

## THE EARLY 20TH CENTURY COFFEE AND RUBBER PLANTATIONS IN PALEMBANG AS TRADITIONAL CAPITALISM ENTERPRISE

YUDI PRATAMA & LEO AGUNG S.

Sebelas Maret University

### ABSTRACT

This research aims to figure out how coffee and rubber farmers in Uluan Palembang make money. This understanding is obtained by comparing the characteristics of smallholder plantations and plantations belonging to the Dutch colonial government and their rivalry. The development of agriculture in the Uluan Palembang area, Onderneming plantations and community's plantations, rivalry or building of the people's economy, rubber and coffee trading patterns in Palembang, and changes in the Uluan community's economic aspects are some of the points that are problematic in this article. The content of this article is based on a review of several works of literature related to Clifford Geertz's theory of agricultural involution and Boeke's theory of economic dualism. The contents are presented to attempt to form a new perspective on a new history, considering how capitalism benefits farmers and changes the concept socially and culturally. The economic activities of coffee and rubber farmers in Uluan Palembang demonstrate the relationship between investors and local farmers and a picture of Palembang becoming a profitable area. According to the author of this article, capitalism has evolved and is maintained in economic activity and has long been a part of society's economic development.

**Keywords:** Capitalism, Coffee and Rubber, Uluan Palembang

### 1.0 INTRODUCTION

The colonial economy in Indonesia reached a turning point in 1870 when the colonial government began to intervene more systematically. The Dutch colonial government introduced two new laws this year, according to Bambang Purwanto (Lindblad, 2002), the sugar law and the agrarian law. Due to this impact, foreign investors will be able to invest and expand their businesses in the mining and plantation sectors (Lindblad, 2002). This occurrence is particularly notable in the Sumatra region, which has been one of the busiest areas of trade since the Srivijaya era until colonialism (Putra, d. t. a., & Sunarti, 2022), particularly from domestic and international shipping routes (Touwen, 2002). Palembang became a center of economic exploitation for capitalists in the mid-nineteenth century. Initially, investors were hesitant to invest in this area, preferring Deli as a tobacco-growing location (Breman, 1997). The context of local rulers in South Sumatra also impacts this situation. The Palembang Sultanate ruled the region at the turn of the twentieth century, and export commodities like pepper, coffee, and rubber rose to prominence in the context of local economic development (Novita, a., Fahrozi, m. n., & Alnoza, 2021). For indigenous people in South Sumatra, the beginning of the twentieth century was a golden period of economic growth, influenced by the increasing number of rubber and coffee harvests (Utama, N. J., &

Sunarti, 2017). However, not all areas in South Sumatra have the same conditions, such as Onderafdeeling Banjoeasin en Koeboestrekken in the Banyuasin area, which was still isolated before the arrival of private plantations, which later influenced the development of the economy and rubber plantations there (Zubir, 2017).

However, European investors' interest in expanding their business networks has grown as time passes. The mining and plantation sectors in the Palembang plains have piqued interest due to the potential benefits. Palembang's plantation population grew dramatically until 1916. When considering the development of private agriculture, we must consider the dynamics of smallholder plantations, how the lives of local farmers are affected by the development of private plantations with more capital and human resources than local plantations, and whether the impact will be similar to that experienced by farmers in Java.

The life of Javanese farmers in ancient times was always in the spotlight, inseparable from the theory put forward by J.H. Boeke and Clifford Geertz on economic dualism and peasant involution. J.H. Boeke and Clifford Geertz attempt to explain how the capitalistic liberal plantation system has harmed the pattern of life of farmers in a poor environment. Boeke believes that accusing Javanese peasants is static and that progress is undesirable. Because Javanese farmers do not distinguish between economic and social needs, no economic policy can motivate them to progress. Fifty years later, Clifford Geertz introduced the theory of agricultural involution in Java. Farmers were forced to involute because they could not withstand the swift currents of the modern economic system in the form of plantations (Mubyarto, 1991).

This article examines the traditional capitalist perspective developed in the Uluan Palembang community, particularly among rubber and coffee farmers. The impact of the presence of European private plantations in the early twentieth century and the relationship between the two plantations will be discussed. In this article, Clifford Geerts' theory of agricultural involution and Boeke's Economic Dualism will be critiqued, which only exists in the Java plantation system. On the other hand, the author attempts to examine the implications of these theories in the dynamics of private and community plantations in Palembang.

## 2.0 METHODS

Heuristics, source criticism, interpretation, and historiography are among the historical methods used in this article. Researchers gather data or look for sources based on their research objectives, such as written sources such as books, magazines, newspapers, international journals, or other research-related documents. Researchers are attempting to locate sources that correspond to the themes studied concerning Palembang's local history over the year under consideration. Literature searches and visits to the Press Museum in search of current magazines were used to gather information.

