**Conflict Prevention and Peaceful Development:
Policies to Reduce Inequalities and Exclusion**
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Conflict Prevention and Peaceful Development: Policies to Reduce Inequalities and Marginalization in Indoneisa – Research Findings and Policy Issues Briefing Paper

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Dedi Adhuri, Graham Brown, Rachael Diprose, Khoo Khay Jin, Laksmi Rachmawati, Frances Stewart, Thung Ju Lan, Zulfan Tadjoeddin, and Riwanto Tirtosudarmo

Scope and Aims of the Paper

This paper provides the background briefing for the CRISE workshop on Conflict Prevention and Peaceful Development: Policies to Reduce Inequalities and Marginalization in Indonesia. It constitutes a synthesis of CRISE's major research findings in Indonesia and relevant work elsewhere in the world. The CRISE research papers utilized are listed in section 6 below. The paper follows the layout of the workshop and provides summaries of our research findings, which will be further discussed in the session presentations. For each session, we also identify relevant policy issues which we hope may provide the departure point for open discussion.

1 What are horizontal inequalities, why do they matter and how to measure them

1.1 What are horizontal inequalities?

1.1.1 Horizontal inequalities (HIs) are inequalities between culturally defined groups, such as ethnic, religious, racial or caste-base groups. The concept of horizontal inequality differs from the 'normal' definition of inequality (which we term 'vertical inequality') because the latter type lines individuals or households up *vertically* and measures inequality over the range of *individuals* rather than *groups*, whereas the former measures inequalities between the groups with which these individuals align themselves. HIs are *multidimensional* and encompass economic, social, cultural status and political dimensions:

- Economic HIs include inequalities in ownership of assets, incomes and employment opportunities.
- Social HIs cover inequalities in access to a range of services – education, health and housing – and in human outcomes (including education, health, nutrition).
- Political HIs consist in inequalities in the group distribution of political opportunities and power at many levels, including political bureaucratic and military power.
- Cultural status HIs refer to differences in recognition and (de facto) hierarchical status of different groups' cultural norms, customs and practices.

1.1.2 Each of the dimensions are important in themselves, but most are also highly correlated with the other dimensions. E.g., political power is both an end and a means as people desire power in itself, and also for the economic and social

benefits that it permits; control over economic assets is primarily a means to secure income but it is also an end; similarly, education is wanted in itself (as an important basic human right) and also as a means to enhance incomes. Recognition of different languages often affects economic opportunities, as well as being important for the self-esteem of the group. For shorthand, we often refer to 'socio-economic' inequalities merging the first two categories, but there are important differences here – as the social HIs are usually mainly the outcome of the activities of the government (and NGOs), while the economic HIs arise from inherited inequalities in endowments and the workings of the economic system.

1.1.3   While outcomes are relevant across all societies – incomes, health, political power, for example, inputs can vary, so the relevance of some elements vary across societies, depending on their role in each society. For example, access to primary education is critical in very poor societies, but in more developed countries where there is universal access to this level of education, access at higher levels becomes more important. Equally, access to and ownership of land is of huge importance where agriculture accounts for most output and employment, but becomes less important as development proceeds, and ownership of financial assets may become more important.

1.2   Why horizontal inequalities matter

HIs matter because:

1.2.1   Unequal access to political, economic, and social resources and inequalities of cultural status can have a serious negative impact on the welfare of members of poorer groups who mind about their relative position and that of their group.

1.2.2   Severe horizontal inequalities may reduce the growth potential of society, because they mean that some people do not have access to education or jobs on the basis of their potential merit or efficiency because of the group they belong to. Access for the more privileged groups is too easy access for the purposes of efficiency, and too difficult for the deprived groups.

1.2.3   Horizontal inequalities can make it difficult to eliminate poverty because it is often difficult to reach members of deprived groups effectively with programmes of assistance. This is especially so because deprived groups face multiple disadvantages and discrimination and these need to be confronted together.

1.2.4   Finally, high HIs makes violent group mobilisation and ethnic conflicts more likely, by providing powerful grievances which leaders can use to mobilise people, by calling on cultural markers (a common ethnicity or religion) and pointing to group exploitation.

1.3   How should His be measured

It is important to monitor HIs so as to identify where they are severe, and in which dimension. Problems of measurement include:

1.3.1 *Identifying relevant groups.* What is needed is to identify groups which are important to people in society and on the basis of which political mobilisation may occur. Group affiliation matters most where group boundaries are relatively tight, so people cannot move easily from one group to another. Since people have multiple identities which are socially constructed and to some extent fluid, there are very few groups where boundaries are clear cut. In Indonesia, for example ethnic heritage, birth and place of abode can interact to form an individual's identity and their loyalties to a particular group. However, under certain conditions, loyalty to heritage may supersede place of abode, particularly in conflict situations. There may also be variations in definitions associated with claims of identity such as *putra daerah* (local sons) which may in one region be associated with birthplace or place of abode and in others be associated with heritage, depending on the local political discourse in which usage develops (Diprose, 2007) In Guatemala, under certain circumstances an individual can be born indigenous and become Ladino during the course of his or her life. In most African countries, there are many sub-ethnicities and much intermarriage which make boundaries fluid and ill-defined. In-depth knowledge of a particular society is necessary to identify salient groups.

1.3.2 *Covering all four dimensions of HIs.* Since HIs are multidimensional, ideally measurement should cover each of the four dimensions, and the most important elements within each. To the extent that we are concerned with the political impact of horizontal inequalities, what is important are the elements that seem most significant to the people involved – in the extreme, the kinds of things which people will fight over. Evidence suggests that this differs across societies and groups: In Indonesia, for example, the cultural status of different religious groups is given due attention through national holidays in most instances, whereas at the local level where there is more than one ethno-religious group, one may be given greater status than the other. The survey data from Central Sulawesi, Indonesia suggests that political inequalities between different groups dominates much of the inequalities discourse. In Northern Ireland, it appears that people are particularly concerned about their employment and housing inequality; in Zimbabwe, people's actions suggest they pay attention to land inequality; in Britain, young black people object to being stopped by the police as they go about their business; in Sri Lanka, people's major concerns are employment prospects and access to higher education. From both a well-being and a political perspective, then, these rather concrete variables may be of more importance than outcome variables, like life expectancy or nutrition levels, or incomes, which are less visible on a day-to-day basis.

1.3.3 *Data issues.* In many countries, most data do not include ethnic or religious variables. Serious monitoring of HIs requires that such variables be included in household surveys or censuses. But in their absence it is often possible to use other data (e.g. using language or region to classify people) which can act as a crude proxy for the group data needed.

1.3.4 *Measurement procedures.* Where there are more than two groups, simple ratios do not capture the full picture. An investigation of alternative synthetic measures suggests that the group-weighted group coefficient of variance may be the most appropriate single measure for multi-group contexts (STEWART et al. 2005). This is the measure employed in Mancini's analysis of Indonesian districts (see

section 4.2.1 below). In addition, we may want to include measures of the intra-group distributions because there can be different implications for wellbeing and for conflict according to the intra-group distributions, as well as for policy. Weighted 'alpha-means' appear to be the best alternative here.

2   Citizenship rights and ethnicity

2.1   The nature of citizenship

2.1.1   CRISE research has traced the changing nature of citizenship and local and national identity in Indonesia (Brown 2005; Diprose, 2007; Tirtosudarmo 2005a; Tirtosudarmo 2005b). In contrast to neighbouring Malaysia, where Malay identity and 'Malayness' was a fundamental basis for Malay ideology and Malay nationalism in Malaysia, the Javanese and 'Javanese-ness' have barely withstood the onslaught of Indonesian civic nationalism (Tirtosudarmo 2005). Although the Javanese people are the largest ethnic group in comparison with the other ethic groups, Javanese and Javanese-ness have failed to become the fundamental bases for Indonesian nationalism. Early Indonesian nationalism emerged as a strong rejection of the idea of nationalism as a simple derivative of Javanese-ness. Some of the peoples of eastern Sumatra, for instance, are not only physically close to the populations of the western littoral of the Malay Peninsula across the narrow Straits of Malacca, but they are ethnically related, understand each other's speech, and share the same religion. These same Sumatrans neither share mother-tongue, ethnicity, nor religion with many Ambonese, located on islands thousands of miles away to the east. Yet, during the process of Indonesian independence, they came to understand the Ambonese as fellow-Indonesians and the Malay as foreigner. Furthermore while there is a general adherence to the national identity of being Indonesian in most provinces in Indonesia, there is a vast array of local identities to which people are simultaneously loyal which become contested when there is large scale migration into a particular area.

