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## **LABOUR EXPLOITATION, SYSTEMATIC OPPRESSION AND VIOLENCE IN PALM OIL PLANTATIONS IN NORTH SUMATRA, INDONESIA**

**Susan de Groot Heupner**

*Parahyangan University, Bandung, Indonesia*

*Murdoch University, Perth, Australia*

[susandegrootheupner@gmail.com](mailto:susandegrootheupner@gmail.com)

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### **Abstract**

*Although it has been almost two decades since the fall of the Suharto regime, political reform and democratization has not sufficiently challenged realities of systematic oppression, coercion and violence experienced by workers in palm oil plantations in North Sumatra, Indonesia. The research aims to expose the various ways in which the independent trade union is forced to manoeuvre within and against this system in its attempt to empower workers and built a strong political force. Although the tribune in Indonesia is built on legally binding pillars, these are proven too weak and corrupt for trade unionists to organize and emancipate plantation workers. This can partly be attributed to a history of ideological suppression and decades of authoritarian rule, and partly to the demands of modern capitalism and global production chains in need for what Laura Ann Stolars refers to as a cheap, socially malleable and politically inarticulate labor force. Based on several months of first-hand observation of, and participation in, trade union activity, the study reveals the deeply embedded power structures that sustain all the elements of the plantation system. Moreover, the analysis shows how the squeeze of labor and capital resembles a system of slavery that has dissolved centuries*

*ago. As a conclusion, the paper argues the plantation is a system of violence that facilitates the 'slavish submission' of plantation workers and works in manipulative ways to tear down the pillars of the tribune from which trade unionists attempt to speak.*

**Keywords**

Trade Union, Palm Oil, Labor Exploitation, Systematic Violence

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**1. Introduction**

Sumatra's landscape is undergoing a drastic change. In recent years, Indonesia has taken full opportunity of the global shift to palm oil, now being the number one producer of the world's most used vegetable oil (Schuster Institute for Investigative Journalism, 2014). After Central Kalimantan, North Sumatra counts the highest number of palm oil plantations in Indonesia, with hundreds of trees burned, cut and planted every day for further expansion (Bissonnette, 2012; Li, 2015). Reasons for the growing demand of the oil can be directly attributed to the "cheap, socially malleable and politically inarticulate" labor force that produces it (Stoler, 1986). Although Stoler (1986) uses these words to reflect on a century of colonial and authoritarian rule, the research indicates structural labor suppression remains a key feature of the plantation system today. The study sheds light on the workings and effects of embedded power relations of the palm oil plantation system, and explores realities of labor exploitation, oppression and violence. In particular, the study uncovers underlying reasons for resistance and compliance, and the way in which the trade union draws on these motives and objectives in their attempt to develop a politically conscious labor force. In order to expose the effects of mechanisms of power on the livelihoods of workers the analysis relies on orthodox Marxist concepts. The paper begins with an elaboration on orthodox Marxist conceptions and its relation to the social and economic realities of the plantation and labor activity. In the next part, the paper presents an exposition of the plantation system, with a particular focus on the processes, practices and strategies that sustain forms of domination and violence. The final section is an introduction to the role of the state and the effects of past and current governments on trade union activity.

## 2. Marx's laws of social change

### 2.1 Dialectical materialism

Dialectical materialism is at the core of Marx's analysis of the trajectory of social change. As followed from Hegel, Marx's dialectical method reveals every social form to be a product of the past; to have been undergone a process of gradual change and radical transformation (Hook, 1968; Harvey, 2008). In a dialectical situation, change occurs from conflict between opposing, yet inseparable, elements that form the nature of a thing (Lukács, 1971). As the totality of a thing or situation develops, these intrinsic elements sooner or later come into conflict with each other. By applying the dialectical method to materialism, Marx (in Lukács, 1971) discovers labor is the driving force behind social change. From the moment people start to collectively produce their means of subsistence, there develops definite forms of social relations and structures. It is from these arrangements people ultimately define the conceptions, ideas and thought processes of their time. So while particular social ideas, theories and conceptions are necessary to maintain the relations of production, it is precisely these subjective forces that engender gradual and radical change. Social change is not render possible if practice did not construct the subjective forces for its own existence, nor if theory stands in isolation as an arbitrary force (Azad, 2005; Marx, 1968). It is for that reason that any Marxist analysis of social change must begin with the real practice of labor as the sole, active determinant shaping human existence (Lukács, 1971).

