

Plantation Capitalism: A Political-Economic Study on the Public Policy of Oil Palm Plantation in South Borneo Province

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ABSTRACT

This research is specifically designed to study two main problems, (1) analyzing the impacts of oil palm plantation capitalization policy implementation in the Province of South Kalimantan, (2) analyzing the Nuclear-Plasma relation pattern formed due to that oil palm plantation capitalization policy implementation. The results show: (1) the farmers suffer marginalization process and are trapped in the poverty due to the policy implementation which has a lot of distortions, especially at the levels of operational and implementation policy; (2) there are only around 5% - 10% of farmers left who do not sell their business farm or land to the capital owners; therefore, the practical plasma is not established; (3) the cooperatives have shifted the function to defend the company's interest and this is done by the company by infiltrating the institution (co-optation); (4) the village apparatus becomes the broker in the land selling; (5) the farmers return to their original social status, becoming peasants (farmers without a land); (6) the best working opportunity obtained by the peasants outside the plantation or farming sector is to become a foreman; other strategic positions are taken by the skilled workers from outside the region; and (7) the company does not run its social function, which is corporate social responsibility, although most of the local citizens really expect that. The suggestions given from this research are: (1) at the level of policy, policy reorientation is required. The Agriculture Ministry responds towards the weaknesses of Plasma Nuclear model with Plantation Revitalization Program; moreover, the province and central governments need to support the innovation initiated by the Government of Tanah Bumbu applying the Integrated Partnership Pattern in plantation development, (2) at the level of science, further research needs to be continued, especially the research having orientation towards farmer empowerment or all workers in the plantation in all aspects.

KEYWORDS: Nuclear-Plasma Model, exploitation, co-optation, policy implementation distortion, farmer poverty, and farmer's 'blood suckers'

INTRODUCTION

A number of recent reports have demonstrated the environmental impacts of the oil palm industry, ranging from forest destruction, fires, the loss of orang-utan habitat, pollution and the drying out of peat-land leading to massive CO₂ emissions. These reports have also described some of the human rights abuses increasingly associated with oil palm plantations in Indonesia. Other studies have focused on the Indonesian land acquisition system and its impacts on indigenous peoples' rights, and on the social and economic difficulties facing Indonesian oil palm smallholders.[1] In July 2007, a submission was made to the United Nations (UN) Committee for the Elimination of Racial Discrimination, drawing attention to human rights violations experienced by indigenous peoples in Kalimantan, Indonesian Borneo.[2] The Committee responded by noting its deep concern about the number of conflicts between local communities and oil palm companies in the country, and that existing laws did not sufficiently guarantee the rights of indigenous peoples in Indonesia.[3] This report acknowledges a strong debt to these and other studies.

This research have focused on the impacts in a form of socio-economic profitability or just an economic rent game? Or, is the relation pattern formed mutually beneficial, or dialectical-capitalistic which marginalizes Plasma? The approach applied is the public policy analysis with economic-politic theoretical design. The pattern of its research design is positivistic having a framework with phenomenologist and content analysis approach.

In addition, *Losing Ground* draws on other existing literature, newspaper articles, and new research by Indonesian non-governmental organizations (NGOs) such as Sawit Watch (Oil Palm Watch) – the leading organization working on oil palm and human rights in Indonesia – and WALHI (Wahana Lingkungan Hidup Indonesia - Friends of the Earth Indonesia). The report also relies on testimonies obtained from 20 communities in the Indonesian provinces of Riau, West Kalimantan and East Kalimantan, ensuring that the voices of communities directly affected by oil palm plantations are heard. The process of oil palm plantation development capitalism in Indonesia, in terms of fund and credit facility provision since the government of the New Order,

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has experienced a significant increase, particularly in providing facilities for private investors. However, the objectives which would be accomplished as mandated in the Law No 18 of the year 2004 on Plantations are still far from reality.

The objective of the study is to investigate analyzing the impacts of oil palm plantation capitalization policy implementation in the Province of South Kalimantan, as well as to investigate analyzing the Nuclear-Plasma relation pattern formed due to that oil palm plantation capitalization policy implementation. The benefit of research are expected to have double use. Besides for testing the empirical validity of the economic-political theory application, especially the neo-classic one, in the field of the capitalization/ privatization public policy of oil palm plantations in the Province of South Kalimantan, the results could also become the competent scientific information sources as references for decision making or plantation sector development public policy, especially the oil palm plantations in this region and the economic institution revitalization of oil palm plantation subsector to realize beyond book value.

MATERIALS AND METHODS

Especially in South Kalimantan, the process of oil palm plantation capitalism faces at least four problems, such as:

1. The local governments (the provincial and regency governments) still cannot play a strategic role which could become an incentive factor to develop mutually beneficial interaction between the farming society and large private plantations, especially the ones formatted in a form of Plasma Nuclear relation.
2. The local governments do not have the capacity to determine a mutually beneficial partnership pattern among investors, local governments, and people's plantation businessmen.
3. In the condition only allowing to produce crude palm oil (CPO), the local governments have no power to calculate forward linkage or vertical integration of oil palm plantation companies with their downstream sector.
4. The local governments also have no power to anticipate the environmental and human cost.

