



Processes of land accumulation and patterns of labour mobility in large-scale oil palm smallholding schemes in Indonesia

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Abstract

The ongoing oil palm boom in Indonesia has influenced patterns of labour mobility and land ownership throughout the country. Although large-scale land deals for oil palm agribusiness occur in less densely populated areas of Indonesia, as this paper argues, they contribute to social differentiation throughout the country, often indirectly. This paper seeks to contribute to the critique of the structural limitations of labour regimes and resource distribution associated with profit-driven oil palm agribusiness. The paper investigates how oil palm wealth has contributed to the production of a geographically diffuse land ownership structure that straddles multiple islands in Indonesia. Concomitantly, it looks at patterns of labour mobility from resource strapped central islands to the oil palm plantation belts in Kalimantan and how this shapes access to capital. This research is based on in-depth fieldwork carried out in multiple sites of Indonesia from 2009 to 2011.

About the Author

Jean-François Bissonnette has been conducting research on agrarian questions in Southeast Asia since 2005 when he joined the Canada Chair of Asian Studies at the University of Montréal. In 2008 he undertook doctoral studies in geography at the University of Toronto to look at questions of land access and labour mobility in oil palm agribusiness in Indonesia. He obtained his PhD degree in 2012 and is currently pursuing post-doctoral research at Laval University on food sovereignty movements.

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1 Introduction

From 2000 to 2012, the area allocated to the sole cash crop of oil palm in Indonesia has more than doubled from 4 million to 9 million hectares. Many Indonesian government officials plan that oil palm agribusiness will spread over 20 million hectares in the near future, forming the basis of a vast agro-industrial sector. Oil palm agribusiness expansion in Indonesia is the manifestation of far-reaching agricultural transformations that have affected most agricultural commodities but especially cereals and oilseed crops. The current trends in agriculture include international land deals, increasingly integrated global agribusiness, and the financialization of agriculture (McMichael 2009). Agricultural corporations in tandem with state development actors, become center stage actors in the implementation of mega-projects of plantation agriculture. Successive Indonesian governments have continually attempted to channel private investments in oil palm agribusiness through smallholding development programmes. Largely as a result of these programmes, there were over 500,000 households participating in oil palm smallholding schemes in 2010. This does not include the independent smallholders growing oil palm outside estate schemes which account for 250,000 hectares and include up to 100,000 households.¹ Besides the large smallholding population involved in this sector, it is estimated that up to one million permanent or temporary workers on oil palm plantations across Indonesia. Many oil palm smallholders have managed to accumulate land plots, some in a remarkable fashion. The prize awarded by the Department of Labour and Transmigration to the richest transmigrant of Indonesia was granted in 2010 to a transmigrant from Jakarta involved in oil palm cultivation in the province of Jambi.²

The processes of policy-making and large-scale land acquisition are often conflict-ridden and have come under close scrutiny in recent years (Potter 2009; MacCarthy and Cramb 2009; McCarthy 2010). Large-scale land acquisition for oil palm agribusiness have been analysed as forms of land grabs at the national scale (Zoomers 2010). Tania Li (2011) argues that the imperatives of capital accumulation that govern large-scale agribusiness schemes reproduce patterns of poverty and vulnerability in the Global South. That poverty and vulnerability of populations near estates provides agribusiness companies with access to cheap labour. She states (2011, 291) that “an impoverished population surrounding a plantation is the ideal situation for maximum profit. The last thing a plantation company needs is for the surrounding population to prosper”. Although profit-driven large-scale agribusiness may contribute to structural vulnerability and impoverishment of specific populations and social groups, the dichotomy between large companies and surrounding landholding communities is not entirely satisfactory to capture the implication of smallholders in processes of land control and accumulation. Complex processes of land acquisition and accumulation on the ground by smallholders prevent the identification of monolithic forces of agribusiness. Derek Hall (2011) made a significant contribution to the debate on land grabs by complicating the question through close reading of the literature on crop booms in Southeast Asia. He provided a comprehensive typology of processes through which crop booms transform land acquisition in micro-level processes. These micro-level processes often intersect with large-scale state and corporate capital investments, but take place within and between agrarian communities in Southeast Asia. His comparative perspective on cash crop booms shows that differentiated access to land markets and political power often determines inclusion and exclusion from circuits of capital accumulation.

¹ Tania Li (2011, 284) discusses these numbers. Numbers provided directly or indirectly in Barlow, 2003; Zen et al. 2006; estimate corroborated by World Bank 2011. Rist et al. (2009) state the number of 4.5 million jobs for the oil palm industry at the scale of Indonesia.

