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## RESEARS+CH ARTICLE

# Socio-Economic Conditions Of Nutmeg Farmers In Lonthoir Village After Independence 1950-2000

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**Abstract:** This study analyzes the economic, social, and cultural dynamics of nutmeg farmers in Lonthoir Village, Banda Island, in the period 1950 to 2000. Using a qualitative approach, this study explores the impact of agrarian policies, fluctuations in international market prices, and modernization on farmers' lives. The findings show that the post-independence land redistribution policy experienced challenges in its implementation, while agricultural modernization during the New Order period benefited the local elite more than smallholder farmers. Farmers adopt diversification strategies and utilize customary systems to survive amid price fluctuations and social changes. The globalization of the spice market has also affected the stability of farmers' incomes, underscoring the importance of government support in protecting local market access. This research provides important insights into the history of agrarian and economic transformation in Indonesia as well as its relevance to rural development policies.

**Keywords:** Agrarian Policy, Farmers' Economic Resilience, Impact of Globalization on Agriculture

## 1. Introduction

Nutmeg as one of Indonesia's non-oil and gas export commodities is a reliable source of foreign exchange because of its large number and value of exports and its abundant raw materials. As the main nutmeg producer in the world, Indonesia is faced with various obstacles in the field of production and marketing. Most of Indonesia's nutmeg production is produced by smallholder plantations, and only a small part is cultivated by the state and the private sector. Nutmeg farming by farmers is generally still traditional, both in terms of cultivation techniques and post-harvest processing. The suboptimal processing results in low plant productivity and nutmeg quality. As a result, most of the Indonesian nutmeg exported is low-quality nutmeg that is also undervalued. Low farmers' incomes by themselves do not provide incentives for farmers to increase their farming. Apart from production, efforts to increase farmers' income are through an efficient marketing system and provide a larger share to farmers. The problem faced by nutmeg farmers is that the business system is not able to stimulate farmers to carry out their farming efficiently. Problems in the trading system include low prices at the farmer level, lack of response to price increases at the farmer level to changes in export prices, and the risk of large price fluctuations. In addition, the government's policy has not been directly touched on the nutmeg trading system so that farmers and trading institutions can function properly. The objectives of this study are: (1) To study the prevalence of nutmeg farming in the research area, (2) To know the income level of nutmeg farming, and (3) To know the nutmeg marketing system, which includes marketing channels, functions of marketing institutions and marketing margins. This research was conducted in Lonthoir Village, Banda District, Central Maluku Regency, Maluku Province from November



to December 1998. The data used are primary data and secondary data. The data analysis method used is revenue analysis and revenue and cost balance analysis (R/C ratio). In addition, it also analyzes marketing channels, the functions of marketing agencies and the analysis of marketing margins... Ds

Indonesia has long been known as one of the largest spice producing countries in the world since the colonial era, with nutmeg (*Myristica fragrans*) as one of the leading commodities that has high economic value (Reid, 1988). Banda Island, including Lonthoir Village in it, is a significant nutmeg production center. However, after independence, the economic condition of nutmeg farmers in this area has experienced complex dynamics due to changes in government policies, global markets, and local socio-cultural factors.

After Indonesia's independence in 1945, the government attempted to transform the colonial economic system into a just national economy. This policy includes land redistribution through the Basic Agrarian Law (UUPA) 1960, which aims to improve the condition of smallholder farmers. However, its implementation in remote areas such as Lonthoir Village often faces challenges due to the lack of infrastructure and slow bureaucracy (van Zanden, 2013).

The New Order period (1966–1998) brought an approach to agricultural modernization oriented to global market integration. These policies often benefit local elites and large traders, while smallholder farmers face limited access to capital, technology, and markets (Boomgaard, 2002). Nutmeg farmers in Lonthoir Village feel the direct impact of this policy, especially related to fluctuations in nutmeg prices in the international market. These price fluctuations are influenced by world demand for spices, including competition with synthetic commodities (Brown, 1999).