2.1.2   The brutal nature of the rise of the New Order remains an unresolved legacy of violence in Indonesia. National efforts to address the 1966/7 killings and their legacy have been notable by their absence.   Until now, none of Suharto's successors have given significant attention to find the truth behind the Sept. 30 coup attempt. During the reform era, President Abdurrachman Wahid tried to defuse the anti-communist discourse by making a public apology to the families of victims of the 1965 massacres and proposing the annulment of TAP MPRS/XXV/1966 on dissolution of the PKI and prohibition of Communism/Marxism-Leninism. But this proposal ran aground. In South Blitar, however, local efforts at reconciliation surrounding the Trisula Monument – built to celebrate the elimination of the PKI – helped neutralise the bitter memories of the past and at the same time to record this new event in the collective memory.

2.1.3   The centralized governments of late Sukarno and Suharto gave rise to a 'participation gap', as ethnically-oriented local elites were excluded from national decision making (LIDDLE 1970: p.222), intensified under Suharto through the SARA (Suku, Agama Ras, Antar Golongan – Ethnic, Religious, Race and Intergroup Relations) regulations. A number of existing studies from different periods in Indonesia's independence, including Liddle, suggest that a strong

sense of 'local citizenship' was not, however, in competition with Indonesian national identity, but parallel. With the exception of places such as Aceh and Papua, resentment against Java and Javanese domination did not translate into rejection of Indonesia altogether. CRISE research in Central Sulawesi complicates this picture, however. In a survey carried out by CRISE across 6 countries, respondents were asked to pick the three most important factors for their sense of identity from a closed list. Table 1 presents the results. Indonesia stands out in stark contrast to other countries on a number of indicators. Almost twice as many respondents ranked ethnicity as one of their three most important identity markers in Indonesia than in any other country; almost half reported their place of residence as important – more 30% more than any other country; place of origin also scored higher than any other country except Peru. In contrast, reports of nationality as an important factor in their identity was barely 11% in Indonesia, less than a half that of any other country.

Table 1: Survey respondents' three most important identities, 6 countries

Country	Gender	Language	Nationality	Religion	Ethnicity	Place/region of Origin	Ideology	Residence/ Neighb-ourhood	Occupation
Bolivia	36.0%	27.8%	52.0%	29.8%	23.7%	23.2%	19.2%	9.8%	44.5%
Ghana	42.9%	20.7%	45.4%	75.8%	17.8%	5.1%	6.4%	10.5%	72.0%
Guatemala	64.5%	25.2%	27.6%	53.5%	15.9%	19.9%	5.6%	14.2%	45.2%
Indonesia	**38.8%**	**24.5%**	**11.5%**	**49.6%**	**44.4%**	**26.8%**	**6.2%**	**48.9%**	**40.3%**
Nigeria	42.9%	36.0%	27.1%	78.2%	24.1%	16.6%	5.2%	15.4%	39.0%
Peru	69.4%	36.1%	n.a.	32.7%	21.3%	39.3%	13.7%	18.0%	52.4%

2.2   *Political Horizontal Inequalities.*

2.2.1   As is well known, toward the second half of Soeharto's New Order period, the ethnic composition of the government had become extremely un-balanced. Soeharto has completely stopped the balancing process among the different ethno-regional interests and parties (three-party policy), and started to adopt strategies and policies of political homogenization, monopolisation and ethnic favouritism towards his own (Javanese) group. Political exclusion and inequalities therefore became very severe from the mid-1980s onwards. Ultimately, as seen – among others – by the Papuan, the main losers were the Eastern (Christian) Indonesians who became politically excluded and disenfranchised, in addition to being socio-economically disadvantaged. Soeharto is seen by many people to have manipulated his power to facilitate his political and economic 'cronies'. He also appointed his 'own' people to the higher command positions within the army. The favouritism has given a strong financial and economic position to the army through what is known as 'military's dual function' (dwi fungsi ABRI). Under the 'dual function' principle military leaders were appointed in civilian posts, such as the governor and the bupati. In addition, Certain government officials, businessmen and members of the security forces were publicly known profiting from various 'monopolized businesses', including 'illegal ones' such as illegal logging, gambling, etc. In the 1997 electoral environment, characterised by old players and 'un-democratic' rules, had created

the greater sense of political inequalities, injustices and grievances among the non-Javanese. The Acehnese and the Papuan, for example, claim that they are discriminated against and have been prevented from holding strategic positions within the local governments by successive Javanese and military-dominated governments.

2.2.2   While the Javanese constitute about more or less fifty percent of the population, approximately ninety percent of all government ministers had a Javanese background. A small number of non-Javanese in the local and national government (particularly at ministerial positions) during the New Order period was translated into a marginalisation of the non-Javanese. The eastern part of Indonesia had become somewhat under-represented in proportion to their geographical size. The fact that the position of president, the most important position in Indonesia has always been occupied by Javanese, has further contributed to emphasizing the political salience of eastern Indonesia's under-representation among government ministers. In the present government, perhaps less than 10 % of all ministers had an Eastern Indonesian background

2.2.3   These grievances are not confined to national politics however. Particularly with the most recent transition and the implementation of regional autonomy, there is contestation over rights to political positions based on local ethno-religious or putra daerah identity.   In many places across Indonesia such as Lampung, Central Sulawesi, Lombok, Bandung, and even in Jakarta (Diprose, 2002; Diprose, 2007), the right to occupy key parliamentary, civil service, and other leadership positions is contested according to regional identities. Such identities are a part of mobilization discourse during regional parliamentary and district/provincial head elections, and in some areas the right to occupy such positions is slowly entering into local regulations such as in Central Kalimantan, Bandung, and other areas

2.3   Cultural Status Inequalities

2.3.1   Grievances among 'Eastern Indonesians' were not limited to the economic and political sphere, but also related to their cultural status. While the political exclusion and relative socio-economic deprivation of the Eastern Indonesian ethnic groups were critical factors behind the emergence of the violent conflict, perceptions of the non-recognition and secondary status of the Christian religion, the predominant religion in the Eastern Indonesian regions, also played an important role in instigating, among others, the Papuan demand for independence. For instance, with the recently growing number of mosque constructions with state financial supports in Christian dominated areas of Papua, many Christians perceived this as a clear indication of Muslim supremacy in Indonesia. Arguably more important, however, was the introduction of the concept of *'masyarakat tertinggal/masyarakat terasing'* (isolated/backward community) which made some Eastern Indonesians *de facto* secondary citizens not only in terms of political rights, but also, in terms of cultural status. The introduction of the concept had an impact far beyond the political sphere of society and created different categories of Indonesians with different rights, standing and cultural status, which found resonance in the society at large. The ethno-regional and religious differences between Eastern and Western xIndonesians led to a situation where these two different groups of people

became increasingly seen in the Malay-non Malay and Muslim and Non-Muslim divisions. For example, as some Papuan have strongly put forward, the portrayal of 'Papuan' as 'Christian minority' not only constituted an extreme lack of recognition *by* the Indonesian state which is generally pronounced as Malay and Islam, but it also meant and indeed 'justified' the non-recognition of the Papuan (at least in the view of those propagating the concept of 'Papuanization') in the Indonesian state.

2.3.2   Under the New Order, cultural status inequalities were perversely addressed through the complete renunciation of religion and ethnicity from the public sphere through the SARA policies. If ethnicity was to be generally suppressed or reduced to a ceremonial 'celebration' of diversity, however, the New Order regime held up at least one ethnic group as separate – the Chinese. Victims of some of the most blatant ethnic suppression in the early years of the regime, including the banning of Chinese names and Chinese characters, the Chinese were held up by the New Order as a contaminating 'Other' that threatened the authenticity of the nationalist project (Heryanto 1998: 97; Rakindo 1975). Forever subject to assimilationist policies, they were thus *denied* the ability to assimilate fully – for instance, alone amongst Indonesian citizens, they were obliged to have their ethnicity marked on their identity cards – and thus remained the perennial political outsiders. That the New Order rhetoric rallied against the Chinese as the 'scapegoat' of Indonesian politics did not, of course, prevent Suharto and his family having close business relations with many prominent Chinese – relations stretching back to Suharto's days as a dubious 'fund-raiser' for the army (Schwarz 2004).   Post New-Order administrations have attempted to rectify this, including recent laws to equalize citizenship status for Chinese Indonesians, although widespread stereotyping and discrimination remain.

2.3.3   The position of Islam with the Indonesian state remains an important issue of cultural status equality. Suharto's 'Islamic Turn' in the latter years of his reign, driven largely by political considerations, drove widespread fear among non-Muslims that the carefully balanced 'pancasila' secularism of Indonesian independence was being undermined. Even in the post-New Order period, the Jakarta Charter affair remains unresolved, with large demonstrations and mobilizations calling for the transformation of Indonesia into an Islamic state. The decentralized nature of the post-New Order period has complicated this picture through the implementation of syari'ah law at the district level in certain areas such as Tasikmelayu, which is the subject of ongoing CRISE research.