RESEARCH METHOD

In the social methodology perspective, the cases studied in this research involve "human acts", which according to Habermas [4] and Hardiman [5] cover a working dimension (technical acts towards objects) and an interaction dimension (social acts among subjects). Technical acts are the one direction interaction between subjects and objects, while the interaction among actors in the object "management" is multiadic, involving some aspects, such as evaluation, perception, feeling, emotion, and other human in-depth contexts expressed in a form of words, facial expression, and perceptual-cognitive, emotional-affective, and behaviouristic reaction expressions. Those two dimensions of "human acts" are always "present" in the social research, including the one designed even with a quasi-experiment. The research approach design for two aspects of those "human acts" should be different. The working dimension should use the positivism approach, while the social act dimension should use the phenomenologist approach.

The research design developed in this research should be the integration between positivism paradigm or quantitative approach, designed to understand the non-human elements in humans, and the phenomenologist paradigm or qualitative approach, built to study the human aspects in humans, such as feeling, perspective, relation among actors, conflicts of interest, ambition, motivation, and so on. Tashakkori & Teddlie [6] explain this integration with the concept of mixed methodology or mixed method. In accordance with the built research thinking framework, this research applies the mixed method. The indicators used to analyze the impacts towards the society are: 1) Economic aspects, including: work vacancy expansion, income increase and distribution, contribution in regional economy; 2) Social aspects, consisting of: population education level, society cohesive level, and community social capital index; 3) Ecology aspects, consisting of: population ecology adaptation resistance level towards new ecology due to the presence of the oil palm plantations; and 4) institutional change, covering significant change of the management & technology aspects in people's plantations and commitment toward the company's corporate social responsibility.

This research is conducted in the Regencies of Kotabaru and Tanah Bumbu. The reason is in these two regencies both the people's plantations and the big private plantations operate more productively and involve a relatively bigger number of farmers so that it is possible to study the interaction between these two business units. The cases in other regencies only become the observation objects which are not the main.

The data collection in this research considers the research context. Institutionally, this research has purposely chosen several oil palm plantation companies in the Province of South Kalimantan, especially in the Regencies of Kotabaru and Tanah Bumbu as samples, which are already operating. The individual samples, such as the businessmen, government elements, farmers, and citizens, are taken and chosen according to the location

sample choices. The sampling technique is adjusted with the observation objectives, meaning it will cover several relevant sampling techniques, such as random sampling with a lot of variety (especially for survey) and purposive sampling (especially for in-depth interview, focus group discussion, and participatory mapping).

The respondents of this research cover all individuals or individual groups influencing and influenced by the implementation of the oil palm plantation capitalism policy in the Province of South Kalimantan, such as the Governor of the Province of South Kalimantan, the Regent of Tanah Bumbu and the Regent of Kotabaru, and the Head of the Plantation Service of the Province of South Kalimantan.

In accordance with the problem formulation and the research objectives, the research data are analyzed with the descriptive-analytical approach. According to Faisal [7], the descriptive-analytical approach is an analysis technique explaining the causality relation or the interaction among the facts or phenomena studied. This approach includes the content analysis, as developed by Krippendorff [8]. This technique is used to analyze the policy content and the existing regulations in relation to the big plantations. Meanwhile, the quantitative data are analyzed with descriptive statistics with the help of tables and graphics, as well as the income inequality analysis.

RESULTS AND DISCUSSION

Program substances.

As mentioned above, substantially the KKPA patterned oil palm plantation development program is a Pirbun patterned replica in general. What differentiates is the presence of the cooperatives, which does not exist in the Nuclear-Plasma relation pattern. The pattern application is meant for all the interests of the stakeholders to be realized, especially the interests of the participants/farmers.

The discussion of this issue – the interests influenced by the program – starts with the question: have the interests so far been accommodated proportionally?

In the Cooperation Agreement Document between the members of KKPA and the Nuclear Company, it is also stated that the objective of KKPA patterned oil palm plantation development is to support the government program in reducing poverty. Hence, the targeted change focus by the program is very wide. Its scope is not only limited to the plantation subsector contribution structural change but also including national and regional economy, area development, the increase of people's welfare through the reduction of poverty, and creating more job vacancies.

The research results show that the biggest advantage, specifically the KKPA patterned oil palm plantation development program economic advantage, has not been distributed proportionally. There are some indications of this; the *first* one is the party who suffers the most losses is the farmers, especially the members of KKPA who legally should gain the biggest advantage. In the note of the Cooperation Agreement, it is mentioned that the land belonging to the participants/farmers is submitted to the company through the cooperatives as the collateral of the oil palm plantation development with the width of two hectares with credit limit ± Rp. 28 millions.

During the pre-conversion phase and approximately a year in the conversion/post-conversion phase, the farmers had not gained the significant economic value yet to continue their life. During this transition, the company through the cooperatives should have conducted the community development so that the farmers/the members of KKPA could continue their life. The farmers in Sungai Loban Subdistrict, Tanah Bumbu Regency, who then became labors stated that,

“At first we were interested in KKPA program. The Head of the Village once advised us not to participate in the program. He suggested that the land we got from the transmigration program be cultivated with oil palm and we should do that ourselves. But we did not follow his advice because we did not have any funding. Finally we followed this program. And now we have to suffer the consequences. During the post-conversion phase, we did not really get anything, except the allowance money. For other needs, we borrowed money from the company, considered as debts. We were really helpless at that time.”

The research discovers that the role of the cooperatives as the counsellor of the farmers/members of KKPA was not well played; on the other hand, the counselling itself is included in the oil palm plantation development costs. The social status of KKPA farmers/members as labors in the phase of pre-conversion through the counselling was expected to be able to be changed to make them competent farmers who could motivate themselves to build the people's plantation collectively. That change did not happen because most of the farmers or plasma had lost their land ownership.

