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## PEASANTS' WAYS OF MAKING A LIVING UNDER THE THREAT OF SOCIO-ECONOMICAL CRISIS : AN ENGAHAN VILLAGE CASE

*(Cara Petani Bertahan Hidup Dalam Krisis Sosial Ekonomi: Kasus Desa Engkahan)*

Arya-Hadi Darmawan<sup>1</sup>

### **Abstract**

*Peasants' ways of making a living under the threat of socio-economical crisis in the poor villages of the Third World Countries are very specific. This article addresses the coping strategies undertaken by farm households in the Engkahan village, West Kalimantan, during some socio-economical crisis. The findings indicate that strategy of food adjustment, prominently found in Africa region, is rarely undertaken by the peasants in the village understudy*

*(Key words: socio-economical crisis, coping behavior, local specific)*

### **1. The Background**

Studies that provide an insight into farm household coping behavior during socio-economical crisis are becoming increasingly an important concern for many development agencies and/or policy makers dealing with poverty alleviation program, such as IDT program.

From his empirical study Teklu (1992) found out that households responses to crisis can be regarded as a substitution process between and within consumption, income, and asset paths, with discrete shifts between these coping paths. The poorer the household the more obvious and the more frequent the socio-economical adjustment need to be undertaken. The adjustment form may be wide-ranging, from just a farm production adjustment - economizing all production expenses-, diversifying income sources, up to food adjustment (cut in frequency and/or lower portion per meal). However, crises do not affect every farm household equally. Some socio-economical groups - especially those who are in the bottom layer of

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the community, the destitute - are more prone to crises and more seriously affected than the others.

Many scholars believe that poverty seems to be a major threat and factor forcing rural people in many developing economy countries to frequently change their survival strategy (Herbon, 1993). Yet, peasants' socio-economical adjustment is locally specific. To ensure a livelihood during period of crisis, a poor farmer of a certain village located close to a region with a fast growing economy may easily take up non-farm activities available locally or in nearby city. Income combination may then be a good choice. However, what the poor farmers of a remotely isolated area can do is totally different: Curtailing current ration of food for each farm household member may be the one and only choice. In such a way that since non-farm activities, are not available are loosely connected to the local economic system.

It is, therefore, presumed that a more serious socio-economical impact may be taking place in a region with a lesser number of alternative sources of income available. As a result most of the poor of such a distress area are socio-economically defenseless.

This article addresses the ordering of coping strategies and associated responses of the farm household in two "dusun" Engkahan village, Sub District of Sekayam District of Sanggau West Kalimantan Indonesia.

## **2. Traditional Farm Household**

Traditional farming is still dominant in many Indonesian regions including most areas of the Province of West Kalimantan. This farming comprises largely the small farms with one or two men as labor force, in which the operational decisions, and most of the labor force are member of the household. Such farms are typical family or peasant farms (Mellor, 1965). In the low-income traditional agriculture in the world, the level of total output per farm is relatively low. It provides only modestly more than basic subsistence requirements to the family labor force. A relatively high proportion of agricultural production is retained in the producing household for home consumption and a very small proportion is to be sold. It leads such a farm to be called as subsistence farm. If the farm is in a self-contained and self-sufficient unit - where no production and services are

purchased from sources that are external to the unit - it is then called as a "pure subsistence production". Hunter (1969) argues in slightly different way. He said that the peasant is a farmer who has an ultimate goal of production not in prosperity but survival. Under such a condition, the margin between survival and veritable famine is, in many cases, quite narrow.

However, as stated by Wharton (1965) the farmer characterized by pure subsistence production is rarely found in the real world. The more common cases are farmers whose average production may be characterized by various degree of commercialization.

