



Human Development Report 2005

Human Development Report Office
OCCASIONAL PAPER

Horizontal Inequalities, Ethnic Separatism, and Violent Conflict: The Case of Aceh, Indonesia

Brown, Graham. 2005.

2005/28

HORIZONTAL INEQUALITIES, ETHNIC SEPARATISM AND VIOLENT CONFLICT:

THE CASE OF ACEH, INDONESIA

GRAHAM K. BROWN¹

Increasing academic attention is being paid to understanding the role of inter-group 'horizontal' inequalities in the emergence of violent conflict in developing countries (Østby 2003; Stewart 2000; Stewart 2002). The broad coincidence of cultural, ethnic or religious differences with severe economic, political or social inequalities, it is argued, can be a significant causal factor for violent conflict. Using the case study of the province of Aceh in Indonesia, this paper focuses attention on the relationship between inequality and a particular subset of violent conflicts: ethnic separatism.² In examining the case of Aceh, this paper does not deny the important role of historical and other factors in explaining separatism, it merely seeks to draw attention to the particular dynamics of inequality in the province.

Ethnic separatism is among the most intractable forms of conflict, and can often rear its head again long after an apparent resolution has been reached. In eastern Indonesia, for instance, the short-lived Republic of the South Moluccas (RMS) separatist movement was largely forgotten for more than four decades, until its shadowy resurrection during the outbreak of ethnic and religious conflict in the region in 1999. Intuitively, the separatist potential of any given region is clearly the product of a number of intertwining factors. Geographical position within the existing 'parent' state is obviously one important factor; separatist regions are more often than not on the geographic periphery of the parent state. Ethnic difference from the nationally dominant group is also important – a factor often linked to geographical positions on the periphery. Finally, local historical experiences or 'narratives' radically different from those that inform the parent state would also, intuitively, provide fertile grounds for separatism.

It is important to note that these factors do not necessarily *in themselves* contribute to separatism. Ethnic heterogeneity in itself, for instance, is unlikely to be the cause of conflict – separatist or otherwise – but is, obviously, a necessary pre-condition for *ethnic* conflict. Similarly, separatism may be more prevalent in peripheral regions ethnically and historically distinct from the parent state, but this does not mean that these conditions are the cause of separatism. Within the Southeast Asia region, Acehnese, Timorese and Papuan independence struggles in Indonesia, and Muslim separatism in the southern parts of Thailand and the Philippines all conform broadly to this powerful triumvirate of conditions. Yet also fulfilling these conditions are the East Malaysian states of Sabah and Sarawak, where no serious movement for separatism has ever emerged.

¹ Sections of this country paper draw extensively on research conducted for the Centre for Research on Inequality, Human Security and Ethnicity, University of Oxford.

² The term 'ethnic' is used here to encompass also religious differences, and so forth.

Looking beyond these predisposing factors, this paper examines the relationship between inequality and separatist conflict, using the case of Aceh. It argues that the inequality-conflict nexus in Aceh is particularly complex, incorporating overlapping aspects of vertical, horizontal and spatial inequality. Moreover, it will be argued, these aspects dynamically reinforce each other, contributing to the durability of separatist conflict in the province.

The dynamics of conflict in Aceh involve the interplay of historical, cultural and economic factors. A distinct Acehnese local history greatly at odds with the broader history of Indonesia, with a long and – from their perspective – glorious history of resistance to various imperialist powers, combined with a cultural identity more closely tied to Islamic orthodoxy than in much of the rest of the country had created in Aceh by independence as sense of identity that, whilst not necessarily anti-Indonesian, was at least distinctive and separate. Through the early decades of Indonesia's independence, this resulted in Aceh's participation in the regional rebellions that blighted the young nation, most notably the *Darul Islam* movement that pushed for greater Islamisation of the state. During this period, calls for Acehnese independence were barely heard. It was only after the discovery of vast natural gas and oil resources in the province in the early 1970s that calls for independence rather than autonomy emerged. Economic grievances were roused by the perception that the benefits of resource exploitation accrued only to the Jakartan elite, with little returned to Aceh. These emergent spatial horizontal inequalities were given more explicitly ethnic overtones as Jakarta, partly in response to unrest in the province, encouraged massive Javanese migration in to Aceh under its transmigration programme, allocating the migrants large tracts of often prime agricultural land. Aceh's economic grievances against the national government were thus brought home into the province itself, as the Javanese took up a strong position in the local economy.

