

INSTITUTE OF CURRENT WORLD AFFAIRS

Kantor Pos  
Modjokerto, East Java  
Indonesia  
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Mr. W. S. Rogers  
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522 Fifth Avenue  
New York 36, New York

Dear Mr. Rogers:

For nearly three decades, Mlirip-rowo has been the only village in the sub-district of Tarik not to plant sugar cane for the nearby Dutch-owned sugar mills. Last week, the village surrendered its unique position in return for a Rp. 64,659 advance payment from the mill at Watutulis. Twenty-eight hectares of prime village land will soon be planted.

This letter will be an informal case study of the decision to plant sugar. It will deal with the positions of the three main parties involved: the village itself, the Dutch-owned mill and the lower echelons of the Indonesian central government.

The object of the letter will be to shed light on the operating relations of a semi-autonomous Javanese village with powerful organizations outside. Although the triangular relationship involving the village, the sugar company and the central government is controlled by regulations and statutes which are similar to or identical with those of the colonial period, the actual relationship has changed fundamentally since independence. The greatest changes have not been in law but in attitudes. The political case study method is an especially suitable tool for sketching out the nature of the real transformation that has taken place.

Since this investigation deals with the divergent interests of three different organizations, it must contain a wide variety of observations. These are focused on three questions: (1) Why and how did the village make its decision? (2) How has the sugar company's operation in a village such as Mlirip-rowo changed since colonial times? (3) How does the government control the relations between village and sugar company?

The Village Decides

All of the 119 hectares\* of irrigated land in Mlirip-rowo is

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\* One hectare equals 2.47 acres.

controlled by the community. The larger part is apportioned in nearly equal lots to 15+ gogol (land-holders); size of plot varies slightly with fertility and water availability. The remainder is set aside as compensation for the services of village officials or as community granary land.

Each gogol has slightly more than .4 hectares. The lurah (village headman) has 4.2 hectares of salary land. The tjarik (village secretary) has 1.42 hectares and the lesser village functionaries have .7 hectares apiece.

Since private ownership of irrigated land is prohibited by village customary law, there is no apparent problem of landlordism. Several families, however, have been able to win permanent rights to more than one gogol share, and some rich families have won control of extra shares of land through loans or outright lease. Land may only be leased for a year at a time, but a poor family's financial problems tend to be cumulative, especially with the greatly increased money needs which the conditions and tastes of independence have created. The lurah is the wealthiest man in the village and has working control over many hectares of good land not his own; he is in fact 'lord' of this land although he does not own it.

Generally, however, the system of communalism is strong, and the majority of families in Mlirip-rowo have an inalienable right to a small plot of fine, well-irrigated soil. In matters of land tenure, the village community is conceived as a democracy; all decisions affecting the communal land must be made by the gogol in council. The leasing of land for sugar cane is such a decision.

Although the village system has the appearance of a democracy, its principles are in many ways alien to western thinking. The villagers are profoundly affected by the example of those with moral authority: the lurah, the tjarik (secretary), or in some villages the kiaji (Muslim religious leader). A leader who is accepted is followed, and his power to influence seems to be greatly increased by the need for unanimity in village decisions. Dissent is not only discouraged by the community personality; it is regarded as a disturbing challenge to the solidarity which gives the village its existence. Of course, the wise leader makes his decisions acceptable to his fellows, but the initiative is generally his. The informally organized community council is thus more of a consultation board than a legislative or decision-making body.

The making of village decisions is further influenced by a local condition: Mlirip-rowo consists of five hamlets, and the village government often deals with the gogol as members of the hamlet rather

than the village.\* This was the case in the sugar decision.

Mlirip-rowo has not leased land for sugar since 1929, for the village lies in the planting area of the Perring mill which went out of operation during the great sugar depression of 1930-36. The mill has since been converted into a tobacco warehouse, and tobacco has been planted here intermittently in place of sugar. With the recent expansion of sugar production in the Sidoardjo delta, the mill at Watutulis won permission to plant in the former Perring area.

