



Agricultural Land Conversion and Its Impact on the Socio-Economic Pattern of the Indigenous People at the Urban Fringe: A Case Study of Bumi Serpong Damai New Town, Tangerang, Banten, Indonesia

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ABSTRACT

From 1998, cities in Java have been experiencing the process of internal reconstruction, both socio-economically and physically. Urban areas which had been the centres of industry were changing to centres of service activities. Meanwhile, in the urban fringes, agricultural lands were converted into new townships and industrial centres. The objective of this study is to analyse the socio-economic patterns of the indigenous people resulting from agricultural land conversion to the construction project of Bumi Serpong Damai (BSD) New Town, Tangerang, Banten, Indonesia. The study was conducted in 2004-2005, involving Lengkong Gudang, Rawabuntu and Pagedangan villages as the area samples. Based on purposive sampling procedures, a total of 317 respondents were selected, comprising 256 heads of households who remained in their native villages and 61 heads of households who had migrated from their native villages. The study found that the agricultural land conversion project had both favourable and unfavourable impacts on the communities. The socio-economic indicators such as incomes, expenditures, property ownerships, housing, utilities, transportation and communication of those who remained in their villages increased while those of savings, investments, education, health, commerce, neighbourliness and organizational activities have not improved. Conversely, other indicators that experienced a decline were land ownership, types of occupation, security, air quality and social activities. For those who had migrated, their incomes, expenditures, savings, property ownerships, housing, utilities and communication have improved, while transportation and air quality were still good; land ownerships, types of occupation, neighbourhood, social activities and inter-neighbourly relations had deteriorated; and savings, investments, education, security, neighbourliness, organizational activities, health and commerce remained unchanged. Overall, the scores for improved and still favourable socio-economic aspects were lower than those of the deteriorating and still unfavourable aspects for both villagers who stayed and villagers who have migrated. In general, it can be concluded that the agricultural land conversion project in the study area had not been able to enhance the quality of life and living standards of most of the people who were indigenous to that area. By implication, the biggest benefit of the capitalist city development (metropolis) project was reaped by the capitalist investors and the middle class at the expense of the indigenous people who were the proletariats and small producers (satellite). As such, it may be concluded that BSD New Town is not a very appropriate development model for Indonesia as it is not local-people friendly.

Keywords: *agricultural land conversion, socio-economic pattern, indigenous people, urban fringe*

INTRODUCTION

Agricultural land conversion is a process done by human beings with full awareness. It closely relates to human activity to alter agricultural land to non-agriculture for certain purposes, like building housing estates and factories. Generally, this land conversion is caused by economic growth in the non-agricultural sector such as industries, services, and also the rapid development of urban society.

The fact shows that a half of the world population lives in the urban areas (Buringh & Dudal, 1987), where most of these areas are fertile agricultural lands (Pacione, 1990). The impact of this

phenomenon is the change of land usage from agriculture to non-agriculture for the development of urban areas.

Nowadays, the change of land usage from agricultural to non-agricultural has become a phenomenon. This phenomenon is the usual thing that happens in most of the countries in the world. Moreover, it becomes a phase in the development and modernization of a country.

In addition, the rate of inequitable agricultural land conversion can be seen in most developing countries such as East Asia and South-East Asia like South Korea, Taiwan, Malaysia, Thailand, Philippines and Indonesia.

In Indonesia, the agriculture areas which are often being sacrificed for inequitable land usage are mostly arable and fertilized farming fields with good irrigation systems (Anwar & Pakpahan, 1990). The arable and fertilized farming fields converted in the period 1991–1993 was 106 424.3 hectares or more than 53 000 hectares annually which became estates, industrial areas and government offices at 54.0%, 16.0% and 4.9% respectively. It is true that 51% of inequitable land usage conversion happened in Java.

Java has experienced drastic conversion of land usage from agriculture to industry and housing estates. The agricultural land conversion from 1981 to 1986 was 37 300 hectares annually, where 16 500 or 44.23% became housing estates, industries, and infrastructure. It can be concluded that the amount of inequitable land usage from 1983 to 1994 increased 104 581 hectares or 35.58% and mostly it happened in the north coast of Java (Kustiwan, 1997).

