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# **Social Impact of Coffee Crisis on the Pasemah coffee farmers in South Sumatera**

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## Social Impact of Coffee Crisis on the Pasemah coffee farmers in South Sumatera. \*)

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*In the last two decades, the world price of coffee has fallen significantly. The crisis has suffered millions of small coffee farmers in developing countries. However, in contrast to Latin America and Africa, studies on the impact of recent coffee crisis on the farmers tend to neglect Indonesia, one of the important coffee producing countries in Asia. The purpose of this paper is to assess the impact of recent coffee crisis on the Pasemah coffee farmers. The Pasemah highland, in Lahat District, located at the Coffee Triangle or Southern Coffee Belt, which stretches across the three provinces in Sumatera, namely South Sumatera, Lampung, and Bengkulu. This highland is one of the important coffee producing areas in Indonesia and has a long history of the coffee cultivation. This study indicates that the recent coffee crisis also have a serious impact on the coffee farmers' daily life in the Pasemah highland. The crisis depressed farmers' level of living. The farmers used various strategies to survive their life. They changed their consumption pattern, such as substituting *Dji Sam Soe*—an expensive cigarette—with *Gandum*—a very cheap one. The story of prosperous coffee farmers has ended since the end of 1980s. Rather than 'tunggu dusun' (waiting the village), some of the Pasemah coffee farmers chose to stop operating their coffee farms and looked for other informal jobs, or went to Jabotabek to be urban informal workers. Other farmers preferred to make crop diversification on their farms. However, producing coffee is still an important agricultural activity for most farmers in Pasemah.*

**Keywords:** coffee crisis, smallholder, Pasemah, South Sumatera, Indonesia.

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## **INTRODUCTION**

Coffee is one of the important globalized commodities in the world economy and a good example of the unintended impacts of globalization (Brown 2004). Colonial power had large share in the spreading coffee cultivation in the world while the multinational corporations control the modern coffee market (Topik & Clarence-Smith 2003, Brown 2004). The revenue from coffee sales exceeds U.S. \$70 million annually (Brown 2004). As the most important traded primary product after oil, coffee is also an important source of foreign exchange for many developing countries. Moreover, the livelihood of nearly 100 millions people depends on coffee. According to Rice (2003), there were some 25 million work coffee land in the world.

The global coffee market has historically been plagued by severe price fluctuations because of the inelastic nature of coffee supply and demand in the short term (Brown 2004). In the last decade, the world prices for coffee have been falling significantly. According to an Oxfam International's report (2002), there were four major factors behind the recent coffee crisis. These factors are market restructuring (from managed market to flooded market), power imbalances in the market (penniless farmers, profiting roasters), new roaster technologies and techniques (driving down quality), and the failure of rural development.

This crisis produced many social impacts on the coffee farmers in developing countries. The recent coffee crisis has led to an increase in poverty, social unrest, illegal drug cultivation, rural unemployment, and migration in coffee producing countries although meanwhile some transnational companies that control the supply chain of coffee have increased their profits significantly (MacDowell 2005, Oxfam International 2002).

Indonesia is one of important coffee producing countries. According to statistic of the International Coffee Organization (ICO), share of Indonesia in the global production of

coffee in 2004 is 6.6% and contribute 6.5% in the global export of coffee ([www.ico.org](http://www.ico.org)).

In Indonesia coffee was introduced by the Moslem pilgrims and followed by the Dutch in the 1690s in the Priangan highland then spread it to the islands outside Java (Topik 2004, Kartodirdjo & Suryo 1994, Dick 2002).

**Table 1. Area and Production of Coffee in Indonesia by Category of Producers**

Year	Area (Ha)				Production (Ton)			
	Smallholders	Government	Private	Total	Smallholders	Government	Private	Total
1967	289.226	16.142	17.764	323.132	140.323	7.389	5.766	153.478
1970	351.096	20.412	23.365	394.873	170.089	8.951	6.051	185.091
1980	663.601	20.925	22.938	707.464	276.295	13.212	5.466	294.973
1990	1.014.125	25.834	29.889	1.069.848	384.464	15.566	12.737	412.767
2000	1.192.322	40.645	27.720	1.260.687	514.896	29.754	9.924	554.574
2001	1.258.628	26.954	27.801	1.313.383	541.476	18.111	9.647	569.234
2002	1.318.020	26.954	27.210	1.372.184	654.281	18.128	9.610	682.019
2003	1.240.222	26.597	25.091	1.291.910	644.657	17.007	9.591	671.255
2004	1.251.326	26.597	26.020	1.303.943	618.227	17.025	12.134	647.386
2005	1.202.392	26.641	26.239	1.255.272	615.556	17.034	7.775	640.365
2006*)	1.210.445	26.776	26.405	1.263.626	627.489	17.277	7.902	652.668