In addition to economic factors, local social and cultural aspects also affect the survival strategy of nutmeg farmers in Lonthoir Village. The implementation of customary land management systems, such as nutmeg hamlets, often clashes with the government's centralization policy. Local customs tend to provide flexibility for communities to manage their resources collectively. However, the entry of external influences gives rise to changes that threaten the sustainability of the system (Ellen, 1997).

Recent research shows that Indonesia's nutmeg production in 2021 reached 40,639 tons, with significant contributions from provinces such as North Sulawesi, Aceh, North Maluku, West Papua, and West Sumatra. Over the past five years, the six provinces have contributed 89.95% to Indonesia's nutmeg production (One Agricultural Data, 2022). A study in Supu Village, North Loloda District, North Halmahera Regency, analyzed the income of nutmeg farmers and found that nutmeg farming provides a decent income for farmers, with a significant average income per hectare (University of Muhammadiyah Makassar, 2021) ([https://digilibadmin.unismuh.ac.id/upload/39344-Full\\_Text.pdf](https://digilibadmin.unismuh.ac.id/upload/39344-Full_Text.pdf)). In addition, research in Kareko Village, North Lembeh District, Bitung City, shows that nutmeg farming provides profitable income for farmers (Journal of Social Sciences and Agricultural Economics, 202

The qualitative method is the main approach in this study to deeply understand the dynamics of the economic conditions of nutmeg farmers in Lonthoir Village from 1950 to 2000. This approach allows researchers to explore meaning from people's experiences and perspectives through interviews, observations, and document analysis (Creswell, 2014). With this research, it is hoped that it can reveal how nutmeg farmers in Lonthoir Village faced economic, social, and cultural challenges in the post-independence period. This study is also expected to contribute to a broader understanding of agrarian history and economic transformation in Indonesia.

## 2. Literature Review

The theory of land redistribution, which became the basis of the government's post-independence policy through the 1960 Basic Agrarian Law (UUPA), aims to create economic



equity and social justice for smallholder farmers. According to van Zanden (2013), land redistribution is an effort to reduce economic disparities by providing fairer access to agrarian resources. However, the implementation of these policies is often ineffective in remote areas due to limited infrastructure, slow bureaucracy, and lack of understanding of the local context (Bienen, 2018). This theory is relevant to this study because it describes the challenges faced by nutmeg farmers in Lonthoir Village in obtaining legal certainty over the land they manage. In addition, this theory also explains why land redistribution policies often fail to achieve their goals in isolated areas.

The theory of agricultural modernization, which is the cornerstone of the New Order policy, emphasizes the importance of global market integration and the adoption of technology to increase agricultural productivity. However, Boomgaard (2002) criticizes that these policies tend to benefit local elites and large traders, while small farmers face difficulties in accessing capital, technology, and fair markets. This theory explains why nutmeg farmers in Lonthoir Village experience economic vulnerability due to fluctuations in international market prices and uncertainty in trade policies. Suryana et al. (2019) added that dependence on international prices is often detrimental to smallholders, as they do not have sufficient bargaining power. The theory of agricultural modernization and global market integration is the basis for understanding the impact of the New Order policy on the lives of nutmeg farmers in Lonthoir Village.

The theory of economic resilience, put forward by Ellis (2000), states that farmers in developing countries often adopt business diversification strategies to reduce dependence on one type of commodity. This theory explains how nutmeg farmers in Lonthoir Village are able to survive in the face of price fluctuations and socio-economic changes by developing side businesses and utilizing local resources. In addition, the theory of social capital from Putnam (2000) emphasizes that social solidarity, community networks, and collective norms play an important role in strengthening the economic resilience of the community. Local traditions such as mutual cooperation and customary land management are concrete examples of social capital that helps farmers survive amid economic pressure. This theory also explains why customary systems and collective values persist despite the challenges of modernization and globalization (Ellen, 1997; Smith et al., 2021).

