and where 'farmers' were highly dependent on off-farm income, especially remittances (as in North Toraja District). If, at the household scale, there is little correlation between engagement in primary food production and food security, is there any rationale at the national scale for promoting policies that promote self-sufficiency?

Food sovereignty and agrarian activism in Indonesia: an alternative perspective

Popular support for production-oriented solutions to food security has been bolstered by the resurgence of farmer organizations as a political force in Indonesia following a thirty-year hiatus. Throughout the New Order, the activities of genuine peasant movements in Indonesia were violently curtailed in the aftermath of the communist purges of 1965–66, when grass-roots organizations such as the *Barisan Tani Indonesia* (Indonesian Peasants Front) were accused of having communist allegiances. Instead, all Indonesian farmers were channelled into the *Himpunan Kerukunan Tani Indonesia* (HKTI, Indonesian Peasant's Harmony Association) — frequently managed by military figures and strongly associated with the ruling GOLKAR party. During the reformasi era, a number of resurgent peasant movements (*serikat petani*) have gained significant political influence, foremost among which is the *Federasi Serikat Petani Indonesia* (FSPI, Federation of Indonesian Peasants Union, and now known simply as SPI) along with its various provincial chapters. SPI has also developed strong global networks by being aligned with the transnational peasants' movement, La Via Campesina (with SPI leader, Henry Saragih, the current Secretary General).

SPI has adopted a policy stance that critiques the FAO vision of food security, as expressed in the 1996 World Food Summit, as failing due to its reliance

on biotechnological solutions and international free trade (SPI, 2008). Instead, SPI promotes the concept of ‘food sovereignty’, as articulated internationally by La Via Campesina, for Indonesia. According to SPI (2008), food sovereignty for Indonesia involves protecting domestic food production through a trade policy that rejects free trade agreements on agricultural products and insists on: removing agriculture from the WTO; enforcing domestic market controls; maintaining production subsidies; localizing food self-sufficiency; introducing disincentives for export-oriented agriculture; and implementing widespread land reform. SPI successfully taps into the deeply-held popular support for rice self-sufficiency, thus ensuring political support for food protectionism.

At the heart of the agrarian future envisioned by SPI is the need for political action on land reform, a process that commenced in 1960 with the passing of the (still current) left-leaning Basic Agrarian Law, but was subsequently stymied under the New Order. For the first time in nearly 40 years, substantial pledges for agrarian reform were announced by President Yudhoyono during a speech on January 31, 2007, including the redistribution of approximately 9.25 million hectares of land (8.15 million hectares in Java and 1.1 million hectares off-Java) to landless peasants and *petani gurem* (‘impoverished peasants’, usually defined as cultivating less than a 0.5 hectare threshold). Yudhoyono outlined how these lands would predominantly be former forestry lands or unused plantation leases. These announcements respond directly to concerns over the poor viability of current smallholdings in Indonesia.

There are about 24.9 million agricultural households in Indonesia today (40 per cent of the total number of households), 13.6 million of which live in Java (Table 10.2). Despite a declining overall share of households engaged in agriculture, the absolute number has increased since 1993 (Table 10.2), with an average of around 400,000 new farm households per year. The expansion of agricultural land has

Table 10.2 Agricultural households in Indonesia, 1993 and 2003

<i>Items</i>	<i>Number of Agricultural Households (000)</i>	<i>% of farm households with <0.5 ha of land</i>
<i>1993 Census</i>		
Java	11,671	69%
Off Java	9,116	30%
Indonesia	20,787	52%
<i>2003 Census</i>		
Java	13,583	72%
Off Java	11,286	30%
Indonesia	24,869	53%

Source: Agricultural census of BPS, 1993 and 2003

occurred less rapidly than the growth in the number of farm households, such that land fragmentation has increased (in Java, households with agricultural land of less than 0.5 ha increased between 1993 and 2003, see Table 10. 2). According to the Agricultural Census, the majority of farm households were managing agricultural land smaller than 0.5 ha in 2003 (*petani gurem*). These small landholdings ensure that it is difficult for farmers to attain economies of scale, unless the farming activities are functionally consolidated (see Siregar, 2007).