Note: \*) preliminary data

Source: <http://ditjenbun.deptan.go.id/web/images/stories/series%20kopi.pdf> (accessed: 05/02/2007)

Indonesia also faced the consequences of coffee crisis in the recent years. The international coffee crisis was one of the important factors that have halted the national coffee industry in Indonesia (Hutabarat 2004). The social impact of this crisis might also decrease the quality of life of coffee farmers. It is an important issue since smallholders produced most of Indonesia's coffee. Since 1980s, most of Indonesia's coffee was produced by the smallholders and in 1987 coffee became a new excellent crop in Indonesia's export (Mubyarto 1991) as a promising source of foreign exchange (McStoker 1987). **Table 1** indicates that 96 percent of areas of coffee in Indonesia is owned by the smallholders. These producers contribute 96 percent of coffee production in Indonesia.

Meanwhile, according to Rice (2003), at least five millions people in Indonesia depend on coffee as a cash crop. Other data from Department of Agriculture also shows that in the last three years there are more than 1.8 million households of smallholder coffee producers in Indonesia (**Table 2**). In Sumatera, most of these households live in Aceh, South Sumatera, Bengkulu and Lampung. Most of smallholder coffee producers in Java resides in West Java, Central Java and East Java. Table 2 also indicates that other important provinces are Bali, East Nusa Tenggara and South Sulawesi.

**Table 2. Number of Households of Smallholder Coffee by Provinces**

Province	Households		
	2004	2005	2006*)
Nanggroe Aceh Darussalam	96.602	94.183	94.818
South Sumatera	176.989	176.989	178.182
Bengkulu	119.726	120.504	121.296
Lampung	237.251	237.264	238.861
West Java	102.802	94.965	95.605
Central Java	228.713	229.700	230.869
East Java	182.720	183.390	184.387
Bali	93.871	83.537	84.006
East Nusa Tenggara	122.297	98.298	113.167
South Sulawesi	117.246	118.913	119.308
Other provinces	473.186	402.291	404.598
<b>Total</b>	<b>1.951.403</b>	<b>1.840.034</b>	<b>1.865.097</b>

Note: \*) preliminary data

Source: [http://ditjenbun.deptan.go.id/web/images/stories/luas\\_prod\\_kopi\\_04-06.pdf](http://ditjenbun.deptan.go.id/web/images/stories/luas_prod_kopi_04-06.pdf) (accessed: 05/02/2007)

The aim of this paper is to discuss the impact of the recent coffee crisis on the coffee producers in the Pasemah highland in South Sumatera. The next section discusses coffee production in South Sumatera, with special reference to the Pasemah highland. The third section shows the impact of recent coffee crisis on the coffee farmers' daily life in the Pasemah highland and its surrounding areas. The final section is a concluding remark.

## COFFEE IN SOUTH SUMATERA/THE PASEMAH HIGHLAND

South Sumatera is an important coffee producing area in Indonesia (**Table 3**). This perennial crop also has a significant role in agricultural sector in South Sumatera. Lahat district was already known as one of the main coffee producers in this province. More than 38 percent of areas of smallholders coffee in South Sumatera are located in Lahat District (**Table 4**).<sup>1</sup> This district contributes more than 32 percent of production of coffee in South Sumatera. In the 1980s, Lahat contributes 14 percent of total coffee production in Indonesia (Bennett & Godoy 1992).

**Table 3. Area and Production of Smallholders Coffee by Provinces**

Province	Mature Area (Ha)			Production (Ton)		
	2004	2005	2006*)	2004	2005	2006*)
Nanggroe Aceh D	61.839	56.546	56.927	37.100	35.012	35.694
South Sumatera	246.110	248.248	249.921	140.812	140.463	143.201
Bengkulu	85.346	87.294	87.882	63.106	60.855	62.042
Lampung	143.568	146.084	147.069	142.599	142.761	145.544
West Java	11.201	11.390	11.467	7.719	8.146	8.305
Central Java	27.255	27.048	27.230	12.435	12.345	12.586
East Java	36.338	36.995	37.244	20.122	22.881	23.327
Bali	28.700	25.908	26.044	19.065	16.974	17.240
Eas Nusa Tenggara	39.444	33.943	34.171	18.735	16.387	16.707
South Sulawesi	43.995	44.353	44.652	29.183	29.369	29.941
Other provinces	206.839	177.852	179.052	127.351	130.363	132.902
<b>Total</b>	<b>930.635</b>	<b>895.661</b>	<b>901.659</b>	<b>618.227</b>	<b>615.556</b>	<b>627.489</b>