Second, the provincial government, especially the Provincial Plantation Service, did not have enough sensitivity towards the condition of the farmers/plasma in the transition phase. The recapitulation data of the production results and plasma plantation costs of August 2006 in several villages show there were only 3 villages out of 12 villages having netto surplus income. The rest of the villages had deficit income. Table 1 below presents the detailed data.

Table 1. Differences between Selling Results and the Amount of Payment Obligation (2006)

Villages	Production (Kg)	Selling Results (Rp)	Amount of Payment Obligation (Rp)	Amount of Income (Rp)
Sumber Makmur	307,087.50	168,428,291.10	340,610,087.15	(-) 172,181,796.05
Sumber Makmur B	104,766.00	54,935,820.05	216,875,294.92	(-) 161,939,474.87
Wonorejo	287,384.50	152,387,774.80	856,511,796.86	(-) 704,124,022.06
Sekapuk 2	92,948.00	93,563,694.00	98,241,878.70	(-) 49,280,500.35
Sumber Baru	437,522.50	232,822,328.25	570,571,245.29	(-) 337,748,917.04
Tegal Sari	180,272.00	93,694,392.20	86,129,232.66	(+) 7,565,194.54
Sekapuk 1	72,219.00	38,709,384.00	21,787,286.89	(+) 7,565,159.54
Majelis Taklim	203,689.50	101,641,060.50	190,721,159.48	(-) 89,080,098.98
Sumber Harapan	96,529.50	47,859,371.70	122,939,715.63	(-) 75,080,343.93
Sekapuk Induk A	61,455.50	30,394,792.10	69,484,973.11	(-) 39,090,181.01
Sekapuk Induk B	26,799.50	12,327,770.00	188,486,643.36	(-) 176,158,873.36
SH Tani Bersatu	8,797.00	4,046,620.00	989,348.85	(+) 3,057,271.15
TOTAL	1,879,470.50	986,208,983.05	2,763,348,662.90	(-) 1,777,139,679.85

Source: Cooperatives of Unit Desa Nusantara, August 2006.

Based on the data on Table 1, it is discovered that until August 2006 the plasma farmers/members of KKPA in 12 villages had debts to the credit provider Bank as much as Rp. 1,777,139,679.85 or as much as Rp 148,094,973 per village. Thus, in the long run the plasma farmers would not be able to enjoy their hard work because the practical deficit period could not be overcome in a short term. It means the plasma farmers would continue to have debts for a long time. For the plasma farmers in the villages having surplus, the surplus value share was still not sufficient to fulfill their family's needs.

The collected data inform that the biggest surplus share received by a farmer was around Rp. 240,000.- per two months. Even in certain villages, such as Wonorejo, a farmer only received Rp. 80,000.- per month. Having no other choices, the plasma farmers received the loan offer from the company through the cooperatives. The loan was then accumulated in the payment obligation amount which had to be paid during the harvest season. Consequently, the condition of the farmers either in the villages having surplus or in the villages having deficit was just the same. The credit they obtained from the Bank as the collateral of the 2-hectare land they acquired from the transmigration program could not be enjoyed by them.

"We did not have other choices but to borrow money from the company through the cooperatives with the risk of having less result share, while the amount of the debt was getting bigger. The cooperatives could not play other roles to defend the farmers' interest, and only became the mediator when we needed a loan from the company."

The Provincial Plantation Service was actually aware of this critical period. However, the officers working there just let the problem be solved by the mechanism developed by the Nuclear company through Plasma. Based on this evidence, it can be stated that the provincial government did not have enough sensitivity and commitment to empower the farmers, even though the KKPA pattern was also a part of the policy system developed by the provincial government.

In the policy analysis, the act of letting the distortion or anomaly occur could be related to two economic-political perspectives of public policy. The society-oriented perspective description explains, among others, that: (a) individuals in a country or social groups outside the ruling public policy system economically play a role as a rent seeker, (b) the public policy selection is very much influenced by the economic interests from the rent seeker groups, (c) the function of the government or the policy elite is to guarantee the interests and the hegemony of the dominant groups, (d) the policy selection is the instrument of the dominant groups to accomplish their goals or interests, and (e) in certain stages, the act of repression or negligence done by the government is justified as long as it could protect the interests of the dominant groups, and this could explain the process of negligence towards the oil palm plantation development program advantage moving towards the interests of the businessmen and the local capital owners. The same explanation is given by the state-oriented perspective prescription. With this attitude, the interests of the government individual officers are accommodated.

Third, ideally the regency government could fill in the gap. Nevertheless, the problem is the policy and the program of the oil palm plantation development focus more on the system at the central and provincial levels. As a result, the regency government does not have sufficient authority or discretion to deal with the anomaly in the program implementation.

Thus, the regency government is the party whose interests are not accommodated in the system, although in *de facto* the company is operating in the relevant regency. The expectation of area (economic) development to happen is not realized. In fact, the communities become poorer and suffer social gap, prone to social conflicts. In the regional autonomy context, these social problems become additional burdens for the region.

In this context, the regency government finds it very hard to 'persuade' the big companies to think about the condition of the local people, let alone to give significant contributions for the local governments. The Head of the local Plantation Service states,

“The companies are often arrogant, thinking that they have nothing to do with the interests of the local people. They obey the Central and Provincial Governments more. Our many requests through mail are not responded. We often beg the companies to be involved in the poverty reduction program.”