Land reform, of course, speaks to a rural future where wealth creation (or at least poverty alleviation) is fundamentally linked to access to this most basic resource. The significance of land to alleviating poverty, however, is contested by research highlighting the growth of off-farm rural incomes and rural-urban migration (Rigg, 2006). Even in the outer islands of Indonesia, where land is relatively abundant, access to land is sought primarily to grow commercially-oriented crops such as coffee, cocoa, palm oil and pepper. In contrast, the SPI vision of food sovereignty stresses the need for land ownership, localized food self-sufficiency and movement away from export-oriented agriculture.

Scalar questions of food security in Indonesia

Indonesia underwent a massive political shift towards decentralization following the passing of Regional Autonomy Laws in 1999. The implementation of regionalized food security policy in Indonesia that resulted from these laws brings a number of common assumptions about food self-sufficiency and food security into sharp focus. If food self-sufficiency is a broadly-accepted policy goal, as it continues to be in Indonesia, what is the appropriate scale at which a geographical region should be self-sufficient in a tradeable commodity such as rice or corn? SPI argues for local self-sufficiency, while the DKP's accounting is done at a national scale. It can be argued that by even concentrating on the widely-accepted national scale, we would already be restricting the potential efficiency gains from international trade. However, with ever decreasing scale, there are fewer real links between self-sufficiency and food security, until arguments apparently become nonsensical at the household level in the modern economy, where most food-secure urban households are unlikely to seriously consider producing their own food.

The fundamental realignment of the economic and political relationships between Jakarta and the regions, triggered by regional autonomy, helped flavour the direction of a 2002 Government Regulation on Food Security (prepared as the implementing regulation for an earlier 1996 National Food Law). This government regulation provides the framework within which local governments are expected to contribute to national food security objectives through the establishment of district-based Food Security Councils. The effectiveness of District Food Security Councils under regional autonomy has been highly varied, with most districts tending to engage in ineffectual, and costly, food staple procurement and storage activities. Another example of the localization of food security efforts in

recent years has been a flagship national programme of the Ministry of Agriculture (the *Desa Mandiri Pangan*, or Self-sufficient Food Villages) programme, through which individual villages are encouraged to strive for food self-sufficiency.

Decentralization of food security strategies through these policies has helped address the long-standing policy bias towards rice at the expense of other food crops. For many communities in eastern Indonesia, rice has never even been a staple food crop. For centuries, the sago palm has been dominant in parts of Sulawesi, the Maluku islands and coastal Papua; sweet potato, taro and yams have been integrated within highland agricultural systems of Papua possibly for millennia; and corn has been central to food security in parts of Nusa Tenggara since it was introduced from the New World. Some of these regions perceived a kind of ‘rice imperialism’ during the New Order regime, when consumption of these alternative foods was explicitly linked with primitivism and underdevelopment — despite being apparently well-adapted ecologically. This ‘imperialism’ manifested itself through government supports targeting rice production only, as well as through the longstanding, but controversial, transmigration policy of settling Javanese and Balinese rice farmers in the outer islands with the explicit aim of introducing ‘superior’ agricultural techniques. It also manifested itself culturally through the attitudes of government officials and mainstream media’s reification of rice as a symbol of cultural sophistication. Since reformasi, however, the central government has recognized the benefits of encouraging production of alternatives to rice in these regions. Staple food diversification has even been formally promoted through a Presidential Regulation (No. 22 of 2009) aimed at accelerating the diversification of food consumption based on local resource availability.