Initial contact in the sugar decision was made directly between the lurah and the sugar company, without the participation of the protecting central government. A representative from the factory came to Mlirip-rowo to look over the land and made his report. It was decided that sugar should be planted in only three of the five hamlets; one hamlet was situated too far from the existing small-gauge railway used to haul cane to the mill, and the other is troubled perennially by excessive water seepage from the nearby river.

Contact was thus made and a decisive survey was carried out before the gogol of the village were formally consulted.

After the preliminary survey and the achievement of an unofficial understanding between lurah and sugar company, the village notified the central government executive at the sub-district (the tjamat) of its interest in planting sugar cane. The tjamat then informed the sugar company, which sent back a three page printed form which would constitute the Village Decision (Keputusan Desa) when properly filled out and signed. Each sugar company has its own Village Decision forms which are printed in strict accordance with a Regulation of the Minister of Agrarian Affairs (currently, Peraturan Menteri Agraria 17/1954).

Once the forms for the Village Decision are in the hands of the lurah, the gogol are consulted in formal session. In Mlirip-rowo, three meetings were held to discuss the sugar issue, one in each hamlet. Long before the meetings were held, the lurah and tjarik had informally discussed the sugar lease with the gogol of the hamlets and obtained their agreement. The meetings then gave official approval. The Village

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\* Before 1923, the area was divided into two villages with separate governments. In the new combined village, the lurah is farther removed from decisive control by the community. If his moral authority has been lessened by the enlargement of his sphere, his freedom of action has probably been increased.

Decision was then signed by the lurah, the tjarik and ten of the gogol. One gogol opposed the decision and did not sign, but it is hoped that he will come into line before planting time.

After the Village Decision was signed, it was forwarded to the tjamat and then to his superior, the wedana, for signatures. As soon as the form reached the factory, the lurah and tjarik were called to Watutulis to receive a first payment of Rp. 64,659.60.

Sometime before planting time in April, the village representatives will sign an agreement with the factory on the exact time period for the lease. Violations of this agreement have an important effect which will be mentioned in the following section.

The final contract (Surat Perdjandjian) between the village and the sugar company will not be finished until after the sugar cane is in the ground. The contract includes a description of each gogol share of land occupied and must be approved by the tjamat and wedana for the government. When the contract is in final shape, it will go to the Regent (Bupati) to be filed in the regency archives. The official who takes responsibility for the contract is the wedana.

Under the terms of the Village Decision and the contract, the company must pay Rp. 2,240 for each hectare of land planted in cane and agrees to pay a graduated premium for excess production. A higher rate of payment will be made for land planted in sugar cane seeds. The lease will cover a sixteen month period.\*

The initiative in Mlirip-rowo was thus taken by the lurah, working in close conjunction with the tjarik. The relationship with the sugar company was already many weeks old before the gogol of the three hamlets were called together. The committee of ten gogol who signed the Village Decision was in no sense a functioning organization; it seems to have been formed in answer to the national law which so demands.

Regardless of their passive role, it was the Mlirip-rowo gogol who made the Village Decision legal by their approval. They seem to have had various reasons for approving:

(1) Comparative value of crops.

The gogol must think in terms of alternatives. If he plants

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\* Only one-third of any gogol share may be planted in cane.

rice during the sixteen month period of the lease, his income should fall between the following limits:

(a) First rice crop (wet season)

income:	between three and four quintals at Rp. 80 a quintal	Rp.240--Rp.320
outlay:	(ploughing, planting, weeding, harvest)	Rp.100
	total	<u>Rp.140--Rp.220</u>

(b) Second rice crop (dry season)

income:	between two and a half and three and a half quintal at Rp. 90	Rp.225--Rp.315
outlay:	same as above	Rp.100
	total	<u>Rp.125--Rp.215</u>

(c) Third rice crop (wet season)

same as first	total	Rp.140--Rp.220
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(d) Total net income: Rp.405--Rp.655

For the same third of his field, the Mlirip-rowo gogol has already received Rp. 362.50 from the sugar company. In sixteen months, he will get a premium that will be at least Rp. 100 and perhaps as high as Rp. 300.