In recent times, cities in Java are experiencing the process of internal reconstruction socio-economically and physically. The dominant characteristic of this process happens in Jakarta, Bogor, Tangerang and Bekasi (Jabotabek). The change of function of the capital city of Indonesia, Jakarta, has moved from industries to become the centre of services such as finance. Then, the industrial sectors moved to Bogor, Tangerang and Bekasi (Botabek). Physically, the reconstruction process is symbolized by the change of land usage in urban and rural areas. In short, non-agricultural urban land is used to build other sectors such as housing estates, urban services and facilities (churches, hospitals), industries (factories, storages), mines, irrigation, waste disposal landfills, communication and transportation (street, train railway, airports), and recreational activities (gardens, sport). On the other hand, the rural areas have changed from arable and fertilized lands to become industrial and estate areas (Firman, 1996), which were earlier in the urban areas.

The growth of population in Jakarta, Bogor, Tangerang and Bekasi (Jabotabek) was 2.5% or 2.74 millions in 1960. Then it grew to 3.03 % or 19 millions in 1996 in these areas. The amount of Botabek population was 5.2 millions in 1980 and the highest population growth happened in 2000 (Bappeda Tangerang 2000). It is estimated that the amounts of Jabotabek population will be 27.7 million people in 2015 and most of them will be the residents of Botabek (Tjahjati, 1995).

The highest population growth happens in Jabotabek at the national level (Rustiadi, 2003). It is caused by the highest urbanization in Jabotabek. The people are interested to move to these cities because of industrial areas and job opportunities (Firman, 1998). The highest population growth in these areas will provide positive and negative impacts on various aspects, such as economy, social, cultural, environmental and safety (Tjahjati, 1995).

The growth of housing which cannot be organized well in Jakarta and the urban fringe areas of Botabek have given negative impact especially on illegal housing, the lack of facilities which impact on the improvement of disease control, environmental pollution, social polarization and the decline of economic standards (PT. BSD, 1985).

The disability to manage Jakarta has influence on the development impact. Actually, the development on infrastructure is really needed. This need has created a new idea for changing the new town area.

THE ISSUES RESULTING IN THE CHANGES DUE TO CONVERSION OF AGRICULTURAL LAND

The developer of Bumi Serpong Damai (BSD) New Town started to develop a new town area in Tangerang district (20 kms in western part of Jakarta) in 1980. The permitted area of the BSD project was 6000 hectares which consisted of 22 villages in Serpong, Legok, Pagedangan and Cisauk sub-districts. The scale of population in these sub-districts before development BSD was 11/hectare and there were 11 000 families living in these areas and most of them were farmers (PT. BSD, 1985). Parts of areas which were developed by BSD were in poor quality of land. It was caused by the lack of an irrigation system. These lands had been used for garden farming which were dependent on the rain.

The change of land usage happened in BSD New Town and this project had taken a great amount of farming fields. The study which has been conducted by Diamar (1996) about the development of housing estates in Jabotabek showed that there was a wide gap of the land price between what the owners should get and what the developers offered. The land price offered was too low and the community there could not buy land in other places with the same quality and area as the former ones. It had an impact on their jobs from farmers to other professions such as labourers, pedallers, and being jobless as well (Todaro. 1985). Hayami and Kikuchi (1981) stated that the process of land usage from agriculture to industries and estates will cause an unstable situation in the agricultural sector and finally, it will influence society's norms, values, traditions and social structure.

It was hoped that the BSD New Town development could improve the community's economy. In addition, the questions which still arise are whether this project could improve the quality of life of the indigenous people; has the program of the BSD New Town caused the indigenous people to be poor; and does the project use the human resource of its indigenous people? It is evident that before implementing the BSD New Town project, most of the indigenous people were rich farmers with large farming fields. They had status. But with the creation of the BSD New Town, it has made them receive lower incomes in this area or in others. Based on the discussion above, the statement of the problem may be stated as: How are the economic and social identities of the indigenous people affected after the change of land usage from an agricultural area to the BSD New Town?