2.4   Migration

2.4.1   The demographic impacts of state-sponsored 'transmigration' and other migrants, and the rise of associated ethnic and religious tensions, have been a perennial issue in post-New Order Indonesia. CRISE research suggests that the demographic aspects of migration and transmigration alone do not account significantly for the incidence of conflict, however. District level econometric analysis shows migration levels as significant in predicting conflict only in models where variables relating to horizontal inequalities are left out. The impact of migration hence appears to be conditional upon its own impact on local horizontal inequalities. This is confirmed by our case study research. As explored in section 4.1.4 below, transmigration drove an increase in ethnic

inequalities. In the agricultural sector across Indonesia, however, migrants and transmigrants from Java and Bali has markedly larger landholdings than local born agriculturalists. The transmigration programme impacted on indigenous ethnic groups and horizontal inequalities in two ways. Firstly, the deforestation that accompanied the programme's settlement practices displaced smaller, migratory local communities and deprived them of their livelihoods. The World Bank's own assessment of the Transmigration II settlement noted that it had 'a major and probably irreversible impact' on the Kubu ethnic groups (World Bank 1994: p.22). Secondly, the transmigration programme exacerbated rural ethnic inequalities and tension by assigning to the mostly Javanese transmigrants prime land, often in substantially larger family plots than those owned by local residents (e.g. Leith 1998). Overall, the interpolated median landholding of Java/Bali-born agriculturalists in the outer islands was 1.17 hectares, some 44 per cent higher than that of local-born agriculturalists, at 0.82 hectares.
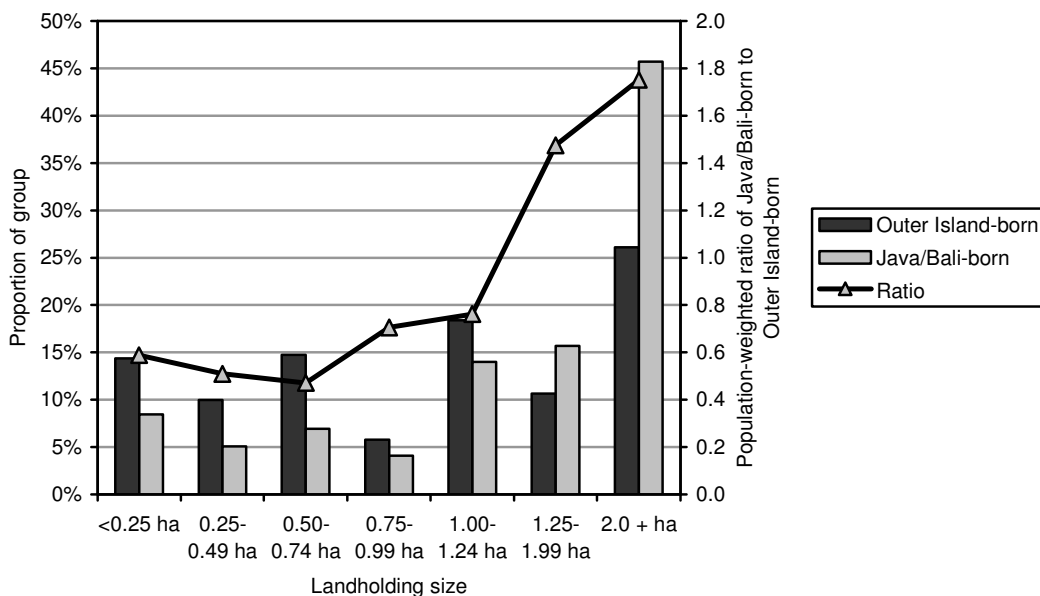
Figure 1: Landholding among agriculturalists in the outer islands by region of birth, 1990 (Calculated from 1990 Census sample)

2.4.2 Migration has also been a contributory factor in the rise of *putra daerah* movements. In many areas, except for a few token appointments, political appointments are mostly and exclusively reserved for the sons of the soil. The ethnic card has also been repeatedly played by both government and opposition parties/politicians, particularly during elections. Furthermore, ethno-regional voting patterns as well as survey research conducted by CRISE in Poso, Central Sulawesi suggest that ethnicity remains (or at least is perceived to be) an important factor in the public/political sphere (Brown and Diprose, 2006). Most respondents thought that a person's ethnic background affected his/her chances of getting government jobs and government contracts, which provide the best opportunity to earn regular income, particularly in the less developed areas of Eastern Indonesia. In Riau, the Malay movement is very strong, expressing powerful demands to control local government and a 40-50 quotas of the Malay

employed in all industries. Both demands are expressed by the language that the 'anak tempatan' or 'putra daerah' should be given first priority in the two domains. Culturally, the movement also demands that Malay cultural icons are used in a formal appearance of local government, such as urging government officials to wear traditional Malay dress in office on Friday. On the street, the movement has also been (mis-)used by some Malays for pretty crime such as security rackets for uang keamanan (security fee).

2.4.3 Putra daerah movements are not homogenous, however. Given the diversity of identity groups in Indonesia, claims of indigeneity or who could be identified as *putra daerah* was thus highly contested politically, as it could serve as a basis for claims to leadership and a means for mobilizing grass-roots support. In a CSIS survey, 59.7% of the respondents desired the Regional Heads at the district level to be *putra daerah* (local sons), defining *putra daerah* as those who were born, grew up and now live in the region (employing a civic definition of *putra daerah)* – but not necessarily having ancestral origins in the region (Diprose, 2007). However, in-depth interviews conducted on the *putra daerah* phenomenon at the height of the debate in 2001 discerned that the definition of 'local sons' was contested in the regions, with some emphasising ethnic origins and other emphasising civic ties, depending on the majority-minority demographics and indigeneity discourse in each region (Diprose, 2002). Most important in this discourse however, was the emphasis on 'sense of belonging to the regions' and commitment to develop a particular region, and this was particularly demanded of the leadership. Hence, much of the public debate on claims as 'local sons' arose with the appointment or election of the district and provincial representatives.

2.5 Policy Issues Arising

2.5.1 Is a sense of Indonesian 'civic nationalism' a thing of the past? Is Indonesia best served by accommodating ethnic and religious identities and trying to find a suitable model of ethnic consociationalism as practiced in countries such as Malaysia, or is the promulgation of an over-riding sense of Indonesian-ness the most appropriate path for peaceful sustainable development? How would each of these objectives be attained?

2.5.2 How can religious diversity be reconciled with strong popular demands among certain quarters for a stronger role for Islam in the political sphere? While the 'backdoor' implementation of shari'ah is seen by many as a threat to the secular nature of the Indonesian state, could such decentralized institutions provide an important route for allowing the expression of political Islam in areas where the vast majority of the population support it, while not imposing it upon other areas? What kind of policies can be developed to promote inter-religious understanding, tolerance and communication?

2.5.3 While 'rolling back' transmigration is unfeasible, how can lingering problems of migrant–non-migrant tensions be addressed? If 'putra daerah' movements are here to stay, would it be possible to promote the more 'civic' definition of regionalism that could incorporate migrant groups? What policies might achieve this result?

2.5.4 Do the legacies of the 30 September incident and its aftermath need further redressal? If so, in what way? Many countries such as South Africa, Peru, Timor Leste and Guatemala have introduced Truth and Reconciliation commissions to heal the wounds of such traumatic periods, but many of these have also had little impact.

3 Ethnic Representation, Decentralization and Governance

3.1 Decentralization and competition for local power[1]

3.1.1 Struggles for regional autonomy in Indonesia did not simply stem from '*reformasi*' (the reform period) following the end of the New Order regime. Instead, contested power relations between the centre and the regions can be found as early as the 1950s. The regional autonomy debate has long been entangled with the identity politics of, on the one hand, loyalties to the unified, single Indonesian identity fought for with the birth of the Independence movement, and on the other hand, the diversity of Indonesian regional identities existing across the some 10,000 islands within its borders. According to Feith (1962: 27), by 1949 there were 366 traditionally self-aware ethnic groups in Indonesia, including ten major groups with populations of over 1 million. While some of these groupings unified to overthrow the Dutch and form a single 'Indonesian' identity, natural loyalties to the communal and quasi-communal groups still existed in parallel with the unified Indonesian consciousness. Some deemed ethnic group loyalties to be in competition with loyalties to the state and the national community in the 1950s, and thus 'local 'patriotisms' and demands for self autonomy were seen as a threat to national unity (ibid: 29).