² BeritaKetransmigrasian, Transmigrant and UPT Officer, Elections Trustee, at the National Level in 2010. JokoPrawokoeans 211,000,000Rp / year or an average of 17,500,000 million / month and became a transmigrant in 2006 in Jambi province, the fastest growing oil palm belt in Indonesia in 2010-2011.

Building on debates about cash crop booms in Southeast Asia, this paper examines the modalities of land and capital accumulation that emerge within the populations that gain access to oil palm smallholding schemes in Indonesia. In this regard I propose a conceptualisation of the processes of capital and land accumulation through oil palm agribusiness schemes which reconciles questions of mobility. The dichotomy between state planned and spontaneous migrations has come under critique (Zhang et al. 2006) opening up debates on the complex patterns of migrations and access to agrarian resources. Moreover, this debate points to the close relation in market economies between geographical mobility of investors and land accumulation favoured by state programmes. In the same way, the dichotomy between state-sponsored transmigrants and independent or spontaneous migrants can be reconsidered in light of the economic opportunities and limitations produced by oil palm smallholding schemes in Indonesia. In this paper, I attend to the ways in which smallholding oil palm schemes contribute to the production of complex land ownership structures that straddle multiple sites and in some cases multiple islands in Indonesia. To do so I first emphasise the specific aspects of oil palm agribusiness in Indonesia as a crop conducive to land accumulation for some groups. Second, I look at different forms of accumulation both between oil palm schemes and regions located outside the schemes. I distinguish between different modes of land accumulation enabled by oil palm agribusiness in Indonesia. Third, I address the question of labour flows to explore the other facet of questions of land accumulation, which always indirectly points to accumulation and appropriation of surplus value through labour.

This paper is based on materials derived from over 80 interviews with plantation workers and managers in private and state owned estate companies in West Kalimantan and elsewhere in Indonesia conducted during the months of June to August 2011.³This set of interviews takes place within in-depth fieldwork carried out in multiple sites of Indonesia on three occasions between 2009 and 2011 on the question of labour and land in oil palm agribusiness in Indonesia.

2 Oil palm smallholding schemes in Indonesia

In 1967, the Indonesian government with World Bank assistance made direct investments in large-scale oil palm schemes through state-owned companies. Already in the early 1970s, oil palm, due to its profitability, started replacing rubber in transmigration schemes. The international rise in the demand for palm oil led state-owned plantation companies to implement the first smallholding oil palm scheme in 1984, Perkebunan Inti Rakyat (PIR), literally translated as People's Nucleus Estate Scheme (Zen et al. 2006). According to the New Order regime's rhetoric, new agribusiness smallholding schemes would harness international investments in agribusiness to foster the creation of a class of prosperous smallholders. According to the World Bank, it provided a way of "creating dynamic partnerships between private capital and smallholders" to encourage "technology transfer, innovation and market growth" (Baumann 2000, 11). The PIR combines central private estates and processing mills for palm oil around which contract farming schemes for smallholders are set up.

The PIR model of contract farming is based on principles of smallholding agri-business promoted by the World Bank in the 1980s. This agribusiness model was founded on the agrarian argument associated with agrarian economist Chayanov, according to which the small family farm is a more productive unit than large estates (Booth 1988, 21). Chayanov, along with other agrarian economists who followed, argued that small farms save on labour costs by relying on unpaid family members' labour.⁴With the PIR, Indonesian authorities and experts sought to provide transmigrants or local

³The fieldwork of 2011 was facilitated logistically by the support of PujoSemedi at the Universitas Gajah Mada and Tania Li from the University of Toronto.

⁴See Harrison (1977) for a detailed account on the peasant mode of production.

impoverished smallholders equal access to 2-hectare parcels of land for capital-intensive agribusiness schemes. PIR schemes as they were implemented in Indonesia were directly influenced by oil palm cultivation resettlement schemes in Malaysia realised by the Federal Land Development Agency (FELDA) a decade earlier (Sutton 1989). The PIR programme was fuelled by government and private investment provided by the Asian Development Bank and the World Bank. According to the PIR-Transmigration, or PIR-Tran, policies, smallholders are granted full ownership of their plot once the loan incurred for installation fees was completely repaid to public-private investors.⁵

Through the PIR programme, the Indonesian government under the New Order increased its reliance on the private sector for the resettlement of people from densely populated central islands to outer islands, a longstanding programme referred to in Indonesia as transmigration. In 1986, the start of the PIR-Tran coincided with further liberalisation of the estate sector. The PIR-Tran programme was carried out by the Department of Transmigration and Manpower along with the Directorate General of Estates in collaboration with oil palm estate companies. According to researchers who worked as foreign consultants for the Ministry of Transmigration, through liberalisation measures, the transmigration programme became instrumental to private economic growth (Levang 1997, 248). As Tania Li (2011, 287) observes, the transmigration programme in the 1990s “repositioned itself as the partner of investors seeking free land and abundant cheap labour in order to grow industrial monocrops”. In parallel, the state encouraged large-scale oil palm plantation development through access to credit at concessional rates for both land conversion and palm oil extraction facilities (Madhur 2000, 26). In this regard, development objectives were explicitly merged with objectives of economic growth.