***Addressing food accessibility for households in Indonesia:
the RASKIN rice-for-the-poor programme***

The preceding discussion has emphasized the continued policy preference for a production-oriented approach to food security in Indonesia (stressing food availability at various scales). This preference is encapsulated both in a rural future of localized food self-sufficiency, as envisioned by SPI, as well as in the grandiose food estates of Central Kalimantan in the 1990s, and MIFEE more recently in Papua. This is not to say that food accessibility has been entirely neglected in the Indonesian policy arena. During the New Order, BULOG played a key role in stabilizing food prices at the consumer level to promote accessibility. Following the 1997/98 financial crisis, and more critically following the declining fiscal importance of oil revenues, Indonesia has been required to adopt policies and programmes that more strategically target intended recipients. Politically, social welfare programmes have been necessary to offset the poverty impacts resulting from the gradual dismantling of fuel subsidies. Foremost amongst these are the Direct Cash Transfers (*Bantuan Langsung Tunai*); the PNPM Mandiri Community development Programme (*Program Nasional Pengembangan Masyarakat*); and

the Rice-for-the-Poor programme (*Beras Miskin*, or *RASKIN*), along with free education and the improvement of healthcare facilities for the poor, all of which have been put in place to explicitly support an improvement in the state of food security in the country.

The *RASKIN* programme, introduced in 2002 as a substitute for BULOG's 'market operation' ceiling price policy, is designed to reduce the severe impacts of economic crisis by providing a ration of medium-grade rice (varying, but set at about 20 kilograms per month) to targeted poor households. *RASKIN* is jointly implemented by BULOG and managed by Indonesia's National Development Planning Board (Bappenas). In 2007, the programme provided 1.9 tonnes of rice for 15.8 million poor households at a total cost of 690 million USD to the national budget, with further additional costs incurred by regional governments to implement distribution (SMERU, 2008). Beneficiary households were initially identified by the National Family Planning Agency (BKKBN) based on indicators such as food intake, housing, clothing, and medical needs, and religious practices. More recently, results of the BPS Household Socioeconomic Survey (SUSENAS) have been used. Initially introduced as an emergency-relief measure, it has since become a core social welfare activity, offering an alternative food security solution to rice price stabilization at the household level.

The shift in focus from nationwide input subsidies and BULOG consumer price regulation towards targeted household programmes such as *RASKIN* is stark. However, implementation of such targeted programmes carries its own administrative burdens. In a report prepared at the request of Bappenas, SMERU (2008) concludes that the *RASKIN* programme has 'relatively low effectiveness' due to inefficiencies associated with allocation of rice from the primary distribution point to the beneficiaries, inaccurate targeting of poor households and ineffectual monitoring. The World Bank estimates that only 18 per cent of the total programme budget actually reaches poor households, whereas 52 per cent benefits non-poor households, and the remainder is consumed by operational expenses and to ensure the profitability of BULOG, which is now managed as a state-owned enterprise (World Bank, 2005). The period since 1998 has therefore involved a tentative policy shift towards assisting household-level food accessibility through social welfare provision, while maintaining a strong national focus on maintaining production of strategic food crops.

Conclusions: lessons from the 2008 food crisis for building the resilience of national food systems

The preceding discussion has emphasized the relatively high financial and social cost of pursuing food self-sufficiency goals at the national scale, particularly in a country experiencing a strong agrarian transition towards high-value horticulture and off-farm incomes. It has stressed the importance of addressing food insecurity as a phenomenon that ultimately affects households rather than nations. It also explains recent food policy trajectories in Indonesia as the product of past

collective national experiences of food crises, deeply-ingrained cultural values and the rising political influence of farmers' organizations. Ultimately, however, the costs of maintaining this policy approach need to be balanced against the insurance it provides to withstand external perturbations in the world food system.

The future uncertainties that surround global food supply under changing climatic conditions, combined with the Malthusian challenges of feeding a global population set to pass seven billion in 2011, indicate a higher level of risk than ever before. Under this scenario, the critical challenge becomes how to incorporate risk and build resilience in localized and national food security models. Indonesia's ability to withstand the 2008 global financial and food crises is a case-in-point. In Indonesia, increased agricultural production, successful price stabilization at the consumer level, and trade controls thwarted the upward pressure on prices that might otherwise have been expected due to instability of rice supply in the world market. Despite prices doubling in international markets, domestic prices increased by only ten per cent. Indonesia achieved international recognition due to these relatively stable prices, with its national rice stocks remaining affordable. Certainly, Indonesia was able to avoid the food riots that occurred in other parts of Asia, Africa and Latin America. In this situation, it was possible for the government to maintain sufficient buffer stocks of rice due to good levels of domestic production, thereby preventing further speculation or hoarding.