The bare figures then show that money income from sugar is apt to be slightly more than from three straight rice crops. If rice crops are alternated with beans or corn, income would be even less, and the sugar lease money would look even more attractive. And in leasing his land, the gogol has no worry about crop failure, and his labor can be completely devoted to the rest of his land or to outside employment.

The attractiveness of the sugar company offer is enhanced by several other local conditions. The gogol of Mlirip-rowo do not generally work their own fields, hence the heavy outlay of money for day laborers recruited from poorer regions. This is due in part to the location of a large irrigation repair shop in the village which includes many gogol on its comparatively large payroll. It seems to be due in larger part to a culture which looks on manual labor as the mark of low status.

The farmer's income from his traditional crops could also be greatly increased by the use of fertilizers, which is unknown in normal village agriculture here, or by the narrowing of the wide unplanted border strips which divide the plots of the farmers. If these and other steps could be taken, yields would be closer to forty quintal

per hectare than the present average of twenty-five. But rice yields remain rather low, and the gogol is happy to receive his Rp. 450-650 from the sugar company. Even at the legal exchange rate, this is only equal to U.S. \$40-50.

The farmer's unsatisfactory income from rice is also in part due to an extremely important development of the past five years: the government rice buying program. In order to stabilize rice prices--and for other less clearly defined ends--the government prohibits the direct sale of rice to merchants (usually Chinese) and encourages its sale to the government at a fixed low price. Of course, a black market in rice is thriving, especially in this year of comparative scarcity. But the overall effect of the program has been to keep rice prices low. The policy has been of special benefit to the city population and constitutes a sort of hidden tax on the farmer. If many Mlirip-rowo gogol sell rice illegally, they have undoubtedly disguised their true income in the figures cited above; perhaps actual income is higher than indicated.

#### (2) Loans and debts.

Without doubt, the greatest problem of the farmer is indebtedness. He needs money constantly for such essentials as clothing, medicine, school fees, taxes (which are extremely low), small bribes or religious feasts, but when he gets his hands on the money it cannot ordinarily be used for essentials. Instead it goes toward repayment of debts which are never really liquidated. The circles of debt bind him like a chain. He borrows from A to pay his tax or buy a cheap piece of cloth for the holiday season. Later he borrows from B to pay A. Then C to pay B and so on. If he receives Rp. 362.50 all at once from the sugar company, his debts can be completely liquidated for the time being. It is thus very worth while to take the Rp. 362.50, outside of any consideration of yearly income or sixteen month averages. Chances are that he will be in debt again by harvest time, but for the time being he is free.

#### (3) Technical advantages.

If the farmer leases to the sugar company, the fertility of his soil will increase greatly through the use of fertilizer and the need for deep ploughing to plant cane. The sugar company will also improve local irrigation facilities. Perhaps it will assist the village in repairing bridges and roads. A sugar lease may result in an improved village and an exceptionally fine rice harvest after the lease expires.

#### (4) Pressures.

The sugar decision is actually an unsatisfactory gauge for measuring the amount and effect of pressure put on the individual gogol to make a certain decision. The gogol of Mlirip-rowo seem to have been generally agreed on the benefits of planting sugar cane; little pressure was really needed. Refusal to plant sugar cane seems to be rare or non-existent. Nevertheless, the sugar company pays the lurah Rp. 15 for each hectare of land leased. The lurah here received Rp. 430 for his efforts, and this can be considered an adequate incentive to make the lurah use his great influence on the gogol.

Another type of indirect pressure has been indicated above, and it is certainly not applied intentionally. If the government were to scrap its rice buying program, the farmer's selling price for rice would undoubtedly rise and sugar would seem a less attractive alternative.

The gogol's reasons for leasing land to the Watutulis mill are therefore numerous and subject to various interpretations. Within the limits described above, the gogol group of Mlirip-rowo acted as a democratic community. The sugar decision will undoubtedly prove to be the most important communal action of the year. Thus the sugar economy seems to have the initial effect of strengthening the communal political system in Javanese villages.

#### The Sugar Company Operation

Mr. E., the manager of Watutulis sugar mill, is well-liked by Indonesian officials for reasons that are apparent at first meeting. He is jovial, sympathetic and lucid. The morning he supplied the information on which most of this section is based, he was in an especially happy mood. The milling season was over and profits were excellent. The next day, he was going to fly to Holland to submit his report to the company directors and enjoy a Christmas holiday at home. He was eager to listen to questions and explain.