One of the research methods used in writing this article was source criticism. External criticism and internal criticism are the two types of criticism. Internal criticism assesses whether the source has credibility (the habit of being trusted) or not, whereas external criticism looks for authenticity or authenticity (authenticity) of the source (Priyadi, 2012). The researcher evaluates sources such as data from books and compares them to sources from contemporary local magazines about economic statistics during the study period.

Writing and interpretation are the final steps. There are two crucial elements in history: facts and writing or interpretation. If it is not interpreted, history is nothing more than a chronicle of a series of events. It is impossible to write history if there are no facts. Researchers interpret historical facts, which are divided into three categories: (1) mentifact, (2) sociofact (social relations), and (3) artifact (object) (Kartodirjo, 1993). In this section, the researcher interprets the data collected after conducting the data collection process and criticizing the source for generating new ideas about the research topic. This stage determines whether we can analyze these sources and incorporate them into new writings; in-depth analysis is required to ensure that the writing is not superficial.

### 3.0 FINDINGS

#### 3.1 Plantations in Uluan Palembang

The term "Central Sumatra" refers to the areas of South Sumatra, Jambi, Bengkulu, and West Sumatra, as well as the plains of Central Sumatra (Freek,C 2005). European business people compete to exploit this area, particularly in the Uluan Palembang district, attracted by the prospect of profits from plantation and mining products. The reorganization of local administration in 1912/1913, which made it easier to obtain erfact land concessions, was another factor that led to the establishment of these private plantations (Purwanto, 2002:298). In 1916, there were 51 private plantation companies, a significant increase from the previous year. The establishment of private plantations in Palembang was pioneered by several private companies, including Handelsvereening Amsterdam (HVA), founded by an Amsterdam banker in 1870. The capital of Switzerland, Cultuur Maatschappij Indragiri (Zed, 2003), is also included. Aside from that, there is Starits & Sunda Syndicate, a German company. The last was Nederlandsche Handel Maatschappij, a company that took over the role of the VOC as a trading agent for the Kingdom of the Netherlands before other large corporations.

NHM was merged into a banking firm in 1841, and by 1891, it had shifted its focus to the plantation sector. Although there were several other Chinese banks serving as circulation banks for commercial banks in the 1920s, including Hong Ho, Nederlandsch-Indische Escompto Maatschappij, Nederlandsch-Indische Handelsbank, and branches of Javasche Bank (Jeroen Peeters, 1997). In the 1920s, these banks financed almost the entire rubber and coffee trade. The rapid growth of western industrial plantations in the Palembang area has impacted the Uluan's local plantations. It is well known that the land planted by these private entrepreneurs is customary land or clan land and is concentrated in specific areas. Local people had long known various types of commercial crops such as coffee, namely Arabica coffee, cultivated by residents around the highlands such as the Pasemah, Semendo, and Ranau, before the establishment of a private plantation in the Uluan area of Palembang. These highlands, by the way, are ideal for growing commodities like coffee (Yenrizal, a. r., Bajari, a., & Iskandar, 2015). However, before the twentieth century, this plant had little commercial value and was usually used as a filler plant in the middle of a fruit orchard (Zed, 2003:85).

Arabica coffee requires a particular physical environment; it must be grown at over 1,000 meters. One of the challenges in commercializing coffee is access. After the military occupation of mountainous areas was completed, the first attempt was to repair the trail through the Bukit Barisan to open an access point between highland areas Bengkulu and

Palembang. A Sergeant Major named Anslijn (Jaroen Peeters, 1997) purchased coffee from the local community, establishing a large-scale plantation. Coffee plants were planted and cared for properly with the assistance and guidance of Ansiljn, allowing production to be increased for the first time. As a result, a group of Chinese merchants from Bengkulu decided to settle in Ampat Lawang to handle the transportation of these goods.

The success of coffee cultivation in the northern part of Bukit Barisan was replicated in other areas, and access was opened from the highlands to the lowlands to facilitate better transportation routes and road construction. Following Ampat Lawang's success, higher areas such as Basemah Lebar and Semendo, then Lahat and Muaraenim, became the center of Uluan's coffee trade (Irwanto et al., 2010:62). The success of coffee farming has piqued the interest of investors, and cultivation banks are looking for new land suitable for farming. This Arabica export indicates that the Uluan Palembang land was suitable for investment and supported by the colonial press, so European explorers built their plantations in the mountains (Irwanto et, 2010:56). Although Robusta eventually replaced Arabica coffee due to several epidemics that caused Arabica coffee to be abandoned, it was not until 1915 that some private entrepreneurs began cultivating Robusta coffee. However, European private entrepreneurs faced another challenge: a lack of human resources to work on coffee plantations. At the time, it was challenging to bring in workers from Java, and locals were reluctant to work on private plantations, preferring to work in their fields. have to compete with locally produced coffee (Godoy, R., & Bennett, 1988).