According to prevailing policies in line with the PIR-Tran programme, the smallholding scheme entailed partnership between the state and a plantation company. The plantation company would provide the technical knowledge to develop the agribusiness scheme including all industrial processing infrastructure. In return, the company obtained exclusive concession rights over the nucleus or inti of the estate – an area that accounts for 20% of the land – and the remainder would accrue to smallholders (plasma). However, this ratio could be variable according to local conditions. Smallholders, both transmigrants and local inhabitants would be bound by an exclusive contract-farming agreement with the plantation company. However, in most cases, the plot granted in the PIR was not planted upon the arrival of smallholders. Most transmigrants agreed to work on contract on the nucleus corporate estate for two to four years or until their oil palm plot generated revenues (Levang 1997, 255). For this reason, many observers have described the PIR transmigration model as the constitution of a pool of captive labour for the nucleus plantation (McCarthy 2010, 837). Many accounts emphasise breach of contracts and failure of companies to provide productive oil palm plots within a reasonable period, if at all. Moreover, Dove (2011, 31) states that “virtually all of the nucleus-estate (PIR) schemes have been plagued with serious agronomic and economic problems”, which Barlow and Jayasuriya (1986, 652) suggest are “inherent to the institutional structure of these schemes”. Despite the problems that plagued the PIR and PIR-Tran, these programmes from 1978 to 1997 led to the creation of over 800,000 hectares of oil palm schemes (Levang 1997, 248).

PIR-Tran programmes have provided large populations with access to capital-intensive oil palm cultivation. However, the deficiencies that have plagued smallholding schemes have forced some to become primarily wage workers or lead many to sell their oil palm plot. The land plots sold by some who were unable to derive sufficient income from the scheme were swiftly bought by others better positioned to acquire plots devalued by poor implementation practices by the company, lack of maintenance or market volatility. Access to the wealth of oil palm agri-business for smallholders is

⁵Deductions for payment of loans reached 35% on production income. Zen et al. (2006, 22) mention up to 30% and Levang (1997, 256) states that repayment rates between 25%-35% of income existed.

mediated by contingent market formation processes. As the agrarian resource is finite, the system of land exchange within oil palm smallholding schemes becomes a case of accumulation by dispossession (see Hall 2012).

3 Uneven opportunities in smallholding schemes

In the province of West Kalimantan, in the Sub-district of Meliau, oil palm became an important plantation crop in the mid 1980s when the state plantation company (PTPN) converted its rubber production into oil palm on the banks of the Kapuas River. In 1991-1992, the plantation company that I refer to using the pseudonym of Perusahaan Swasta A (PSA) was granted a concession over 10,000 hectares to implement a PIR oil palm smallholding scheme on the southern bank of the river, which then engulfed most of the land of a predominantly Malay community I shall call DesaBuaya. The Malay community provided most of the land on which the smallholding scheme was set up according to the 7.5 model (also addressed by Colchester et al. 2006). According to the 7.5 model, Malay and Dayak landholders were strongly encouraged or in some instances coerced to exchange 7.5 hectares of customary land for one plot planted with two hectares of oil palm and 0.5 hectare for housing and gardening. The 5hectares extracted from indigenous land users was allotted to the central private estate and was distributed to transmigrants from central islands as oil palm plots.

Inadequacies of technical support from PSA and from the department of transmigration in the smallholding scheme, and structural issues related to PIR-Tran schemes more generally, have exacerbated socioeconomic inequalities. Agro-industrial agribusiness production such as oil palm requires sustained capital investments to access indispensable chemical inputs. According to all informants met in the PSA scheme of Meliau, fertiliser provision by the PSA Company was highly deficient in the first years of settlement, which significantly delayed the moment where people could derive revenues from their oil palm plot. In a context of capital-intensive agribusiness such as oil palm, it is estimated that chemical fertilizers constitute the largest expense of up to 55% of the total field upkeep costs for both estate companies and smallholders (Marsden and Garzia 1998).As the majority of smallholders had been lacking access to chemical fertilizers, 10 years after joining the scheme, they did not derive more than half a ton of fresh fruit on their plot. An oil palm plot that receives adequate levels of fertilizer can produce up to 6 tons a month after only 5 years from planting time. The optimal level of fertilizer requires 3 to 4 applications per year with 500 to 750kg of fertilizer per hectare. Given the important price fluctuations of palm oil on markets since 1998, many smallholders have sold their plots especially during the early 2000s when prices reached a historical low.