THE HISTORICAL PERSPECTIVE

At the north-western tip of the Indonesia map, the province of Aceh has a long and distinct history of its own, which has plagued its integration into the Indonesian nation. As Anthony Reid has noted, prior to its final conquest by the Dutch, 'Aceh's economic, political and cultural linkages were to the Indian Ocean and the Malayan Peninsula, not to the Java Sea world' (Reid 2003: 1). At the advent of the colonial period, the Aceh Sultanate was one of the major trading centres of the region with direct relations with the powerful Ottoman empire. After the decline of Melaka as the hegemonic Malay power in the region, Aceh took on additional cultural importance, setting new 'standards of Malayness' – most noticeably a strict adherence to Islamic practices, which remains today an important feature of Acehnese cultural and political life (Andaya 2001). The state of Aceh reached its pinnacle in the seventeenth century, claiming suzerainty over much of Sumatra. the extent of the Acehnese Sultanate was slowly eroded by Dutch colonialism, although Aceh itself remained unconquered, in part protected by a treaty of friendship with the British. After Britain withdrew from this treaty and acknowledged Holland as the imperial power in all Sumatra in 1871, the Dutch declared war on Aceh. Three decades of warfare ensued, throughout which the Acehnese mounted a remarkable resistance to the colonial might of the Netherlands. The Netherland's eventual military victory in the region proved to be short-lived, however, as the Japanese occupied Aceh in 1942.

As the Second World War drew to a close and the prospect of Indonesian independence loomed more likely, Acehnese leaders eagerly embraced the new country. A declaration in support of the formation of Indonesia was signed by prominent *ulama* (Muslim religious scholars), including the influential Daud Beureueh. Beureueh and others, however, soon

despaired of the secular nature of the new Indonesian republic, and joined with groups from other provinces in the *Darul Islam* rebellion that sought to transform Indonesia into an Islamic state. Beureueh and his followers held out in rebellion against Jakarta longer than the *Darul Islam* movement in other provinces, finally abandoning their struggle in 1962 after Aceh was granted 'special region' status, granting the provincial government, at least theoretically, extensive control over cultural and religious affairs.

In 1971, the discovery of oil and natural gas in Aceh drastically increased the significance of province to the national economy. Five years later, rebellion re-emerged, this time in the specifically separatist form of the Free Aceh Movement (GAM, or *Gerakan Aceh Merdeka*) and its political wing, the Aceh-Sumatra National Liberation Front (ASNLF). Led by Hasan di Tiro, the descendant of a legendary hero of the war against the Dutch, GAM was initially a fairly rag-tag affair that posed little threat to the Indonesian state. By 1982, the movement appeared to have been beaten; di Tiro and the ASNLF leadership fled into exile in Sweden. In 1989, however, GAM re-emerged in the province and instigated a new period of rebellion, that has continued with fluctuating strength ever since.