Fourth, to overcome this problem, the plasma farmers use their own ways. The offer of the capital owners to cope with the daily life problem through the purchase of the oil palm land/plantation is accepted by the plasma farmers. The plantation selling to the capital owners increases the poverty of the plasma farmers. The short-term needs have defeated the dream of the farmers to become successful and competent farmers.

“The cooperatives are not reliable to fight for the interests of the farmers. Eventually, we sold our land under hand to fulfill life needs. In fact, in several cases, the cooperatives were the ones facilitating the selling.”

Based on the analysis above, it can be assumed that this macro policy is obviously built on the assumption that the interaction of two different business entities could produce synergy. The people’s plantation built from the Plasma units could develop well institutionally and financially with the Nuclear (big private companies)’s counselling.

At the level of the program implementation, the expectation to have the synergy relation to happen did not really occur. The people’s plantations failed to be realized, and the life of most farmers did not improve.

In most villages, the farmers who still have their land are only approximately 10%. Therefore, the KKPA model could only directly accommodate the interests of the companies (Nuclear/the capital owners) and local capital owners, and indirectly accommodate the central and the provincial governments. The Plasma farmers who are supposed to be the main focus of the program have been neglected (their interests have been ignored).

Conflicts among the implementing agents.

Analysis towards this dimension focuses on two main issues, on how Plasma farmers have been “neglected” to deal with the company and on how the cooperatives formed to facilitate the farmers’ interests have been co-optated.

The credit agreement between the Nuclear and the Plasma places the farmers (members) in the subordinate position and even inferior *vis-à-vis* the company and the cooperatives. In the agreement (Article 3 point 1) it is stipulated that the credit is granted to support the government program implementation to reduce poverty through cooperatives development in the development of oil palm plantation on the land belonging to the first party (the farmers/the members of the cooperatives).

In the credit agreement it is also mentioned that the plantation development consists of three phases: the phase of planting, not yet producing/development phase, the phase of producing or harvesting, and the phase of paying off the credit. In all the phases, the agreement does not govern the obligations of the company, including in giving the opportunity to the farmers/plasma to fill in a job vacancy. The agreement focuses more on the obligations of the farmers (Plasma).

The research discovers that since the beginning of the development to the planting phase which did not yet produce anything, and even after several years after the harvesting time, the farmers still did not have a permanent income source. Most of the members believed the cooperatives were considered incapable to ‘fight’ for the interests of the members to obtain the access to income sources in the development activity, including to ‘force’ the company to give intensive counselling to the farmers so that in time they would become independent oil palm farmers.

Substantially, the agreement is really designed to empower the members/plasma. Almost all the dictums of the agreement contain the statements of the rights submission of the farmers as the debtors to the company/Nuclear (such as Article 5 on General Provision, and Article 6). It is true that the farmers claimed they were conscious when signing the agreement. However, if the psychological situation context during the signing was taken into the consideration, then we could evaluate how the level of the consciousness encouraged the signing of the agreement. The interview results show that when several farmer families were asked about the agreement, they had similar answers, as the following:

1. “We did not understand the statements in the agreement. What we know that the signing of the agreement is one of the requirements of the cashing of the credit.”
2. “We handed everything to the cooperatives on the matter.”

The truth is the cooperatives should have become the associate of the farmers in this case. If this institution was not capable of doing that, as the institution fighting for the farmers’ interests, it should have asked legal expert aids to give consideration to the farmers on the possibility of the advantages and disadvantages/risks suffered by the farmers if they would like to sign the agreement. The cooperatives obviously could not play this role. Even in several cases, the cooperatives tended to encourage the farmers to sign the agreement without giving healthy consideration to them.

Moreover, the essence of the agreement (points 3 and 4) formalized in the agreement is not realized in other articles. The agreement is more suitable to be called as a formal & silent take-over of the people’s land agreement because there are many statements approved by the farmers beyond their reach to obey them. The

most obvious one is the willingness/obligation of the members/farmers not to sell, transfer, and make their land as collateral during the cooperation term (Articles 3 and 4).

The temporary estimation informs that the farmers or the members left who have not sold their land/plantation are around 5% to 10%. Among them, there is a farmer having more than 10 hectares of land. Generally, the farmers or the members who sold their land have changed their status to become a labor or to earn a living by gathering something from the forest (the woods).

Besides the social status change, in the KKPA participants/farmers' settlements there has been socio-economic disparity due to the different land ownership and occupation pattern. The cooperatives, the company, and the village government apparatus should be able to anticipate this problem so that the social cohesion formed all this time will not be disturbed all the time due to this disparity. Another factor as the trigger of the social cohesion disturbance which should be anticipated by all parties is the effect of rearrangement of the land belonging to the farmers or the participants of the oil palm plantation post-development, as governed by Article 3 clause 2, and Article 5 point II/e/7 in the cooperation agreement.

In the implementation phase, most of the first rights could not be fulfilled, especially the rights to receive the explanation of the plantation development responsibility report results by the company/nuclear and the rights to appoint a representative/a competent expert to do investigation on the company/nuclear work quality. The second rights are impossible to be fulfilled because the fee of appointing a representative/an expert should be paid by the farmers/participants, which will increase the amount of debts of the participants. The cooperatives as the representaton of the interests of the farmers/participants also could not do objective and thorough supervision towards the plantation development, as mentioned by Article 7 point b1 because the interest orientation of the cooperatives tended to take side on the interests of the company/nuclear. The cooperatives have been evaluated by most of the members not capable of doing the function of participant self development, as mandated in Article 7 point a7 and Article 8.