3.1.2 Regional autonomy also created a space for local customs and traditional communities, institutions, and organisations to grow and (re)-establish themselves. In some instances, these institutions remained throughout the New Order, in others they have re-emerged or been re-vitalised. Regardless, these groupings are also entwined with local identity politics, claims to power and leadership, as well as management of local conflict and problem-solving mechanisms. Acciaioli (2001: 88) argues that the legislative changes 'open up a political space for the replacement of once nationally uniform institutions, local conduits of nationalist allegiance, by regionally variable organisations and procedures of governance that encode community aspirations in terms of adherence to local custom'. Prior to and during the post-1998 transition, there has been an increased assertion by minority ethnic groups of their interests and separate identities, which they claim to be of parallel importance to their national identity as Indonesians. Legislative change has created the space for these debates to surface and for local needs to be accommodated. However, groups that may be labelled minorities when compared with other groups in the national context, often have majority representation at the local level where they are currently staking their claims (Diprose, 2007). With regional autonomy, local politics is flourishing and consequently local identity politics are paramount in minority-majority claims and access to leadership positions.

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[1] For more in depth discussion of these issues see Diprose (2007)

3.1.3 District-splitting has had both positive and negative impacts. In some cases, district-splitting has alleviated elite competition and concomitant risks of ethnic mobilization by creating more ethnically homogenous areas. In Central Sulawesi, for instance, several Christian and Muslim sources confirmed that while there was some discontent amongst Muslim elites particularly about the formation of Tojo Una-Una distict, the proposal to form both Morowali district in 1999 and Tojo Una-Una in 2003 was broadly accepted and endorsed by the district parliament (Diprose, 2007).   Immediately prior to the Poso conflict and during its initial stages, many elite positions in Poso were dominated by Muslims, particularly from the Bungku and Mori sub-districts (this was confirmed by both Muslim and Christian sources). These two sub-districts were then incorporated into the new Morowali district, shifting some of the elite competition and the rough demographic polarization of Christian and Muslim identities to the new district.   While the district splitting may have alleviated tensions and elite competition in Poso, it has potentially passed on the challenges of managing diversity to the new districts. For example, in Morowali, which now neighbours Poso, there is intense competition between elites to access government positions and resources. The region is also rich in natural resources, including plantations and minerals, which provides considerable incentives for mobilisation and power-seeking. Not forgetting that parts of Morowali were once involved in the Poso conflict, the local history of tensions between the predominantly Muslim Bungku kingdom and the predominantly Christian Mori kingdom provide a backdrop creating the potential for conflict in the future.   Managing these tensions is required for ensuring constructive rather than destructive competition takes place. Currently, the discourse in the district pertains to splitting the region again into the Mori and Bungku districts, respectively.   Similarly in East Kalimantan, despite the allegations of Dayak elites about their political under-representation at province-level, they were able to leverage the pemekaran process in 1999 to secure the creation of some predominantly Dayak districts and gain control of them. The new elites of these districts have taken extensive measures to address 'Dayak issues', such as the role of customary laws and institutions (Adat), formulate new policies recognizing indigenous land-rights (including efforts to formalise the results of participatory mapping of customary land) and increase the role of Dayak NGOs (e.g., Lembaga Bina Banua Puti Jaji) in development planning. In Malinau District, the flavour of governance has shifted towards pro-Christian policies, such as budget allocations in the Dinas Agama (District Agency for Religious Affairs) for Christian civil servants who want to go on a pilgrimage to Jerusalem.

3.1.4 While the immediate impacts of decentralization have since dissipated and President Susilo Bambang Yudhoyono has called for a moratorium on the pemakaran process, demands for the creation of new provinces and districts continue, and raise the prospect of future conflicts. CRISE research suggests, however, that some such new campaigns may have transcended narrow ethnic and religious affiliations, although still being driven by ambitions of elite capture. The campaign for East Sulawesi province, for instance, reflects the politics of transcending boundaries in which the political elites have set aside their collective identity differences to achieve their political and economic goals. The middle-belts of Sulawesi where the East Sulawesi province will be located is a territory in which fluid cultural boundaries exist among the people from different

collective identities. The very recent development in Southeast Maluku show how redistricting can still create tensions, however.

3.1.5   Local elections remain a key weakness for ethno-religious mobilization, although the recent round of Pilkada elections were largely problem-free. CRISE research in the hotspot of Poso during the Pilkada found that elite interventions were key to retaining the peace, but that voting still fell along religious lines (Brown and Diprose, 2007). Examining various formal and informal interventions in the election campaign, the research found that at the elite level there is a strong 'negative' peace in which is likely to prevent a return to conflict, but there is little positive engagement to address some of the underlying problems or construct a mutual vision for the future for all groups involved. At the grassroots level, the research found that voting patterns suggest a similar lack of 'positive' peace at this level and an even weaker form of 'negative' peace. Interestingly, the perceptions survey conducted in Poso found that almost 60% of respondents expressed a preference for the secular nationalist parties, yet this was not reflected in the actual voting patterns in the Pilkada, as 55% of votes were cast for candidates backed by religiously-oriented parties.

3.2   Policy Issues.

3.2.1   With demands for further administrative re-delineation at the province, district and sub-district level continuing apace, what kind of policies can be implement to manage this process fairly and peacefully? Two separate but apposite issues are comprised here. Firstly, by what criteria could/should demands for new administrative units be judged. There are countervailing pressures here. For instance, it appears from CRISE research that redistricting which creates smaller but more ethnically homogenous units may be conducive to reducing ethnic competition, at least in the short to medium term. But such a policy may also lead to the entrenchment of ethnicity as the basis of political participation in Indonesia, arguably to the long-term detriment of national stability. Similarly, while redistricting may alleviate local concerns about the utilization of revenues and lead to more equitable development, multiple smaller units may also generate administrative inefficiency and retard overall developmental progress. The second issue relates to how re-delineations, once approved in principle, are to be practicably implemented without generating new tensions and competition.

3.2.2   What kind of institutions and practices can be implemented or encouraged to ensure that local governance in ethnically and religiously diverse provinces and districts is inclusive and does not generate perceptions of group marginalization? Informal practices such as the 'sharing' of key positions between major ethno-religious groups proved successful in mitigating tensions some areas such as Maluku and Central Sulawesi during the late New Order period. Yet the rapid collapse of these practices, which fed into the conflict spiral, shows the inherent weakness of such informal practices. How can ethno-religious mobilization in and around electoral periods be minimized?

4   Resource Distribution and Redistribution

4.1   Natural resources and conflict

4.1.1   The extraction of natural resources played an important role in financing the entire New Order economic and social developments. The founding financial pillars of the New Order economy were oil, gas, mining and forestry (timber). These provided the easiest way for the country to increase its revenues, particularly since it was once among the world's poorest countries. Exploitation of natural resources significantly intensified after Suharto came to power in 1966/67. Realising that large-scale (and quick) resource extraction could be performed only with the involvement of foreign companies, in the first year of his presidency (1967), Suharto enacted three important laws on (i) foreign investment, which provided a clear procedure for foreign operations in Indonesia with generous tax concessions for foreign companies, (ii) forestry, which put all forests under the control of the state, and (iii) mining, which allowed for all lands within the Republic to be used for mining (Resosudarmo, 2005). However, overtime, the importance of natural resources as a form of revenue generation for the state has been declining, particularly the share of domestic government revenue derived from oil and gas. In fiscal year (FY) 1967, oil and gas contribution to domestic revenue was only 6.6%, rose steadily to 49% in FY 1982/83, and then declined to 23% in FY 1996/97 just before the East Asian financial crisis. Mining's contribution to national GDP has also been declining and similar trends appear to be occurring in the forestry sector.

4.1.2   Undeniably, the New Order succeeded in providing the conditions for significant improvements in the country's socio-economic development with a relatively low (vertical) inequality according to the Gini measure of household consumption, which –in fact— was widely acknowledged as a success story by the international community (Word Bank, 1993; ADB, 1997). Between the 1960s and around the mid 1990s (just before the crisis), average per capita income more than quadrupled, the poverty head count dropped from 70% to only 13%, the infant mortality rate dropped from 159 to 49 per thousand live births, adult illiteracy rate fell from 61% to 14% and the Gini coefficient was broadly stable, varying between 0.32 and 0.35 between 1976 and 1998,[2] which is low by international standards. Much of the credit is due to pragmatic use of government revenue derived from extracting national resources as well as other government policies, in spreading social services widely, putting resources into agriculture and providing the infrastructure and macro-economic policies that encouraged expansion of labour-intensive industry. However, as Booth (2000) concludes, despite declining poverty, problems of poverty and relative deprivation were still serious in the final years of the Suharto regime since, for example, government expenditures on upper secondary and tertiary education were still skewed to the better off and any increase in such expenditures was unlikely to benefit the poor.