INEQUALITIES AND SEPARATISM IN ACEH

The disparity between Aceh's oil-boom wealth generation as a province and the continued impoverishment of large sections of its population is often cited as one of the root causes of the separatist struggle in the province (e.g. Kell 1995). Indeed, GAM's declaration of Acehnese independence in 1976 was partially justified in such terms, claiming that the province's revenue production was 'used totally for the benefit of Java and the Javanese' (ASNLF 1976). In the three decades following GAM's declaration, the human development situation in Aceh has shifted disastrously compared with other Indonesian provinces. In 1980, Aceh was a mid-income province, ranking tenth out of 26 provinces in terms of regional GDP, with very low poverty rates – only two provinces had a lower poverty rate than Aceh. As the exploitation of its natural resources progressed, Aceh's GDP increased relatively quicker than most other provinces. In 1998, more than 40 per cent of Aceh's GDP was due to oil. But this increase in wealth generation was accompanied a drastic increase in poverty. Poverty in Aceh increased by 239 per cent from 1980 to 2002; over the same period, poverty in Indonesia as a whole fell by 47 per cent. By 2000, Aceh's regional GDP had risen to fourth out of thirty provinces, but its poverty rank had also increased to fifth. This increase in poverty can be attributed to a number of factors including the concentration of Aceh's economic activity on the natural resources sector which did little to benefit the rural Acehnese population and the impacts of the conflict itself, which hampered development in many areas of the province. This latter factor was exacerbated by the position of the Indonesian armed forces in the region. Across Indonesia, the armed forces have extensive off-budget economic interests and these became particularly pronounced in Aceh such that no major economic activity was possible without army involvement, often in the form of 'taxes' which siphoned off substantial resources.

The development of the gas and oil industry in Aceh was centred on the northern coast port of Lhokseumawe, which quickly developed into a major economic enclave, designated the Lhokseumawe Industrial Zone (ZILS). Migrant labour was brought in to staff the zone, which came 'to assume the obtrusive character of a high-income, capital-intensive, urban, non-Muslim, non-Acehnese enclave in a basically low-income, labor-intensive, rural, Muslim, Acehnese province' (Donald Emmerson, quoted in Kell 1995: 17).

A glimpse into the dynamics of inequality in the urban economy at the time of the re-emergence of separatism can be gained by examining the data in the 1990 census. We can compare the relationship between the Javanese and the Acehnese in Aceh with the relationship between the Javanese and the Batak in the neighbouring province of North Sumatra. In both provinces, the Javanese form the second largest ethnic group. The Batak are the largest indigenous group in North Sumatra, with a position roughly equivalent to that of the Acehnese in Aceh. As a migrant community from Indonesia's politically dominant island of Java, the position of the Javanese community across the archipelago is often a matter of contention for indigenous groups. Javanese in both provinces had settled for many generations, but the state-sponsored 'transmigration' programme saw many more arrivals after the 1970s. Aceh in particular has been a site of recent migration; in 1990, 56 per cent of the Javanese in the province were born outside Aceh, as compared to only 14 per cent in North Sumatra. Henceforth, the term 'migrant Javanese' will be applied specifically to those Javanese born outside their current province of residence.

Table 1: Urban occupational distribution by ethnic group. Aceh and North Sumatra 1990

% of ethnic group in employment category (urban)	ACEH			NORTH SUMATRA		
	Acehnese	Javanese	Province	Batak	Javanese	Province
Government officials, professionals, technicians	34.3	57.1	39.0	23.1	8.2	18.9
Clerical and related, sales and service Workers	32.9	19.0	31.2	34.4	32.7	33.3
Other occupations	32.9	23.8	29.8	42.5	59.0	47.8

Source: Calculated from 1990 Census data

Note: Cells in bold denote above province average

In 1990, more than half the Javanese employed in the urban areas of Aceh were employed in the top strata of jobs: government officials, professionals and technicians, compared with only a third of Acehnese (see Table 1). In contrast, the urban Javanese in North Sumatra were considerably under-represented in both the top rank of jobs and the middle rank of clerical, sales and service workers. In part this disparity can be explained by the relative educational advantage of the urban Javanese (Figure 1; compare North Sumatra, where the Batak held an educational advantage over the Javanese in urban areas). Urban unemployment among the Acehnese, however, was twice as high as among the Javanese and among the more highly educated population, Acehnese unemployment was almost five times as high as Javanese (see Table 2).