The changing world has, as time goes by, caused and been responsible for the alteration of peasants' socio-cultural characteristics. They are brought from a traditional and "primitive" culture into a newly form that is more adapted to the modern society. Chayanov (1966) contended a strong link between the peasant with trading activities and the penetration of capitalist mode of production which come into the countryside has led peasant become more commercialized. Once the peasants make a close contact with an advanced sector, they are, as a consequence, subjected to a number of external influences. A social change within a peasant community is then taking place. Furthermore, a commercialized farming system will lead to a situation in which two different forms of agricultural organization of production -subsistence and commercial - merges and becomes a complex sub-systems of the rural economy. Further, a discussion regarding the farm commercialization will automatically embrace a discussion of the penetration of monetary economy and trading sector into the rural communities. If so, multiple occupation is then becoming an important aspect under such a discussion. Multiple employment is assumed when the farm can no longer afford to provide an adequate amount of money which is necessary to fulfill the growing farm household needs. The well-proliferated non-agricultural economy, on the other hand, makes all parts of rural economy totally dependent and deeply involved to the wider economy system (the cities).

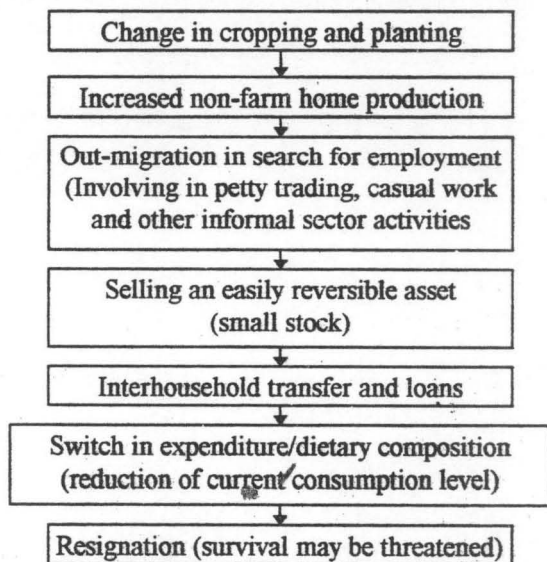
Herbon (1993), in agreement with Chuta and Liedholm (1979), stated that assuming multiple employment for the peasants is usually considered as a mechanism of survival for coping with difficulties in providing the family a sufficient basis of livelihood. Sottas (1992) pointed out that multiple employment is a sort of a strategy providing security to the whole family. With respect to that, a non- agricultural economy can

subsequently be regarded as an additional source of farm income. But, for many cases the income generated from the non farm activities may be an essential sources of income rather than just a supplemental. In such a case, they are still a peasant but most of the income is not coming from the farm sector but from the sideline activities.

### 3. Coping With Crises

Farm households' strategies to cope with crisis can be described according to the phase of the crisis. Herbon (1993) divides it into three phases: (1) the phase of crisis anticipation, covering all preventive measures to face difficulties; (2) at the time of crisis, covering all attempts made to limit the household economic damage; (3) the phase of recovery, consisting of all regaining access to resources and repairing the damages.

In a more concrete way Teklu (1992) described how the peasant of Western Sudan make a living under threat of socio-economical insecurity. A complete depiction of such responses is summarized in **Figure 1**.



**Figure 1. Stages of Socio-Economical Adjustment Undertaken by The Peasant At The Time of Crisis (Adapted From Teklu, 1992)**

At the early stage of socio-economical crisis the peasant will economize the structure of farm production cost by reducing some extra expenses. However, as the threat of insecurity getting harder and more seriously, the level of adjustment will also become higher and more risky. Liquefying some convertible assets, for instance, may be undertaken when the hardship pressure is increasing while getting involved in an informal sector impossible. When the difficulty becomes much more serious and the effort to relieve the economic deterioration is much harder, a resignation to the destiny is what the peasant can only do. This may be the choice after the farmer can no longer find a "social-capital" (a social insurance among the peasant society) that is available in the countryside. The last effort - the resignation - is the worst defense way and the most fatalistic situation to the farm household.