### 2.2 Labor exploitation

The theory of labor exploitation is constructed on the presumption that labor under capitalism is not merely *a* substance of value, as presumed by Smith (1776) and Ricardo (1817), but rather the *only* substance of value. According to Marx (1976), labor is the "only substance of products considered value", since it is the only common element embodied in all products from which a qualitative and quantitative measurement can be extracted. The value of the commodity of labor, coined as labor-power, is equivalent to the time socially necessary for production, which is an ever changing and fluctuating constituent of the labor process (Marx, 1976). The constant constituent of capital refers to the part of the means of production that does not undergo any alteration in magnitude of value. It is this two-fold nature of capital that is directly related to the two-fold nature of labor-time. During one part of the labor process time is allocated to produce the value equivalent to the value necessary for the reproduction of labor-power. In the remaining stage of production, the worker produces value beyond what is

socially necessary and creates a *surplus-value* (Marx, 1976). It is in this surplus labor-time in which the nature of capital is found.

It is in this relation between the two constituents of labor-time in which the degree of exploitation is expressed. Marx (1976) defines it clearly by stating that the rate of surplus-value is the “exact expression for the degree of exploitation of labor-power by capital”. Thus, the rate of exploitation is equivalent to the proportion of the quantity of surplus-value to the amount of necessary labor-time. It appears then that an excess of value is necessary for the perpetual flow of new capital into the market from which endless more wealth can be appropriated. As more capital is set in motion, more capital is made available for the expansion of the capitalist market, subsequently demanding for a larger labor force in order to transform capital from commodity into surplus-value and, hence, new capital. Thus, as Marx (1976) suggests, “the circulation of commodities is the starting-point of capital”. This trend can be explained from the logic that being competitive in a capitalist market economy means keeping the variable costs of the commodities for the means of production – the cost of labor - to its absolute minimum and extract as much surplus-value as possible so to keep this process in motion.

In the plantation, the use of targets is a common strategy to increase the productivity and intensity of labor, and hence, add to the degree of exploitation. Firstly, targets cause an increase in the intensity of labor *during* the length of the working day. With the use of targets a given working day no longer produces a constant value, but a variable value. Under these conditions, labor is embodied in more products (a higher quantity of palm oil kernels) than if targets were kept at a lower level. Secondly, targets cause an increase in the productivity of labor *beyond* the length of the working day. The target amounts are often too high to reach during the length of the working day, meaning workers are forced to continue their labor beyond the working day without remuneration, reduce their own hourly wage by hiring casual workers (kernets), or include unpaid labor. The latter, in most cases, involves immediate family members such as wives and children being ‘forced’ to work. Here, the worker is forced to exploit the labor of fellow workers (or own family), and it is exactly this structural pressure what Marx (1977) refers to as a hierarchically organized system of exploitation and oppression. In general the purpose of targets is to raise productivity without having to increase labor costs, the demand for unreasonably high targets as seen in the plantations, adds to exploitation in two-fold. First, more surplus-value is produced by the full exhaustion of labor efforts, and secondly, in cases targets are not met (which is in most cases), an arbitrary amount is deducted from the monthly wages.

Another strategy for further exploitation of labor-power is the piece-wage system. Here, payment is a direct reflection of the efforts of labor. In order for the worker to receive an adequate payment, it is in the interest of the worker to fully exhaust one's own labor efforts. Besides the abuse of the desperation of workers, the piece-wage system naturally gives rise to competitive relations among workers, which, in turn, creates a space prone to dishonesty, disloyalty and misappropriation.

### **2.3 Structural repression**

Although the means of suppression in the plantation is more subtle and inconspicuous as during Suharto's New Order, hegemonic power helps to sustain a space of discipline, punishment and fear (Foucault, 1975). This space of authority is not one that developed and continues to sustain itself in isolation, but one that is deliberately and carefully designed by institutions to facilitate and maintain relations of power (Bissonnette, 2012; Farmer, 2003; Foucault, 1975). The national, ideological framework of 'Pancasila' functions as such an instrument of power. Practices, measures and institutions that facilitate discipline and punishment align with a common language that is found on the patriotic principles of Pancasila. Because of the significance of palm oil for economic development, discipline and punishment in the plantation is in line with the nationalistic imperative that controls and guides the perception and thoughts of the Indonesian people. Labor resistance is a direct and indirect disruption to economic development and can, on those grounds, be framed to undermine the common good. Pancasila is used in popular discourse as a justification tool that serves to condemn and suppress particular forms of mass mobilization and resistance of the status quo.