Figure 1: Educational attainment of largest two ethnic groups in urban areas, Aceh and North Sumatra 1990

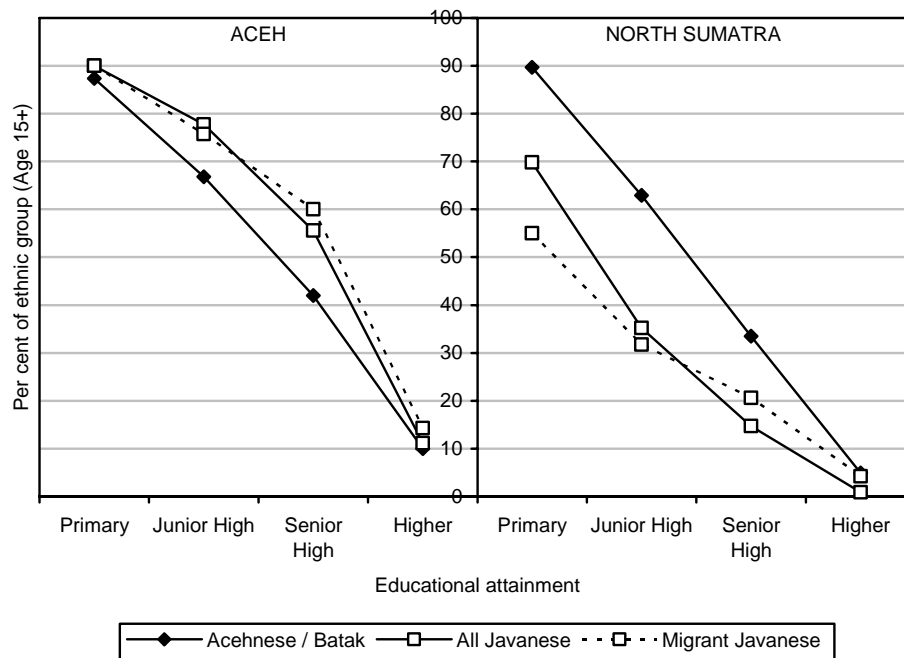


Table 2: Urban unemployment rates, Aceh 1990³

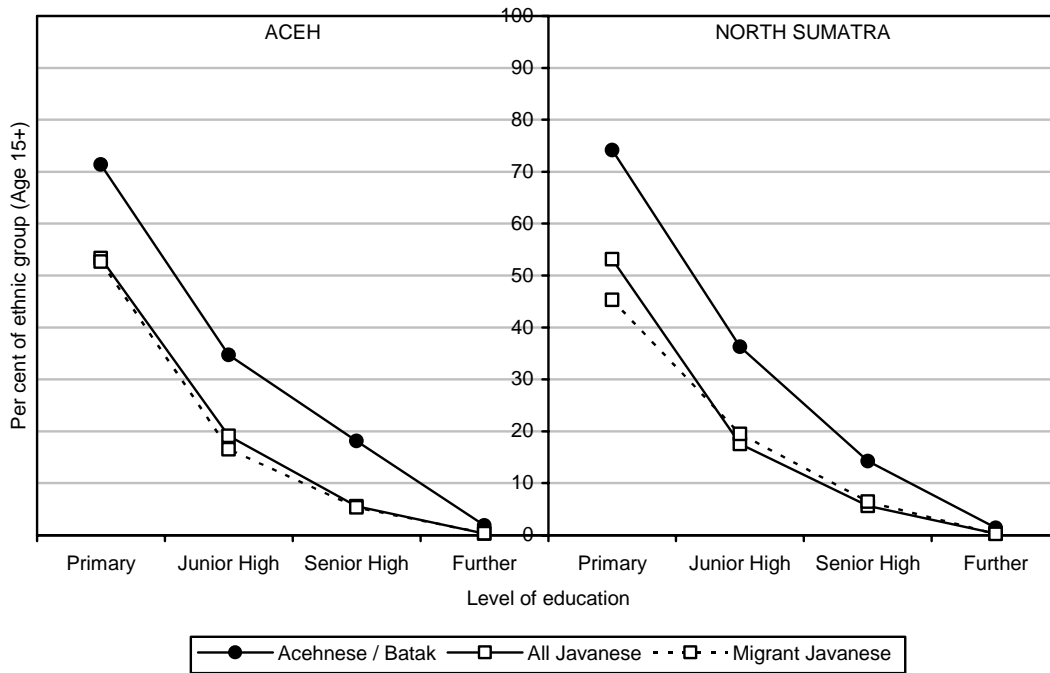
% of ethnic group aged 15+	Acehnese	Javanese	Province	Ratio A:J
All adults	10.2	4.7	8.2	2.19
Adults educated to Senior High or higher	13.1	2.7	9.1	4.85