To achieve this, the Indonesian government took a number of measures to limit the domestic impacts of the 2008 food crisis (taken from FAO, 2009). These included: removing import duties on wheat and soybean imports; providing soybean subsidies to producers of tofu and *tempe*; relaxing the VAT (value-added tax) for wheat flour and cooking oil; and increasing the fertilizer subsidy by 240 per cent. In terms of food accessibility, the government increased rice subsidies through RASKIN both in terms of programme coverage and the size of the subsidy, and introduced direct cash subsidies for the poor. This mix of policies and financial incentives provided household-level benefits, but overall Indonesia's relatively strong food security in 2008 was built on the level of price control made possible through solid domestic production.

The global food crisis of 2008 has been interpreted by many as an early warning sign of global economic conditions in the years ahead as Indonesia, and other countries, are expected to grapple with the vagaries of climate change and its impacts on food production. In this context, having national control over the life source of the nation holds both emotive and practical appeal. The collective national memory of Indonesia's inability to buy food on the world market in the 1960s (and hence the perceived need to be self-sufficient) is juxtaposed over the experiences of localized food shortages and famine (such as those in Yahukimo) caused by entrapment in a subsistence economy and isolation from broader trade and social networks. These two typified experiences, and the complexities of addressing food insecurity as multi-scalar phenomena, are driving what may seem to be contradictory policies at national and regional levels. Singularly prescriptive policy approaches such as 'self-sufficiency at all costs' or 'full liberalization

of agricultural markets' are unlikely to solve the food security conundrum in Indonesia. Food security is most likely to be achieved through broad-based rural development, where individual households are supported to improve their access to resources and factors of production through an entitlements approach.

References

- . (1964) 'Indonesia: of rice and rats', *Time*, 28 February, 1964
- AHRC (2009) 'Indonesia: 113 villagers' hunger deaths caused by government neglect as well as harvest failure in Yahukimo, Papua', *Asian Human Rights Commission (AHRC) – Hunger Alert Programme*, 16 September 2009, www.ahrchk.net/ua/mainfile.php/2008/3260/, accessed December 17, 2010
- Arifin, B. (2009) *The Role of the Private Sector in Indonesia's Rice Industry*, report submitted to the ASEAN Secretariat and the World Bank. October 31, 2009
- Bappenas (2007) *Report on the Achievement of Millennium Development Goals Indonesia 2007*, National Development Planning Agency (Bappenas), Jakarta
- BPS (2010) Service Centre, Badan Pusat Statistik (BPS, Central Statistics Agency), available at www.bps.co.id
- Deptan (2010) 'Mentan Grandlaunching Food Estate Merauke', *Berita Pertanian Online*, Indonesian Department of Agriculture (Deptan), www.deptan.go.id/news
- DKP (2010) Food Security and Vulnerability Atlas (FSVA) of Indonesia, jointly released by the World Food Program and the National Food Security Agency (DKP), Jakarta, <http://foodsecurityatlas.org/idn/country/fsva-2009>
- Fane, G. and Warr, P. (2008) 'Agricultural Protection in Indonesia', *Bulletin of Indonesian Economic Studies*, vol44, no 1, pp133–50
- Fane, G. and Warr, P. (2009) 'Indonesia', in L. Anderson and Martin, W. (eds) *Distortions to Agricultural Incentives in Asia*, The World Bank, Washington, pp165–196
- FAO (2009) *Measures taken by governments to limit the impact of the Global Food Crisis*, FAO/GIEWS, FAO, Rome
- FAO (2010) *The State of Food Insecurity in the World: Addressing Food Insecurity in Protracted Crises*, FAO, Rome.
- Hajramurni, A. (2008) 'Another baby dies from malnutrition in Makassar', *The Jakarta Post*, 12 February, 2008
- McCulloch, N. (2008) 'Rice prices and poverty in Indonesia', *Bulletin of Indonesian Economic Studies*, 44, pp 45–64
- McCulloch, N. and Timmer, P. (2008) 'Rice policy in Indonesia: a special issue', *Bulletin of Indonesian Economic Studies*, 44, pp 34–44
- Martianto, D. (2009) *Indonesia Tahan Pangan dan Gizi 2015* (Achieving Food and Nutrition Security of Indonesia in 2015), draft version, Agency for Food Security, Ministry of Agriculture, Jakarta
- Neilson, J. and Arifin, B. (forthcoming) 'Livelihood strategies of coffee smallholders and value chain integration on the islands of Sulawesi and Flores, Indonesia', ACIAR Technical Report, Australian Centre for International Agricultural Research, Canberra
- Rakyat Merdeka (2010) 'Merauke Food and Energy Estate Mungkinkan Konflik Berkepanjangan di Papua', 6 September 2010, <http://www.walhi.or.id/en/media-space/1824-merauke-food-and-energy-estate-mungkinkan-konflik-berkepanjangan-di-papua>