Note: \*) preliminary data

Source: [http://ditjenbun.deptan.go.id/web/images/stories/luas\\_prod\\_kopi\\_04-06.pdf](http://ditjenbun.deptan.go.id/web/images/stories/luas_prod_kopi_04-06.pdf) (accessed: 05/02/2007)

Coffee is the famous crop and one of the excellent crops of cultivation in Lahat district. This crop contributes significantly to local economy of Lahat District. Most of coffee in this district comes from the Pasemah highland.<sup>2</sup> Geographically, this highland is

<sup>1</sup> Historically, Pagaralam was a sub district in Lahat district. Pagaralam became an administrative city in 21 June 2001.

<sup>2</sup> According to *Perda No 2/1994 Tentang RUTW Kabupaten Lahat*, Pasemah highland is the areas of agriculture, coffee farming, tea farming, fishery and tourism, *hutan lindung* (protected forest) and *suaka alam* (see: Hasmonel, 2001).

located at the Coffee Triangle or Southern Coffee Belt, which stretches across the three provinces in Sumatera, namely South Sumatera, Lampung, and Bengkulu (Bennett & Godoy 1992). This highland also has a long history in coffee cultivation. According to Zed (2002), there were 21 coffee plantations on the *erfpacht* land in this highland in 1887-1893.<sup>3</sup> Besides, in his *History of Sumatera*, Marsden noted that the coffee trees are universally planted in Sumatera, although in low quality (Marsden 1811). It indicates that coffee planting had already existed in Sumatera before coffee was spread by the Dutch.

**Table 4. Areas and Production of Smallholders Coffee in South Sumatera, 2005**

District	Areas		Production	
	Ha	%	Tons	%
Ogan Komering Ulu	35.372	11,8694	18.484	13,8817
Ogan Komering Ilir	2.302	0,7725	799	0,6001
Muara Enim	25.663	8,6115	12.136	9,1143
Lahat	113.649	38,1360	43.223	32,4609
Musi Rawas	4.725	1,5855	5.395	4,0517
Musi Banyuasin	339	0,1138	126	0,0946
Banyuasin	4.375	1,4681	1.152	0,8652
OKU Selatan	70.739	23,7371	30.341	22,7864
OKU Timur	1.410	0,4731	1.836	1,3789
Ogan Ilir	39	0,0131	7	0,0053
Prabumulih	11	0,0037		
Pagar Alam	37.676	12,6425	18.664	14,0169
Lubuk Linggau	1.710	0,5738	991	0,7443
<b>Total</b>	<b>298.010</b>	<b>100</b>	<b>133.154</b>	<b>100</b>

Source: *Sumatera Selatan Dalam Angka 2005/2006*

Administratively, there are 19 sub districts in Lahat. We can found smallholders coffee in most of sub districts in Lahat, however, Tanjung Sakti, Jarai, Ulu Musi and Pasemah Air Keruh are the main contributors of coffee production in Lahat (**Table 5**). These sub districts contribute more than 50 percent of total production of coffee in Lahat. The altitude of these sub districts is above 300 meters. Among others, Tanjung Sakti is a

<sup>3</sup> *Erfpacht* (English.: land lease) refer to the right “to hold and to use land property owned by someone else” (see. <http://www.eura.org/pdf/cityofamsterdam2.pdf>). In Indonesia, colonial government give *erfpacht* land to foreign investors—primarily European investors. At least there were two characteristics of *erfpacht* land. First, land renter got right to exploit this land for tens years. Second, land, as the object of this transaction, actually not belonged to the colonial government but to local people. (see: Kalo 2004).

sub district with the highest altitude in Lahat District. Table 5 also indicates that about 23 percent of areas of smallholders coffee in Lahat are not productive such as because its coffee trees are immature or damaged. Mature or productive areas of smallholder coffee are less than 60 percent of total areas.