These patterns suggest an iniquitous cycle of vertical and horizontal inequalities in Aceh. The relative poverty of Aceh as a province – a spatially-based vertical inequality – manifested itself in low education rates, which resulted in the in-migration of substantial number of educated non-Acehnese to staff the higher ranks of the economy, particularly associated with the oil and gas industry. This in-migration in turn exacerbated local *horizontal* inequalities between Acehnese and Javanese, migrants and non-migrants.

Thus far, we have considered only the urban population of the two provinces. A second instructive insight into the dynamics of horizontal inequalities in Aceh and North Sumatra can be gained by comparing the education attainment and land-holding of the rural populations on the eve of the renewed rebellion. In educational terms, the ethnic profile in the two provinces was remarkably similar (see Figure 2). In both Aceh and North Sumatra, the respective indigenous group was considerably better educated in rural areas than the Javanese community. Almost half the rural Javanese population in both provinces in 1990 had not even completed primary schooling, compared with less than a third of Acehnese and Batak; at the other end of the scale, the proportion of Acehnese and Batak completing senior high school or further was more than three times the proportion of Javanese.

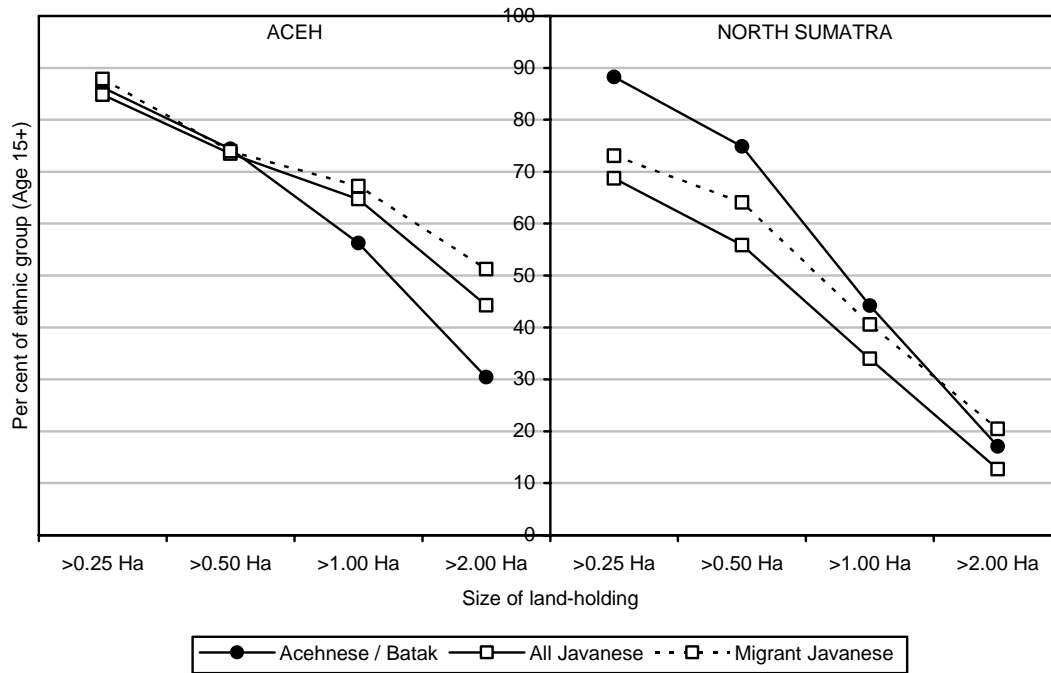
³ Calculated as the ratio of unemployed job-seekers to the total working population

Figure 2: Educational attainment of rural Acehnese, Batak and Javanese, Aceh and North Sumatra 1990