Successful entrepreneurs who joined the scheme with large amounts of capital or those able to access good incomes from outside the scheme were able to invest in intensifying production on their personal oil palm plot. Once smallholders started claiming revenues from their plot, they had to repay a bank loan incurred at the moment of joining the scheme. For smallholders, repaying the bank loan meant that between 30% and 40% of income from oil palm fruits sold to the mill would be held by the company until repayment of the full amount. Those able to intensify production obtained land titles detained by the bank. The land title could then be used as collateral to obtain loans from the bank. During the time of the visit, nearly 20 years after the implementation of the scheme, the difference between plots that received high levels of chemical fertilizers and those that did not was visible. Informants referred to the plots that were not productive as forest oil palm sawithutan, oil palm plots invaded by other plant and tree species. During the time of fieldwork, a minority of smallholders in some sub-schemes of PSA had not been able to secure an income sufficient to fully repay their bank loan.

A significant number of smallholders, both from transmigrant and local populations, sold their plots in the years after they joined the scheme. Many factors over the long term forced a large number of smallholders to sell their oil palm plots, even though it was their only landed asset. Many from DesaBuaya alleged that the oil palm plot they were given by the company PSA was located too far from the village where they resided and that they had no intention to relocate. Others mentioned having to sell their oil palm plot when a member of the family fell ill and required prolonged and costly medical attention. These reasons were often combined with the fact that families obtained very low yields, if any, of oil palm as they lacked the capital to apply fertilisers and spray pesticides on their plot. The PIR project that was supposed to provide local inhabitants with access to productive oil palm agribusiness rather transformed them into landless plantation wage labourers. According to village-level information corroborated by different sources, approximately 50% of the initial landholders have sold their plots, which according to field observation is a conservative appraisal. As they became primarily low-wage workers on the estate, a large number of families had limited resources or time to invest in their own plot. Inhabitants indigenous to areas surrounding the PSA, contrary to transmigrants, often had no livelihood alternatives after being excluded from the scheme as smallholders.

Among populations of smallholders who are still in possession of their oil palm plots, many are often engaged as daily workers on the estate by necessity. Social categories of land owners and wage workers are often blurred in contexts of agribusiness schemes in Indonesia. Considering the low yields obtained by most smallholders due to the lack of fertilizer provision, many have been working on the inti estate since 1992 and still do. More than two decades after the start of the PIR scheme, some families supplement their income by daily work on the estate or derive most of their income from work on the estate. One oil palm plot planted with oil palms provides a basic income for a family which is often supplemented by work of both the male and female on the plantation or on the plots of neighbours unable or unwilling to perform strenuous tasks. In many cases, smallholders with a productive oil palm plot would work up to 10 days per month on the estate and up to five days on plasma plots of neighbours to supplement the family income. These smallholders are not able to partake in strategies of land accumulation deployed by the more fortunate; rather their labour enables capital accumulation for the estate or other smallholders.

4 Accumulation in smallholding schemes and beyond

Despite the low productivity of oil palm plots in the first decade after the settlement of the PSA smallholding scheme, many held on to their plots. In parallel to the large number of people who were unable to derive an income from oil palm agribusiness, many plasma smallholders have managed to accumulate numerous land plots and become actors of agrarian capitalism. Oil palm agribusiness is more capital-intensive than it is time-intensive and therefore is conducive to land accumulation in smallholding systems. The fact that one oil palm plot requires from seven to nine days of work per month provides lots of time and flexibility to smallholders. The breakdown of work for the maintenance and harvest of one plot would be as follows: 7 hours per day: 2 days to spray pesticides; 2 days to harvest; 2 days to weed; and 2 to 3 days to apply fertilizer. Two adults in a relationship can maintain and harvest many oil palm plots or easily manage wage labour on important areas. In fact, the nature of oil palm which requires intensive labour only at intermittent stages for planting and harvesting is suited for an “absentee landlord-wage labour mode of production” (McCarthy 2010, 845). The modes of management rendered possible by the physical nature of oil palm allow temporary labour investments and land accumulation in non-contiguous locations.