4.1.3   In many cases, however, the benefits of natural resource exploitation has not accrued to the provinces and districts where these resources are located and this has been a major cause of conflict. This has been most notable in Aceh and

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[2] See UNDP, BAPPENAS & BPS (2001).

Papua. CRISE's research in Aceh supports the contention that 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; Ross 2003). Indeed, The Free Acheh Movement'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 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. The poverty in Aceh more than doubled from 1980 to 2002; over the same period, poverty in Indonesia as a whole fell by nearly half. By 2000, Aceh's regional GDP had risen to fourth out of thirty provinces, but its poverty rank had also increased to fifth.

4.1.4 Regional disparity between Aceh's wealth-generating potential and actual human development was accentuated by migration policies that fostered *ethnic* horizontal inequalities within the province. 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). 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 ethnic Acehnese. Ethnic Acehnese unemployment in urban areas in 1990 was twice that of their Javanese counterparts; among the more highly-educated stratum, ethnic Acehnese unemployment was over 13%; among Javanese it was less than 3%. Transmigration, particularly in the early 1980s, brought these ethnic inequalities into rural areas. In rural Aceh in 1990, the proportion of ethnic Javanese holding more than one hectare of land 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. Indeed, among the Javanese who arrived in Aceh during the 1981-84 migration surge, more than 70 per cent owned more than 2 hectares of land. A similar situation obtains in Papua, although CRISE has not undertaken detailed research in this province. A brief overview of data confirms a similar picture, however. In 1990, around a quarter (24.5%) of the adult population of Papua (then called Irian Jaya) was born outside the province, but this population accounted for more than 85% of professionals in the province and more than 45% of government officials. In the agricultural sector, migrant households had a median landholding of 1.81 hectares; for non-migrant households the median was barely 0.75 hectares. This combination of a sense of provincial exploitation at the national level and ethnic marginalization of indigenous ethnic groups *within*

the province appears to have been at the root of the separatist claims in Aceh and Papua.

4.1.5   In Riau, similar marginalization of the indigenous Malay community occurred. As oil-based development gained full speed in the province, local economic, political and socio-cultural resources were taken over by the central government and associated mostly Javanese political elites, acting more as a representative of Soeharto, his family and cronies political end economic interests, or what Wee (2002: p.21) calls 'Cendana families businesses'. Further, as in Aceh and Papua, the process of the marginalization of the Malays was not only in the context of their relations with the central government, but also in their relations with other ethnic groups who had migrated to Riau either voluntarily or through government organized transmigration (*transmigrasi*).   Yet while this marginalization has translated into a strong *putra daerah* movement among the Riau Malay community and some political demands for greater autonomy or even separation, it has not generated significant violent conflict as in Aceh and Papua.

4.1.6   Struggles for control of local resources have played an important role in some of communal 'horizontal' conflicts. In North Maluku, the origins of bloody violence between Muslims and Christians can be found in ethnic conflict between Makian and Kao over control of a goldmine in the newly created kabupaten of Malifut (Wilson 2005).

4.2   Distribution of assets and socio-economic resources

4.2.1   Econometric analysis at the kabupaten level confirms that socio-economic horizontal inequalities seem to matter to the incidence of violent conflict in the early post-Suharto era. Districts with larger between-group differentials in child mortality rates in 1995 as well as districts where these inequalities widened between 1990 and 1995 tend to be those where deadly conflict occurred. The effect is both consistent across a number of different model specifications and robust to alternative ways of defining and measuring group inequality. Horizontal inequality in child mortality is a very visible type of inequality which is also likely to reflect other dimensions of socio-economic inequality like education and income.

4.2.2   Further qualitative CRISE research in Kalimantan has suggested that a main source of conflict was *competition* for employment opportunities in the context of the economic contraction of 1997. Cross-kabupaten analysis notwithstanding, CRISE research in West, Central and East Kalimantan demonstrates that ethnic conflict in these provinces was between groups – Madurese against Dayak and/or Malay – located at the bottom of the socio-economic pyramid. In West Kalimantan in 1995, over 80 per cent of Madurese aged over 25 had no formal education, but among Dayak the respective figure was also high, at over 70 per cent. Only 6 per cent and 10 per cent of Madurese and Dayak respectively had more than primary education.   In Central Kalimantan, Madurese educational performance was notably worse than the other groups, with almost two-thirds lacking any formal education; comparable figures for Malays and Dayak were 50 per cent and 37 per cent. In terms of income, Figure 2 shows the ratio of mean group incomes to province averages. Despite perceptions to the contrary, overall Dayak income levels were not significantly different from provincial averages in

any of the three provinces. Notable here is that in West Kalimantan, where conflict emerged mainly between Malays and Madurese, these were the two groups that *were* significantly poorer than the province average. However, all these educational and income differentials are subject to potentially important intra-province variation across age-groups and districts, which are the subject of on-going CRISE research. A plausible hypothesis here is that Madurese were simply targets of convenience, by virtue of their numbers, their relative lack of political power and connections, and given the widespread stereotypes about "the Madurese character".

	Dayak	Malay	Madurese	Javanese
West Kalimantan	1.026	0.943***	0.671***	0.994
Central Kalimantan	0.980	0.964	0.945	0.942
East Kalimantan	0.950	-	0.710*	1.014

Figure 2: Ratio of average group incomes to province average for selected groups, 1995
Notes: Asterisks relate to t-test significance of differential from province mean: * 0.050, ** 0.025, *** 0.010; Insufficient Malay observations in East Kalimantan

4.2.3 Labour market specialization also appears to have played an important role in fostering communal conflict at the local level. Across West and Central Kalimantan, the Madurese dominated the local informal economy, which appears to have played a role in the conflict dynamics. In Central Sulawesi, labour market specialization combined with the perverse impacts of the economic crisis definitely played a role. Migrant communities dominated the cash-cropping sector, which actually benefited from the economic crisis as the devaluation of the rupiah did not affect the international price for their commodities. In the early stages of the conflict, many incidents were sparked by locals attempting to take control of cropping land controlled by migrant.

4.3 *Policy Issues Arising*

4.3.1 Management of natural resource revenue. The hopefully successful resolution of the Aceh dispute aside, the management of natural resource revenues remains a major issue of contention in Indonesia. While the contribution of natural resources to national GDP has fallen, it remains important at the local level. Finding appropriate policies arguably require more than finding an appropriate revenue-sharing agreement, but also a political strategy for persuading separatist-inclined Acehnese and others of the benefits of remaining within a broader Indonesian state.

4.3.2 Socio-economic horizontal inequalities in Indonesia are clearly most relevant to conflict at the local level. Should provinces or districts with high and salient horizontal inequalities introduce policies aimed to reduce them? What sort of policies? Can policies towards public expenditure and taxation reduce such inequalities? Would more tightly targeted policies be needed? Would these themselves be likely to entrench ethnic identities and perhaps be provocative?

4.3.3 How can labour market specialization be addressed?

5 Comparative conclusions from other countries

While the particularities of the Indonesian experience are obviously of paramount importance in devising solutions for Indonesia's problems, some comparative evaluation of the experience of other countries may prove beneficial. In this section, we reproduce ten broad conclusions from CRISE's research networks worldwide.

5.1 The probability of conflict occurring rises where socio-economic HIs increase.

5.1.1   This is supported by cross-country analysis by Østby (ØSTBY 2003; ØSTBY 2006) who shows a significant rise in the probability of the onset of conflict across countries, for countries with severe social and economic HIs, for 1986-2003. In her models she defines groups alternatively by ethnicity, then by religion, then by region and finds a significant relationship between HIs and the onset of violent conflict for each definition. Social HIs are measured by average years of education and economic by average household assets. The effect of HIs is quite high: the probability of conflict increases three-fold, comparing the expected conflict onset at mean values of all the explanatory variables to a situation where the extent of horizontal inequality of assets among ethnic groups is at the 95th percentile.   In the case of the inter-regional HIs, the probability of conflict increases by two and a half times, as HIs rise from mean value to the 95th percentile value. Other statistical cross work supporting this relationship includes Gurr's successive studies of relative deprivation and conflict (GURR and MOORE 1997; GURR 1993; GURR 2000), and Barrows' investigation of sub-Saharan African countries in of the 1960s. Gurr finds a positive relationship across countries between minority rebellion and protests and relative deprivation, defined in economic, political and cultural terms, with the precise definitions and relationship varying over the investigations. Barrows finds that horizontal inequalities showed consistently positive correlation with political instability across 32 sub-Saharan African countries in the 1960s, with measures of inequality including share of political power and socio-economic variables (BARROWS 1976).