The application of KKPA pattern has placed the cooperatives to play a role as the mediator. In the Cooperation Agreement between the Members of the Cooperatives (farmers/plasma) and the Cooperatives it is stated that the cooperatives are the legal entity formed in order to *“improve the welfare of the members particularly and the community in general, and to participate in developing the national economy arrangement...”* The cooperatives are positioned as an autonomous institution which through the autonomous business units in every village, a division, is assigned to to develop and build the oil palm plantation on the land belonging to the members. These autonomous units are responsible for the agreement operation between the nuclear and the plasma mediated by the cooperatives. In the Agreement it is mentioned that an autonomous unit led by a manager has a duty to build and maintain the oil palm plantation, and manage the credit obtained from the bank. Institutionally, the cooperatives and the autonomous units in the villages should have acted for and on behalf of the members' interests. However, in reality this institution has been facilitating the interests of the company (nuclear) and the capital owners. At least there have been several indications of this happening.

First, the placing of the people in the key positions in the cooperatives and in the autonomous units has been dominated by the people who 'dedicate' themselves to the company. The information received from the head of the village government affairs shows that even the highest leadership in the cooperatives and in the autonomous units has been occupied by the company employees. If they could not fight for the interests of the company, then they would get sanction from the company. Thus, this institution has suffered from co-optation.

Second, with the false pretence to do prevention of the land selling, this institution has just turned to become an 'agent' of land selling to the capital owners through the village government apparatus. The 'miserable' moment of the members, such as during the celebration of a religious holiday, has been optimized by this institution to 'seduce' the farmers (the members) to sell their land. The role as the people's institution to increase the welfare of the people has not been played. On the contrary, they have been facilitating the company's domination towards the farmers and creating the dependence of the farmers on the company. The poverty trap and the dependency have trapped the farmers when the debt accumulation to the company has increased a lot, while the differences between the production value and the amount of rupiahs which must be paid to the company do not enable the farmers to live decently.

Impacts of program implementation.

The survey results show that the failure to become competent people farmers in KKPA format has encouraged the farmer families to develop coping strategies, which are tips to survive in the land far away from the hometown by opening new businesses, such as trading, becoming a labor, operating a motorcycle taxi, or some combinations of those. Nonetheless, these new businesses are not done by everyone. Table 2 shows that 45% of the respondents do not open new businesses, but instead they are earning a living in another area, including outside the region where they live.

The limited choices of the coping strategies of the families in the area of the research are, among others, due to the limited number of new kinds of job vacancies created by the company, which can be accessed by the local people. The survey results show that the company could only afford to create job vacancies, such as

daily labors, free-lance labors, security guards, foremen, drivers, and office employees. The important new job vacancies are filled in by workers from outside the region. Thus, the presence of PBS could actually create new jobs. The company has given an opportunity to the local citizens, especially farmers, to take advantage of the job vacancies provided. However, those job vacancies are marginal and not worth sacrificing the original social position as the land owner.

Table 2. Kinds of New Businesses Done by the Local Citizens/Farmers

Kinds of New Businesses	Σ	%
Trading	4	3.0
Becoming a labor and opening a small store	5	5.8
Just opening a small store	54	40.91
Opening a small store and operating a motorcycle taxi	13	9.85
Not having new businesses	56	42.24

Source: Amberi [9]

The data show that not all people do not take advantage of the economic impacts of the PBS presence in the research area. The capital owners who could afford to buy the plantation land are now enjoying the results. On the other hand, most of the farmers/the land owners have to be content with their income they earn from their job as a labor. The survey results show that 50% respondents have the income of less than Rp. 1,200,000. (lower). The highest income reaches Rp. 9,660,000. per month dan the lowest is Rp. 380,000. per month, with the average of Rp. 1,489,394. per month. With 4 people as the average number of the family members, it means the income per capita per month is Rp. 372,348.5 or 12,411.62 per day/capita. The amount of the income per capita this big has exceeded the poverty line determined by the World Bank so that we can conclude that most farmer families are above the poverty line. The calculation results of the Gini ratio index show that the level of income share disparity in the researched community is low with 0.25 index. The income share received by the low-income family group is 43.9% so that the income share in the researched community is equal.

However, the conclusion above is misleading. *First*, it is true that most of the income received by the low-income group is around 43.9%, but there are other things which need to be considered; around 50% of the families only have the income of less than Rp. 1,200,000.- per month. With 4 people as the average number of the family members, it means around 50% of the families only have the income of Rp. 300,000./capita per month, or Rp. 10,000./capita per day. This kind of income amount, although almost close to the upper limit of the poverty line, it is still very vulnerable towards the price change. Therefore, the majority of the families in the researched community are the very vulnerable families, even though their income is almost close to the limit above the poverty line.

Second, the average income of Rp. 12,411.62 per day/capita does not include the income of other sources, especially from the new business done by the family. As mentioned above, in the villages having surplus production, some of the biggest surplus share received by a farmer is around Rp. 240,000.- per two months. Even in certain villages, like in Wonerajo, each farmer only receives Rp. 80,000.- per month. In the villages which do not have surplus, the farmers rely their life on other income sources. Hence, looking at the economic impacts, the KKPA patterned oil palm plantation development only forms new poor communities, which is opposite the initial format of the oil palm plantation development policy.