In the vicinity of the PSA plasma scheme, wealth is directly equated to the number of oil palm plots owned. Among oil palm smallholders, land plots are exchanged as stored units of wealth and circulated as exchange value. Important wealth has been constituted in smallholding schemes by farmers who have accumulated up to dozens of oil palm plots. According to the regulations in which plasma smallholding schemes are entrenched, the smallholders are not allowed to sell their plot to the estate company. Oil palm plots are endowed with a market value insofar as they are exchanged with other smallholders who are considered particulars and not corporations. At PSA, like in other oil palm smallholding schemes, the value of oil palm plots has been increasing quickly since the early 2000s. In 2005, a poorly maintained oil palm plot sold for 11 Million Rupiah in the plasma scheme of PSA. In 2011, the same oil palm plot could be sold for over 50 million Rupiah. Prices that can be obtained depend on the quality of oil palm on a specific plot but also on the state of ownership, the degree to which the loan incurred by the smallholder from PSA has been repaid through oil palm fruit production.

The land ownership structure has become more geographically diffuse as oil palm plots are being traded between smallholders of different villages and communities. In one of the sub-schemes of the PIR scheme of PSA conceived for 500 households, there were 216 households registered in 2011. Some of the households living in this sub-scheme were not original transmigrants and had settled more recently to live with kin. Others who settled more recently were wage workers on the scheme, contracted by smallholders to work permanently on their plots. Out of the 500 oil palm plots in the sub-scheme, many were owned by people who resided in other villages. Many of the original smallholders had been able to accumulate up to five oil palm plots in the sub-scheme where they lived but also outside of it in neighbouring sub-schemes where they had been able to purchase a land plot.

People that had never taken part in an oil palm smallholding scheme were able to accumulate oil palm lots at PSA. Different groups of people are identifiable throughout Indonesia for their propensity to become successful investors in oil palm agribusiness. Many Chinese-Indonesian in West Kalimantan accumulated important wealth in rubber cultivation and converted it into oil palm by buying plots in different smallholding schemes of the sub-district of Meliau. Many people from Batak background form a distinguishable class of entrepreneurs in oil palm in Indonesia. It is widely known that some people of Batak origin from Northern Sumatra, the region where oil palm has been cultivated for the longest in Indonesia, have specialised in oil palm investments.⁶ Many have accumulated capital and knowledge to pursue aggressive land acquisition in plasma schemes. The expertise accumulated by individuals of Batak ethnic background was allegedly in high demand at the time when oil palm plantation companies started their operations in West Kalimantan in the 1980s and 1990s. People of Batak ethnic background often occupy high ranks in plantation administrations and are also involved as prosperous small- to medium-scale oil palm growers.

One wealthy family of agribusiness entrepreneurs in a village located near DesaBuaya is composed of a Batak migrant from Sumatra who married a local Malay woman from a wealthy family. The husband secured an income as a plantation official at PSA and was able to accumulate up to 200 hectares of oil palm independently by buying land from Malay neighbours since 1995. He had been advised on available land to buy by the head of the village and established a partnership with the nearby state plantation company. The plantation keeps expanding and hired 20 permanent workers from the community who are managed according to the standard plantation management model with defined targets for harvesters and fixed daily wages for female workers involved in maintenance. The capacity of smallholders to accumulate land inside and outside the plasma scheme blurs the distinction between large-scale plantation companies and independent medium-scale

⁶Discussion with Janis Chung, invited researcher at the Center for International Forestry Research, Bogor, Indonesia, November 2010.

companies. The epistemic boundary between estate and smallholdings is blurred in cases where independent smallholders have expanded their operations to the point of setting up small estates.

Among the communities integrated in the PSA schemes, land accumulation by smallholders is led by people with reliable sources of revenue outside the scheme. In this regard, plantation workers from DesaBuaya who obtained permanent jobs as clerks or truck drivers in the 1970s and 80s at PTPN in Meliau converted their wealth into oil palm plots. These heads of households are from wealthy Malay families in the community and had obtained one or two plots from PSA at the time of the land deal. They had increased their oil palm land ownership through successive acquisitions. They secured ownership titles of these different plots and also managed to find reliable workers to harvest their plots once a month. The people with access to up to six oil palm plots are able to purchase more land and to obtain loans from the bank.

Land acquisitions for oil palm are taking place within an important perimeter around the PSA palm oil processing mill. Land is valued for its relative proximity to the oil palm mills where fruit must be transported within 24 hours after harvest before it desiccates and loses its value. In those regions, most land not yet planted with oil palm is referred to as empty land. The land market for oil palm cultivation beyond the plasma scheme is known as a better investment among inhabitants of DesaBuaya. In fact, the oil palm plots provided by the company PSA in the plasma are criticised as being of poor quality. The oil palm plots developed by small investors independently are controlled by the landowners themselves who claim that they provide higher yields and more freedom regarding where to sell the fruit. Feitrenie (2010) and Rist et al. (2010) have emphasised the important economic benefits of oil palm cultivation for smallholders in Indonesia which explain the growing participation of independent smallholders to this economy. These independent smallholders contribute to the production of the expanding frontier of oil palm agribusiness outside of the PIR plasma scheme.

