

# Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast Asia

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## ***Discussion Note No. 10***

### After the Land Grab: Infrastructural Violence and Indonesia's Oil Palm Zone

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Recent concern over the so-called “global land-grab” has drawn attention to an important social fact: the plantation form is again expanding across the world, with massive areas dedicated to oil palm, timber, rubber, soy, sugar, and other industrial crops under corporate control.

Neoliberalism notwithstanding, these are not the product of “free” markets. They are protected, monopolistic systems, using land granted by governments for free or at negligible cost.

The legitimating narrative for corporate land concessions hinges on the need for efficient production to supply food and fuel for expanding populations, and the promise that plantations bring development to remote regions, reduce poverty, and create jobs.

These narratives are powerful. Time and again, opposition to “land grabs” is dismissed on these grounds. Present losses and harms are discounted in view of the brighter future that is to come.

But what really is the evidence about this brighter future? What is the head count that measures jobs created against jobs lost and livelihoods destroyed?

If development is about expanding opportunities for people to enjoy a rich, health, fulfilling life – is that actually the form of life that is produced in a plantation zone?

The evidence is not hard to find, because plantations are not new: Indonesia has had plantations for more than a century. So it is possible to test whether plantation-dense zones are in fact sites of prosperity, or sites of impoverishment.

Empirical research in existing plantations is an under-exploited tool for pushing back against corporate land grabs, offering a ground level audit of the record of corporate agriculture in achieving poverty reduction and development – its stated goals.

To this end, I conducted research in 2010-2015 together with my colleague Dr Pujo Semedi from Gadjah Mada University in Indonesia, and about a hundred of our students. Our aim was to conduct an ethnography of life in a plantation zone, to ask: what kind of life is it? What are its political and social, as well as economic and ecological entailments?

Put differently, what I want to flag with my title *After the Land Grab*, is the importance of attending not only to what is taken away (land access), but to what is installed.

What we found in the plantations we studied in West Kalimantan was a violent and unstable configuration, far more ugly and intractable than we had expected. Labour conditions were dire. Decades after the plantations were established, land conflicts were still unresolved. Smallholders were locked into unfair and unstable contracts with the core plantations.

Crucially, our review of the literature confirmed that the patterns we identified are pervasive: it is not just a problem of a few rogue companies whose conduct falls below standard.

The focus of our study is oil palm, which is mainly grown as a plantation crop. There are already around 10 million hectares of oil palm in Indonesia, and up to 20 million more hectares held in “land banks” or designated for plantation development.

This means that at least 10 million people are already living in oil palm plantation zones, their lives radically shaped by the presence of this crop, and its political, social, economic and ecological entailments.

Oil palm can be grown by smallholders, but it is the plantation form that is expanding massively at present.

Show table.

Many of the smallholders are tied to the plantations under contract farming schemes, which were strongly promoted in the Suharto era but are now much reduced.

Independent smallholders tend to be richer farmers, or government officials who obtain land by diverse and devious means: the capital costs exclude poorer farmers, who would dearly like to plant this lucrative crop.

Although there is no official data on this topic, a great many of the so-called smallholdings are actually small, illegal plantations of 50-500 hectares, owned and run by government officials and the

like. So the plantation component is bigger than the numbers on the table suggest.

You may wonder how corporations are able to obtain these massive areas of concession land, so I'll briefly review the mechanisms.

In the Suharto area, much of the national land mass was defined as state land, around 60% of it under the jurisdiction of the forest department.

Customary land rights were weakly recognized, and subordinated to national plans for development. So plantations were granted concessions without the consent of customary land holders, and it was quite literally grabbed, with bulldozers arriving to mow down rubber groves, accompanied by police, military, and government officials.

The mechanism is now more complex, due to two processes. First, decentralization means that various levels of government grant concessions.

Second, outright grabbing is no longer tolerated, so it is mediated by a pseudo-market relation. A corporation is granted a provisional permit, and must then negotiate with customary landholders to acquire their land.

Various forms of pressure are used to persuade them. Money is one. The promise of infrastructure is another. People in remote regions desperately want access to roads so they can develop their own land, with oil palm and other crops. So they concede land to a plantation in order to get a road.