Rubber is another commodity crop growing in the Uluan area of Palembang. This type of plant had a significant impact on increasing the value of exports at the turn of the twentieth century. In Pamanukan and Ciasem, West Java, Hofland established a rubber plantation company, one of which was *Havea Brasiliense* (Mubyarto, 1991:9), which was introduced to East Sumatra. Meanwhile, due to the lack of government involvement in introducing the *Havea* type of rubber, it is difficult to say when rubber plants first arrived in Palembang. However, rubber plant cultivation in the Uluan Palembang area has been initiated by residents (Peeters,1997:103). The development of rail transportation aided this in South Sumatra at the time (Ravico, R., & Susetyo, 2021). Several other factors, including the growing strength of rubber export companies with extensive transportation networks and relationships, have contributed to the development of smallholder rubber plantations.

Furthermore, pilgrims returning to their homeland made stops in Singapore and Malaysia, bringing rubber seeds to plant in their gardens. Also, the care of rubber plants is relatively easy to maintain and disease resistant. Furthermore, residents believe rubber plantations and a smooth Chinese trade chain between Sumatra and Malaysia have a bright future (Mubyarto, 1991:17). Furthermore, the rubber planting business is more oriented to family business patterns and maintenance that is relatively simple; additionally, coconut shells are still used to accommodate rubber latex (Siswoputranto, 1981:4), and labor is still limited to families.

People's agricultural land increased during the golden period or "BOOM" in terms of the exploding price of rubber in the market, which occurred between the 1908 and 1920s intervals. This situation has arisen due to rising market demand for high-quality rubber. The United States of America's (USA) rapid production of motorized vehicles, in this case, necessitates a large amount of tire manufacturing (Mubyarto, 1991:17). This factor is also causing Uluan Palembang's rubber production to skyrocket.

Of course, increased rubber and coffee production in Palembang will impact the Palembang uluan plain's economic cycle. This condition begs the question: what impact does the rising export value of these two commodities have on smallholder plantations as European private plantations expand? Why were Palembang's smallholder plantations so responsive to the economic situation at the time? What is the relationship between these two types of plantations, and will the pattern repeat itself as it did in Java? Of course, this will create a new perspective for traditional capitalists in Uluan Palembang city.

**Table 1. Data on area and type of European plantation commodities planted on erfpacht in Palembang 1890-1929.**

| Year | Location                 | Commodities type | Amount | Area       |
|------|--------------------------|------------------|--------|------------|
| 1890 | Pagar Alam               | Coffee and Tea   | 21     | 37.000 ha  |
| 1900 | Pagar Alam and Ranau     | Coffee and Tea   | 42     | 117.733 ha |
| 1910 | Pagar Alam and Ranau     | Coffee and Tea   | 12     | 28.592 ha  |
| 1916 | Pagar Alam and Komering  | Coffee and Tea   | 60     | 82.073 ha  |
| 1925 | Pagar Alam and Komering  | Coffee and Tea   | -      | 89.622 ha  |
| 1929 | Pagar Alam dan Musi Ilir | Coffee and Tea   | 110    | 95.320 ha  |

**Source:** J.W.J. Wellan, Zuid-Sumatra. Economisch Overzicht Van de Gewesten Djambi, Palembang, de Lampoengsche Distriction en Benkoelen (dalam Zed. 2003: 70).

### 3.2 Onderneming plantations and community's plantations, rivalry or building the community's economy?

Economic growth in Palembang's residency was increasing at the turn of the century, benefiting not only the colonial side but also the local community. Mining and agricultural products such as coffee and rubber are the exploited resources. Palembang is known as a wingesten area in the sense of a heavily exploited area in the Dutch East Indies; locals refer to this period as oedjan mas, a term derived from J. W. J. Wellan's Zuid-Sumatra. Economisch Overzicht Van de Gewesten Djambi, Palembang, de Lampoengsche Distriction en Benkoelen, which means that the local community's prosperity was at its peak at the time. The rising prices of rubber and coffee commodities are responsible for this prosperity (Zed, 2003:70).

The presence of private plantations in Palembang's plains also contributes to the people's economic growth. Although this economic increase seemed irrational at first, given that, compared to what happened in Java, private plantations harmed people's agriculture and slowed economic growth. Compared to Java, rice farming in rice fields with irrigation, which can accommodate additional energy from cultivating the land, is responsible for population growth in villages in Java (Geertz, 1976:XXII). As a result, neither the population growth nor the economic growth of Java is affected. In a citizen-level pattern, there is a citizen-level

concept. People generally move from villages to the city center, but this is not the case in South Sumatra. Most residents are migrants seeking better economic opportunities in other cities. In Boeke's dualism, economic development is always close to the role of Dutch colonialism. Palembang is expanding its trade network between Palembang-Batavia and Singapore, a move that will help the local economy. Boeke, taking a classical approach to the theory, claims that the "indigenous" sector of the economy has changed in the last 70 years. They even produce export commodities from the global market because they adhere to the traditional economic perspective.