Land and capital accumulation in oil palm smallholding schemes is not only geographically limited to the oil palm scheme and its immediate surroundings. Land exchange has repercussions for the agrarian structure in smallholding schemes, but also for agrarian economies in the transmigrants' communities of origin. With the creation of exchange value through oil palm, the capital derived from land concentration in oil palm schemes is often re-invested in transmigrants' villages of origin. A transmigrant from Flores in the PSA scheme bought three oil palm plots of his neighbours who were from the same community as him in Flores. As the value of palm oil was low, his neighbours decided to move back to their community of origin in Flores. As he progressively accumulated the capital to improve the production in four oil palm plots, he managed to purchase one more plot outside the scheme. With the money he earned with his four oil palm plots, he was able to obtain a title for the land he still owned in Flores. He mentioned that he has obtained property titles in case members of his family wish to move back to Flores. He was recently able to visit the community in Flores he had left 20 years ago.

Far from isolated, cases of smallholders who accumulate land and wealth in a smallholding scheme and engage in the economy of their community of origin are common. Many Javanese transmigrants in the PSA scheme who have accumulated land are able to move back to the area of origin as they entrust tasks of maintenance and harvest to friends or relatives, often people they trust from the same ethnic group. Other families of Javanese oil palm smallholders were able to afford education for their children in universities or specialised schools in Java. Kin networks are reinforced by the heightened mobility of both transmigrants and their descendants who travel and invest between areas of transmigration and areas of origin. In the same vein, a wealthy smallholder from Lombok who participated in a PIR-Tran programme managed to accumulate 9 oil palm plots in the late 1990s and early 2000s when the price of palm oil dropped significantly under the benchmark of US\$400.

With his newly acquired wealth, he decided to launch a business in Lombok, his village of origin. In 2010, he had just bought a husking machine and built a new warehouse for the commoditisation of rice in his birthplace in Lombok.

5 Labour mobility and patterns of accumulation

The availability of labour on oil palm estates and smallholding schemes of Meliau is in large part the outcome of processes of land enclosure and accumulation. The labour provided to estate and the smallholding scheme derives in part from the formation of a captive labour force in the scheme. Large-scale schemes such as the one conducted by PSA enclosed large tracts of land which deprived populations of their livelihoods. The transition to a new livelihood was never delivered to many as participation in capital intensive agribusiness was undermined by shortcomings in planning and technical support. This process produced landlessness and the formation of proletariats or semi-proletariats with some deriving a certain portion of their livelihood from smallholding activities. This phenomenon was magnified by demographic growth as access to land becomes more restricted in a context of capital intensive agriculture. . In fact, the PIR-Tran programme in the region led to the constitution of a pool of captive labour, as smallholders from the outset were in fact plantation workers. The constitution of captive labour was consolidated by the processes of land accumulation that has been taking place through the scheme.

The wage provided by smallholders for harvest or maintenance work is usually much higher than the wage provided by the estate. The wages in the smallholding scheme are fixed according to norms that form market rules among oil palm smallholders. Oil palm smallholders who hire workers to harvest their plot will usually provide the wage of 150,000Rp per ton compared to 55,000Rp per ton on the PSA estate. Despite the much higher wages provided in the scheme, the labour mainly flows from the smallholding scheme to the estate because of the availability of work. However the labour also flows within the smallholding scheme, and to a lesser extent from the estate to the smallholding scheme as often harvesters hired by the estate management will spare time to work for plasma smallholders. Harvesters based on the estate explained that they only worked occasionally in the smallholding scheme, which provided them with extra income. If these flows of labour create some level of competition to the advantage of plasma smallholders, their effect on the labour supply of the central estate is moderate, considering the low intensity of labour requirements of oil palm and the large availability of labour.

Some landless workers who live in smallholding schemes specialise in harvesting oil palm plots in different sub-schemes of PSA. Their socioeconomic condition does not differ noticeably from regular estate workers engaged in harvesting. In fact, the labour requirements on the smallholding schemes are sporadic and filled through casual agreements between neighbours, relatives or acquaintances. The son of a transmigrant from Java who arrived in Kalimantan as a teenager makes a living exclusively by harvesting oil palm plots in different plasma sub-schemes. However, as he explained, in order to make ends meet, he has to travel long distances to reach oil palm plots ready to be harvested and pay for his own transportation costs by motorbike. Although the earning per ton harvested is usually three times higher on the scheme in comparison with the estate, many smallholding schemes hardly provide one ton. He works on average 20 days a month and earns an income similar to that of harvesters who work on a permanent basis on the estate.