This is the first sense of the infrastructural violence I will elaborate in this talk: when the state abdicates responsibility to build roads for remote populations, and calls on private sector "partners" to do this job, it drives people into the arms of corporations.

## **Why infrastructure? What do I mean by infrastructural violence?**

Infrastructure: dictionary definition

"the basic, underlying framework or features of system organization"

Infra: below, underneath.

Structure: something built or constructed, as a building, bridge or dam; a complex system considered from the point of view of the whole rather than any single part

Plantations present themselves as systems, indeed as "total institutions" governed by techno-bureaucratic rationales, in which neat rows of crops are tended by a disciplined workforce, contract farmers are tightly organized into co-ops, and investors contemplate tidy graphs promising productivity and profit.

Seen differently, at the core of the plantation system is monopoly: monopoly of massive areas of land by a single crop means monopoly over the means of livelihood (land, work, cash), and monopoly over the spaces in which social and political relations take shape.

### **Space:**

Meliau plantation map

Different from colonial era and up to 2000 "our land was as big as the sea". Now plantations aren't just being added to the rural economy, they are taking up all the space, squeezing out diverse livelihoods, and – most importantly – foreclosing them into the future.

What does this look like?

Show op pictures. A plantation is a built environment, an industrial landscape, an entire reconfiguration of space – a bit like a city, but one that extends for hundreds of thousands of hectares at a stretch.

Rivers are re-routed. New roads don't connect the old hamlets - they by-pass them, since their only purpose is to connect oil palm blocks to the mill. Flora and fauna are simplified and restricted.

It is a machine – self reproducing. Once planted, oil palm can be replanted indefinitely, on the same space. Probably irreversible: no examples yet of reversion to status quo ante.

Show op dead/being replanted.

This kind of system does not need guns or security guards to enforce it: the violence is built into the organization of space, because of what it excludes, and what it precludes: no other kind of life is possible in such a space.

Labour: [In the interest of time I will not discuss labour issues here, but refer you to my recent working paper on this topic, available free on line at [http://www.cifor.org/publications/pdf\\_files/OccPapers/OP-124.pdf](http://www.cifor.org/publications/pdf_files/OccPapers/OP-124.pdf) I also have some copies here – please come and take one if you are interested]

The main point to make here about labour concerns monopoly: because oil palm takes up all the space, few other livelihoods are possible, and other paid work is severely limited. Yet oil palm needs little labour, leaving people doubly exposed: their land is monopolized by the plantations, but their labour may be surplus to requirements, leaving them stranded in a sea of palms. If they do get work, it is mostly as outsourced, casual and contract workers, on miserable terms.

## **Contracted smallholders**

Attached smallholders are part of the monopoly system. Some had to give up significant areas of land in order to be included in the contract farming scheme.

As with the core plantation, the transformation is intended to be total: previous social institutions are radically undermined, so that new, totalizing ones can be put in their place. Scheme members are expected to move into new houses set on linear grids, and live among strangers.

The core institution of the new system is the KUD: one KUD per block of 500 families, installed with a monopoly over the smallholders' production system: the management of the palms, harvest schedules, pick up, and payment, after deductions to pay off the debt for all these provisions, and for the services which the KUD was to provide.

Co-ops have a long history in Indonesia, beginning in colonial times when Dutch officials impressed by cooperative features of village life tried to instrumentalize them for development ends. Hatta and other nationalists built on this theme. But the sad fact is that coops in Indonesia have hardly ever worked. They are vulnerable to corruption and elite capture, and have a great deal of problem holding members “voluntarily.”

They persist only when they are, in fact, monopolies, as is the case with oil palm: they are installed by the corporations, together with the palms, and smallholders are tied to them. They by-pass them when they can, but their debt ties them to the corporation, at least until they get their promised land titles. Meanwhile, they scramble to make as much profit as they can in a system that is predatory and unaccountable at every level.

## **The Mafia System**

In Naples, the mafia is called “the system” – o-sistema. It is a system in two senses 1) the relations linking parties, their modes of conduct and their sources of profit are structured in predictable ways. They are routinely predatory, but they are not random. 2) is a monopoly - there is no outside.