5.1.2   There are also within country studies showing a positive relationship between the level of HIs and the incidence (or intensity) of conflict. Mancini (2005) uses district-level data to examine the relationship between HIs and the incidence of conflict in districts in Indonesia. He finds that horizontal inequality in child mortality rates and its change over time are positively (and significantly) associated with the occurrence of deadly ethno-communal violence, after controlling for a number of intervening factors including population size, ethnic diversity and economic development. Other measures of HI, including measures of HIs in education, unemployment, landless agricultural labourers, and civil service employment were also related to the incidence of conflict, but the effects were less than that of child mortality, and were not significant when the child mortality was included. Results also suggest that violent conflict is more likely to occur in areas with relatively low levels of economic development and greater religious polarisation. Standard measures of (vertical) income inequality as well as other purely demographic indicators of ethnic diversity are found to have no significant impact on the likelihood of communal violence. Studies in other conflict-ridden countries have found conflict intensity related to HIs. In an early study of the Moro rebellion in southern Philippines, Magdelene (1977) measures relative deprivation in terms of differential asset returns to education among

Muslims and Christians at the municipality level, and finds this strongly related to the intensity of the conflict. In Nepal, Gates and Murshed (2005) analyze the relationship between 'spatial horizontal inequalities' and the intensity of the Maoist insurgency. Their analysis does not consider ethnic and caste groups per se, but rather focuses on regional differences. Using a 'gap' measure of human development they find strong econometric support for a relationship between regional deprivation and the intensity of the rebellion, as measured by the number of conflict fatalities by district. A subsequent econometric analysis by Do and Iyer (2005) replicates this finding of regional deprivation – in this case measured by the regional poverty rate and the literacy rate – but adds additional variables relating to demographic characteristics. They find that caste polarization – the extent to which the provincial population is divided into two large caste groups – has an additional impact on conflict intensity, even when holding for level of regional deprivation.

5.1.3   We should emphasize that what we (and others) have found are increased probabilities of greater incidence of conflict as HIs increase. Not all countries with high HIs experience conflict. Indeed in our own country studies, both Ghana and Bolivia have high socio-economic HIs yet have avoided substantial conflict. It is therefore important to investigate when high HIs lead to conflict and when they do not. While a few of the studies cited above include political HIs, most do not. The nature of political HIs is one reason determining whether high socio-economic HIs lead to conflict.

5.2   Conflict is more likely where political and socio-economic HIs are high and run in the same direction, or are consistent. Where they run in different directions, conflict is less likely

5.2.1   Where political and socio-economic HIs are severe and consistent, both leadership and the mass of the population in the deprived group(s) have a motive for mobilization – the leadership because they are politically excluded (i.e. suffer from political HIs) and the population because they suffer from socio-economic HIs, and these inequalities can be used by leaders to mobilize people. The Côte d'Ivoire story illustrates this. During Houphouët –Boigny's time, there was political inclusion, and the country was peaceful, despite some severe HIs on a North-South basis, as shown by Langer's analysis in Chapter Eight. Nonetheless discontent with the socio-economic deprivation and lack of inequality in cultural status, particularly lack of recognition of the Muslim religion, was articulated in the the Chartre du Nord of 1992, which explicitly pointed to the unfairness of the system. But after the Houphouët-Boigny regime came to an end, much more explicit political exclusion occurred, as Alassane Ouattara, a presidential candidate from the North, was barred from standing in both 1995 and 2000. No concessions were made and violent conflict broke out in 2002.

5.2.2   The Nigerian Civil War (1967-1970), which resulted in the deaths of hundreds of thousands people, also illustrates the importance of the coincidence of political and economic incentives and interests in provoking violent conflict. Politics in Nigeria's First Republic (1963-66) had a *winner takes all* character: 'the winners appropriated all the fruits of office to themselves, and excluded their opponents from them' (Williams 1982: 38). The two relatively well-educated ethnic groups, the Yorubas and Igbos, particularly, were in competition with one another over

high-level positions within the Federation (Nafziger 1973). The coup d'état of 29 July 1966, led by Lt. Col. Murtala Mohammed, a northerner, resulted in the exclusion of the Igbos from power and initiated an increasingly anti-Igbo climate (particularly in the northern regions). Due to the widespread anti-Igbo feelings and attacks in the period 1966-67, many Igbos migrated to their home-regions in the Eastern part of Nigeria. 'Civil servants and university lecturers migrating to the East, who had severed their previous employment ties, became a powerful lobbying group for an independent Biafra, in which they now had a vested economic interest' (Ibid: 529). Both economic and political exclusion was compounded by the fear that without political power in the Nigerian Federation there be an increasingly disadvantageous distribution of oil revenues, by then already the most important source of government revenue.

5.2.3   Socio-economic deprivation tends to affect the mass of the people. They thus have grievances but are less likely to take to violent conflict if their own group leaders are dominant politically, giving them symbolic incorporation into the state. Most serious conflicts are organized, not spontaneous, and thus require strong leadership. Where the political elite enjoys power, they are not likely to encourage or lead rebellion. In both Malaysia and Nigeria, the group that is economically impoverished is politically advantaged, in both cases accounting for a majority of the population. In Malaysia, the bumiputera account for roughly two-thirds of the population (depending on the precise categorization), while in Nigeria Northern peoples are estimated to account for over 50% of the population.[3] In each country, this numerical advantage has translated into dominance of political power (continuously in the case of Malaysia and for most of the time in the case of Nigeria). Having political power – and the access to 'rents' this confers – not only, obviously, greatly reduces the motive of a political elite to lead a rebellion but it also permits action to be taken to correct other inequalities. In the case of Nigeria, such action has been mainly confined to the political sphere (including the bureaucracy and army through the Federal Character Principle), but in Malaysia systematic action has also been taken in the socio-economic realm through the New Economic Policy.

5.3   Inclusive (or power-sharing) government tends to reduce the likelihood of conflict

5.3.1   This is really a development of the previous finding, since where power is shared, political HIs should be lower, hence making peace likely even where there are severe socio-economic HIs. When there is genuine power-sharing, no single group dominates political power, but all (major) groups have some real sense of participation in government. Econometric evidence has shown that formal power-sharing arrangements do reduce the potential for conflict as argued by Lijphart (e.g. Binnongsbø 2005 who explores the impact of proportional representation and territorial autonomy within countries; and Reynal-Querol (2002a) who finds a positive impact of PR on the reduction of conflict-propensity). In the federal context, Bakke and Wibbels (2006) find that 'co-partisanship' between central and subnational governments, which implies share political power at least regionally and consequently lower political HGIs, significantly reduces the chance of conflict. In our studies, both Bolivia and Ghana have both included deprived groups in government, in the case of Ghana there an informal

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[3] Political resistance to censuses in Nigeria throw doubt on all population estimates.

tradition developed with the Fourth Republic that whenever a southerner is President, the Vice-President is Northern; in Bolivia, informal arrangements have involved the political participation of indigenous representatives for much of recent history. Côte d'Ivoire did so too under Houphouët-Boigny, but Northerners were subsequently excluded and this was a major cause of the recent conflict. Guatemala, Peru and Indonesia, each conflict-ridden at certain times, practiced exclusionary government prior to their conflict periods.

5.3.2   It is important to note the implication of this finding is that the political cooption of the leadership of disadvantaged minorities by the dominant group is often sufficient to prevent conflict without the necessity of undertaking policies to improve the socio-economic position of these groups. This has been arguably the case with respect to the Indian population of Malaysia, which is represented in the governing coalition through the Malaysian Indian Congress, but which has received little in the way of targeted developmental aid, despite severe pockets of socio-economic deprivation (Loh 2003). Also in Nigeria, as noted above while Northern political power has helped avoid major North-South confrontations, the Northern part of the country has remained seriously deprived in socio-eonomic terms. This is clearly problematic normatively to the extent that severe horizontal inequalities are undesirable in themselves, in addition to their instrumental role in fomenting violent conflict. Nonetheless, political inclusion does appear to play an important role in preventing violence, and may constitute an important step towards more inclusive development as ethnic leaders who do not 'deliver' development to their constituency are likely to be challenged in the long-run by new leadership contenders more willing to press their group's developmental claims.