A large part of the labour in the region surrounding PSA largely depends on the jobs offered by the estate or on smallholders in the scheme, as oil palm occupies most of the territory and saturates economic possibilities. However, plantation companies such as PSA deploy means to retain workers from outside the region to achieve the formation of a core labour force. The case of PSA offers an example of the strategies deployed by the upper management to secure access to harvesters from

densely populated highlands with high rates of landlessness, such as in Lombok, by using specific channels of mobility in times of labour shortages. It demonstrates the full range of strategies that allow land owners, in this case, the estate itself, to pursue capital accumulation through access to labour. Plantation managers always seek to adjust labour access to optimise the relationship between labour compliance and profit maximisation, or the balance between turn-over costs and wages or benefits provided to workers to entice them to stay.⁷The space in which oil palm plantation companies reach goes beyond the territory immediate to the estate and the smallholding schemes.

Managerial changes at PSA caused labour unrest in 2011; workers and their families left the PSA estate to look for work in other plantations located in the region. A rival estate company I shall call Perkebunan Kalimantan Baru (PKB) resorted to recruiting dissatisfied workers from PSA to address labour shortages. As explained by an informant in PSA, in the housing scheme where he lives, 15 families out of 40 were recruited by PKB. PKB enticed the new workers to move to the plantation by offering them monthly bonuses in kind such as rice and cooking oil and slightly higher wages than those offered by PSA. These 15 families were picked up by the buses chartered by PKB which covered moving fees. The departure of these families along with others created a labour shortage of harvesters at PSA. On the PSA estate in July 2011, an assistant manager mentioned that he usually needed 105 harvesters but that only 88 were employed on a regular basis at the moment.

Plantation managers are able to access labour from other areas through recruitment networks to optimise the labour force in quantity and quality. In case of a labour shortage, the estate manager will contact the central office of the company located in Jakarta. It is the central office in Jakarta which takes necessary measures to contact a local labour agency in the central islands of Indonesia, which will then dispatch a sponsor to recruit and accompany workers to PSA in Kalimantan Barat. In case of a labour shortage, mechanisms are designed to encourage migrant workers to remain on the plantation for an extended period of time. Whether they are recruited by a labour agency or they migrate spontaneously, newly arrived workers from Lombok are often economically tied to the plantation for a period of time. These arrangements are personalised and often volatile. The PSA estate management would withhold 100,000 Rupiah per month on his pay for six months, and this money (600,000 Rupiah) would be returned ten months after he started working. The management's rationale for denying a part of the worker's wage is that the money covers potential medical care. The same reason was stated by the manager of the estate when he mentioned that half the wage of newly recruited workers from West Nusa Tenggara would be withheld for a few months and given back to them after a year. Moreover, the newly arrived men from Lombok had to purchase working tools and food with wage advances.

The strategy of PSA to constrain the mobility of migrant workers from Lombok and elsewhere rests on holding wages, which constitutes a form of coercion. However coercion is offset in part by opportunities to earn incomes at PSA that are higher than the ones provided in Lombok. The living situation at PSA seemed poor but the working conditions were acceptable for the men from Lombok. Most male migrant labourers from Lombok have previously worked on Malaysian plantations where they have become accustomed to piece-rate wages and contract work away from home. The socioeconomic context of Lombok characterised by high rates of unemployment and underemployment explains in large part the importance of migrant plantation work and how practices of mobility are used by plantation migrant workers themselves to increase their benefits.

⁷Fieldwork observation corroborated in an interview with Phanette Barral, Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD), March 2012, and as explained in Barral (2013).

As addressed earlier, wealthy transmigrant smallholders are able to invest their wealth back in the economy of their community of origin as seen in the case of a community in Lombok. However, as the last case demonstrates, the oil palm economy also absorbs a part of the landless labour from Lombok. The relations between the oil palm economy and the island of Lombok does only take place through the networks of mobile transmigrants, but also of landless workers. The techniques deployed by estate companies in West Kalimantan to secure access to a core labour force from outside the region intersect with the agrarian economy of Lombok and points to forms of differentiation between transmigrants and populations in the area of origin.

6 Conclusion

As the UN Special Rapporteur on the Right to Food, Olivier De Schutter (2011) states, oil palm, like other agribusiness monocultures, is still seen by influential political-economic actors in Indonesia, as elsewhere, as an efficient strategy to achieve rapid economic growth and labour absorption. In this regard, the enforcement of regulations to constrain plantation companies to engage in the formation of smallholding schemes appears as a productive way for the government to “channel agricultural investment into the support of small-scale farming” (De Schutter 2011, 261). Numerous policies in Indonesia have recently restated the importance of oil palm smallholding programmes, and new regulations seek to compel estate companies to integrate smallholders into plantation agriculture (McCarthy 2010, p. 827). For government officials, the agribusiness smallholders are granted direct access to capital and technical knowledge provided by the estate. However, given the flaws inherent to smallholding schemes, oil palm as a development tool also shows important limitations and contradictions.