**Table 5. Areas and Production of Smallholders Coffee in Lahat District, 2005**

Sub district	Areas (Ha)			Production	
	Immature	Mature	Damaged	Tons	%
Tanjung Sakti	230,0	80,0		4.444,75	10,50
Kota Agung	325,0		62,0	2.444,83	5,78
Mulak Ulu	225,0		74,0	1.871,60	4,42
Pulau Pinang	486,0	541,0	741,0	2.762,00	6,53
Jarai	283,0	151,0		4.326,00	10,22
Pajar Bulan	203,0	4.134,0		1.265,88	2,99
Muara Pinang	632,0	1.190,0		2.565,00	6,06
Lintang Kanan	248,0	276,0		2.376,20	5,61
Pendopo	473,0	1.202,0	54,0	2.397,20	5,66
Ulu Musi	887,0	5.479,0	16,0	5.745,60	13,57
Pasemah Air Keruh	377,0	956,0	3,0	6.937,36	16,39
Tebing Tinggi	689,0	577,0	823,0	608,02	1,44
Talang Padang	145,5	611,5	91,0	574,80	1,36
Kikim Barat	33,0	52,5	198,0	85,15	0,20
Kikim Timur	91,8	225,5	4.500,5	144,40	0,34
Kikim Selatan	138,0	886,0	363,0	368,60	0,87
Kikim Tengah	20,0	71,0	296,0	67,20	0,16
Lahat		1.421,0	50,0	1.237,00	2,92
Merapi	1.666,5	3.052,0	1.264,0	2.105,60	4,97
<b>Total</b>	<b>7.152,8</b>	<b>20.905,5</b>	<b>8.535,5</b>	<b>42.327,2</b>	<b>100,00</b>

Source: *Lahat Dalam Angka 2005-2006*

In the later years, Lampung was known as the most important coffee producer. As indicated in Table 3, Lampung's coffee production was higher than South Sumatera. However, other argument stated that a part of what is commonly known as 'Lampung coffee' actually came from South Sumatera (*Kompas*, 12 July 2004). Why did coffee from South Sumatera flow to Lampung? One of the important factors behind this phenomenon is Lampung has a large number of coffee exporters than South Sumatera.



**Table 6. Distribution of Coffee Exporters in Indonesia, 2002**

Location	Exporters (number of establishments)	Percent
Bandar Lampung, Lampung	39	26,25
Surabaya, East Java	28	18,92
Malang, East Java	5	3,38
Medan, North Sumatera	31	20,95
Makassar, South Sulawesi	11	7,43
Jakarta, DKI Jakarta	9	6,08
Nangroe Aceh Darussalam	7	4,73
Palembang, South Sumatera	5	3,38
Semarang, Central Java	4	2,70
Bengkulu, Bengkulu	3	2,03
Bali	3	2,03
Jambi, Jambi	1	0,68
Kupang, NTT	1	0,68
Padang, West Sumatera	1	0,68

Source: *Majalah Kopi Indonesia* 2003, quoted from Hutabarat (2004).

As seen in **Table 6**, more than 26 percent of coffee exporters in Indonesia reside in Lampung, meanwhile only 3.4 percent of them reside in South Sumatera (Hutabarat 2004). Other report shows that only 9 exporters actively operate in South Sumatera although there officially were 117 exporters (*Suara Pembaruan*, 26 March 1997). Number of coffee exporters in South Sumatera in recent years is lower than in the 1980s. Bennett & Godoy (1992) reported there were about 70 coffee exporters in South Sumatera from 1986 to 1989.

These statistics show that the number of coffee exporters in South Sumatera has decreased significantly in the last two decades. Explanation of that decreasing is coffee exporters chose to move their export activities from Bom Baru (a port in Palembang) to Lampung in order to meet cost efficiency of overseas shipment (*Kompas*, 15 February 2005). Besides, local exporters were also defeated in competing with foreign exporters, which operate in Lampung with better financial ability and better distribution networks than local exporters. As argued by Leonardi Adri, a chief executive of Association of

Indonesian Coffee Farmers (AEKI) in South Sumatera, there is a long marketing chain for coffee, which operate like as a “mafia” (*Kompas*, 16 June 2005). This statement indicates that there is also a serious problem in the coffee trading in Southern Sumatera. Penetration of foreign investors into local coffee market rise difficulty on the local exporters of coffee.