5.3.3   If political inclusion can reduce conflict, then the converse is also true; exclusionary political practices can provoke conflict. As noted earlier, for effective mobilization both elite and mass participation is required. The motives of the elite of a group, or its potential leaders, are particularly important, however, because the elite controls resources (including sometimes military ones), and they can rouse support by accentuating common identities, and that of the 'other' while increasing perceptions of inter-group inequalities. i.e. in Brass' terms, they play the role of conflict entrepreneurs. Historical examples of rebellion and genocide show the powerful role of the elite in this role. In our cases, this was exemplified by the role of ethnic leaders in forming ethnic militias in Nigeria (Guichaoua 2006), by the elite behaviour and its use of the media in Côte d'Ivoire (Akindes 2007), the importance of (sometimes non-indigenous) leaders in Peru and Guatemala, and of local leaders in the Indonesian separatist and communal conflicts. Political exclusion – as well as a shared sense of identity with the deprivations of their group - can constitute a powerful motive for elites. This is particularly likely to act as a trigger for conflict if there is a change in the political situation -- as in Cote d'Ivoire, where the government moved from an inclusionary to an exclusionary stance, and in Indonesia where the transition from autocracy gave rise to new opportunities for mobilization.

5.4   Citizenship can be an important source of political and economic exclusion

5.4.1   Citizenship brings a variety of economic and political entitlements, as Gibney shows. Not only political participation but also entitlements to a range of social

and economic benefits frequently depend on citizenship. Exclusion from citizenship is a form of HI in itself and also constitutes an important source of inequalities in other dimensions. For example, non-citizenship may deny people the right to work, to join a union, or to receive government assistance. Denial of citizenship is often a deliberate political act, taken for a variety of reasons, as elucidated by Gibney. Historically, indigenous groups in the Latin American countries were denied citizenship rights of both a political and economic nature. In some countries, moreover, there are informally, at least, local as well as national citizenship rights.

5.4.2 Sources of loss of citizenship rights vary – migration (legal and illegal) is a common source, which in some cases is handed down across the generations. less common is where states explicitly revoke citizenship rights, like the Jews in Nazi Germany, and Ugandan Asians; a third source is where the state itself changes (is divided for example – Gibney cites the case of Roma population who becamse stateless when Czech Republic separated from Slovakia in the 1990s.

5.4.3 Gibney suggests three principles upon which citizenship might be based – that everyone should be a citizen somewhere, and those without citizenship should be given it in the country where they are located; a second principle is that *de facto* membership of a state should confer the right to citizenship, where de facto membership is defined by contributions and ties to the society. A third principle is that an extended period of residence should confer citizenship rights. It is where any or all of these three principles are breached for significant numbers of people, particularly if they belong to a common ethnic or religious group, that denial of citizenship can provoke conflict. Moreover, given the close connection between citizenship and other economic and social benefits (such as the right to work, or to access state services), a citizenship exclusion can also be a profound cause of other socio-economic HIs.

5.5 Inequality of cultural recognition among groups is an additional motivation for conflict and cultural 'events' can act as a trigger for conflict

5.5.1 Cultural status inequalities (Langer and Brown 2007) can be extremely important. In the first place, culture (ethnicity or religion) itself is often the factor binding people together as a group. Hence the more important it becomes in the way people see themselves and others, the more likely that they may potentially mobilize along group lines. Cultural status inequalities can increase the salience of own and others' cultural identities. As argued in Chapter Three, there are three important elements involved in cultural recognition – differential treatment (formal and informal) with respect to religion and religious observation, language recognition and use, and ethnocultural practices. In some countries, conscious efforts are made to give equal recognition with regard to each element. This is notable in Ghana, for example. In others, there have been periods of explicit cultural discrimination (e.g. against the use of indigenous languages in Peru and Guatemala), or informal discrimination (such as towards non-Muslims in Malaysia or non-Christians in Cote d'Ivoire). Such inequalities make other inequalities (socio-economic or political) more powerful as a mobilizing mechanism. Culturally discriminating events are also frequently a trigger for riots and even conflict, as exemplified by the Orange marches in Northern Ireland, which were the trigger that set off the 'troubles' in the 1970s; language policy in Sri Lanka,

and the desecration of religious buildings and sites in India and Palestine, have also acted as triggers for major conflicts.

5.6 Perceptions of horizontal inequalities can matter

5.6.1 People take action because of *perceived* injustices rather than some collection of facts that they may not know about. Normally, one would expect perceived and observed inequalities to be related so these 'objective' HIs are clearly relevant to political action. Yet it is also important to investigate perceptions and their determinants, since leaders/media/educational institutions can influence perceptions of inequality, even when the underlying rality remains unchanged. Langer and Ukiwo reported on such an investigation in Ghana and Nigeria. The results were interesting particularly in two respects: first, those questionned (not a representative sample of the countries as a whole) found that in both countries most people perceived very little difference in educational access according to group, but records of school attendance show large differences.   This may be because perceptions of difference are based on opportunities within the region in which they live and much of the recorded difference is between regions. Another finding was that in general Nigerians found ethnicity to be more important to them in terms of their view of their individual identities and also, they believed, as determinants of the allocation of government jobs and contracts, than Ghanaians. This may partly be an outcome of Nigeria's more turbulent political history, but it may also partly account for it, with the differences due to they way the political and educational systems have developed historically in the two countries. The importance of perceptions for action means that leaders, institutions and policies that influence perceptions can mobilize people, or can reduce the likelihood of mobilization. In Côte d'Ivoire, for example, there was an active campaign to 'market' identities and difference by political leaders making use of the media (Akindes 2007). Educational institutions are relevant here too. In Ghana, boarding schools dating back to colonial times have brought the future elite together from across the country and have contributed to a national project. Nkrumah himself, the first post-colonial leader, put huge emphasis on national unity, in contrast to leaders in Nigeria who had a much more regional perspective. These alternative perspectives in turn led to different emphases on publicizing inequalities as well as different action towards them. Perceptions can also be influenced by a variety of actions (including symbolic ones). For example, both Nkrumah and Houphouët-Boigny had programmes of investment in the deprived Northern regions intended to help reduce inequalities. Although they were not large in size, and were relatively ineffective, these measures led people to believe that that there was some attempt to produce a fairer distribution of resources. The post-conflict support for indigenous social and economic programmes in Guatemala, also too small to make a major difference, have changed perceptions of inequality, with more people thinking the society is inclusive.

5.7 The presence of natural resources can be a significant cause of separatist conflict, as well as of local conflict often working through the impact on HIs

5.7.1 There is a well-established econometric link between the presence of natural resources, such as gas and oil, and the incidence of conflict, but the precise causal mechanism is disputed (HUMPHREYS 2005; LE BILLON 2001; ROSS 2004).

Our research suggests that the conflict-inducing potential of natural resources is often mediated through their impact upon horizontal inequalities, and that this can translate into both separatist struggles and local-level conflict (Brown, 2007; Tadjoeddin, M. Z. (2007)). The discovery of natural resources can generate sharp increases in regional inequality, and where these resources are located in ethnically or religiously distinct regions of the country, separatist conflict may emerge, particularly if the groups are relatively under-developed or feel they are not benefiting from the exploitation of those resources.

5.7.2   In Brown's analysis of separatist movements in Southeast Asia, he finds that the discovery of natural resources in the Indonesian province of Aceh was a vital step in the transformation of Acehnese discontent from rebellion aimed at transforming the nature of the Indonesian state to rebellion aimed at seceding from Indonesia altogether. This finding is backed up by Tadjoeddin (TADJOEDDIN 2007; TADJOEDDIN et al. 2001), who argues that natural resources in Indonesia have generated an 'aspiration to inequality' in provinces where they are located. Similarly, Treisman (1997) argues that natural resources played an important role in stoking ethnic separatist claims in postcommunist Russia. In Sudan, the discovery of oil in the southern regions came after the first outbreak of civil war in the country, but its discovery nonetheless drastically affected the dynamics of conflict. Indeed, the second outbreak of the civil war in 1983 came shortly after Nimeiri completed a 'redivision' of the South which created a new 'Unity' province that contained the oilfields (Verney 1999).

5.7.3   This is a source of a major dilemma, and the cause of much debate in places such as Indonesia and Nigeria. Do the people in resource rich regions have some special rights over resources found in the region? If these are conceded, then HIs will arise as the resource rich regions become much richer than other regions. Or, should the state redistribute (as for example with the INPRES programme in Indonesia under Soeharto and the redistributive formula in Nigeria), which will moderate HIs, but may lead to unrest (via 'aspiration to inequality' as Tadjoeddin puts it). Revenue sharing agreements were vital to the successful negotiation of peace agreements in both Aceh and the Sudan.

5.8   The nature of the state is of enormous importance to whether serious conflict erupts and persists

5.8.1   An aggressive state can fuel and sustain a conflict – in both Guatemala and Indonesia (with respect to separatist conflicts), the harsh and aggressive state reaction to rebellion sustained conflict for many years, causing deaths on a massive scale, and provoking further rebellion. In Guatemala, state reaction to rebellion has been described as 'a campaign of state terror' (Caumartin: 22) with massive killings, particularly focused on the indigenous population,. In Indonesia, the viciousness of the Indonesian armed forces' response to the original, small-scale Acehnese rebellion was a major cause in driving support for the movement when it re-emerged (Brown, 2007; Kell 1995).