The author compares agricultural conditions in Java and Sumatra, particularly in the Palembang area, in this article. According to Zed, using Geertz's theory to compare agricultural characteristics between Java and Sumatra is risky because the two countries have different climates. On the other hand, the authors use it as a source of information for their research on agricultural characteristics in Sumatra. Compared to Java, villages in Java can accommodate this population growth due to the rice farming pattern in rice fields with irrigation, which can accommodate the additional energy from the yield. As a result, Java's population growth indirectly impacts its economic growth. In a citizen-level pattern, there is a citizen-level concept. People generally move from villages to the city center, but this is not the case in the South Sumatra region. Most residents are migrants seeking better economic opportunities in other cities. In Boeke's dualism, economic developments are always close to the role of Dutch colonialism. Palembang is expanding its trade network between Palembang-Batavia and Singapore, a move linked to the local economy's growth. Boeke, taking a classical approach to the theory, claims that the "indigenous" sector of the economy has changed in the last 70 years. They even produce export commodities for the global market because they adhere to traditional economic principles.

Plantation companies in Java have a long history of maintaining and suppressing local plantations. The expansion of private companies abroad, on the other hand, is the polar opposite. When we look at the casting plantations in Palembang, we can see how the two work together, sometimes side by side with local farmers. What is the reason for this? Because the land is already available.

Meanwhile, sugar cane is grown in private gardens in Java. In this case, it would destroy the rice pattern because it uses rice fields, but it did not happen in Palembang because there was still plenty of land. So that it does not interfere with the community's plantations, and the Onderneming rubber workers are employed using a profit-sharing system (Susetyo, B., & Ravico, 2021).

Onderneming has minimal impact on traditional plantations. Furthermore, by purchasing their corporation, they can expand their economic commodity. They even built an agricultural school to train local agricultural experts; locals can purchase rubber and coffee seeds from the school. They even published a monthly magazine called "Soeloeh Peroesahaan Tanah," first published in 1916 and written in Malay (Zed, 2003:89 ). The magazine's content was about how to plant and benefit local farmers. Even this publication features local farmers.

**Table 2. Smallholder and Onderneming Coffee Production in Palembang (PER 1,000 Kg).**

| Year | Community's Coffee (scale per 1000 kg) | <i>ONDERNEMING</i> Coffee (scale per 1000 kg) | Onderneming Export Value (F. 1,000) |
|------|--|---|-------------------------------------|
| 1923 | 12.026                                 | 1.149   | 8.716                               |
| 1924 | 19.881                                 | 1.678   | 16.903                              |
| 1925 | 20.981                                 | 1.354   | 19.466                              |
| 1926 | 23.364                                 | 1.480   | 32.591                              |
| 1927 | 23.307                                 | 1.594   | 18.188                              |
| 1928 | 28.229                                 | 1.257   | 16.405                              |
| 1928 | 18.818                                 | 1.679   | 14.534                              |

**Source:** Tijdschrift der Vereeniging van Landbouwconsulenten in Ned. Indiee No. ( Zed: 2003: 86)

Compared to the rise of Indigenous entrepreneurs in Java's plains, the element of capitalism has unwittingly been embedded in and become part of the economic activities of local entrepreneurs' plantations. The construction of the Colo Madu sugar factory (Wasino, 2014:135) and the Tasik Madu in Surakarta, built by Mangkunegaran IV, are two examples of capitalism's products in Java. Mangkunegaran IV built the Colo Madu and Tasik Madu sugar factories in the Surakarta area after withdrawing all Apanase land from foreign investors because they were deemed less profitable for the Mangkunegaran people. So the lands were withdrawn and turned into a sugar factory to meet the Mangkunegaran treasury.

Praja Mangkunegaran's income is bolstered by the presence of this sugar factory, which supplements their traditional sources of income. At the same time, it demonstrates that the indigenous aristocracy's tradition has not been lost, even though political and economic dominance is in the hands of the Dutch or private entrepreneurs. It is a hybrid of the feudalistic and capitalistic production systems available to the wealthy. Furthermore, during the colonial period, land scarcity was one of the factors that prompted the development of community agriculture in Java.

The cropping patterns of these two commodity crops do not need to compete with rice plants, which must be planted in fertile areas, according to Mustika Zed's study (Zed, 2003). Small farmers can plant coffee and rubber on abandoned or customary lands. Farmers with superior commodities, such as sugar cane, had to be planted on fertile soil and used the colonial government's land through an apanage land system, in contrast to what happened in Java. Apanage land is a law that states that the king owns all land. People can only use the land and must pay half or a third of the harvest. They must also provide labor for free or on a part-time basis. The king gave this land to relatives and employees who obeyed the government. This employee, known as *bekel*, supervises and manages people as they carry out their responsibilities (Mubyarto, 1993:37). In the Palembang area, coffee and rubber farmers can conduct their business without the interference of western entrepreneurs.