Historically, the ideological framework of Pancasila facilitated the systematic dissemination of anti-communist rhetoric under the New Order, which, in turn, intellectually paralyzed the working class for decades (Hadiz and Robison, 2013). In his reflection on the establishment of the New Order regime, Lane (2009, p. 273) writes, "Structures and policies were built around the necessity for the suppression of the mass movement of the day *as well as* the suppression of mass action politics *in general and* permanently". The anti-communist political agenda held by the West fertilized the grounds for anti-communist rhetoric to emerge in the 1960s and to become firmly embedded throughout the Cold War period, while persistently being sustained in popular politics today. Anti-communist rhetoric has taken focus again in recent months, with former military generals and Islamic hardliners at the frontline of public protests (Vatvani, 2016).

Even though in contemporary Indonesia anti-communism is not necessarily equal to an opposition to trade unionism, both are argued to be incompatible with the ideological foundation of Pancasila. Though not explicitly stated, a recent symposium entitled “Protecting Pancasila from the Threat of the Indonesian Communist Party (PKI) and Other Ideologies” may well be a reference to political activity on the labor front (Jakarta Post, 2016). After all, trade unions played a key part in the establishment and growth of PKI historically, with the association between communism and labor resistance being used as a political tool for the suppression of labor throughout the New Order period (Hadiz, 2003). In North Sumatra remnants of the anti-communist political agenda continue to infiltrate public discourse with the help of the former paramilitary organization ‘Pemuda Pancasila’ and other popular gangster groups (Hadiz, 2003; Hadiz & Robison, 2013). During a mass gathering in Medan in 2015, for example, Yapto S. Soerjosoemarno, senior leader of Pemuda Pancasila, warned members against the peril of communism and its linkage with the labor movement (2015, November 10). Although not commonly perceived as a direct threat to union association among plantation workers, anti-communist rhetoric remains a powerful political tool for the crackdown on the labor movement.

#### **2.4 Mobilisation and resistance**

Though the plantation industry has seen a rise in labor mobilization since the New Order, both its effects as its durability remain questionable (Bissonnette, 2012; Ford, 2009). In the first five years following the fall of the Suharto regime, Ford (2009) recorded 236 strikes in the plantations. Yet despite mobilizations of the early post-authoritarian years, organized plantation labor in North Sumatra does not follow a linear trajectory. Multiple independent trade unions have emerged, developed, fragmented and collapsed in the years following. This can be attributed to the adaptability of the plantation system and the historically established relations of power that go unchallenged despite political and economic changes in society as a whole (Stoler, 1986). According to some, the plantation system is characterized feudal-capitalist, while for others the estate depicts a system of slavery with forms of coercion being the key noncapitalist feature (Stoler, 1986). Despite transformations in line with capitalism, hegemonic and coercive relations are continuously capable to distort the feature of wage-labor to the extent the employer-employee relation appears more in agreement with that of lord-peasant under feudalism or slave-master under slavery. That is not to say that these conditions do not allow for expressive modes of resistance. Stoler (1986) revealed that plantation workers in North Sumatra in particular appealed to expressive forms of resistance, with Ford (2009)

stating the labor movement in the region to be the most militant in Indonesia during its prime period in the mid 20th century. While hegemonic and coercive relations do not necessarily produce an entirely passive and submissive labor force, analysis on resistance and compliance is ultimately tied to the consistent presence of dominance in past and present labor relations.