- Rigg, J. (2006) 'Land, Farming, Livelihoods, and Poverty: Rethinking the Links in the Rural South', *World Development*, vol 34, no 1, pp180–202
- Ruf, F. and Yoddang (2001) 'Cocoa farmers from boom to bust', in F. Gerard and F. Ruf (eds) *Agriculture in Crisis: People, Commodities and Natural Resources in Indonesia, 1996–2000*, Curzon Press, Richmond, pp97–156
- Sen, A. (1981) *Poverty and famines: an essay on entitlement and deprivation*, Clarendon Press, Oxford, UK
- Setneg (2010) 'Food Estate, Harapan Ketahanan Pangan Masa Depan', Online News, 25 Februari 2010, State Secretariat of the Republic of Indonesia (Setneg), www.setneg.go.id
- Siregar, H. (2007) 'Agricultural Development in Indonesia: Current Problems, Issues, and Policies', paper presented at FAO-SEARCA Policy Workshop, 'Asian Economic Renaissance: Challenges and Consequences on Agriculture, Food Security, and Poverty', in Chiang Mai, Thailand, 19–20 March 2007
- SMERU (2008) *The Effectiveness of the Raskin Program*, Research Report, The SMERU Research Institute, Jakarta, www.smeru.or.id/report/research/raskin2007/raskin2007_eng.pdf
- SPI (2008) *Pandangan dan Sikap SPI tentang kedaulatan pangan (SPI's policy stance and approach to food sovereignty)*, accepted in Malang, East Java on 28 February 2003, posted by Serikat Petani Indonesia (SPI, Indonesian Peasants Association) on 2 January 2008, www.spi.or.id, accessed 22 December, 2010
- Thomas, M. and Orden, D. (2004) *Agricultural Policies in Indonesia: Producer Support Estimates 1985–2003*, MTIDiscussion paper no 78, Markets, Trade, and Institutions Division of the International Food Policy Research Institute (IFPRI), Washington
- Timmer, C. P. (1996) 'Does BULOG Stabilize Rice Prices in Indonesia? Should it Try?', *Bulletin of Indonesian Economic Studies*, vol 32, no 2, pp45–74
- Timmer, C. P. (2004) 'The Road to Pro-poor growth: the Indonesian experience in regional perspective', *Bulletin of Indonesian Economic Studies*, vol 40, no 2, pp177–207
- Warr, P. (2005) 'Food Policy and Poverty in Indonesia: A General equilibrium Analysis', *Australian Journal of Agricultural and Resource Economics*, vol 49, no 4, pp429–51
- World Bank (2005) *Feeding Indonesia*, Indonesia Policy Brief, www.worldbank.or.id, accessed 20 December 2010