5.8.2   In contrast, state handling of disputes in Ghana and some local-area conflicts in Indonesia has dampened some conflicts and avoided others. But in Nigeria, it seems, state action is often late and one-sided making the conflicts more severe than they need have been, as in recent action in the Middle Belt. The

government's passive and late reaction to the emergence of the violence between Muslims and Christians on the 7th of September 2001 in the Jos area is illustrative in this regard. It took the Nigerian military and police forces more than 12 hours to arrive at the scene of the violent conflict and many areas were left without security for the first 24 hours of the crisis (Higazi 2007). Moreover, the intervention of the security forces was perceived to be biased against Muslims and they alleged that police forces had killed innocent people, including women and children (Ibid).

5.8.3   Local institutions are also important in determining the trajectory of violence. This has been shown by research in Indonesia, Ghana and Nigeria. For example, in Ghana, Asante (2007) has shown how a conflict between Pentecostal Christians and adherents to traditional religion over drumming was prevented fro, escalating by the way it was handled by local institutions. A similar situation is to be found in many other incidents in Ghana (Tsikata and Seini 2004), while in the conflict in and around Jos in 2001 local authorities did little to stop the conflict, and indeed may have contributed to it, leaving any solution to national forces (Higazi 2007).

5.9   Some HIs are very persistent, lasting centuries even

5.9.1   Many HIs have colonial origins, caused by colonial powers privileging some groups or regions (or both). This was the case in all our studies, with Latin American inequalities caused by the privileged settlers taking the best resources for themselves and sustaining their privilege through discrimination and unequal access to every type of capital. Figueroa has shown that the indignous population in Peru not only have much less access to education than the mestizo population which in turn have less than the whites, but that the *returns* to education, in terms of additional incomes earned as a result of such education, for any particular level of education, are significantly lower for the indigenous population than the mestizo, which are again lower than the returns the white secure, due to a combination of poorer quality education, less good social networks from this perspective and discrimination in employment.

5.9.2   In West Africa, the inequalities were partly due to geographical and climatic differences, but these were made worse by the colonial economic policies favouring the south of the country in economic and social infrastructure. In Malaysia, the colonial 'ethnic division of labour' (Brown 1997) ensured that the Malays remained in subsistence agriculture, while migrant Chinese came to dominate the domestic economy. The persistence of these inequalities is due to the cumulative inequalities arising from unequal access to capital – including financial, land, education and social capital. Asymmetries of social capital, in particular has made it almost impossible for some groups to escape from these inequalities.

5.9.3   However, there are cases of 'catch-up', although differences are rarely completely eradicated. Mostly these are policy-related, where a conscious and systematic effort has been made to correct the inequalities, as in Malaysia after 1970. In a few cases, groups have succeeded in catching up without government support – we exemplify this by the Chinese and Vietnamese immigrants in the US. Their success seems to have been partly due to the selective immigration

policy – which only allowed the more educated to enter the US – and partly to the culture of work, education and achievement which they brought with them (i.,e. cultural capital which helped members of the group to succeed, of a type which is typically absent in long deprived groups. The nature of the interlocking forces which more typically perpetuate HIs over generations implies that very comprehensive policies are needed to help overcome these multiple handicaps.

5.10 Finally,international policies and statistics are too often blind to the issue of HIs, though national policies are often more progressive in this respect

5.10.1 The international policy community is primarily concerned with poverty reduction and with promoting economic growth, and almost all policies are directed to these objectives. Vertical inequality is beginning to be recognised as a problem (Kanbur and Lustig, 1999; Cornia, 2004, UNDP 2005; World Bank 2006) because of the rising inequality in the majority of countries in recent years and because high and growing inequality makes poverty reduction more difficult. Yet even so, vertical inequality has not received serious policy attention. There is much less analytic attention to horizontal inequality. The growth and poverty reduction agendas are both blind to HIs.

5.10.2 Internationally advocated policies to support economic growth mainly involve macro-policies to secure economic stability and openness; and meso-policies to support economic infrastructure and enhance the role of the market in order to improve efficiency. Poverty reduction policies are mainly derived from the Poverty Reduction Strategy Papers (PRSPs)– these focus particularly on social sector expenditures, and some special schemes for the poor, such as micro-credit. According to a review, 'the participation of minorities or indigenous peoples is either often overlooked or simply regarded as impractical due to their marginalisation' (Curran and Booth, 2005:12). Analysing the content of PRSPs shows universal inclusion of the 'normal' macro conditions, and almost always social sector policies. Gender equity enters in a substantial majority of cases, but protection of ethnic minorities was mentioned in only a quarter of the cases. The cases, where ethnic minorities were *not* mentioned, include countries which are evidently heterogeneous, such as Azerbaijan, Benin, Burkina Faso, Chad, Guyana, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Tanzania and Uganda (Stewart and Wang 2006).

5.10.3 There is beginning to be more attention devoted to HIs in analysis of conflict prone situations (e.g. World Bank 2005; ; DFID 2007), but it does not form a systematic part of reporting, and rarely enters policy discussions, apart from the regional dimension. Indeed, national policies which are explicit in addressing HIs, such as the Federal Character Principle in Nigeria and the Malaysian NEP, are frequently criticized by international donors.

5.10.4 International policies towards political systems also tend to ignore the question of HIs. Thus advocacy of multiparty democracy can lead to exclusionary politics in heterogeneous societies. This indeed has been a classic defence of one-party systems in many multicultural societies. In some post-conflict societies, the issue is so obvious that power-sharing arrangements have been supported by the international community – such as in Bosnia Herzogovina or Lebanon. But wider

acknowledgement of the need to rethink the design of democratic systems is rare.

5.10.5 A dearth of international statistics on the issue reflects this lack of focus. For example, neither the World Bank nor the UNDP includes statistics on ethnic, religious or regional HIs in their well known data sets, although some national-level Human Development Reports, such as those in Kosovo and Nepal, have provided ethnic or religiously disaggregated data. A notable exception is the Demographic and Health Surveys (to date covering 77 countries), funded by USAID with contributions from other donors, which contain ethnic and religious variables in quite a number of cases, permitting the investigation of relationships across countries, such as those of Østby. But these surveys do not cover all countries, and are not carried out at regular intervals. Nor do they include political variables, nor other variables of obvious interest, such as household income.

5.10.6 As far as national policies are concerned, there is much more consciousness of the importance of HIs in many heterogeneous countries, and a vast array of policy approaches that have been adopted (developed in CRISE research, see Stewart, Brown, Langer 2007). Nonetheless, by no means all culturally diverse countries do acknowledge the importance of HIs, or take policy action towards them – some because like the international community policies (which they often adopt), they are blind to these issues, and some who are deliberately exclusionary. In the countries studied in this book, among the Latin American cases, deliberately exclusionary policies were practiced in colonial times and much of early independence. More recently, formally policies have been inclusionary, but informally and in outcome there is a great deal of inequality and no conscious effort to correct this, especially in the cases of Peru and Guatemala. Bolivia has been more inclusionary politically, but not in terms of economic approaches. After the conflict ended, Guatemala has begun to try and tackle some of the high inequalities, notably with regard to education and culture. Within West Africa, policies have varied over time. Like the Latin American cases, the colonial governments created HIs. Since independence there have been weak attempts to correct socio-economic HIs, largely offset by macro-economic policies which in effect worked in the opposite direction. On the political front, Ghana has had informal inclusionary policies for most of the time, and Cote d'Ivoire for some of the time, followed by exclusion. Nigeria in contrast has made a conscious attempt to correct political HIs via the Federal Character Principle (Mustapha 2007). This is partly a response to the devastation of the 1967-70 civil war and the determination that this should not be repeated. In Southeast Asia, Malaysia has been most explicit, systematic and effective in correcting HIs via the NEP. A national coalition government involved all groups in society and thus kept political HIs in check, albeit in fact there was domination by Malays. In Indonesia, there was a conscious but limited attempt to secure regional equity via the INPRES programmes, but political HIs were sharp under Soeharto. Since democratization, extensive political and fiscal decentralization has effectively reduced these problems by making the district the main object of political power. An equalization formula is also in place to ensure that poorer districts receive a greater proportion of central funds.

6 CRISE Research Papers

Some of these (marked with an asterisk) are, or will shortly be, available online in working paper format at http://www.crise.ox.ac.uk/pubs.shtml. Many are also available on the conference CD. If you would like the full version of other papers, please email Nicola Shepard nicola.shepard@qeh.ox.ac.uk or Graham Brown graham.brown@qeh.ox.ac.uk.

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