As a result of structural repression, the overall sentiment across plantations is a fear for repercussions of union membership. Yet, at the same time it appears to be this exact fear and awareness of the high probability of repercussions that fuels the commitment and dedication of unionized workers to struggle against their own repression. Reflecting on the influential writing of Scott (1985) on the rebellion of peasants, the experience of repression and perception of its injustice can be found in a deep fear of deficiency in material resources. This deep-rooted fear gives rise to what Scott (1976) refers to as subsistence ethics; a calculus for action with the need for subsistence at its starting point. When those who live close to the subsistence margins perceive forms of exploitation and repression to undermine their right to subsistence, their intuitive response is one of defense. According to Scott (1976), this morality-driven mode of defense can explain the reasons for resistance and rebellion even when there exists fear and high risks of repercussions. With high levels of financial uncertainty and variability that persistently threatens the subsistence of plantation workers; repression appears a direct violation of their right to subsistence. This shared sense of injustice can explain the common demand for mass action despite repeatedly being informed on the high risks and probability of repercussions. As one female worker of the private-owned PT. RimbaMujurMahkota plantation states, “our work days have been reduced from 20 to three because of our participation in a demonstration, and now we would demonstrate again because of it” [translation of the author].

On the opposite spectrum, the subsistence ethics argument proposed by Scott (1976) can explain the reasons for compliance and lack of resistance. Rational cost-benefit calculation is set against the probability of short-term losses and the uncertainty of long-term gains. Once the consequences of trade union activity are experienced first-hand, subsistence rationality leads to the choice of membership withdrawal in a great number of cases. The cost-benefit calculation is thus one that weighs compliance against resistance. In the labor organizing process the primary questions asked relate to the protection that come with trade union membership, and can be considered an indication of the worker’s attempt to assess the relation between the cost and the value of union membership. For yet another reason the cost-benefit analysis of workers can to a certain degree explain the high number of membership

withdrawals since the independent trade union's embryonic stages a few years ago. With no other independent plantation unions active at the time, most workers had no direct experience of particular forms of repression and intimidation related to trade union activity. Their cost-benefit analysis did not include the *experience* of particular forms of repression typical of trade union involvement (Scott, 1985). Thus, calculation did not incorporate the actual costs that were experienced in the wake of the repercussions. In his reflection on Indonesia's plantation labor, LuthfiMahkasin (2006) suggests it is due to ethics of subsistence that resistance is sporadic in nature. Lane (2009) suggests a strong source of political motivation present in the labor movement. For the average plantation worker this motivation is translated into resistance against the persistent threat and violation of their right to subsistence. Despite the multiplicity and heterogeneity of factors that determine resistance and compliance, it is widely argued dominance of socio-economic motivation mostly leads to spontaneous, sporadic action rather than generating a political movement (Lane, 2009; Lenin, 1902; Marx, 1976; Scott, 1976).

### **3. The Plantation System**

#### **3.1 The Social Stratification**

The plantation corporation supplies basic social facilities to contracted workers, which in most cases includes housing, limited access to water and electricity, primary school education, a medical clinic, access to places of worship and a monthly ration of rice. On observation, housing in the more remote parts of the plantation have shown inadequate, with leaking roofs, and cramped and unhygienic conditions a cause for disease and collapse. The availability of water is not always sufficient, with workers forced to find alternative options. In the PT. RimbaMujurMahkota plantation several deaths occurred in the past two years in the attempt to extract water from a nearby crocodile-infested river. In the state-owned Pt. GrutiLestaraPratama, the clinic has been unattended, which caused the death of at least one female worker.

Despite what can easily be perceived added value, the social provision scheme in fact ensures workers to be entirely dependent on the corporation, which, in effect, facilitates further domination and exploitation. Workers can be evicted or relocated at any given time, with two union members in foreign-owned PT. Milano (Wilmar International Limited) recently finding their employment contract terminated the day after their participation in a division-level trade union discussion. Social control is found in every element of the livelihood of the worker. The degree of accessibility to electricity, for instance, is determined by the corporation and subject

to limitations if decided upon. While organizing workers in divisions in PT. RimbaMujurMahkota, the electricity was cut off on multiple occasions. Across divisions in the same plantation, electricity is provided in the two to three hours preceding work, and is generally cut off between 9 pm. and 11 pm. With no other sufficient access to, or means to purchase, electricity, the social activity of the workers is confined to the infrastructural restrictions imposed on them. Looking at the social provision scheme in detail, each service and provision is used as a tool to limit the sense of autonomy and enhance the degree of dependency, while it functions, through a multiplicity of ways, to systematically suppress labor activity.