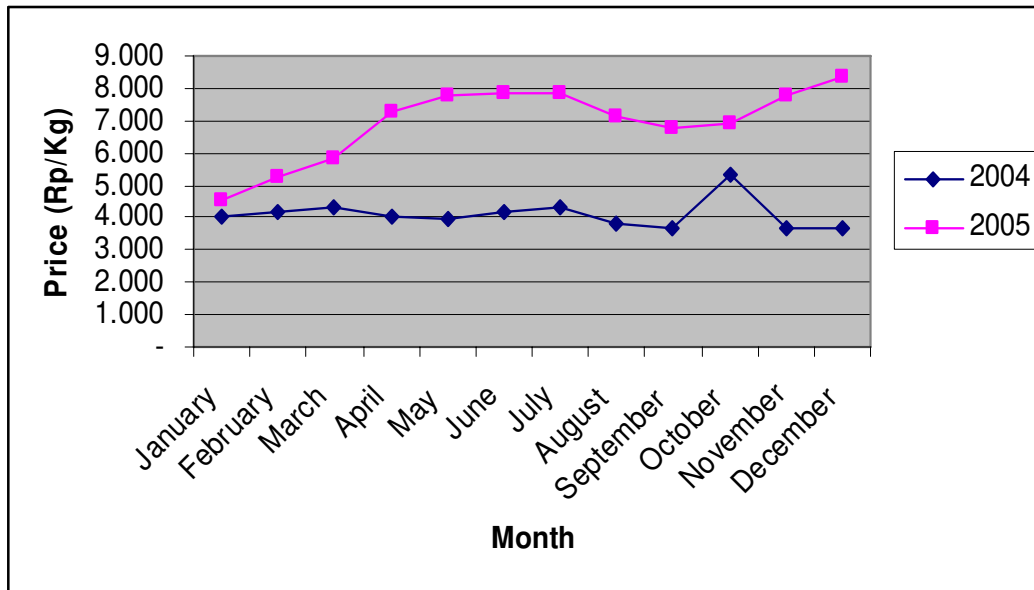
**Table 7. Retail Price of Coffee at Farmer Level in Pagaralam and surrounding areas, 1998-2005**

Year	Price (Rp/Kg)
1998	16.000
1999-2000	7.000
2000	15.000
2001	5.000
2002	2.500-2.800
2003	3.500-4.000
2004	3.000-4.000
2005	3.000-6.000

Source: compiled from various publications, mainly newspapers.

The coffee price in Pasemah has enormously fluctuated from year to year (**Table 7**) and from month to month (**Figure 2**). The price of coffee also has a ‘relationship’ with the rate of exchange of rupiah. For example, depreciation of rupiah to US dollar in 1998 brought a striking rise of the coffee price in local markets. However, the improvement of coffee prices in local markets did not equal to the depreciation of rupiah. According to Panjaitan (2002), the price of coffee in 2002 was only equivalent with one kilogram of rice. Meanwhile, Basarudin, a coffee farmer in Lampung indicates that the price of coffee should be equal to four kilograms of rice (*Sinar Harapan*, 3 July 2005). In other word, farmers did not sufficiently benefit by the depreciation of rupiah. In contrast, this windfall benefited both local traders and exporters of coffee although they faced difficulties in relation with the foreign exporters.

**Figure 2. Average Retail Price of Coffee in Lahat District, 2004-2005**



Source: *Lahat Dalam Angka 2005-2006*

According to Leonardi Adri, the difference of coffee prices between at farmer level and at exporter level could reach 3.000 rupiah per kilogram (*Kompas*, 16 June 2005), as also indicated by Hutabarat (2004). Therefore, coffee farmers receive only about 77 percent of coffee price at exporter level. One of the sources of power of coffee trader is the fact that farmers are heavily dependent on coffee traders. In other words, there is an imbalance of power between trader and farmer in local market. This finding is contrary to Bennett & Godoy (1992). In the case of district of Pagaralam, in contrary to the prevailing opinion, Bennett & Godoy found that the marketing system for coffee is not a long chain but a competitive network, which gives sellers and buyers many options.

## **SOCIAL IMPACTS OF THE COFFEE CRISIS<sup>4</sup>**

The recent coffee crisis has various social impacts on the coffee farmers in Pasemah. The crisis was resulted by decreasing of both coffee prices and production rate. Some coffee farmers in South Sumatera in particular in Lahat District were reported to substitute their coffee trees with other crops, neglected their coffee farms or migrated which have contributed to the fast declining of coffee export from South Sumatera in the last ten years (*Kompas*, 15 February 2005).