The survey results record that there are several suggestions or expectations from the citizens for the company to have the initiative to improve the road, the social facility and infrastructure (education, health, and places of worshipping) through the channel of corporate social responsibility (CSR). However, these suggestions do not receive sufficient responses from the company. Besides, there are some of the citizens who are reluctant to receive the help from the company since that kind of help is not in the context of CSR but becomes a part of the loan of the plasma farmers from the nuclear.

What is interesting from the cases in the two research locations is there is no social cohesion disturbance yet due to the low social concern of the company. This can be seen from several social trait indicators. For example, the local citizens know each other very well. The survey results show that as many as 84.80% of the citizens still know more than 10 other people; only 2.30% of the citizens no longer know each other very well (Table 3).

Table 3. Neighborhood Index 1. Knowing each other among citizens

Category of the number of citizens known	F	%
Fewer than 5 people	3	2.30
Between 5 and 10 people	17	12.90
More than 10 people	112	84.80
Total	132	100.0

Source: Amberi [9]

This condition has something to do with the tradition of visiting one another among the citizens. The survey results show that around 76.50% of the citizens could visit their neighbors 4 times in a month. The habit of borrowing money from one another and lending some household equipment still becomes the common social practice, even though around 5.30% of the citizens think that this practice becomes more seldom (Table 4). The reason this is happening is the level of trust among citizens is still high, although in the last several years there has been a decrease of the trust.

Table 4. Neighborhood Index 3: Borrowing money to one another

Category	F	%
Seldom	7	5,30
Willing if there is something in return	9	6,80
Willing, although there is nothing in return	116	87,90
Total	132	100,0

Source: Amberi [9]

As many as 17.4% of the entire local citizens start not to trust others, even though the number of people who start not to believe in others is only fewer than 5 people (Table 5). At least there two reasons why. *First*, many people do not keep their promise to pay their debts to their neighbors, and this occurs very often. This happens because generally the KKPA participant families have not received the share of the oil palm plantation results. The loan given by the company/the cooperatives could only fulfill the primary needs.

Table 5. Neighborhood Index 4: Trusting each other

Category	f	%
Fewer than 5 people	23	17,40
Between 5 and 10 people	51	38,60
More than 10 people	58	43,90
Total	132	100,0

Source: Amberi [9]

Second, if there is deviation in behaviour, like stealing other people's belongings, such as their poultry (e.g. chicken) and farming equipment, this is usually not done by the local people. The survey results show that although the condition of the environment is well protected, a small number of local people in the researched area already feel the disturbance towards their safety. The phenomenon makes the citizens become always careful and even more alert.

This kind of condition has also caused "the feeling of brotherhood/sisterhood" to weaken. The survey results show that even until the time this research was conducted, as many as 87.80% of the local citizens felt that they still consider many people (more than 10 people) in their neighborhood as brothers/sisters. Therefore, they still visit one another and discuss their problems with others without fear and suspicion. However, this habit has started to decrease in the last several years. At least this is indicated by the 6.80% of the citizens who feel that the brotherhood/sisterhood feeling has weakened.

The tables above show that the community in the KKPA participant family settlements still possess quite high social traits (high trust society), especially their cognitive dimension, which is relatively high. The possession of this trait should be balanced with the structural dimension, which is the social group dynamics that is capable to assist the local citizens to empower themselves collectively. The survey results show that the social groups in the research locations have not been established so that there is no institution which could balance the domination of the cooperatives. What becomes the future challenges is how this condition can be maintained so that the weakening of the social traits due to the difficult life, social disparity, and the dysfunctional cooperatives in fighting for the interests of the members can be prevented. If the inclination happening all this time is not handled through the socio-economic engineering program, then it will be very likely that the now high trust society would become the low trust society.

It is very often that after their share is reduced by the installment payment and other many costs, the farmers do not get anything or even the money they receive weekly or monthly is a loan from the company which has to be paid someday by the farmers. In practice, the farmers in KKPA pattern have been trapped by the poverty trap.

The land exploitation cases in the regencies of Tanah Bumbu & Kotabaru for the oil palm plantation development are relatively better than what happens in Muara Dua Village, Seruyan Hilir Subdistrict, Central Kalimantan. Although the pattern of the cases is different, the case in this village is more miserable.

The farmers in Tanah Bumbu Regency and Kotabaru Regency still earn \pm 4% out of the total investment, while the local citizens in Muara Dua Village only earn the money equal to 82.5 kg of rice for every hectare. Winarno [10] from the Village Restoration Development Forum/World Education reported that: "One hectare of land is exchanged with 82.5 kg of rice."

Human resources exploitation can be explained from several aspects. *First*, the poverty trap for the oil palm plantation plasma farmers in Tanah Bumbu Regency and in Kotabaru Regency could be seen from the farmers' social status change from the legal land owners obtained from the transmigration program to become a labor. Theoretically and politically (according to the policy), the PIR-Bun pattern focuses on people or people-oriented, presented by the more empowerment of the people's plantation and the surrounding community.