#### **4. Socio-Economical Profile of the Farm Households at the Research Village**

Engkahan village is situated close to the international border line of Indonesia and East Malaysia. The region is readily reached by land mode of transportation. It takes about six hours by car from Pontianak (Capital City of West Kalimantan) to the North. The village is located just along side the highway connecting Sanggau (West Kalimantan) and Kuching City (Capital City of East Malaysia). To reach Kuching City, one needs to take two hours travel by land from Engkahan village. The village area is predominated by primary and secondary tropical rain forests and the remaining land is covered by bush fallow. The total village surface is 8.256 ha, and more than 91 per cent of the areas are upland. The village is populated by 308 households (1.499 inhabitants). Most of them (more than 95 per cent) are peasants (shifting cultivators).

In general, farm households are existing in the form of peasant mode of production. Shifting cultivation (producing the staple food/upland rice) combining with perennial cash crop production (e.g., rubber, pepper, cacao, and coconut) predominates the existing type of farming system at the region. Rainfall is the main source of water for irrigation. Apart from that, the type of dwellings are very simple. They are usually made of local materials. The fresh/drinking water is supplied by the river. Fuelwood is

the main source of energy for cooking. Vegetable is not cultivated but is collected from the fringe forest areas.

The region is situated on the equatorial zone, where the level of precipitation is quite high. However, water is not readily available for farming due to the absence of water preservation facility. The precipitation water is quickly flowing downward by run off. The land is by no means a fertile soil. By practicing farming with a frequent rotational cultivation system and under a high degree of soil erosion (caused by run off), the farmers are actually living in a precarious circumstances. The lands are no longer fertile enough to give a higher productivity. This leads to lower degree of certainty gaining remunerative income from the farm. The people often do not know how much rice can be produced.

Moreover, the shortening rotational period of fallow for soil regeneration - due to the burgeoning number of people, while some of the forest land has been converted into protected forest areas - has currently made the level of soil productivity drastically decreasing. Under such a condition a food sufficiency is threatened. In short, the people living there are in an ecologically endangered-prone environment. A food deficiency seems readily to come up anytime.

A socio-economical pressure which usually comes across the peasant community is recurrent food-crop failures. If this happens some socio-economical adjustment responding to the crisis should then be made by the peasants. But, again the level of adjustment is depending very much on the past socio-economical performance of each farm household. Some of them are able to withstand in a longer time but some of them could not.

To get a closer look to the economic performance of the peasant, one should notice the structure of the household economy. The income earning structure of the farm households in the two dusuns is more or less resemble.

The descriptive socio-economical profile of the peasant community in the region is depicted in Table 1. As shown, the level of socio-economical prosperity of the two dusun only modestly differs to each other. The sub- village (dusun) with a low degree of accessibility and remotely isolated, has a lesser prosperity than that of the other. People of Dusun Entubah relatively have low purchasing power and more vulnerable to socio-economical disasters. Having not many economical opportunities

outside agriculture (locally) makes the peasants of Dusun Entubah have a lower level of income per capita as compared to that of Dusun Engkahan.

**Table 1.** Socio-Economical Profile of The Farm Household in the Two Sub-Village, 1995

Characteristics	Dusun	
	Engkahan	Entubah
Location	close to the highway	isolated (remote area)
Average household size (person)	5,5	5,8
Average landholding size (ha)	6,87	8,85
Effectively utilized (ha)	4,31	3,91
Net farm household income per capita (in Rp/year)	425.531	343.316
(in US\$/year)	196	158

Source : Primary data (processed), 1995.