**Table 3. Production of community rubber and Onderneming rubber, 1923-1930.**

| Year | Small scale rubber business per 1000 kg | <i>Onderneming</i> Rubber Business on a scale per1000 kg | Scale per Km (per hectare) |
|------|---|--|----------------------------|
| 1921 | 58                                      | -  | -                          |
| 1922 | 586                                     | -  | -                          |
| 1923 | 3.200                                   | -  | 1.680                      |
| 1924 | 6.506                                   | -  | 35                         |
| 1925 | 11.951                                  | 242  | 534                        |
| 1926 | 11.488                                  | 313  | 152                        |
| 1927 | 15.687                                  | 498  | 447                        |
| 1928 | 12.509                                  | 668  | 2.324                      |
| 1929 | 15.687                                  | 718  | 902                        |
| 1930 | 10.358                                  | -  | Total: 6.376               |

**Sumber:** J.W.J . Wellan, zuid-sumatra. Economisch overzicht van de gewesten djambi, Palembang, de lampoengsche distriction en benkoelen (Zed. 2003: 70).

Local farmers were heavily encouraged to produce more profitable export crops by the colonial government and western private companies. In addition, the colonial government facilities, such as the construction of access roads, have facilitated the trade network of the local population, which was originally made for the benefit of private plantations. Many indigenous capitalists took advantage of the momentum created by the construction of this facility, raising the uluan community's living standards.

### 3.3 Rubber and coffee market patterns in Palembang

The rubber trade, which a private bank controls with capital, is an example of a pattern. Traders could not export their rubber commodities because of the market structure; instead, they had to go through Chinese traders from Singapore or colonial alliances. Trust is crucial because rubber commodity traders who lack capital can obtain loans from private banks with orders from Dutch companies. Almost all rubber trade is funded through a credit system by banks. Chinese companies such as Hong Ho, Nederlandsch-Indische Escompto Maatschappij, Nederlandsch-Indische Handelsbank, and Javasche Bank branches serve as trade circulation banks. These banks offer credit on a consignment basis, requiring that export crop reserves be submitted to the bank and accepted by the chamber of commerce. The collateral is then stored in a warehouse until the borrower pays off the debt, which is returned. Furthermore, the borrower must be well-known and have a good reputation to obtain a loan. Chinese, Arabs, and Palembang people are among those who have access to this credit.

In Bengkulu, where coffee was the main crop, there were about nine indigenous wholesaler houses in 1925. Palembang traders also controlled local trade and exports to Batavia. Small trucks, carts, sailboats, passenger cars, and trucks transport coffee in the area, mostly owned by indigenous peoples (Peter,1996). Before the development of land transportation, Palembang's economic development was inextricably linked to the river as the primary mode of transportation. The river is the main route into Uluan; the word uluan is similar to the inland. The term "inland" in South Sumatra is used differently by Sumatran residents than in Java. Inland people are those who live outside of the cities of Java, far away from the main road. As a result, they are known as inland people.



Furthermore, the term Javanese inland community is frequently confused with the term coastal community, which refers to a community located on the coast. The sea is the main direction of the Javanese community. The main direction is the Java Sea, located in the southern area of the island of Java. In South Sumatra, the term "Inland" is more commonly used to refer to the tribe of the inner children, the stronghold, according to Arlan (Ismail, 2004:2). These rubber and coffee commodities are planted, and their impact on the dynamics of people's lives cannot be separated from the development of private European plantations in the early twentieth century. The situation on the island of Java in terms of agrarian issues will be interesting compared to the situation in Palembang, which is also known as a trading port with a strong maritime culture. The term "Age of the Seas" refers to ancient times. In other words, the sea represents the meaning of "ancient" or "a long time ago" in this case. Such an understanding demonstrates how closely it is related to 'old times,' to the point where it appears to be a synonym. As a result, history, as a discipline that studies the maritime era (past), should focus on maritime issues (maritime issues) (Lapian, 2009:1). The river was a line trade system pattern that has always been the mainstay with access from rivers flowing from Uluan to Iliran. The Batanghari Sembilan river is the main trade route to the Uluan area. The Batanghari Leko River, the Ogan River, the Komerling River, the Lematang River, the Rawas River, the Lakitan River, the Kelingi River, the Enim River, and the Lintang River are the nine major rivers that flow through the Palembang Residency (Santun, 2010:1).

At the turn of the twentieth century, rivers were arguably the lifeblood of transportation access in South Sumatra. Waterways are still the prima donna for riverside communities, despite the extraordinary water space dynamics due to land transportation development (Farida, R. D., & Utama, 2017). The settlement along the Batanghari Sembilan river mostly live on the river's banks. So, rather than being "like-like," this pattern has been structured in social life. If we look closely, rivers provide benefits for transportation and irrigating crops like rice, rice fields, and other crops. It will affect the atmosphere of the water space in forming the settlement pattern itself, especially in the Malay area, the South Sumatra area, and the meandering river pattern (Arifin, Z., & Rahman, 2020).