Moreover, the social provision scheme enables corporations to lower the *received* wages to an utmost minimum. There needs to be no account taken of subsistence costs already provided, which means a relatively lower value of means of subsistence, and in effect, a lower necessary wage amount. Further research is necessary whether the legal minimum industry wage is set against the costs of basic needs that take into account the social provision scheme. Seeing that the legal minimum wage differs between every district in the province of North Sumatra, it is worth seeking answers to what norms and standards are applied to measure this minimum. It is questionable; however, to what extent the legal minimum wage benefits the plantation workers. Besides the capability of the corporation to manipulate productive labor costs through targets, sanctions etc., the social provision scheme further allows for a relative lower value of means of subsistence. Even when taking into account the added costs to provide social provisions, considering the quality and standards, these costs are likely to be carefully calculated against the added profits.

Taking into consideration the perspectives of Scott (1998) and Gramsci(1971) on hegemonic power, the social provision scheme functions as an instrument of consent. The additional benefits as part of permanent employment serve to demonstrate to the subordinate, working class that the plantation system operates according to the interests of the workers. That the system is one of mutual benefit and interest, with the dominant class willingly and voluntarily making certain sacrifices for the sake of the interests of the working class. As Scott (1998) argues, in order to gain compliance, the dominant class is required to disguise what are class-only interests as the common interest. In this sense, the social provision scheme can be understood as a means to ensure compliance and sustain hegemonic power.

The level of dependency is further enhanced by means of a micro-credit system. Most workers are left no choice than to resort to the credit system in order to fulfil their work duties.

Extra costs that cannot be covered by the received wage are common, with workers often having to individually invest in tools and labor equipment as well as means of transport. In PT. RimbaMujurMahkota a large number of workers rely on a private credit system provided by the primary shop to obtain their monthly necessities. Comparing the monthly invoices with the average wages reveals the insufficient income to cover basic foods and petrol. As stated by the owner of the shop, without the micro-credit system workers are not capable to purchase basic needs, let alone cover any unexpected costs. Moreover, seeing wages are received only on a monthly basis and *after* completion of work, most workers find themselves rely on credit loans from the initial moment of employment. In addition, the corporate credit system enables workers to indulge in luxury goods such as costly motorcycles, hence adding to the perceived need for wage-labor.

### **3.2 Casual labor**

Before becoming a contract worker and receiving permanent work status, workers are generally employed as casual workers for the duration of one to two years. Most workers aim to receive permanent work status and use the preceding years to demonstrate their strong work ethic and dedication to reach targets. Besides no job security, a casual worker does not receive any additional social benefits, meaning living costs are higher. Since wages are significantly lower and highly irregular, more plantations are shifting to a labor force that mainly consists of casual workers. Compared to a low five percent of casual workers employed in Sumatra in 1902, corporations now have at their disposal a pool of cheap, easily disposable, casual workers (Stoler, 1986). An informant in the Langkat district stated that casual workers of a local Malaysia-owned plantation take up an estimate of 75 percent of the total labor force. As a general rule, the use and exploitation of casual workers is only possible if the wider socio-economic circumstances allow for it. To put differently, in areas of high unemployment and low opportunities, people are more likely to submit to temporary, irregular and uncertain employment. Simply following the rules of capitalism, the corporation takes full advantage of the desperate socio-economic situation of non-workers by offering below standard wages and labor conditions. Moreover, in a space of insufficient employment opportunities, casual labor creates competitive relations between people seeking employment, and those in fear of being deprived of employment. Seeing the high value attached to employment and the risk of dismissal, workers attempt to satisfy high productivity expectations by maximizing their labor output.

Besides casual labor adding to the rate of profit through an increase in productivity and a decrease in wage-labor costs, it is also a factor for the weakening of the labor movement. Casual workers can be categorized into formal employees of the corporation (BuruhHarianLepas, BHL), contracted workers and informal workers. Based on national regulations, secondary workers are not permitted to join the plantation trade union because their employment lies with the immediate contractor and not with the plantation corporation. As pointed out by Indrasari Tjandraningsih (Bandung, 2016), who is the director of the acknowledged research institution Akatiga, this is a prime strategy applied by manufacturing corporations in Java as a means to weaken the trade union. Recent government statistics claim a decline from 3.5 million union members nationwide five years ago, to 1.5 million now (Akatiga, 2016). Moreover, the competitive nature of casual labor means solidarity among workers is more difficult to attain.