Jakarta and its surrounding areas, commonly known as Jabotabek area, are the main destination of young migrants from Pasemah and its surrounding. Most of these migrants are those who do not have opportunities to go to schools or universities since the coffee crisis reduced the ability of their parents to send them to go to formal education. According to a student from Pasemah in Jogjakarta, there is a strong relationship between the prices of coffee with the number of student who were sent by the parents to Java in particularly Jogjakarta. In the present days, coffee farmers tend to send their children to study in Palembang (South Sumatera), Bandar Lampung (Lampung) or Bengkulu (Bengkulu).<sup>5</sup>

An informant said that this phenomenon is contrary to the situation in the 1980s when the local coffee farmers hired workers from Java for their coffee cultivation.<sup>6</sup> In 1980s, local farmers who also landowners might use production sharing strategy (Indonesia: *bagi hasil*) in operating their coffee farmings. *Paroan*<sup>7</sup> with Javanese workers

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<sup>4</sup> This section is primarily based on unstructured interviews with a number of people from Pasemah and its surrounding who have been living in Yogyakarta, in particularly as students, in September 2005. A focus group discussion conducted to get information in 2 October 2005. A short visit to Tanjung Sakti Sub-district also conducted in 2-3 January 2007 to verify and consult previous data to local informants. A *tukang ojek* (driver of motor cycle transportation) also gave other valuable information. I ride his motor cycle from Pagar Alam to Tanjung Sakti (about 30 km).

<sup>5</sup> It should be noted that regional autonomy (Indonesia: Otonomi Daerah) also contribute to the growing number of higher education institutions (universities and academies) in small cities in Indonesia.

<sup>6</sup> Coffee farmers in Tanjung Sakti told that the best price of coffee were in 1986 and 1998. In January 2007, the price of coffee in Tanjung Sakti is Rp 10.000 per kilogram. This price is better than previous harvest month when the price of coffee only Rp 6.000 per kilogram. However, January is not a harvest month. These information got from a short visit to Tanjung Sakti in 2-3 January 2007.

<sup>7</sup> Concept *bagi hasil* (English: production sharing) is already known in Indonesia as a tradition in various economic activities. *Paroan* is one of the systems in production sharing contract in agriculture

was known as a common system in the coffee production sharing (see also: Hasmonel 2001). It indicates that in the 1980s, coffee was still a very valuable crop in the Pasemah. However, in recent years, the situation in 1980s reversed. In the present days, Pasemah is becoming a source of urban workers. An informant said that rather than *nunggu dusun* (waiting the village), some of the Pasemah coffee farmers, primarily young people, chose to stop operating their coffee farms and looked for other informal jobs, or went to Jabotabek to be urban informal workers. They will back to their village around the harvest months, about March to May. The consequence of this choice is that their coffee farms do not yield the maximum production because they do not care sufficiently their farming (*Kompas*, 16 June 2005). Coffee farmers rarely fertilized the soil in order to reduce cost of production (*Kompas*, 12 June 2004). Other factor that pushed the young people from this region to migrate to Jabotabek was the increase of the educated unemployed in their villages.

An informant, a young coffee farmer in Tanjung Sakti, said that educated youths still have better choices than uneducated youths. With their education, the educated youths may to find better jobs in the urban areas, which some of them became migrant workers in Malaysia or Taiwan. In contrary, there are no choices for uneducated youths, except to continue their activity as coffee farmers or become informal workers in their village and its surrounding. They have to get off-farm job to get wage for they daily life. In the present days, wage per day in Tanjung Sakti is about Rp 15.000; including transportation cost, and meal cost.<sup>8</sup> In generally, the young coffee farmer estimated that about 20 percent of coffee

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activities between the landowner and tenant or *penggarap* (farmer without land ownership who manage land farming). In *paroan* system, each party in this contract receives 50 percent of production in a production cycle. See also a research report on traditional wage system in South Sumatera published by Departemen Pendidikan dan Kebudayaan, Kantor Wilayah Propinsi Sumatera Selatan, Bagian Proyek Penelitian Pengkajian dan Pembinaan Nilai-Nilai Budaya Sumatera Selatan (1992/1993), pp. 50-54.

<sup>8</sup> This information got from short visit to Tanjung Sakti in 2-3 January 2007.

farmers, primarily men, in his village have to do off-farm jobs such as *tukang batu* (English: workers in construction sector) in months before coffee harvest.