The coffee trading market in Palembang has been taken over by "merchants," the rubber industry's dominant coffee trading system in Singapore. Palembang merchants who controlled the coffee trade included Lim Kim Hin and H. Akil, who had a network of wholesalers from the interior. H. Muhammad Soleh Company, Firma Ong Tek Jang, and N. V. Goei's Handelmaatschappij are the three Kongsi Groups. N. V. Java Sumatra Handelmaatschappij, Jacobson Van Den Berg, Molukse Handelsvennootschap, and Handel Maatschappij Kian Gwan are among the unorganized groups in Palembang (Jaroen Peeters, 1997:132). Palembang's exporters divided the goods into several categories. The first group comprises companies with a network in traditional markets but none in commodity exports. The second group consists of open exporters with a network in the inland market and can thus guarantee coffee supply. The third group consists of unorganized exporters who must organize themselves to export. The monopoly of these firms and colonial companies in the coffee commodity was indeed advantageous because their monopoly and colonial companies' monopoly only depended on the offer of a third joint venture in Palembang, where indigenous traders dominated the production and trade of coffee and rubber.

It would be interesting to know the impact of the development of private plantations in Uluan Palembang on the local plantation economy based on this market trading pattern. The two most important agricultural commodities, rubber, and coffee have gotten more attention. As previously stated, private plantations in Palembang are not harmful to the local people but rather beneficial. What changes have occurred in the people of Uluan Palembang's standard of living? With the early twentieth century's soaring prices of rubber and coffee, it became the starting point for the revival of indigenous capitalism, similar to what happened in Java. As a result, the term *oedjan mas* from Uluan Palembang is more than a phrase.

### 3.4. Changes in the economic aspects of the Uluan community

In this situation, local farmers have an impact and a change in their finances. In addition, the hope is for customers with high incomes to dig up information about investment developments such as currency exchange rates, interest rates, political issues, government policies, and other information regarding investments to manage finances properly. There are large quantities of bicycles and sewing machines imported. Moreover, at that time, Muslims in large numbers went to Mecca for Hajj. This situation happened due to increased traders' profits from selling coffee and rubber. In describing the changes in the first three decades of the 20th century, according to Boeke's theory which refers to the transition of local infrastructure from trading boats to cargo boats and from carts and horses to cars and trains (Purwanto, 2002:297), this is following what was experienced by the Uluan Palembang community during the "boom" period.

**Table 4. Data of pilgrims who departed during the Boom period "oedjan mas."**

| Year | The number of people going to Mekkah | Number of people back to Indonesia | Gap* |
|------|--------------------------------------|------------------------------------|------|
| 1906 | 293                                  | 151                                | 242  |
| 1907 | 433                                  | 257                                | 176  |
| 1908 | 335                                  | 331                                | 4    |
| 1909 | 531                                  | 230                                | 301  |
| 1910 | 836                                  | 348                                | 488  |
| 1911 | 1.363                                | 616                                | 747  |
| 1912 | 1.339                                | 901                                | 438  |
| 1913 | 2.534                                | 960                                | 574  |
| 1914 | 2.831                                | -                                  | -    |
| 1924 | 114                                  | -                                  | -    |
| 1925 | 713                                  | -                                  | -    |
| 1926 | 6.921                                | -                                  | -    |
| 1927 | 3.770                                | -                                  | -    |
| 1928 | 2.283                                | -                                  | -    |
| 1929 | 2.180                                | -                                  | -    |

**Source:** Untuk Periode 1906-1913 diambil dari MvO . Resident C. Van de Verlde 1914, Hal 76. periode Tahun 1924-1930 dari J.W.J . Wellan, Zuid-Sumatra. Economisch Overzicht Van de Gewesten Djambi, Palembang, de Lampoengsche Districition en Benkoelen. (dalam Zed. 2003: 113)

From another perspective, the success of the uluan community plantations is the increase in car imports that occurred in the 1925s interval (Vickers, 2001:82). The impact of the skyrocketing price of rubber commodities on the market, which made smallholder plantation farmers suddenly wealthy, was dubbed "oedjan mas" at the time. Their standard of living, which used to be just ordinary farmers who are now called merchants, of course, buying this car aims to make their move easier. Because of the development of land transportation, the prima donna of water transportation routes is beginning to fade away. The distance between the city center in the iliran area and the mouth of the Musi River (O.W Wolters., 1979) becomes very easy to achieve, making this development a promising alternative. Uluan people used to travel for months by boat, but this land transportation can cut the distance in half.

**Table 5. Imported Commodities Impact of Community Economic Growth in the "Boom" Period**

| Year      | Imported Commodities | Amount |
|-----------|----------------------|--------|
| 1922-1928 | Car                  | 1.392  |
| 1910-1929 | Bicycle              | 19.000 |
| 1913-1920 | Sewing machine       | 17.000 |

**Source:** Purwanto, *Ekonomi Karet Rakyat Indonesia Tahun 1890-1940*, (Lindblad, 2002: 219)

Rubber producers can be free of unpaid forced labor due to the uluan community's growing prosperity. They were technically required to work for the colonial authorities, but they chose to pay only to avoid more duty. As a result, the colonial government struggled to find forced labor in rubber-producing areas and eventually encouraged labor migration from Java. Even small-scale farmers could pay income and personal taxes in this situation, allowing the colonial government to meet its annual revenue target. The effect was felt by small farmers and migrants who attempted to make a living as traders in Uluan Palembang. Even colonial employees were rewarded with high salaries, new homes, and opulent offices. After the BOOM phenomenon, or "oejan mas," the importance of economic growth significantly impacted the evolution of people's lifestyles. Naturally, this incident has an economic impact on the community, particularly on coffee and rubber farmers (Martin, E., Suharjito, D., Darusman, D., Sunito, S., & Winarno, 2016).