Watutulis is one of fifty-five sugar mills operating in Java. They will produce an estimated 850,000 tons of sugar in 1955. The situation is not comparable to the "good old days", either in terms of profits, number of mills or total production. Only part of the change, however, is due to the ravages of revolution. The greatest decline in sugar production came during the depression of the thirties, when international market conditions nearly ruined the Dutch sugar economy here.

Figures show that the sugar economy of Java is making its second comeback in less than three decades:

YEAR	MILLS	HECTARES PLANTED (in thousands)	PRODUCTION (tons)
1930	179	198.0	2,915,900
1933	97	84.3	1,372,600
1936	37	35.6	574,700
1940	85	90.8	1,587,400
1951	55	----	427,000
1955	55	----	850,000

While production slowly climbs, the ruins of mills scattered on the plains of Java tell of the economic and political hazards of agricultural investment in Indonesia. Profits are to be had, but they are the product of careful management and good luck.

Mr. E. of Watutulis is optimistic enough about his good luck, but he is concerned deeply about the obstacles to good management which have made his company's operations less profitable than they were formerly.

In its simplest form, his problem is one of productivity. Before the war, his company leased approximately 700 hectares. Now it leases nearly 1200. Before the war, the mill employed 80 men; now it employs 160. Despite the increase in area planted and manpower, total production has declined.

A major reason for decreased productivity is to be found in villages such as Mlirip-rowo which lease land to the mill. For a variety of reasons, per hectare yields in this district have declined from close to 200 quintal during the colonial era to 140 quintal now.

A key factor in sugar production is controlled irrigation. Water supply must be sufficient precisely when it is needed, and drainage must be excellent when water is not needed. The wealth of agriculture as a whole in the Brantas valley has rested for one hundred years on the smooth functioning of an irrigation system which now faces severe problems at several levels.

At the highest level, water control is the concern of the Irrigation Bureau, a part of the Ministry of Public Works. Where before the war, the Irrigation Bureau in East Java had more than a dozen graduate engineers on its payroll, it now has none. The Indonesian replacements for the Dutch engineers have done a remarkable job in general, but perfect coordination of water distribution is simply beyond the present skills of these hardworking officials. They have also had to contend with wholly inadequate appropriations of money and supplies of equipment to make use of the skills they possess. As a result, tertiary canals in the Brantas valley have tended to silt up and it has been impossible to maintain, replace or repair irrigation



facilities which were damaged or went into disrepair during the years of war and revolution.

An added burden for the Irrigation Bureau is the unique problem of sand in the Brantas River. Millions of cubic yards of sand wash down annually from the slopes of Mount Kelud and clog the vital Brantas irrigation network. Before the war, Dutch engineers were unable to find a satisfactory solution to the Brantas sand problem, and their Indonesian successors are faced with the same problem at a more critical stage. So to a certain extent, the silting of the smaller canals in the sugar regions is as much the fault of nature as of the problem-ridden Irrigation Bureau.

At the next level lower--the village--the irrigation problem is more directly connected with sugar production. As a semi-autonomous unit, the village is responsible for the care of the minor irrigation canals which diverge from the tertiary canals maintained by the Irrigation Bureau. In many fields, the most frustrating problems of current Indonesian development are found at this level of contact between the village and the central government. In irrigation, the problem seems to be one of authority and initiative.

One task of the village is to keep its canals in good order and free from silt. To accomplish this task, the village lurah has the traditional right to call on the village landowners to contribute their labor. The work must be done regularly--as often as once a month--or else the system of water supply and drainage will not operate properly. The task demands a great deal of application but little technical skill.

According to Mr. E., the villages in the Watutulis sugar area are simply not performing their irrigation work as well as they did under the Dutch government. As he describes the operation of the prewar system, the motivating force was not initiative on the part of the villagers but their obedience to clear authority.