Where a noticeable difference between Aceh and North Sumatra emerges is in the land-holding of the rural population. In Aceh, the Javanese population in the rural economy had much larger land-holdings, with proportionately twice as many Javanese holding more than two hectares than Acehnese. These disparities are even higher if we compare the Acehnese population to the migrant Javanese, rather than those born in the province. In part these disparities explain themselves. In contrast to the urban areas, education appears to have offered the rural Acehnese a degree of social mobility denied the Javanese; almost ninety per cent of rural Javanese in the province work in the agricultural sector, compared with just seventy per cent of Acehnese. Those who have moved out of the agricultural sector – Acehnese, Javanese or other ethnic group – are likely to have smaller land holdings, hence reducing the average land-holding of the more educated Acehnese population.

Figure 3: Land-holding of rural Acehnese, Batak and Javanese in agricultural occupations, Aceh and North Sumatra 1990



Even if we consider only those within the agricultural sector – who still comprise the vast majority of all groups in rural areas – the Javanese maintained a distinct land advantage in Aceh. Figure 3 shows the land-holding of rural individuals engaged in agricultural activities. The land advantage of the Javanese increased as the size of land-holding increased. The proportion of Javanese holding more than one hectare was 15 per cent higher than the proportion of Acehnese; at the two hectare level, this Javanese advantage increased to 45 per cent. This trend was even more marked among first-generation Javanese migrants, where the respective advantage over the Acehnese was 20 per cent and 68 per cent, suggesting that rural horizontal inequalities were increasingly drastically. Once again, the comparison with North Sumatra, where the Batak held a consistent land advantage over the Javanese, is marked.

The substantial land-holdings of the Javanese population in Aceh is largely accounted for by the state-sponsored transmigration scheme, which relocated millions of people from over-populated Java and Bali to the more sparsely populated outer regions. Not just in Aceh, however, but across the archipelago, official transmigrants were allocated often substantial land-holdings, often displacing local communities (Leith 1998). The programme was justified both in developmental terms, but also as a means of promoting ‘national integration’ (Tirtosudarmo 1995). The choice of Aceh as a ‘hot-spot’ for transmigration arrivals was acknowledged by the government to be driven by security concerns (Kell 1995). As in the urban economy, however, the arrival of large number of Javanese and other migrants only worsened and made more evident the level of horizontal inequalities in Aceh.

The horizontal inequalities between the ethnic Acehnese and the Javanese in the province help account not only for the separatist movement, but for the particularly anti-Javanese sentiment it embodies. Most scholars agree that during the 1950s, the Darul Arqam rebellion in Aceh was more a struggle to *change the nature* of the Indonesian state, rather than to secede from it. In contrast, the rebellions associated with the Free Aceh Movement, both briefly in the 1970s and since the early 1990s, have been characterised by often vitriolic anti-

Javanese sentiment. GAM's *Declaration of Independence of Aceh-Sumatra*, specifically declares freedom from 'the foreign regime of Jakarta and the alien people of the island of Java', going on to describe how 'they have stolen our properties; they have robbed us from our livelihood; they have abused the education of our children; they have exiled our leaders; they have put our people in chains of tyranny, poverty, and neglect' (ASNLF 1976). Although GAM denies it, the past decade has seen 'the systematic attempt to cleanse Aceh of all Javanese presence' (Schulze 2004: 39). At a deposition to the recent session of the UNHCR Working Group on Indigenous Populations, the Acehnese delegation placed specific emphasis on the transmigration programme as a source of grievance: 'With the drastic transmigration policy, the Javanese population in Aceh grew from negligible to over 10 per cent... taking the most productive land areas and occupying the best jobs' (ASNLF 2004).

Short of attempting to reduce economic horizontal inequalities in Aceh, then, the Indonesian government has in fact been the prime agent in creating such inequalities. The dynamics of this process has been reinforcing: lacking trust in the ethnic Acehnese, particularly young males who were assumed to be GAM sympathizers, the Indonesian government brought in outsiders, particularly Javanese, to manage and safeguards its economic interests in the province. Agricultural migration was also encouraged to provide a bedrock of support for the military presence in the province. This immigration, however, only reinforced Acehnese grievances against the central government and its Javanese 'agents', thus solidifying support for the rebellion.