This article aims at: (1) determining the change in the socio-economic status of the indigenous people as a result of land usage from agricultural area to be the BSD New Town, and (2) examining BSD New Town as a development model from the perspective of the indigenous people.

RESEARCH DATA, METHODOLOGY AND AREA OF STUDY

The study was done to investigate the socio-economic patterns of the indigenous people resulting from agricultural land conversion to the construction project of the BSD New Town. Generally, the social impact is a change of human life as a result of projects undertaken by government and private institutions directly or indirectly (Moha Asri Abdullah et al., 2003) so that a social characteristic may be formed as to whether it is good as or as bad as before (Abdullah Mohd Said, 2003).

The researcher selected the indicators or criteria to determine social impacts. These indicators included the quality of life or the way of life of the society before and after the construction project. In investigating those impacts, a socio-economy design was used. It means that all families or personalities who were affected by the construction of the project must be investigated by conducting questionnaires (Moha Asri Abdullah et al., 2003). By investigating the differences between the two different times, it can directly determine the effects of the construction project of the BSD New Town. The effects can be positive or negative (Hassan Naziri Khalid & Morshidi Sirat, 2003).

The sampling procedure used in this research was purposive sampling, with some criteria considered. First, the construction project was the largest in Indonesia, 6000 hectares, and had a rapid growth of housing or estates, at 14 106 houses in 2002. Second, the location of the new town is near Jakarta (20 kms from Jakarta).

The village sampling was taken, which considered some criteria. First, it based on the distance between village and the centre of the BSD New Town (the center of trade BSD location). The nearest village took 3 hours by bus and the fastest village is about 9 kms. Second, the villages chosen represent the villages which are located in the western and northern zones. Third, the villages which have been converted to the BSD New Town where most of the indigenous people have moved to other places. The villages which were chosen from the western zones were the villages that have been managed by developers of the BSD. Based on the above criteria, the villages to be taken are: Lengkong Gudang, Rawabuntu and Pagedangan which are located at 3 kms, 6 kms and 9 kms respectively from the centre of the BSD New Town. Lengkong Gudang and Rawabuntu are situated in the Eastern zone and Pagedangan is situated in the Western zone.

The population of the research are the family heads in Lengkong Gudang, Rawabuntu and Pagedangan. The heads involved in this research were the persons who had got married before or after moving to the construction project of the BSD New Town. It was hoped that they could give information on the socio-economic performance before and after the project of the BSD New Town.

The data on the number of family heads who lived or moved in the urban fringe of the BSD New Town could not be taken from the offices of the village heads. Thus, the researcher used the data of the society as used in the election of 2004. She could also get the data on their age, while data on the number of family heads who had moved could be taken from staff in the offices of village heads. It is quite difficult for the researcher to find the respondents' addresses. They were taken after asking the villagers or being informed by other respondents.

The respondents of this research was 10% of the population or 256 heads of families who still live in these villages, while the respondents of family heads who had moved was 50% or 60 heads of families. The main data taken are income, expenditure, property ownership, housing, utilities, transportation, communication, public services, neighbourly relationship, and organization activities. They were taken through a questionnaire in 2004.

RESEARCH FINDINGS AND DISCUSSION

The Changes in the Socio-Economy of the Indigenous People as a Result of Land Conversion from Agricultural Land to the BSD New Town

Based on the Tables 1 and 2, it can be inferred that there are 27 socio-economic aspects that have been collected through the questionnaire. It can be found that there 6 socio-economic aspects which declined 22.2 %. They are land ownership, types of occupation, security, air quality, neighbour relationship and social activities. Their conditions of savings, investment, education level, education facility, health facility, commerce facility, water disposal, garbage and organization activities have become still worse (at 33.3% decline). After the agricultural land conversion, the condition of the socio-economic aspects of incomes, expenditures, property ownerships, security facility, telephone ownership, the quality of street, housing, water source, electricity source, type of water closet, transportation facility and communication facility of those who still stayed in their villages increased (44.4 %).