"When we wanted something done, we simply told the wedana, and he gave orders to the tjamat who saw that the lurah got it done." The prewar channels of authority were evidently in good order, and the Indonesian lower officials were subject to pressures which could not be ignored. As the present wedana of K. claims, "If we were known to be uncooperative, we were quickly transferred or demoted."

Before 1942, the villages found their sovereignty invaded not only by the civil service executives, but also by competent representatives of the Agricultural Department and Irrigation Service, who were also sympathetic with the interests of the sugar producers. Through a combination of direct orders and gentle pressures, the work of maintaining the village

irrigation and drainage system was apparently done regularly and well, to the material benefit of all.

Now Dutch overseers have vanished, and with their disappearance the concept of authority has been revised. The scheme of government at this level is much the same as formerly: civil service executives are still responsible for the welfare of their rural areas, and the representatives of the technical ministries are still called upon to advise and prod the villagers. But now the villagers are to a great extent free from direct orders and commands.

Another cause for the decline in sugar productivity highlights the same problem. Sugar cane planted in April, at the end of the wet season, should produce many more quintal per hectare than cane planted in late May or June. It is essential then that the villagers have their fields harvested and cleared at the end of March. Often they do not. Mr. E.'s prewar comparison indicates that central government officials saw to it that crops in the sugar area were planted and harvested on time. Non-compliance meant punishment.

Mr. E.'s argument on the decline of central government authority in the villages of this area seems generally sound, but it must be circumscribed with reservations: central government energies are greatly overtaxed in spheres which were neglected before the war (education, elections adult anti-illiteracy); government authority is being reestablished in a remarkably short time considering the scope of the recent revolution; government officials at the lower levels do not have the technical training and experience necessary for their jobs.

Nevertheless, Mr. E.'s case stands up to the evidence. Anyone familiar with the workings of government at the Regency or Sub-District level can vouch for the change. And anyone familiar with the humanitarian goals of the revolution will understand that the decline in government authority has been in good part intentional. Generally, gentleness has replaced toughness and exhortation has replaced command. A new philosophy pervades an old system of government, and efficiency has suffered. It seems that the loss can best be made up by the development of strong initiative on the part of the villages.

In the cluster of villages which supply Watutulis with sugar cane, village initiative has simply not developed adequately enough in economic matters. With the system of premium payment for excess cane production, it would seem that the villagers would be anxious to take any steps which would increase their yields. The profit motive does not operate quickly, however, in the wake of colonial paternalism.

Despite its problems, the mill at Watutulis continues to operate

and exert the broadest kind of influence in the life of the district. This year it has paid more than Rp. 12,000,000 directly into the hands of the villagers in an area of 130,000 population. As the single largest factor in the money economy of its area of operation, the sugar company is subject to close central government control.

### The Protecting Government

The villagers of Mlirip-rowo were protected by the Dutch colonial government, and a serious effort was made to preserve their traditional institutions in political, economic and social life. In the field of money-lending and indebtedness, the protection appears to have been inadequate. In the matter of land leases, the government's paternalistic policies were more effective.

The entire problem of protection was confused by the fact that the government had two objectives in mind. It attempted to preserve the villagers from harm and change, yet it was bound to encourage the efforts of foreign capital in agriculture. The sugar case shows how the ends were compromised. Through legislation and executive pressures, the government intervened more and more directly in village affairs; in turn, the sugar companies were subject to many restrictions in their relations with the villages.

The bulwark of Dutch policy was the Agrarian Act of 1870, which stated that native land could be leased but not alienated. The basic law set the time periods and general conditions for leases of native property, thus guaranteeing the villager his right of ownership and the foreigner his continuity of control. The Land Rent Ordinance of 1918 defined the relationship in detail for sugar leases.

Subject to government approval, the village could lease its land to a sugar company for one planting or for successive plantings up to twenty-one and one-half years. It could not allow the company to use more than one-third of its irrigated land at one time (a provision which had the greatest effect on the pattern of village land tenure), and a single plot of land could not be used for successive plantings. Minimum lease rates were stipulated to be equal to the average income from the land if it were otherwise employed.