Whilst the New Order regime of Suharto brooked no political settlement, both its predecessor and successor regimes have been more willing to envisage some degree of autonomy to quell Acehnese discontent. Unfortunately, a lack commitment to these measures not only undermined autonomy but also increased Acehnese mistrust of the central government. The 'special region' status afforded Aceh in 1959 allowed the province control over religious affairs, customary law (*adat*) and education, but these powers were quickly undermined. In 2001, during the most substantive negotiations to end the insurgency to date, more substantial autonomy measures were proposed and passed by the central government including, crucially, increasing to 70% the proportion of oil and gas revenues returned to the province, but these measures were never fully implemented. More recently, however, the tsunami disaster that ravaged Aceh has provoked further attempts to reach a settlement to the conflict based on a degree of special autonomy.

POLICY IMPLICATIONS: LOOKING NEXT DOOR

There is already extensive debate amongst and between academics, development practitioners and politicians over how best to prevent, ameliorate, cope with or resolve separatist struggle, both in Aceh and more broadly. Unsurprisingly, much of this debate surrounds the varying potential of decentralisation or some kind of 'special' autonomy as a conflict resolution mechanism (e.g. ICG 2001). For the purposes of this paper, however, we are more interested in policies that might help prevent or resolve conflict by reducing horizontal inequalities. There is probably no better place to start examining this than in Aceh's neighbour across the Melaka Straits, Malaysia.

After ethnic rioting in 1969, Malaysia implemented an ambitious long-term economic restructuring plan, the New Economic Policy (NEP), designed to reduce the horizontal inequalities between the demographically dominant but economically weak Malays and the economically more powerful Chinese minority. A substantial literature already exists evaluating the successes and failures of the NEP (e.g. Gomez and Jomo 1997; Ishak 1996;

Jomo 1990; Rasiah and Ishak 2001; Shireen 1998). There is not space here to delve deeply into this literature, but it is generally argued from an economic perspective that, whilst the NEP did not achieve its highly ambitious targets, it was nonetheless successful in reducing the economic imbalances between the major ethnic groups. The 'subsidy mentality' it engendered in the Malay population, however, has been seen both as a source of often corrupt rent-seeking and a concomitant potential drain on economic efficiency.

Most analysts who have considered the applicability of the NEP to Indonesia have argued against an 'Indonesian NEP'; Mackie (1999: 196) opines that it would have 'disastrous' consequences. 'Looking at Indonesia today through NEP lenses', Khoo (2004: 12-13) sees 'more contrasts and obstacles than similarities and opportunities', although he does at least see the potential for Indonesia learning from the 'basic NEP lesson, that is, restructuring cannot work efficiently without growth'. These analysts are primarily concerned, however, with national disparities, particularly the Chinese-*pribumi* divide in Indonesia.

If an 'Indonesian NEP' is unfeasible on the national level, however, it may well provide important policy tools for ameliorating conflict on the local level, not just in Aceh but across Indonesia's restive provinces, including in Papua, Maluku and Central Sulawesi. Attempts to improve the educational standard of the Acehnese in Aceh, for instance, might help ameliorate conflict by providing them the means to take up more high-ranking occupations. Historically, it appears that the New Order government in fact followed an opposite path; in 1990 it was reported that Aceh's universities taught no courses on chemical engineering, despite the obvious importance of this to the province's petrochemical industry (Vatikiotis 1990). Similarly in the rural economy, preferential land-rights or development programmes for the Acehnese community might undercut anti-Javanese sentiments.

The risks of NEP-style economic engineering remain high, however, both in Aceh and beyond. In other provinces, notably in Kalimantan, an unsavoury politics of xenophobic ethnonationalism under the broad banner of *putera daerah* (lit. 'Sons of the Region') has emerged, which redistributive policies might only encourage. In this respect, it is important to note that one of the major factors behind the success of the NEP was the broad acceptance by all the communities in Malaysia that some form of restructuring was necessary (Jomo 2001); without such broad acceptance, the short-term political sustainability of any 'Indonesian NEP' would be questionable, irrespective of its long-term benefits. Any attempts to redress the horizontal inequalities of Aceh must thus be part of a broader political settlement in the province.