Based on categorization of production systems in Budidarsono & Wijaya (2004), coffee cultivation in Pasemah have reversed from semi-intensive system<sup>9</sup> to pioneer-traditional system that reduced the productivity rate per hectare. Based on the available data, net income from coffee production in 2004-2005 was only about Rp 2.6 millions per hectare per year (**Table 8**). According to a government official, coffee production in South Sumatera should be at least one ton per hectare per year in the normal productivity rate (*Kompas*, 18 December 2004). Decreasing of coffee productivity up to 40 percent in South Sumatera was related to two important reasons. First, most of coffee trees in this province have passed its productive age. Secondly, coffee trees did not get sufficient caring by the farmers. These are consequences of declining of price of coffee and increasing of cost of production of coffee.

**Table 8. Estimation of Structure of Production Cost of Coffee in South Sumatera, 2004-2005**

Price and Cost	Estimation
Coffee price / kilogram	Rp 8.000,-
Total production / hectare	600 kilograms
Gross income / hectare	Rp 4.800.000,-
Cost of caring coffee farming / year	Rp 2.000.000,-
Net income / year	Rp 2.600.000,-

Source: compiled from various publications, mainly newspapers

The decline of standard of living at farmer level was also indicated by the change of consumption of cigarettes. The farmers substituted the expensive cigarettes (*Dji Sam Soe*) with a very cheap one (*Gandum*). This story indicated that the farmers have no sufficient income to consume *Dji Sam Soe* as an expensive cigarette. In the present days, the price of

<sup>9</sup> There are several characteristics specific to semi-intensive system (Budidarsono & Wijaya 2004). First, soil fertilizing is from low to medium rate (Urea and TSP between 200-400 kilograms per hectare). Second, land and trees caring in medium intensity. Third, cultivating of coffee farming is as long as possible. Fourth, rarely in using toping trees (Indonesia: *naungan*).

*Dji Sam Soe* per pack is Rp 8.000, while the price of *Gandum* only about Rp 3.000.<sup>10</sup> Cheap cigarettes such as *Gandum* were produced in Java but its market is out of Java, primarily for farming areas.<sup>11</sup>

Other indication of decreasing of farmer's living standard could be found in the change of their food consumption. There is an aphorism in Pasemah that related to the price of coffee. In the good harvest of coffee, "there is no days without butchering water buffalos" (*Indonesia: "tidak ada hari tanpa menyembelih kerbau"*). According to an informant, meat of water buffalo is the favorite meat in Pasemah that also use to show or increase family's social status in the Pasemah community. However, in the years of coffee crisis, butchering water buffalos was very rare. In fact, days with butchering water buffalo has ended since 1980s. Moreover, such as in Tanjung Sakti, it is difficult to find water buffalos in the present days.

In the years of coffee crisis, income from coffee was not sufficient to enable luxurious consumption. Economically, luxurious consumption is not a good behavior. Principe *mumpung agi ade*<sup>12</sup> motivates farmers to spend more money from coffee. However, this spending is also like a celebration of good harvest for coffee farmers. New cars could frequently be found in street in Pasemah in the good harvest years. Farmers are the owners of these cars. According to an informant in Tanjung Sakti, price of a car in 1996 was equivalent with 2 tons coffee beans. In that year, price of coffee was Rp 18.000.

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<sup>10</sup> These prices are prices in 3 January 2007 in Simpang Tiga, Tanjung Sakti. *Dji Sam Soe* (produced by PT HM Sampoerna Tbk-Philip Morris, Surabaya, see also: <http://www.sampoerna.com>) is a favorite brand of expensive cigarette of young people, meanwhile old people prefer to *Gudang Garam Merah* (produced by PT Gudang Garam Tbk, Kediri). Other medium brand is *Panamas* (produced by Aga Sampoerna, PT HM Sampoerna-Philip Morris) Rp 6.000 per pack. It is easily to find *Gandum* (produced by PT Gandum, Malang) at small shops (*Indonesia: warung kecil*), meanwhile to buy *Dji Sam Soe* we have to go to Simpang Tiga, a small market near the capital of Tanjung Sakti District. There is the oldest Catholic church in South Sumatera in Simpang Tiga, Tanjung Sakti. A Jesuit priest Van Meurs SJ arrived in 1887 in Tanjung Sakti, Pasemah Ulu Manna, when at that time was under jurisdiction of Bengkulu Residency (*Sripo*, 25 September, 2003).

<sup>11</sup> <http://www.majalahtrust.com/bisnis/strategi/152.php> (accessed October 2005)

<sup>12</sup> "Mumpung agi ade" is similar to "aji mumpung" in Java. Its means that farmers enjoy to spend most of their money to satisfy their wants in time when they have a much money from coffee without make a saving for bad seasons.