It can be stated that, in the BSD new town, the decline of the socio-economic pattern making them live in a poorer condition is 55.6% and is greater than the performance of the socio-economic pattern increase in the villages (44.4%) that remained. It can be concluded that the land usage did not improve the quality of life of villagers who still live in the construction project of the BSD.

Table 1
The changes in the socio-economy status of respondents who still live in their village as a result of land conversion from agricultural land to BSD New Town

Socio-economy aspect	Percentage (%)			
	Comments	Pre BSD	Post BSD	Changes
<u>The aspects which is increase:</u>				
A. Average level (21-50% change)				
(1) Income	More than 500 000 rupiahs/month	14	57.5	43.5
(2) expenditure	More than 500 000 rupiahs/month	12.4	55.1	42.7
(3) Property ownerships	TV, refrigerator and motorcycle	16.4	98.4	38.1
(4) Security facilities	Available	46.1	76.6	30.5
(5) Telephone ownership	With telephones	0.08	25.4	24.6
(6) The quality of streets	Good	16.8	42.6	25.8
B. High level (>50% change)				
(1) Housing	Permanent house	27	91	64
(2) Water resource	Government water	2.7	77.7	75
(3) Electric resource	Government electric	7.4	98.8	91.4
(4) Water Closet (WC)	Inside home	19.1	93.8	74.7
(5) Transportation facility	Available	19.6	82	62.4
(6) Communication tool	Available	15.62	74.6	59
<u>The aspects which are still negative (<20% change):</u>				
(1) Saving account	Unavailable	84.4	69.9	14.5
(2) Investment	Unavailable	77.7	85.9	8.2
(3) Education level	Under high school	83.2	83.2	0
(4) Education facility	In the village	75.1	75.1	0
(5) Health facility	Government clinic	68	83.5	15.5
(6) Commerce facility	Small shop	66.1	79.3	13.2
(7) Water disposal	Disposal	51.6	48.4	3.2
(8) Garbage	Burnt	99.2	98	1.2
(9) Organization activities	Do not follow	89.5	89.5	0
<u>The aspects which declined:</u>				
A. Average level (21-50% change)				
(1) Village security	Not safe	77.3	100.0	22.7
(2) Social activities	Sometimes	0	42.6	42.6
(3) Air quality	Poor	2.3	31.2	28.9
(4) Neighbor relationship	Mutual help	100.0	54.3	45.7
B. High level (>50% change)				
(1) The land ownership	Not own	25.8	90.6	64.8
(2) Type of job	Not farmer	21.1	82.8	61.7

Table 2
The performance of socio-economy of respondents who still live in village as a result of
BSD New Town (2004)

No	Socio-economy aspect	Performance			
		Declined	Poor	Increased	Still good
1	The land ownerships	√	-	-	-
2	Incomes	-	-	√	-
3	Expenditures	-	-	√	-
4	Saving account	-	√	-	-
5	Investment	-	√	-	-
6	Property ownership	-	-	√	-
7	Type of jobs	√	-	-	-
8	Level of education	-	√	-	-
9	Education facility	-	√	-	-
10	Housing	-	-	√	-
11	Water sources	-	-	√	-
12	Electric sources	-	-	√	-
13	Type of water close	-	-	√	-
14	Telephone ownership	-	-	√	-
15	Water disposal	-	√	-	-
16	Garbage	-	√	-	-
17	Transportation facility	-	-	√	-
18	The street quality	-	-	√	-
19	Air quality	√	-	-	-
20	Communication facility	-	-	√	-
21	Security facility	-	-	√	-
22	Village security	√	-	-	-
23	Health facility	-	√	-	-
24	Commerce facility	-	√	-	-
25	Neighborhood relationship	√	-	-	-
26	Social activity	√	-	-	-
27	Organization activity	-	√	-	-

Based on the Table 3 and 4 below, it can be found that there are 27 aspects of the socio-economic strata which had changed for those who migrated to the BSD as discovered through a questionnaire. There were 4 aspects of the socio-economic pattern which declined 14.8%. They are the socio-economic aspects of social activity, land ownership, type of job and the relationship among neighbours. However, savings, investments, education level, education facility, telephone ownership, health facility, village security, commerce facility, the quality of street, water disposal, garbage and organizational activities remained unchanged (44.4%). For those who had migrated, their conditions of incomes, expenditures, housing, property ownership, housing, water sources, electric sources, water closet, and communication had improved (33.3%). However, transportation facility and air quality were still good (7.4%).