Remarks: 1 US\$ = Rp 2.175

The data also show the level of income per capita is around US\$ 158-US\$ 196 per year. It seems to be that they communities are no longer classified as poor people. However, as a matter of fact, the figure may say different meaning than the reality. If that figure is to be compared to the level of income per capita at the national level - US\$ 884/year in the year 1994 -, the two communities are far below the national average. In addition, although, they are slightly above poverty line - according to the International Labor Organization, the poverty line for Asian region is US\$ 100 per capita per year (Kuhnen, 1991), they are virtually still in an insecure position. This is just because they do not have any strong capacity to save and transfer a significant surplus to prevent hardships in the future. Most of the in cash and in-kind income (more than 65 percent according to Dharmawan, 1993) went to food expenditures. Only a little part of it is saved. If so, they are actually not well-prepared in coping with any destructive contingency which may ruin their economy in the future.



## 5. Peasants' Strategies of Survival

The order of responses within the coping stages follows the degree of socio-economical disturbance oppressing the farm household. As indicated in **Table 2**, the non-local/non agricultural economy seems to play a great role as a buffer or a "safety valve" for the socio-economical basis of the peasants. Although the farm households face a great risk of income failure due to a large fluctuations of a rainfed agricultural income, the presence of non agricultural economy (including transfers) can play a crucial stabilization role in a period of harvest failure.

In fact, income combination is an important device chosen by the strugglers. The less the controlled natural resources, the less farm income is gained, the greater the share of non farm income to the total farm household income. It is obvious that getting involved into the non farm economy - i.e., petty trading, artisanal activities, casual work, handicraft production, home industries, etc. - constitutes a way of coping with an income shortage from agriculture. **Table 2** also shows a tendency that the higher the stratum of a farm household, the less the share of the non farm income. However, the two dusuns do not show so much differences in the pattern of peasants' involvement in the non farm economy. What is a little bit different is concerning the absolute amount of money obtaining from that sector. People of Dusun Engkahan seems to be more powerful to collect cash income from the non farm economy compared to Dusun Entubah. This may understandably be caused by the better socio-economical access, that the peasants of Dusun Engkahan mastered.

What is important to be underlined from **Table 2** is the presence of non-own farm activities that not present in the Teklu's study. This is due to the fact that the prevailing agrarian structure in the communities allows the existence of sharecropping activities (it exists in the form of a joint rubber tapping activity), in which the poor can have a part of the total farm produce after he shares his work (and other means of production) to the landowner/the have or the sourceful person.

The prevailing land tenancy system can be regarded as a sort of "social insurance" from the have to the poor - the patron to the client. When hardship occurs and at the same time there is no other immediate economic opportunity available, the poor may invoke a job as a sharecropper/tenant to the landowner. By doing so, income of the poor is somewhat secured. This

finding is in agreement with what Herbon (1993) speaks about, i.e., "social networking for preventing the hardship". Such a "local institution" may prevent each member of the peasant community from any further dangerous crisis.

**Table 2. Income Earning Structure of The Farm Households in The Two Research Sub-Villages, 1995**

Farm Household Strata	Farm Household Income (Rp/year)			
	Farm	Non-Own Farm	Non-Farm	Total
<b><u>Dusun Engkahan</u></b>				
Lower Stratum	962.092 (57,2%)	162.360 (9,7%)	556.800 (33,1%)	1.681.252 (100%)
Middle Stratum	1.139.756 (64,4%)	37.250 (2,1%)	593.850 (33,5%)	1.770.856 (100%)
Upper Stratum	2.540.674 (71,2%)	-	1.028.475 (28,8%)	3.569.149 (100%)
All strata	1.547.507 (66,1%)	66.537 (2,9%)	726.375 (31,0%)	2.340.419 (100%)
<b><u>Dusun Entubah</u></b>				
Lower Stratum	916.988 (73,3%)	69.600 (5,6%)	265.000 (21,1%)	1.251.588 (100%)
Middle Stratum	1.000.803 (62,7%)	102.000 (6,4%)	493.843 (30,9%)	1.596.646 (100%)
Upper Stratum	2.278.969 (72,9%)	31.563 (1,0%)	814.938 (26,1%)	125.470 (100%)
All strata	1.398.920 (70,3%)	67.721 (3,4%)	524.594 (26,3%)	1.991.235 (100%)
All dusun	1.473.214 (68,0%)	67.129 (3,0%)	625.484 (29,0%)	2.165.827 (100%)

Source : Primary data (processed), 1995

Remarks : 1) number of sample = 30 respondents (15 farm households for each dusun)

2) Non-Own Farm Income is all income coming from working as a tenant or as a sharecropper.