### **3.3 A System of Violence**

The plantation can be seen as an interconnected network of mechanisms that are structured in order to enable domination, oppression, exploitation and ultimately; violence (Li, 2015). Not all elements of these structures are easily perceivable, and in general workers themselves are not aware of the complex network of arrangements that serves to manage, direct and control their entire livelihoods. Seeing there exists an organized structure of processes, rules and relations of which its main purpose is to control labor, the plantation entity can be framed as a *system of violence*. In the plantation, the fact that direct violence is minimal can be ascribed to the explicit forms of violence built into the system that by its very nature minimizes the need for the use of direct violence. Based on extensive study on plantations in West Kalimantan, anthropologist Li (2015) suggests it is the absence of violence in its most commonly understood form that can explain the system of violence in the plantations. As Li puts it, in the plantation system there is no need for a gun to cause physical harm. The social differentiation as a result of unequal distribution and ownership is at the basis of the institutionalization and normalization of structures that causes the deprivation of basic needs, or what Galtung (1969) refers to as 'structural violence' in the late 1960s. Structural violence refers to the suffering imposed on people by particular (historical) arrangements that determine relations, processes and practices of a given social system. Being an imperative which produces social differentiations, labor exploitation must likewise be a precondition for structural violence. That is, structural violence is a process driven by the systematic deprivation of needs of one group to the benefit of another, meaning exploitation, domination, and

suppression must be at its basis. To put it differently, exploitation produces the inequality necessary for domination, while domination has the ability to transform into forms of oppression.

For exploitation to exist without the need for disguise, as it does in the plantation system, the outer conditions must be opportunistic. That is, the socio-economic conditions must be so that people are desperate enough to comply with the standards of the plantation system. The alienation and false consciousness that is both at the beginning and end of exploitation, facilitates not only further exploitation (in quantitative terms), but structural domination and oppression. To call it a system of violence is yet another step further. Violence is most commonly associated with direct acts of physical harm, which is not per se the violence related to here. Rather, it is the absence of violence in its most commonly understood form that can explain the system of violence in the plantations. In other words, it is those explicit forms of violence built into the system that by its very nature minimizes the need for the use of direct violence.

Galtung (1969) introduces four terms to explain the structural repression of consciousness and mobilisation, which are, according to the theory, the two preconditions for the struggle against exploitation. According to Galtung (1969), exploitation is reinforced by means of penetration, segmentation, marginalization and fragmentation. Segmentation, or the separation of a false and genuine consciousness, enables penetration, that is, the instilment of a form of consent necessary for the legitimization of class divisions. Marginalization ensures consciousness of collective class power is disguised by keeping workers on the margins, while fragmentation disables class power to be put in practice by keeping workers in isolation from each other. Although structural violence is more disguised and less tangible and observable than direct (behavioral) violence, its impact is not in any way of lesser significance. Seeing that the causal chain of structural violence is longer, it becomes more difficult to attribute violence to anyone or anything in particular (Farmer, 2003). This causes for the systematic suffering of people to be misunderstood as a direct result of violence, as something that is unintentional and avoidable. Yet, by stripping away the layers it does become possible to place responsibility with particular past and present actors and arrangements. As Galtung (1969) argues, these layers function mechanically to disguise the reality of violence.

Indeed, this can be seen in the deliberate erasing of history under the New Order, creating whole generations misinformed and manipulated by an illusionary past (Famer, 2003; Hadiz&Robison, 2013). Taking a Foucauldian perspective, Farmer (2003, p. 307-308) claims,

“Erasing history is perhaps the most common sleight-of-hand relied upon by the architects of structural violence”. It enables a process of normalization, or what Farmer (2003) refers to as desocialization, that ensures established power structures are legitimized, commonly recognized and uncritically assessed. As a result of the manipulation of the historical memory of the collective, structural violence comes to be the direct result of current-day realities rather than a product of past events and actors. During the process of observation, not a single reference has been made to historical events, such as those of 1965 and 1967, or to past structures, practices or regimes, to explain the present-day violence. It can therefore be presumed that for workers their violence is not a legacy of past brutalities against trade unionists, communists, intellectuals and others associated to the Left.