Based on the above data, it can be concluded that the performance of the socio-economic patterns declined 59.3% and still in poor condition and are greater than the performance of the socio-economic pattern 40.7% increase and in good condition. Thus, agricultural land conversion to the BSD New Town in general did not improve the quality of life and living standards of most of the indigenous people who had migrated there.

Table 3
The changes of the performance of community which moved from their villages as a result of land conversion from agriculture to the BSD New Town

Socio-economy aspect	Percentage (%)			
	Comments	Pra BSD	Post BSD	Changes
<u>The aspects which increased:</u>				
A. Average level (21%-50%)				
(1) Incomes	More than 500 000 rupiahs/month	34.4	59.0	24.6
(2) Expenditures	More than 500 000 rupiahs/month	29.5	59.0	29.5
(3) Property ownership	Television, refrigerator	23.5	100.0	41.5
(4) Housing	Permanent house	55.7	93.4	37.7
(5) Water source	Government water	18.0	62.3	44.3
(6) Electric source	Government electric	67.2	100.0	32.8
(7) Security facility	Available	49.1	73.8	24.7
(8) Communication facility	Available	18.0	59.0	41.0
B. High level (>50% change)				
(1) Type of water closet	Inside the house	24.6	98.4	73.8
<u>The aspects which remained positive (<20% change):</u>				
(1) The quality of air	Good	95.1	91.8	3.3
(2) Transportation facility	Available	55.7	70.5	14.8
<u>The aspects which remained negative (<20% change):</u>				
(1) Savings	Do not have	67.2	82.0	14.8
(2) Investments	Do not have	91.8	80.3	11.5
(3) The level of education	Under high schools	81.9	81.9	0.0
(4) Communication tool	Do not have telephone	91.8	85.2	6.6
(5) Education facility	In the village	58.8	58.8	0.0
(6) Health facility	Government clinic	67.2	70.5	3.3
(7) Village security	Not secure	52.5	49.2	3.3
(8) Commerce facility	Small shop	90.1	85.3	4.8
(9) The quality of street	Not good	88.5	86.9	1.6
(10) Water disposal	Water disposal	65.6	65.6	0.0
(11) Garbage	Burnt	96.7	100.0	3.3
(12) Organization activity	Do not follow	100.0	100.0	0.0
<u>The aspect which declined:</u>				
A. Average level (21%-50%)				
(1) Social activities	Seldom	0.0	23.0	23.0
B. High level (>50% change)				
(1) Land ownership	Do not have	3.3	82.0	78.7
(2) The type of jobs	Not farmers	3.3	82.0	78.7
(3) Neighborhood relationship	Not close	0.0	91.8	91.8

Table 4
The socio-economic performance of native villagers who move as a result of the construction project of BSD New Town (2004)

No	Socio-economy aspect	Performance			
		Decline	Poor	Increase	Still good
1	Land ownership	√	-	-	-
2	Incomes	-	-	√	-
3	Expenditures	-	-	√	-
4	Savings	-	√	-	-
5	Investments	-	√	-	-
6	Property ownership	-	-	√	-
7	Type of jobs	√	-	-	-
8	The level of education	-	√	-	-
9	Education facility	-	√	-	-
10	Housing	-	-	√	-
11	The water source	-	-	√	-
12	Electric source	-	-	√	-
13	Type of Water Close	-	-	√	-
14	Telephone ownership	-	√	-	-
15	Water disposal	-	√	-	-
16	Housing	-	√	-	-
17	Transportation facility	-	-	-	√
18	The quality of street	-	√	-	-
19	The quality of air	-	-	-	√
20	The communication facility	-	-	√	-
21	Village security	-	√	-	-
22	Security facility	-	-	√	-
23	Health facility	-	√	-	-
24	Commerce facility	-	√	-	-
25	Neighborhood relationship	√	-	-	-
26	Social activities	√	-	-	-
27	Organization involvement	-	√	-	-