Geertz's economic outlook appears to align with what he predicted, namely that the locals' encounter with western capitalism would transform them into formidable profit-seeking traders within two decades. Farmers in Java, who have toiled for more than a century to survive, have never achieved this condition (Zed, 2003:90). Farmers in Java, particularly in Indonesia, continue to live in a subsistence-based economic behavior order. The distinct economic behavior of subsistence-oriented farming families stems from the fact that they are not capitalist enterprises or a unit of consumption or production. In order to survive as a unit, the family must meet its subsistence needs, which are said to be irreducible and dependent on the family's size. The consequences of failure for those living on the edge of subsistence are such that they prioritize what is considered safe and reliable over long-term gains (James, 1983:1). If we take a closer look, we can see the reality of tobacco plantations in the Deli in

Jan Breman's writings. He described how the local population's suffering was exploited humanely, resulting in significant material and psychological losses. Given that Sumatra is known as Wingesten, or heaven for capitalists.

Palembang's reality differs significantly from that of Java and Deli, with not only European capitalists benefiting but also the good fortune of local Palembang uluan residents. According to Boeke's concept of economic dualism, the response of local farmers to challenges posed by the outside world, particularly foreign markets, is the main factor in the increase in the people's economy in Palembang. Palembang's populist economy coexisted with the colonial economy at the time and competed with and even outperformed it. This event is proof that traditional capitalism existed and was developing at the time. Traditional capitalism refers to how local people not only work as laborers or workers in the global economy but also invest, control trade, and compete with Western capitalism. Moreover, interestingly, this occurred outside Java, which served as the colonial economy's hub.

#### 4.0 CONCLUSION

Uluan Palembang's application of capitalism is focused on how they can create their economic system and improve their standard of living. This shift can be seen in their economic status due to their commodity trade during colonialism. This situation contrasts with the situation in Java, where colonial plantations encroached on local plantations. This case demonstrates how local farmers can develop their plantations independently in a capitalist system, even if the plantations they build cannot meet world demand. In today's Indonesia, the importance of capitalism in people's lives is critical, particularly for rubber and coffee farmers in Uluan Palembang. Farmers benefit from having a competitive value in capitalism if they want to compete in the unavoidable global competition. The government plays an important role in realizing this concept by providing farmers with training and counseling to help them improve their agricultural knowledge and expertise. If all these elements have been fulfilled, the standard of living can change, then in the future, Indonesia will become a productive country with quality export commodities.

#### REFERENCES

- Arifin, Z., & Rahman, F. (2020). Living in the riverbanks: Case of the Ogan Malay community settlement, South Sumatera. *ETNOSIA: Jurnal Etnografi Indonesia*.
- Breman. Jan. (1997). *Menjinakan Sang Kuli : Politik Kolonial, Tuan Kebun, Dan Kuli Di Sumatera Timur Pada Awal Abad Ke-20*.
- Dedi Irwanto. (2010). *Iliran dan Uluan : Dinamika dan Dikotomi Sejarah Kultural Palembang*. Yogyakarta: eja Publisher.
- Farida, R. D., & Utama, N. J. (2017). Modernization of shipping and river sailing business in Palembang 1860–1930. *Advanced Science Letters*, 23(10), 9959-9961.
- Freek, C. (2005). a Moving History Of Middle Of Sumatera : 1600-1870. *Jurnal Modern Asian Studies*, Vol 39, No 1.