The pre-conversion phase in the pattern becomes the preparation process of the local citizens to become competent people farmers. The nuclear company, on the other hand, must be capable to play a role to do empowerment, especially in the cultivation and the management. Nowadays there are more oil palm plantations in those two regencies formatted in the KKPA model entering the post-conversion. In this phase technologically and in management, the social status of the farmers should improve. Nevertheless, the signs of empowerment and socio-economic welfare improvement of the oil palm farmers do not appear. The phenomena which appear are the process of marginalization, poverty, and even canibalization. The ± 1.75 hectare of land of the farmers obtained legally from the transmigration program is mostly sold to the local capital owners and the capital owners from out of the region. Several government officials and 'important people' also participate as the 'players'. Despite preventing the selling of the land, they become the mediator of the selling. The land selling process is unfortunately 'designed' by the plantation cooperatives formed to assist the local citizens or the KKPA participants. They collaborate with the village apparatus to find capital owners to sell the oil palm plantations of the farmers suffering from economic difficulties.

Now it is easy to find plasma farmers who no longer have a land; one out of 25 farmers have sold the land. The survey results show that most of the farmers' motive to follow the transmigration program is to have a land since they did not have a land in their original hometown. The transmigration program has facilitated the dream of the transmigrants. Now they return to the condition of having no land because their involvement in the PIR-BUN patterned oil palm plantation development.

Furthermore, financially, the oil palm plantation development pattern does not give direct impacts towards the income for the region. In the long term, this pattern will form some existential economic areas, socially and economically, far from the interests of the region. This kind of pattern is obviously contra-productive with the visions and missions of the regional development both in Tanah Bumbu Regency and in Kotabaru Regency.

Second, the cases in Tanah Bumbu Regency and in Kotabaru Regency are similar with the cases happening in the past. Although unformatted in the policy of *cultuurstelsel*, the farmers of the oil palm suffer a decrease in their social status since they go through occupational change. Most of them become a free-lance labor, a permanent labor, a security guard, a driver, or the highest position as a foreman.

The discrimination principles are also effectively applied. One of the important characteristics of the oil palm plantation development is skilled labor and intensive capital. This characteristic formally justifies the discrimination principles in the employee recruitment. The survey results show 80% of the respondents claim that the people who work as a free-lance labor, a permanent labor, a security guard, a driver, or the highest position as a foreman are recruited from the local citizens. If the number of the local workers is still not adequate, the company will hire people from out of the region. However, for strategic positions, the company still rely on the skilled workers from out of the region.

The above empirical findings explain that the PIR-Bun pattern has some distortion. It is not the people that become the 'nuclear' but the company. Thus, the pattern has changed from "People Nuclear Plantation" to become "Company Nuclear Plantation". The policies applied by the company – mostly through the cooperatives – are designed not to empower the citizens but to make them dependent.

A lot of studies show that the present oil palm plantation development pattern applied requires revitalization. Many people have complained. The complaints are triggered by the disorientation problems towards the KKPA members' interests. A participant who has sold his land said that,

"We could not stand following KKPA pattern. The daily need problems could not be solved with the plantation results. We had no choice but to sell the land. Now we return to the previous condition; we do not have the land and become a labor."

Problems suffered by the plasma participants in the two regencies above are similar with what happened in West Kalimantan. In this province, the oil palm farmers formed a union. Their disappointment with the company was expressed in a declaration called "Declaration of Oil Palm Farmers Union of Sanggau Regency, West Kalimantan 2006."

The Nuclear-Plasma model actually carries an ideal message: empowering Plasma. Even though it is realized that the Plasma empowerment, especially from the institutional aspects: technology mastery, management, capital, and business perseverance, requires a long time, the signs of empowerment should now have appeared. This research finds it hard to describe the institutional impacts happening to the Plasma in the Nuclear-Plasma model. The main reason is that the company does not succeed to build the foundations which make the Plasma capable to develop the perseverance in managing the plantation after the credit is paid off. In spite of developing the foundations, the research discovers that the company 'collutes' with the cooperatives

ruining the foundations even before the Plasma start to learn to be competent farmers. The cases of most citizens having no choice but to sell their land to the capital owners are the proof that the Plasma embrional form as a business unit has not been established. Then, how could the technology and management transfer process from the Nuclear to Plasma be realized, while the business unit embrional form which is supposed to receive the transfer of technology and management no longer exists?

In short, Plasma in a sense of a competent business unit which should have been established since the phase of post-conversion, in the research location, fails to be developed because there is a distortion in the implementation of Nuclear-Plasma model formatted in KKPA form. Finally, the process of technology and management transfer from Nuclear to Plasma cannot be realized since the business unit which is supposed to receive the transfer is not established; it even suffers from the systematic poverty process.

CONCLUSION

The policy of the nuclear-plasma patterned oil palm plantation development with the facility of Primary Cooperatives Credit for the Members (KKPA) in the Tanah Bumbu Regency and Kotabaru Regency suffers from a distortion in the policy formulation or the policy implementation. The distortion in the level of the formulation is marked by the absence of clear discretion to control big private companies by the local government. The absence of this discretion is “filled” with the practice of “exploitation” or marginalization of the company towards the farmers through the cooperatives collaborated with the marginal capitalists as the citizens’ land buyers. The absence of the discretion is also a sign of the occurrence of the fixed pattern repetition in the economic and political dialectic of the big plantation applied by the Dutch colonial government, adopted by the New Order Government, and repeated by the present regime. The mechanism of the marginalization and exploitation in the new model does not involve the local government, but through the cooperatives co-optated by the marginal businessmen facilitated by the company.