The important factor which caused the agriculture land conversion to the construction project of the BSD New Town was the government policy of the new era (*Orde Baru 1966-98*) which focuses more on industrial sectors than agriculture. In this era, agriculture became an unimportant sector. The government used these lands to develop industrial sectors. The development of BSD is one of the examples of government policy which has converted the function of land. The purpose of it is to decrease the Jakarta population and improve the economic activities in Serpong.

The implication of the construction project of BSD New Town is the farmers lose their farming fields. Although the government has given compensation, the amount of money cannot buy other land. In addition, some society members who got compensation cannot use the money wisely. They bought non-productive goods, found entertainment, and got married for the second time (polygamy). In addition, they never got information on how to manage the money as capital to start other commercial businesses.

The statistics above showed that the incomes of the indigenous people who still live in native villages and moved improved. The improvement of their income is not significant, though. Their income is lower than the GNP income of Tangerang society. Unfortunately there is 46.3% of society still living

under the poverty line. After the existence of the BSD, they cannot improve their investment and saving because there is no surplus from their income after expenditure.

After losing their land, they can only work as labourers, small traders, or are even jobless. It can be concluded that the agricultural land conversion in the study area had not enhanced the quality of life and living standards of most of the people who were indigenous to that area. By implication, the biggest benefit of the agricultural land conversion into the capitalist city development (metropolis) went to the capitalist investors and the middle class. This development did not as much involve and benefit the indigenous people who were the proletariats and small producers. The result of this phenomenon is that the latter's incomes cannot fulfill daily demands and needs.

Before the existence of the BSD, the agricultural sector was very good. The farmers could create new jobs for others. Some of the communities did not want to move because they could work and find money in their village. Unfortunately, their job fields have been closed to them as a result of the construction of the BSD project.

With the existence of the BSD New Town, the quality of housing and utilities improved but they are not in tandem with the quality of life of the communities who live in BSD. They are still in the socio-economic patterns of the indigenous ones. The benefits of the BSD New Town are taken up only by the middle class. It proves that the socio-economic class problem still arises.

Those in the lowest socio-economic status can only get the facilities of health and communication suitable to their finances. They can only go to government health center because the cost is cheaper compared to the rates at the international and private hospitals in the BSD New Town. In addition, they cannot buy telephones, mobile phones, nor operate computers or the internet. Thus, it can be concluded that they cannot get equality in the quality of life among others. However, the transportation facilities and the quality of streets increased after the existence of the project.

The community does not have good security facilities shown by the many criminal incidents with the construction project of BSD. The impact of the entertainment facilities influence social life like gambling, intoxication, illegal drug consumption and infection of HIV/AIDS. If the government does not give full attention to these negative social impacts, the quality of life will deteriorate and even be endangered.

The community does not want to hold social activities such as community work after the existence of BSD. It is one of the effects of capitalists who only think of benefits or money. They do not have good neighbourliness anymore. They only think about themselves. In short, social norms have weakened.

The other effect of BSD New Town is that the community does not involve in any social organization. Before the existence of BSD, most of the community followed the organized style of farmers, where they cooperated with one another. It is one of the proofs that the BSD has provided negative impact on community life. This condition makes them lose their occupational identity.

Based on the responses of the population of this study and the characteristics of welfare which include income, expenditure, savings, investment, utilities, education facility, health, and others, it can be concluded that the agricultural land conversion in the study had not enhanced the quality of life and living standards of most of the people who were indigenous to that area. They are still in the same position in matters like education, health, commerce, communication, security and political facilities.