### 3. Research Method

This study uses a qualitative approach with the aim of deeply understanding the economic dynamics of nutmeg farmers in Lonthoir Village in the period 1950 to 2000. This approach was chosen because it is able to explore the meaning of people's experiences and perspectives related to the challenges they face, especially in relation to economic, social, and cultural policies. According to Creswell (2014), qualitative research allows researchers to explore complex social phenomena, especially those related to the social and cultural conditions of society. Thus, this approach is considered appropriate to uncover the historical and contextual dynamics that affect the lives of nutmeg farmers in Lonthoir Village. The study also aims to provide a holistic picture of how government policies and market fluctuations affect agricultural practices and farmers' welfare.

The data collection method in this study includes in-depth interviews with nutmeg farmers, traditional leaders, traders, local governments, and academics. This interview is designed to explore the informant's views on the impact of government policies and market price fluctuations on farmers' livelihoods. In addition, participatory observation was carried out to directly understand nutmeg farming practices and social interactions that occur in the Lonthoir Village community. Data analysis was carried out using a thematic approach (Braun & Clarke, 2006), which allowed the identification of key themes that emerged from the interview and observation data. The analysis process involves rereading interview transcripts, coding, and grouping data according to themes relevant to the research topic. Thus, this research is expected to make a significant contribution to the understanding of the economic

dynamics of nutmeg farmers as well as the policy and socio-cultural implications that affect their lives.

## 4. Results and Discussion

### 4.1 *Changes in Government Policy Post-Independence*

In the early post-independence, the Indonesian government issued a land redistribution policy through the Basic Agrarian Law (UUPA) 1960, which aimed to create economic equity for smallholder farmers. However, the implementation of this policy in remote areas such as Lonthoir Village is often constrained by infrastructure limitations and slow bureaucracy (van Zanden, 2013). Bienen (2018) emphasized that the effectiveness of agrarian policies in Indonesia is often hampered in isolated areas due to the inability of the government system to overcome local challenges. This can be seen from the experience of Ali, a nutmeg farmer in Lonthoir Village, who revealed that the land he has managed for generations has never obtained official certification. "We have been waiting for legal certainty for a long time, but the process is very slow," he said. This condition illustrates how the land redistribution policy has not fully reached farmers in remote areas, causing legal and economic uncertainty for them.

### 4.2 *The Impact of the New Order Policy on Nutmeg Farmers*

The New Order policy that focuses on agricultural modernization and global market integration has had a significant impact on smallholder farmers, including nutmeg farmers in Lonthoir Village. According to Boomgaard (2002), these policies tend to benefit local elites and large traders, while small farmers face difficulties in accessing capital and technology. Fluctuations in nutmeg prices in the international market further exacerbate this condition, as price instability has a direct impact on farmers' incomes. Idhu, a nutmeg farmer, explained that since the New Order era, small farmers have often had difficulty getting fertilizers and agricultural tools at affordable prices. He also stated, "Nutmeg prices often drop drastically without notice, making it impossible for us to plan our finances." Suryana et al. (2019) added that price uncertainty is influenced by external factors such as global demand and international trade policies. This is reinforced by the admission of Sandi, another farmer, who stated that trade policies more often benefit large traders than small farmers.

### 4.3 *Nutmeg Farmers' Survival Strategies in the Face of Economic and Social Fluctuations*

Nutmeg farmers in Lonthoir Village show extraordinary resilience in the face of price fluctuations and socio-economic changes. One of the strategies they developed is business diversification, such as planting other commodities to increase family income. Ellis (2000) states that diversification is the main strategy used by farmers in developing countries to reduce dependence on one type of commodity. In addition, local traditions such as customary land management systems also play an important role in helping communities survive amid economic pressure. Usman, a traditional leader, explained, "We manage the land together so that no one is too burdened. This solidarity is our strength." However, he also worried that the influence of centralistic policies was beginning to threaten this customary system. Ellen (1997) emphasized that modernization often contradicts the traditional management system, which has been a pillar of farmers' economic resilience.