You cannot live in Naples and be outside “the system”: the house you live in, the work you do, the music you listen to, the way you channel votes and funds, and your modes of recourse are inside. The oil palm zone is such a system, an insight I gleaned from a transmigrant farmer from NTT (a former insurance salesman) who sat me down to explain to me how it worked:

1) The smallholders cheat the company by including rotten fruit that wasn't collected at the previous harvest, or raw fruit. They cut bunches with long stalks to increase the weight, or mix in earth and stones. They also include fruit from uncertified seeds with a lower oil content - fruit they buy at a low price from independent smallholders who are blocked from selling them to the company mill, which is the only outlet.

2) The farmers group at the cluster (amparan) level cheats the smallholders by falsely recording the quantity of fruit harvested when they pick it up at the road side.

3) The co-operative cheats the smallholders by collecting high transport and management fees (payments for administration, payments for going to collect the money from the company office, payments for road improvement). It provides no account of its expenses.

4) The company cheats the smallholders by arbitrarily classifying fruit as below standard and paying a low price; by late payment; and by keeping inaccurate or falsified records of the payments it deducts against the initial credit for plot development.

5) The company pays for armed police (Brimob) to protect the factory, with the costs of paying for protection born by the smallholders, as deduction from the price they receive for their crop [also TN8].

6) Inside the plantation it is no different: women workers steal fertilizers, hiding buckets of them in ditches to collect later and sell to smallholders; they have to give their foreman a cut. He also takes a cut from their wage packets. Foremen cheat the company, by claiming the wages of 10 workers, 5 of whom are phantoms, just names on a list. He receives some of the difference, but the company payroll office and division head also claim share.

Truck drivers moonlight – literally, working at night – picking up and delivering stolen fruit. The plantation manager has his own deals, much bigger in scale, and gets a cut of many other deals as well. Managers in our study amassed fabulous wealth, far bigger than their salaries. They built palatial houses in nearby cities, and owned hundreds of hectares of private oil palm. And so it goes on.

## **No Outside: Violence and the Monopoly Form**

The outcome of monopoly is violence. People caught up in this system have no recourse. Roads are one example: when the roads wash out in the rains, farmers lose their entire crop, sometimes for three months at a stretch. Zero income, but debts for fertilizer that must still be paid. Farmers experience this as an assault on their capacity to sustain themselves.

When a company fails to meet its obligations to smallholders, or a KUD fails to abide by its statutes, or workers are cheated of their pay, it should be possible to seek redress from the law, or the district government.

Yet these authorities are not outside “the system” – they too are inside, integrated into it, as extensions of its monopolistic form. In addition to bribes, companies pay an honorarium to officials at every level (district, sub-district, desa, hamlet) for their participation in officially constituted “coordination” teams. From this position, officials cannot act independently to protect the interests of farmers and workers.

The forms of protest that emerge in this system are shaped by the massive presence of the plantation infrastructure. Frustrated contract farmers blockade the gate of the mill, an obvious choke point. But the redress they receive is partial and ad hoc - sometime described as being given panadol – a pill to make the headache go away, while leaving the underlying condition unresolved. There cannot be a resolution: everyone is locked in.

Through protests, farmers extort small concessions and cash payments from the company. Every visiting official, politician and journalist also extorts from the company. One of our informants described his job as the “envelope guy” (tukang amplop), putting cash into envelopes to pay off

anyone who can cause the company trouble. What else can the companies do? They too are locked in.

Law does not work here. Nor does government authority, as one sub-district head explained to us. Faced with continuous complaints from villagers with very serious grievances, he said “I call the companies to report to me but they do not come”.

**To summarize:** my argument is that violence of this system is mostly infrastructural: it is embedded in the landscape, and in the social and political entailments of thousands of hectares of mono-cropped palms.

It is also systemic. The patterns I have described are not aberrations of the system – they are the system. Even the most virtuous company, doing its best to abide by the law, would be in a monopoly position vis a vis the surrounding population, caught up in relations of mutual extortion, and compelled to operate in the same manner.