Strategies to cope with a shortage of income may be done in various ways. What is very important for the lowest stratum in the two dusuns is having work in the village as a tenant, a casual worker, or

involving family labor into an informal home production. However at the time a crisis is supposed to be more serious and the local non-farm economy could not provide much more money as an income compensation, the peasants may migrate out of the village to the city. The city of destination is usually Kuching City where non-farm occupational opportunities seem to be abundantly available. However, being an uneducated people, most of the peasants are compelled to involve only in a marginal sectors. Working as a casual worker/blue collar worker, service man, or just a porter is to be accepted if they need to survive. After staying for a couple of days (usually two to four weeks) abroad, they went back and brought a fresh money home.

Interhousehold loans will only be undertaken by most peasants of low and middle strata. By using horizontal relationships which has already been founded and maintained by communications and daily social interactions this possibility is easily realized.

Instead of using up the "the saving account", the people of upper strata are accustomed to mobilize potentially unexploited rubber estate which is available to them. By doing so an additional income can be incurred and life is then secured. In addition, bank is also an alternative source of income for them. However, only a minor part of respondents are closely connected to such a formal credit sources. They are usually a resourceful person who is also well-educated peasants who control a sizable land areas in the region.

In time of crisis, the farm households of two dusun will generally procure some extra income from non-farm economy either locally or outside the village. In case of the stocks are adequately available, the peasant use this buffer-resources as a second choice. These strategies are the most salient way the peasants generally chosen in the region. To have a more complete information on the pattern of coping measure in the two sub-villages, **Figure 2** may be consulted.

What is no longer significantly found in the regions is a strategy of survival by making food adjustment. It seems the natural resources (the tropical rain forests surrounding the village areas) still play an important role in providing supplemental food for the people. While farming, the people still used to hunt and to gather something edible from the forests. By being able to do so, people are never worried about their destiny. The forest is still able to provide and additional food to secure the villagers. The forest

and its vicinity is a worthy asset for the peasant of the region. If so, what the local people can do is to preserve the environment in such a way that sustainability is maintained long lastingly and the additional food sources are secured.

**Table 3.** Pattern of Strategy of Survival of The Farm Household in The Two Research Sub-Villages, 1995

Farm Household Strata	Ways To Survive						Total
	I	II	III	IV	V	VI	
<b>Dusun Engkahan</b>							
Lower Stratum	2 (40%)	2 (40%)	-	1 (20%)	-	-	5 (100%)
Middle Stratum	1 (17%)	2 (33%)	2 (33%)	-	1 (17%)	-	6 (100%)
Upper Stratum	-	-	1 (25%)	-	2 (50%)	1 (25%)	4 (100%)
All strata	3 (20%)	4 (26%)	3 (20%)	1 (7%)	3 (20%)	1 (7%)	15 (100%)
<b>Dusun Entubah</b>							
Lower Stratum	2 (50%)	1 (25%)	-	1 (25%)	-	-	4 (100%)
Middle Stratum	1 (14%)	2 (29%)	2 (29%)	1 (14%)	1 (14%)	-	7 (100%)
Upper Stratum	-	-	3 (75%)	-	1 (25%)	-	4 (100%)
All strata	3 (20%)	3 (20%)	5 (34%)	2 (13%)	2 (13%)	-	15 (100%)
All dusun (04 + 08)	6 (20%)	7 (23%)	8 (27%)	3 (10%)	5 (17%)	1 (3%)	30 (100%)

Source : Primary data (processed), 1995

Remarks: I= Taking up a job locally (casual worker, artisanal activities, work as a tenant, etc.)