### 4.4 *Social and Cultural Role in the Life of Nutmeg Farmers*

The social and cultural life in Lonthoir Village plays an important role in the survival strategy of nutmeg farmers. Social solidarity and mutual cooperation are the forces that help people overcome economic difficulties. Putnam (2000) explained that social capital, such as trust, social networks, and collective norms, is very influential in strengthening the economic resilience of the community. Rani, a local trader, revealed that she often works closely with farmers to ensure that the marketing of nutmeg runs smoothly. "We help each other, especially in difficult times. I buy their crops at the best price I can provide," he said. However, the shift in social values due to modernization and globalization is beginning to

threaten existing social relations. Smith et al. (2021) stated that modernization and the increasingly rapid flow of information can lead to the erosion of traditional values, which have been a pillar in farmers' lives.

#### *4.5 The Role of Globalization in Determining Nutmeg Prices and Market Access*

The globalization of the spice market has had a significant impact on nutmeg farmers in Lonthoir Village. Nutmeg prices affected by international markets are often volatile, and competition with synthetic commodities such as artificial nutmeg is further pressuring farmers. Brown (1999) found that the globalization of the spice market leads to an increasing dependence on international prices, which risks harming local farmers. Hanatin, the village head, emphasized that the local government needs to be more active in helping farmers to get fairer market access. "We need to protect farmers from the international market price game. Government support must be more real," he said. This shows that although globalization opens up wider market opportunities, smallholders are often the most vulnerable to price fluctuations and unbalanced competition.



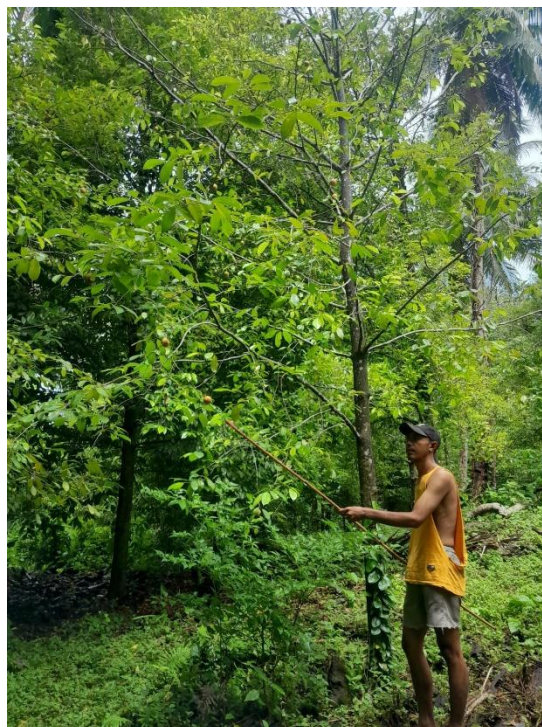
**Figure 1.** Interview Responden

The researcher conducted an interview with a resource person with the initials P and was 73 years old. He is a nutmeg farmer and has worked at PT Banda Permai which manages nutmeg plantations in Banda district. Interviews were conducted to obtain the history of the plantation from time to time. The information provided is quite complete because his memory and health condition are healthy.



**Figure 2** Office of PT Banda Permai

The photo shows the office of PT Banda Permai which manages nutmeg plantations in Banda District, but now it has become a vacuum, in the end the nutmeg plantations are managed by the nutmeg farmers themselves.



**Figure 3** Nutmeg Harvested By Farmers

Nutmeg farmers are harvesting nutmeg, using *galah\_kukulusi* (a language term from the local area) this activity is carried out in the *lakui* forest, precisely in Lonthoir Village, Kecamatan, Banda.



**Figure 4** Nutmeg Tree

Nutmeg Tree, Lonthoir Village, Banda District, Central Maluku Regency, Maluku Province.

## **5. Conclusion**

This study shows that post-independence government policies, especially land redistribution policies and agricultural modernization, although expected to improve farmers' welfare, are often ineffective in remote areas such as Lonthoir Village. The impact of the New Order policy that leads to global market integration makes nutmeg farmers more vulnerable to price fluctuations and market uncertainty.

However, despite facing great challenges, nutmeg farmers in Lonthoir Village are able to survive by developing a business diversification strategy and maintaining customary land management based on social solidarity. The globalization of the spice market has had a major impact on prices and market access, but social solidarity and the sustainability of customary systems give farmers the strength to survive in the long run.

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