This research sought to conceptualise the patterns of land accumulation and labour deployment in oil palm smallholding schemes in Indonesia by taking into account the effect of land and labour accumulation strategies that take place within the smallholding scheme. On the backdrop of a general process of agrarian-based accumulation by dispossession, different patterns were highlighted: 1) the geographical diffusion of land ownership in multiple smallholding schemes and sub-schemes; 2) the intervention of outside actors in land accumulation in smallholding schemes; 3) land accumulation that extends beyond the scheme itself within a specific perimeter around the oil palm processing mill; 4) the formation of networks of investments that link -PIR-Tran locations to communities of origin in central islands; and 5) the formation of networks of labour mobility from densely populated central islands to plantation belts in Kalimantan. Moreover, the research demonstrates prevalent patterns of labour flows in oil palm agribusiness schemes that allow identifying a certain level of dependence of the smallholding scheme on the central estate. However, the research shows that labour flows are more complex as they lead to the formation of labour markets within the smallholding scheme, and are characterised by sustained flows of labour from the central estate to the schemes. More importantly, despite the formation of a pool of captive labour locally, many plantation companies in West Kalimantan resort to networks of recruitment in central islands to secure sufficient labour supply.

With geographically specific nuances, critical insights provided by Beckford (1983, 177) remain valid, namely that “inherent to the plantation system is the tendency toward monopolisation of land by plantation owners as a device to deprive the majority of people of access to an independent livelihood and therefore to ensure the plantation of labour supplies”. However land accumulation by large-scale oil palm agribusiness in Indonesia hardly constitutes an analytical finality, it rather highlights the formation of uneven economic opportunities leading to the formation of complex networks of landowners and workers involved in this sector. The role of actors within smallholding schemes is central to the understanding of the full range of opportunities and limitations that arise with large-scale oil palm agribusiness. However, the study also points to the extensive role played by

the state programmes and estate companies in defining, to a large extent, forms of market mechanisms and valuation that take hold. Markets for land and labour in oil palm agribusiness as they emerge through contingent power relations come to mediate access to capital. Only those who have achieved an advantageous position in oil palm agribusiness experience market processes as opportunities (Wood 2002, 60). For the others, selling their labour to estates or plasma smallholders is a compulsion which takes place in a context of economic vulnerability and increasingly heightened mobility.

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A convergence of factors has been driving a revaluation of land by powerful economic and political actors. This is occurring across the world, but especially in the global South. As a result, we see unfolding worldwide a dramatic rise in the extent of cross-border, transnational corporation-driven and, in some cases, foreign government-driven, large-scale land deals. The phrase 'global land grab' has become a catch-all phrase to describe this explosion of (trans)national commercial land transactions revolving around the production and sale of food and biofuels, conservation and mining activities.

The Land Deal Politics Initiative launched in 2010 as an 'engaged research' initiative, taking the side of the rural poor, but based on solid evidence and detailed, field-based research. The LDPI promotes in-depth and systematic enquiry to inform deeper, meaningful and productive debates about the global trends and local manifestations. The LDPI aims for a broad framework encompassing the political economy, political ecology and political sociology of land deals centred on food, biofuels, minerals and conservation. Working within the broad analytical lenses of these three fields, the LDPI uses as a general framework the four key questions in agrarian political economy: (i) who owns what? (ii) who does what? (iii) who gets what? and (iv) what do they do with the surplus wealth created? Two additional key questions highlight political dynamics between groups and social classes: 'what do they do to each other?', and 'how do changes in politics get shaped by dynamic ecologies, and vice versa?' The LDPI network explores a range of big picture questions through detailed in-depth case studies in several sites globally, focusing on the politics of land deals.

Processes of land accumulation and patterns of labour mobility in large-scale oil palm smallholding schemes in Indonesia

The ongoing oil palm boom in Indonesia has influenced patterns of labour mobility and land ownership throughout the country. Although large-scale land deals for oil palm agribusiness occur in less densely populated areas of Indonesia, as this paper argues, they contribute to social differentiation throughout the country, often indirectly. This paper seeks to contribute to the critique of the structural limitations of labour regimes and resource distribution associated with profit-driven oil palm agribusiness. The paper investigates how oil palm wealth has contributed to the production of a geographically diffuse land ownership structure that straddles multiple islands in Indonesia. Concomitantly, it looks at patterns of labour mobility from resource strapped central islands to the oil palm plantation belts in Kalimantan and how this shapes access to capital. This research is based on in-depth fieldwork carried out in multiple sites of Indonesia from 2009 to 2011.



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