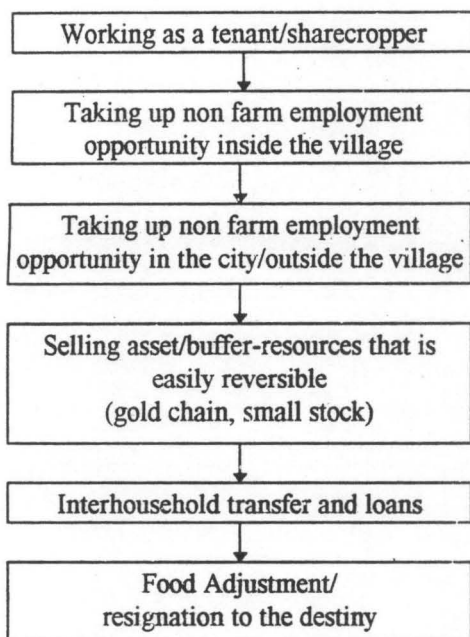
II= Taking up non-farm job in the city

III= Liquefying some convertible assets

IV= Inter-household loans

V= Maximizing rubber estate production

VI= Indebted to the bank



**Figure 2. Stages of Responses Made By The Farm Households To Survive Under The Threat of Crisis in two Research Sub-Village, 1995**

## 6. Policy Implication

The policy implication is that every public policy dealing with poverty alleviation must recognize the existence of the coping processes - the strategies of survival - undertaken by the poor farmers. Specifically, a rural disaster preparedness policy (including poverty alleviation policy) should be based on: (1) creating much more remunerative non farm (in addition to farming) employment opportunities inside the local region - through encouraging small-scale agro-forest based industries; (2) socially-based supportive income maintenance may be built up through strengthening the existing local institutions of the region such as kin relationship based or acquired personal relation-based local institution may be considered as a social-capital that is useful for such an effort; (3)

intensifying socio-economical links between the powerful non agricultural economy in the city and the local economy. By doing so, the farm households' coping capacity as well as a better rural people's resiliency may be built up and assumed.

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**AN ECONOMETRIC TEST OF MARKET POWER: The Case of Japanese -theUnited States Wheat Trade<sup>1</sup>**

*(Uji Ekonometrik Kuasa Pasar: Kasus Perdagangan Gandum Jepang-Amerika Serikat)*

Endah Murniningtyas<sup>2</sup>

**Abstract**

*This study develops a model to test market power exerted by a government trade agency. Two statistical tests were constructed : first, a test for the exertion of market power by Japan as the main buyer in international wheat market, and second, a test for the existence of market power in the Japanese domestic market through monopoly resale on foreign and domestic market. The result indicates that the Japanese government is pursuing a more restrictive policy on wheat trade than would be indicated by an optimal tariff strategy, however it does not impose a restrictive policy on resale of wheat in its domestic market*

*(Key words: market power, international market, domestic market)*

**1. Introduction**

Many countries administer agricultural imports and exports through government trade agencies. This has led a number of authors to pay increasing attention to the interaction of market participants and the possibility of imperfect competition. For example, McCalla [1966], Kolstad and Burris [1986] and Alaouze, et.al [1978] have proposed oligopoly models for the world wheat market. A duopsony model of international wheat trade has been proposed by Carter and Schmitz [1979]. While these studies helped provide new insight about the nature of agricultural trade, they have not as yet incorporated a statistical test for market structure. The purpose of this study is to develop a statistical test for identifying market structure in the international wheat market. The test developed in this study is adopted from methodologies used in industrial organization to identify monopoly power [Bresnahan, 1982; Appelbaum, 1979].

<sup>1</sup> Adopted from the author's thesis at Oregon State University, 1989

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