Although the association between former paramilitary organizations such as Pemuda Pancasila and plantation corporations is not official, it is neither fully disguised (Lane, 2009). Similar to most areas of Medan, plantation territories are consistently marked according to group-specific colors, meaning association between the corporation and the particular organization is clearly visible from the outside. Despite being a target for extortion, the corporation ‘employs’ youth / gangster organizations to conduct acts of intimidation and violence on behalf of the corporation. Across industries in Indonesia, there exists much evidence of the employment of groups such as PemudaPancasilaby corporations and oligarchs, with a comprehensive report of the Human Rights Watch (2010) a source of reference to numerous media reports reflecting on the employment of thugs and gangster organizations. With regards to the plantation, there are recent documented cases that show instances of direct violence conducted by these youth / gangster organization. During a peaceful demonstration in the Mandailing Natal district, for instance, a number of trade union members were the victim of severe acts of violence, for which the perpetrator was not prosecuted.

#### **4. Past and current governments**

As seen, corporate violence is two-fold. On the one side there is the ‘disguised’ alliance between non-state and state security actors, while on the other side there is the system itself that firstly, enables violence, and secondly, is a source of violence. Yet, violence can not only be attributed to the Plantation Corporation or oligarchical structures, but must include the government. On first sight it may appear the construction of the plantation system ensures the control of a commodity for the sake of the interest of the corporation only. Indeed, the system of violence increases labor productivity, surplus-value, the accumulation of capital, and finally,

the profit rate. It cannot be denied this is in the interest of the corporation. However, it can be argued the profit rate only acts as an incentive for corporations to keep the cost of labor to the utmost minimum in order for Indonesia to remain competitive in the global palm oil market (Marx, 1976; Harvey, 2009). In that sense, the low costs of labor is in the interest of both the corporation as it is in the interest of the Indonesian state. Just as the corporation utilizes organizations such as Pemuda Pancasila to secure its interests, so does the Indonesian state impose on the corporation to further its national economic agenda (Koopman & Laney, 2015). It can therefore be argued that actors of the ruling class not only take the form of capitalists, but of the institution of the state also.

Added to this is a widely established social and political space of corruption. The plantation corporation is no exception and relies heavily on the benefits and costs of 'invisible money', with corruption a common tactic to suppress labor and trade union activity (Bissonnette, 2012). For security purposes, and especially related to labor activity, gangster organisations, police and army forces and community leaders are the prime receivers of such informal income. According to the statements of a number of trade union leadership members, invisible money costs are as high as 30 percent of the total operation costs of the plantation, with the majority assigned to security forces. Only in recent months, these security forces have shown corporate alliance on multiple occasions. Allegedly due to a recent campaign launched by the union-affiliated NGO targeting one of the largest palm oil corporations in Indonesia, the NGO director and staff have had multiple consecutive visits by the head of the Medan police department starting the day after the report was shared with the corporation. Although the reason for the visits was never explained, the police presence (and the warning of a larger police force to come) was a means to intimidate the NGO director and staff only a few days before the expected launch.

Other instances involve direct violence during peaceful demonstrations, disruption of union meetings and discussions, and individual intimidation. In particular cases, religious leaders, community members and even primary school teachers receive additional income to ensure teachings promote labor compliance and discourage resistance. Auditors from certification institutions, such as the ISPO and RSPO, allegedly receive invisible money to ensure the audit report is in line with certification guidelines and principles. Moreover, it appears a regular practice to offer invisible money to media outlets and union members in order to gradually break down the trade union (Oppenheimer, 2014). Rumor and gossip indicates invisible money is currently being received by the trade union leadership.

## 5. Conclusion

Although certain political freedoms have been attained as part of processes of reform and democratization, structural suppression, coercion and violence continue to hinder the attempts of the trade union to engage and organize plantation workers. A system of exclusion and dependency is supported by an established mechanism of power that facilitates and sustains realities of exploitation, oppression and hence, violence. Though plantation workers are conscious of their exploitative position and eager to become politically active, systematic violation of their right to means of subsistence compels workers to accept a mode of compliance. Attention must be drawn to the labor conditions and violations of basic rights, with a particular focus on the right of association. It is the responsibility of non-for-profit organizations and institutions, such as the Roundtable of Sustainable Palm Oil, to expose labor issues and pressure the Indonesian state to challenge the structures that facilitate violations of workers' freedom of association. The enjoyment of the rights of freedom of association enables plantation workers to struggle for more humane labor conditions from the bottom-up.

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