- Geertz, C. (1976). *Involusi pertanian: proses perubahan ekologi di Indonesia* Proses perubahan ekologi di Indonesia. Jakarta: Bhratara Karya Aksara,.
- Godoy, R., & Bennett, C. (1988). Diversification among coffee smallholders in the highlands of South Sumatra, Indonesia. *Human Ecology*, 16(4),.
- Ismail, A. (2004). *Marga di Bumi Srwiwijaya: Sistem Pemerintahan, kesatuan Masyarakat Hkum Daerah uluan Sumatera Selatan*. Palembang: Unanti Press.
- Kartodirjo, S. (1993). *Pendekatan Ilmu Sosial Dalam Metodologi Sejarah*. Jakarta: PT. Gramedia Pustaka Umum.
- Lapian .B.Adrian. (2009). *Orang Laut, Bajak Laut, Raja Laut: Sejarah Kawasan Laut Sulawesi Abad XIX* (K. Bambu, ed.). Jakarta.
- Lindblad, T. (2002). *Fondasi Ekonomi Historis Indonesia*.
- Martin, E., Suharjito, D., Darusman, D., Sunito, S., & Winarno, B. (2016). Etika Subsistensi Petani Kopi Memahami Dinamika Pengembangan Agroforestri di Dataran Tinggi Sumatera Selatan. *Sodality: Jurnal Sosiologi Pedesaan*, 4(1), 92-102.
- Mubyarto, D. (1991). *Karet: Kajian Sosial Dan Ekonomi*. Yogyakarta: Aditya Media.
- Mubyarto, D. (1993). *Tanah Dan Tenaga Kerja Perkebunan*. Yogyakarta: Aditya Media.
- Novita, a., Fahrozi, m. n., & Alnoza, M. (2021). Praktik Kapitalisme Lada Di Palembang Pada Abad Ke-18 Hingga Awal Abad Ke-20 The Pepper Capitalism Practice In Palembang In 18th To Early 20th Centuries. *Purbawidya Jurnal Penelitian Dan Pengembangan Arkeologi*.
- O.W Wolters. (1979). A note on Sungsang village at the estuary of the Musi River in southeastern Sumatra: A reconsideration of the historical geography of the Palembang region. *Indonesia, Indonesia*, 27.
- Peeters, Jaroen. (1997). *Kaum Tuo dan Kaum Mudo: Perubahan Religius di Palembang 1841-1942*, Jakarta. Jakarta: INIS.
- Peeters, Jeroen. (1997). *Kaum Tuo-Kaum Mudo: Perubahan Religius di Palembang 1821-1942*. Jakarta: INIS.
- Post Pete. (1996). he formation of teh Pribumi Business elite in Indonesia,1930-1940.in *Bijdragen tot de Taal-, land-en Volkenkunde, Japan, Indonesia, WarMyths adn realities*. In *Bijdragen Tot de Taal-, Land-En Volkenkunde, Japan, Indonesia, WarMyths Adn Realitie*, (4de Afl),.
- Priyadi, S. (2012). *Metode Penelitian Pendidikan Sejarah*. Yogyakarta: Penerbit Ombak.

- Purwanto, B. (2002). *Ekonomi Dualistis Palembang pada Periode Kolonial Akhir*. Lindblad, Thomas. *Fondasi Historis Ekonomi Indonesia* (eds)2002. Yogyakarta: Pustaka Pelajar-Pusat Studi Sosial Asia Tenggara UGM. Cetakan Pertama.
- Putra, d. t. a., & Sunarti, I. (2022). *The Socio-Economic Transformation In Palembang On 1900-1930*. *International Review Of Humanities Studies*.
- Ravico, R., & Susetyo, B. (2021). *Sejarah Pembangunan Jalur Kereta Api Sebagai Alat Transportasi Di Sumatera Selatan Tahun 1914-1933*. *Agastya: Jurnal Sejarah Dan Pembelajarannya*, 11(1).
- Santun, D. I. (2010). *Iliran dan Uluan;Dikotomi Dan Dinamika Dalam Sejarah Kultural Palembang*. Yogyakarta: Eja Publisher.
- Scott, James. (1983). *Moral Ekonomi Petani*. Jakarta: LP3ES.
- Siswoputranto, P. S. (1981). *Perkembangan Karet Internasional*. Jakarta: Lembaga Penunjang Pembangunan Nasional (LEPPENAS).
- Susetyo, b., & Ravico, r. (2021). *Perekonomian Masyarakat Onder Afdeeling Moesi Oeloe Tahun 1900-1942*. *Rihlah: Jurnal Sejarah Dan Kebudayaan*, 9(2), 13–3.
- Touwen, J. (2002). *Accelerations in Java Sea Trade. Foreign and Domestic Trade and Shipping in Late Colonial Indonesia, 1870–1940*. *Indonesia–Economic Growth and Institutional Change Programme*.
- Utama, N. J., & Sunarti, L. (2017). *The impact of economic modernization on the lifestyle of the Palembang society in 1900–1930*. In *Cultural Dynamics in a Globalized World*, Routledge.
- Vickers, A. (2001). *Sejarah Indonesia Modern* (Insan Madani., ed.). Yogyakarta.
- Wasino. (2014). *Modernisasi di Jantung Budaya Jawa : Mangkunegaran 1896-1944*. Jakarta: Kompas Media Nusantara.
- Yenrizal, a. r., Bajari, a., & Iskandar, j. (2015). *Makna Simbolik Sawah Di Masyarakat Pedesaan Tinjauan Komunikasi Lingkungan Pada Masyarakat Semende Darat Tengah Kabupaten Muara Enim-Sumatera Selatan*. *Jurnal Kawistara*,.
- Zed, M. (2003). *Kepialangan Politik dan Revolusi: Palembang 1900-1950*. LP3ES.
- Zubir, dkk. (2017). *Sejarah Perkebunan Dan Dampaknya Bagi Perkembangan Masyarakat Di Onderafdeeling Banjoeasin En Koeboestrekken, Keresidenan Palembang*. *Jurnal Penelitian Sejarah Dan Budaya*, 1(1), 79-101.