The political institutions of the village were further preserved and bolstered by a succession of regulations on village executive decisions and legislation. A basic law of 1906 recognized and reenforced the traditional communal system of village government. Giving some leeway for variations in local customary law, the government stabilized the political organization of the villages with which the sugar companies dealt.

Perhaps the most important aspect of the colonial system of local government was an informal one; the government officials charged with implementing the protective laws were generally friendly with the interests of the sugar companies. From available evidence, it appears that a sugar company was able to achieve a great deal of informal cooperation from powerful agencies--higher Dutch officials, lower Indonesian executives, irrigation officials, agricultural advisers--by simply relying on their good will or sensitivity to pressure.

The big and little events which made up the Mlirip-rowo sugar decision show how much--and how little--has changed with the transfer of sovereignty from Dutch to Indonesian hands.

Briefly, the attitude of the government and its officials has undergone a sweeping transformation, but the framework of basic laws remains generally the same. The Agrarian Act of 1870, the Land Rent Ordinance of 1918, and the Ordinance for Native Local Government of 1906 are still in operation. The principles of the Dutch laws affecting sugar production have been accepted, at least as expedients.

In 1955, the form for the Village Decision is much the same as it was twenty years ago. Taking the Land Rent Ordinance of 1918 as its legal point of departure, the government lays down the conditions for sugar leases and tells the village how to arrive at its decision communally. Two major changes have been made: (1) the long lease of twenty-one and one-half years has been outlawed, and (2) lease rates have been fixed exactly by government decree, this year at Rp. 140 per hectare a month.

As before, the responsible official in matters relating to sugar leases is the wedana, who works through the several tjamats of his district. His is the highest ranking signature on the Village Decision and the final notarized Contract.

But it would be a mistake to think that the wedana's role has not changed. Previously, he was the second ranking Indonesian official in the executive hierarchy of tjamat, wedana and bupati; all were subject to close supervision and instruction of higher Dutch officials. Now the double structure of government has vanished, and the wedana feels different pressures. If before, he was apt to lose his job if unfriendly to the sugar interests, he now runs the same risk if he is considered to be overly friendly. He feels pressure from various groups and individuals, for example, the political parties, the regional representative assembly, or higher government executives. Even if no direct pressure is applied, the official's outlook is conditioned by the change in the general political style and climate of opinion.

In the technical bureaus, the situation is similar. The Irrigation Bureau supplies the sugar cane areas with adequate water, but

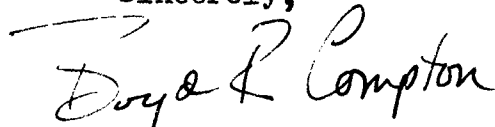
relations between the companies and the bureau are not close and there is certainly little chance that the foreigner will receive preferential treatment. In the case of the Agricultural Bureau, the close relations of former times seem to have broken down entirely. Perhaps the greatest change of all has taken place in the operations of the local labor-dispute committees of the Ministry of Labor, whose decisions on workers demands must very often be antagonistic to sugar interests.

At higher levels, the new political climate has brought about even greater changes. The rates for sugar leases are currently fixed by the new Ministry of Agrarian Affairs, which has been given the task of revising and redefining the land laws of the old regime. The sugar companies complain that rates are too high. In fact, it is surprising that the rates for land leases are so low, considering the strength of the new pressures which the new situation has brought to bear on the Ministry of Agrarian Affairs.

To the villager, the amount of government intervention in his affairs is approximately as great as it was before the war. His relationship with the sugar company is almost entirely controlled by government regulations. The informal pressures he feels from government executives or technical officials have apparently lessened, but there has been a corresponding increase--or attempt to bring an increase--in the amount of government control over other aspects of his life related to sugar leases, e.g. the conduct of village government, the sale of rice crops, or the conditions of land tenure in his village.

He has gained somewhat through the sympathetic attitude of the government in fixing lease rates, and he now has much greater freedom from direction and instruction in planting and maintaining his fields. While he is more effectively protected now from direct or indirect pressures by the sugar companies, he has also lost the positive benefits of paternal guidance. He desperately needs this guidance if he is to increase the productivity of his land and break away from the tight grip of the money lender.

Sincerely,



Boyd R. Compton