The Appropriateness of BSD New Town as a Development Model from the Perspective of the Indigenous People

The purpose of the BSD New Town development project was to reduce the overpopulation in Jakarta and improve the economic sector in Serpong and areas around it. As such, it may be concluded that

the BSD New Town is not an appropriate development model as it is not local-people friendly. The failure of the development of this new town could have been less if it was purposed to be an industrial area with an emphasis on agriculture. Then by implication, the biggest benefit would have been to the indigenous people because they could continue their jobs as farmers and modernize their farms as well as not lose occupational identity.

The construction project of BSD is not appropriate as an agricultural land conversion model for the indigenous people because the existence of BSD is not fair or equitable for some reasons: (a) the indigenous people have lost their jobs and incomes from the agricultural sector, (b) there is lop-sided compensation made by the developers resulting in the inability of the indigenous people to buy other land as replacement using this money, (c) the transformation in the professions of the indigenous people is only to the low levels (as labourers, small traders, maids, etc), (d) the native people cannot participate economically in the economic system in BSD and new places, and (e) the indigenous people can only move to rural areas.

The capitalists thought that it would give more benefits if these areas were built up as estates and industrial sectors, as these areas are near to Jakarta. Unfortunately, the native people received a bad impact because of two reasons. First, they lost their occupational identity, and second, they cannot participate actively in the economic and social sectors.

It can be predicted that the next generation will not know about agriculture and participate beneficially in the economic and social sectors. They will become even poorer than before. In short, the existence of BSD has caused the community to lose their identity at social and economic levels.

The purpose of such development in Indonesia was to create human beings who have good culture, welfare, and fairness. Those things did not happen even to the present generation recipients or native people of Serpong, what more the next. The capitalists do not implement the government regulation number 24/1992 (Spatial Planning Regulation) which states that all activities which change an area should provide benefit to the native people

The Implication of the Policy of Conversion of Land

The development of the construction project of BSD New Town cannot be avoided in this globalization era. However, this development model is not very appropriate for the native people because they become marginalized to rural areas. To overcome this problem, the government should create a new policy at the national level for now and the future.

It is hoped the findings of this study will help government to make a policy on the agricultural land conversion which favours the local people in the development of cities in Indonesia. This conversion must consider fairness for the native people.

After losing their land, most of the communities felt depressed on how to maintain their life, and start a new commerce business. To overcome these problems, the government should give them funds, and train them on how to run a business. It is a fact that the construction project of BSD still continues because there are 3,000 hectares of land which have been given approval but are not developed yet. It is suggested that the government should consider the position and existence of the native people so that they do not lose their traditional jobs, as well as economic and social status. The responsibilities of capitalists of BSD and government should not only give them compensation but also involve them closely. The approach which the government may take is: (1) the government should follow the regulations of agricultural land conversion which have been applied by other developing countries, (2) the government should involve the native people at the economic and social sectors in the BSD New Town so that they do not lose their occupational identity. In addition, the government can give them training and workshops on how to run new businesses.

This study shows that there are some steps which can be taken by government to perform agricultural land conversion by involving the indigenous people and not to marginalize them. All things above depend upon the readiness of government, politically, to perform them.

CONCLUSION

The factor which caused the agricultural land conversion is the policy of government in the new era (*Orde Baru*). It focuses more on the capitalists and denies the agricultural sector. Thus, the government has taken the society's agricultural land because of developmental reasons. This fact makes them marginalize the indigenous people who lose their occupational identity. The compensation given by the capitalists and government is not equitable because they cannot buy other agricultural lands. Then, they become jobless because they do not have sufficient knowledge and skills to do other jobs. The biggest benefit of the agricultural land conversion into the capitalist city development went to the capitalist investors and the middle class. This development did not as much involve and benefit the indigenous people who were the proletariats and small producers.

The BSD New Town has failed to play its role because it gives a bad impact on the indigenous people. They lose their occupational identity, incomes, homes, and other material things. They are marginalized in the urban areas and cannot improve their welfare. As such, it may be concluded that BSD New Town is not a very appropriate development model for Indonesia as it is not local-people friendly.

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