Therefore, the price of car was about Rp 36 millions.<sup>13</sup>

An informant also told how fast his brother who owned a motor cycle repair shop in reselling his motor cycle. This man bought a motor cycle to be resold. Only in a few hours, this motorcycle was resold to a new owner without haggle process between seller and buyer. There was a funny story related to the new owner of motorcycle. Although he cannot ride bicycle, this farmer also buy a bicycle. Motivation behind his spending is the he want to ride his motor cycle. Therefore, he learnt how to ride bicycle just as a pre-practicing in riding motor cycle that he already have.

Since coffee production does not promise sufficient income anymore, then some coffee farmers in various locations in Pasemah highland chose to substitute coffee with new commodities. According to key informants, *nilam* (English: patchouli) is one of the alternative crops of coffee in Lahat District.<sup>14</sup> Local farmers followed the success of *nilam* farmers in Bengkulu. Cosmetics factories are the main consumers of *nilam* oil. In the present days, farmers tend to leave *nilam* cultivation because its price also decreases sharply, meanwhile cost of processing from *nilam* to oil also very expensive.<sup>15</sup>

Therefore, producing coffee is still an important agricultural activity for most farmers in Pasemah. At least, they still have a coffee farming although they do not care it sufficiently. The continuation of coffee production can be explained by the nature that producing coffee is not just as an occupation but also as a tradition that passed on from one generation to the other since 1800s as indicated by Huitema (1933, cited in Budidarsono & Wijaya 2004).

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<sup>13</sup> This information got from short visit to Tanjung Sakti in 2-3 January 2007.

<sup>14</sup> In 2005, there were 705 hectares of *nilam* in South Sumatera with total production are 4.200 tons (*Sumatera Selatan Dalam Angka 2005/2006*). It indicates that areas of *nilam* only a small part of the smallholders estates in South Sumatera.

<sup>15</sup> *Tukang ojek* show me a building of *nilam* processing factory in Kerinjing, a village in Pagaralam located near Tanjung Sakti sub district (2 January 2007). A smaller *nilam* processor also found near Simpang Tiga, Tanjung Sakti (3 January 2007). Both of processors were not used anymore.



**Table 9. Selected Human Development Indicators: Lahat and South Sumatera, 1999-2002**

INDICATOR	LAHAT		SOUTH SUMATERA	
	1999	2002	1999	2002
Poverty rate (%)	17,6	28,2	23,5	22,3
Employment in the informal sector (%)	88,1	87,0	68,3	76,6
Open unemployment (%)	4,5	10,7	5,5	9,8
School drop-out rate (%)				
- age 7- 15	4,5	2,1	5	4,4
- age 16 – 18	17,4	13,6	18	11,8
- age 19 – 24	22,3	13,8	20,8	13,1
Average non agricultural wage (000 rupiah)				
- Female	199,8	327,2	214,7	392,5
- Male	343,2	699,4	393,7	738,4
- Ratio female wage / male wage	58,22	46,78	54,53	53,16

Source: *Indonesia Human Development Report* 2001 and 2004.

Indirectly, social impacts of recent coffee crisis can also be seen in indicators of human development (**Table 9**). This table shows that poverty rate in Lahat district higher than South Sumatera in 2002 as also found in the open unemployment rate and school drop out rate (age 16-18 and age 19-24). Employment in the informal sector in Lahat is also higher than South Sumatera. Meanwhile, average non-agricultural wage in this district not only lower than the provincial level but also show that wage for women relatively tended to worse than for men. These pictures indicate that human development in Lahat district was worst than South Sumatera. Off course, other factor probably also related to this development, particularly in the economic crisis since 1997.

## CONCLUDING REMARKS

Lahat District, in particularly Pasemah highland, is the main coffee producer in South Sumatera. Coffee producers in this district are smallholders. Coffee farmers in this highland also faced social impact of the recent coffee crisis. The crisis depressed farmers' level of living in this main coffee producing area in South Sumatera.

The farmers used various strategies to survive their life. They changed their consumption pattern, such as substituting the expensive goods with the cheap one. The story of prosperous coffee farmers has ended since the end of 1980s. Some of the coffee farmers chose to stop operating their coffee farms and looked for other informal jobs, or went to Jabotabek and became a part of urban informal sector. Other farmers preferred to make crop diversification on their farms. These are their ways to survive in years of coffee crisis. However, producing coffee is still an important agricultural activity for most farmers in Pasemah.\*\*\*

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