## Is there a better way?

Yes – stop expanding plantations and assist smallholders to grow oil palm on their own land. Rather than try to protect workers or smallholders, and empower them vis a vis plantations, it is more effective to protect the power they already have as landholders, and as members of communities that have modes of social control that may not be perfect, but work much better than the ones imposed in and around corporations.

Corporations and government agencies resist a smallholder focus, arguing that smallholders are inefficient, but their evidence is thin. Smallholders can achieve yields twice as high per hectare as plantations, which are corrupt and leaky machines. There is no technical reason why OP must be grown on plantations.

If plantation corporations were obliged to pay for land and credit at the same price that smallholders pay, they would be bankrupt tomorrow. They are massively subsidized and protected by their monopoly position.

Hence it isn't the overall efficiency, but the way benefits are channeled that accounts for the expansion of plantations.

See table from Ferraro and Cramb

There can be no virtue in the monopoly system. But there is nothing intrinsically wrong with the palm. It is a highly productive crop that offers good prospects for creating prosperity in the Southeast Asian hinterland, so long as farmers are left in control of their land, labour and livelihoods, and their social and political institutions are left intact.

But they do need infrastructure: roads, a mill, quality seedlings and credit – which government-funded smallholder support programs should provide. To have companies provide these risks to extend the monopoly system, with all the predatory characteristics I have described.

No doubt in a smallholder oil palm economy there will be differentiation – capitalist relations emerging from below. State support could help to mitigate these by extending cheap credit to enable more small scale farmers to stabilize their holdings, and reduce distress land sales linked to debt. But even as differentiation does occur, on a scale of 1-10, it is surely less damaging than the plantation system I have described.

In our field research area, smallholders paid their workers wages double those of the plantation. As smallholders prosper, they create a secondary economy of goods and services (hair salons, restaurants, motorbike repair), so more people have the chance to prosper. A plantation zone, in contrast, generates few spinoffs: workers are too poor to buy much; dispossessed former landholders likewise.

Return to the strange position in which we find ourselves: in a so-called neoliberal world said to be ruled by markets, and governed by rational systems, but actually dominated by state-protected

monopolies reminiscent of the colonial period, and the entrenchment of violent relations.

It is an unstable but resilient system. It is doing a whole lot of damage to landscapes, livelihoods, and social institutions, much of which will be difficult if not impossible to repair.

Time to stop the train before another 10 million hectares of corporate oil palm go into the ground. Definitely time to push back against the narrative that makes plantation expansion the key to job creation, poverty reduction, and a better future for all. The emperor has no clothes. Let's expose him.



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### International Conference Paper Series

The purpose of the 2015 Chiang Mai conference is to contribute to *deepening* and *broadening* of our understanding of global land deals, resource conflict and agrarian-environmental transformations – in the specific regional context of Southeast and East Asia, with special attention to climate change mitigation and adaptation policies as well as the role of China and other middle income countries (MICs) within the region.

The Conference Paper Series aims to generate vibrant discussion around these issues in the build up towards the June 2015 conference – and beyond. We will keep these papers accessible through the websites of the main organizers before, during and after the conference.

### About the Speaker

**Tania Murray Li** is Professor and Canada Research Chair in the Political-Economy and Culture of Asia, University of Toronto early research in Southeast Asia concerned urban cultural politics in Singapore. Since then she has focused on culture, economy, environment, and development in Indonesia's upland regions. She has written about the rise of Indonesia's indigenous peoples' movement, land reform, rural class formation, struggles over the forests and conservation, community resource management, and state-organized resettlement. Her book *The Will to Improve* explores a century of interventions by colonial and contemporary officials, missionaries, development experts and activists. *Powers of Exclusion* examines agrarian transition to see what happens to farmers' access to land in the context of competing land uses (e.g. conservation, urban sprawl, plantation agriculture). Her 2014 book *Land's End* tracks the emergence of capitalist relations among indigenous highlanders when they enclosed their common land. Her current writing project is an ethnography provisionally titled *Living with Oil Palm*. It explores the forms of social, political, cultural and economic life that emerge among people in the orbit of this massively expanding plantation crop. Future work will focus on the problems faced by people who are pushed off the land in contexts where they have little or no access to waged employment.