The marginalized central role of the local government formally in the oil palm plantation development has the potential to open the ‘slow lane’ of the rent seeking political elites and the regional bureaucrats by taking advantage of their position as the ‘sole rulers’ in the region to ‘blackmail’ the company with the excuse for the interests of the region. Therefore, this new pattern really just describes different rent seeker actors with a different channel but has the same essence. The businessmen with the cooperatives and the marginal businessmen ‘colluding’ with the ‘sole rulers’ in the region become the ‘blood suckers’ of the farmers or a comprador of the farmers. The distortion at the level of implementation is seen clearly on three things.

First, the company/Nuclear and the cooperatives are not capable to design a program to assist the farmers/Plasma to deal with the transition period from the beginning of the occupation pattern change (from the rubber tree farmers to the oil palm farmers; from garden system to commercial system) to the phase of pre-conversion and the beginning phase of the conversion phase. During this transition period, the oil palm plantation could not generate any results, or it could only produce insufficient results so that the farmers/plasma could be trapped in life difficulties.

Second, almost all the “game rules” in the cooperation agreement place the farmers/Plasma in the inferior and subordinate position vis-à-vis the company and the cooperatives. In this context, the farmers/Plasma practically do not have sufficient control in determining the company/Nuclear policy related to the plantation, such as in determining the price of TBS (a hand of fresh fruit). They only become a price taker, not a price determinator.

Third, the cooperatives are incapable to play the strategic role as the ‘mediator’ institution which should have fought for the interests of the farmers/plasma. This institution turns out to become ‘the tool’ of the company facilitating the emergence of the marginal businessmen who buy the land of the farmers.

The co-optation strategy of the cooperatives by the company/Nuclear by placing its staff in the strategic positions in the cooperatives has made this institution look like the subsidiary of the company in the eyes of the local citizens. Even though the research has not succeeded in collecting more sufficient data, the results of the survey and the interview with the public figures and the farmers/plasma obtained have the preliminary tendency which justifies the conclusion drawn by Wiradi on the characteristics of the big private plantations which are detrimental to the local citizens. Consequently, the Nuclear-Plasma relation concept developed by the World Bank and applied by the developing countries conceptually has a flaw. This strong preliminary tendency also justifies the thesis on the replica and the strategic repetition once applied by the Dutch colonial government. Although the actors are different, the characters remain the same: domination, dependency, and exploitation.

At the level of implementation, the oil palm plantation development in South Kalimantan becomes the ‘fertile land’ for the emergence of the comprador classes, which have been facilitated by the cooperatives and the village apparatus taking advantage of the ‘miserable moments’ of the farmers/plasma to purchase the land ownership of the farmers/plasma which still becomes the collateral to the Bank. This practice actually breaks the law (the cooperation agreement), but it is desired by the company and the cooperatives. The company and the cooperatives believe it is more ‘comfortable’ to deal with the buyers than with the farmers/plasma.

Practically the plantation land selling reaches a very significant number. The survey results show there are only 5% to 10% farmers/plasma left who do not sell or have not sold their land. Some of them can afford to buy other farmers/plasma's land. The family of the farmers/plasma are trapped in the poverty cycle and helplessness. The two indications are the low economic welfare level suffered by 51.2% of the families of the farmers/plasma and the returning position of the farmers/plasma to their previous state, back to square one: not having a land and becoming a labor.

The Nuclear-Plasma relation mediated by the cooperatives is more appropriate to be described as the relation between the winner and the loser. The cooperatives and the 'blood sucker' classes, such as the village apparatus and the capital owners, gain a lot of profits from that relation. Because of the lack of concern of the company towards the social, economic, and environmental problems due to the plantation development, the local citizens in general become the long-term external victims. Even though the level of the social cohesion has not been disturbed yet, the disparity of economy and the land mastery could threaten the solidarity and the neighborhood index in the settlement location of the farmers/plasma.

However, the effectivity of this program will be disturbed if it does not have a synergy with the Central and Provincial initiative program. The hesitation towards the fund support sustainability and fund use accountability from the local government, as well as the managerial professionalism of the program coordinator – the Local Company – also have the potential to prevent the accomplishment of the program goals. Consequently, the oil palm plantation revitalization program will finally become the fourth blunder of the failure of Nuclear/Plasma model.

SUGGESTION

Based on the research findings and the conclusion above, this research offers several suggestions or recommendations. *First*, at the level of policy, the third blunder of the KKPA pattern application should be corrected in order to prevent the fourth blunder from happening which will be detrimental to the local citizens and the region by affirming the discretion of the central government and the formation of an independent institution to supervise the plantation revitalization program so that the oil palm plantation development exists in the regional autonomy context.

Second, the regional autonomy also has the implication on the autonomy of the oil palm plantation development policy formulation. The partnership flexibility underlined in the plantation revitalization policy of the Ministry of Agriculture enables the local government to design a unique oil palm plantation development pattern/policy which can benefit the local citizens. The submission of the arrangement discretion to the regency will guarantee the flexibility and also the healthy relation between the local government and the company.

Third, the problems in the transition period suffered by the farmers/plasma need to be anticipated; for instance, the farmers should be assisted socially and economically by another program to pass through the crisis period, especially during the phase of pre-conversion and the phase of the beginning of the post-conversion. The urgency to increase the professionalism of the Local Company is aimed for the company to have a system to deal with the transition period faced by the farmers to become perseverance farmers or competent Plasma.

Fourth, at the level of science and methodology, this research suggests a more thorough study so that the conceptual and methodological dimensions which are not elaborated in this research are developed further by other research.

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