REFERENCES

- Andaya, L. Y.** 2001 'Aceh's contribution to standards of Malayness', *Archipel* 61: 29-68.
- ASNLF** 1976 'Declaration of Independence of Aceh-Sumatra'.
— 2004 'Acehnese delegation paper' *22nd Session of the UNHCR Working Group on Indigenous Populations*, Geneva.
- Gomez, E. T. and Jomo, K. S.** 1997 *Malaysia's Political Economy: Politics, patronage and profit*, Cambridge: Cambridge University Press.
- ICG** 2001 'Aceh: Can autonomy stem the conflict?' Jakarta/Brussels: International Crisis Group Asia Report no. 18.
- Ishak, S.** 1996 'Pembangunan desa dan kemiskinan di Malaysia dalam tempoh Dasar Ekonomi baru, 1972-1990', in S. Muhammad Ikmal and E. Zahid (eds) *Malaysia: Critical perspectives*, Petaling Jaya: Persatuan Sains Sosial Malaysia.

- Jomo, K. S.** 1990 'Whither Malaysia's New Economic Policy?' *Pacific Affairs* 63(4): 469-499.
- 2001 'Malaysia's New Economic Policy and "National Unity"' *UNRISD Conference on Racism and Public Policy*, Durban.
- Kell, T.** 1995 *The Roots of Acehnese Rebellion, 1989-1992*, Ithaca, NY: Cornell University Modern Indonesia Project.
- Khoo, B. T.** 2004 'Managing ethnic relations in post-crisis Malaysia and Indonesia: Lessons from the New Economic Policy' *UNRISD Identities, Conflict and Cohesion Programme Paper no. 6*, Geneva.
- Leith, J.** 1998 'Resettlement history, resources and resistance in North Halmahera', in S. Pannell and F. von Benda-Beckmann (eds) *Old World Places, New World Problems: Exploring issues of resource management in Eastern Indonesia*, Canberra: Australian National University, Centre for Resource and Environmental Studies.
- Mackie, J.** 1999 'Tackling the "Chinese Problem"', in G. Forester (ed) *Post-Soeharto Indonesia: Renewal or chaos?*, Singapore: Institute of Southeast Asian Studies.
- Østby, G.** 2003 'Horizontal inequalities and civil war: Do ethnic group conflicts influence the risk of domestic armed conflict?' *Department of Sociology and Political Science*, Oslo: Norwegian University of Science and Technology.
- Rasiah, R. and Ishak, S.** 2001 'Market, government and Malaysia's New Economic Policy', *Cambridge Journal of Economics* 25(1): 57-78.
- Reid, A.** 2003 'War, peace and the burden of history in Aceh' *Asia Research Institute Working Paper Series no. 1*, Singapore.
- Schulze, K. E.** 2004 *The Free Aceh Movement (GAM): Anatomy of a separatist organization*, Washington, DC: East-West Center.
- Shireen, M. H.** 1998 *Income Inequality and Poverty in Malaysia*, Oxford: Rowman and Littlefield.
- Stewart, F.** 2000 'The root causes of humanitarian emergencies', in W. E. Nafziger, F. Stewart and R. Väyrynen (eds) *War, Hunger and Displacement: The origins of humanitarian emergencies*, Vol. 1: Analysis, Oxford: Oxford University Press.
- 2002 'Horizontal inequalities: A neglected dimension of development', *Queen Elizabeth House Working Paper Series* 81.
- Tirtosudarmo, R.** 1995 'The political demography of national integration and its policy implications for a sustainable development in Indonesia', *The Indonesian Quarterly* 23: 369-383.
- Vatikiotis, M. R. J.** 1990 'Ancient enmities', *Far Eastern Economic Review* (June 28): 12-13.