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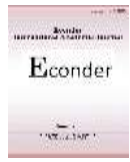


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**Econdor 2020 II. Uluslararası İktisat, İşletme ve Sosyal Bilimler Kongresi**  
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**22 - 24 Temmuz / July 2020**

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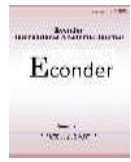


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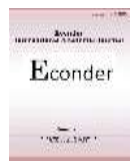


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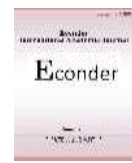
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## When The Mining Industry Sorrounds the Villages: Empirical Evidence From South Kalimantan Province, Indonesia

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### Abstract

*This paper describes a rich natural resource but is not directly proportional to the level of welfare and justice for the masses. The abundant natural resources are only enjoyed by a handful of people who have close relationships with local officials or become for business cronies and economic and political patronage. In the era of decentralization and regional autonomy has provided unlimited opportunities for local officials to create policies or regulations that benefit only the entrepreneurs or other groups. The existing policies and regulations do not have a positive impact on society, so it is not uncommon to generate a sense of injustice and conflict between communities and mining companies—typical drama in the world of the mining industry filled with greed and poor humanitarian values. Therefore, mining and business-politics industries in some areas of South Kalimantan Province become the arena of the collaboration of mutually beneficial elite elites should sacrifice the values of democracy and humanity. The policy, regulation, licensing, and protection of mining entrepreneurs by local officials became the strategy of building a network of business and political cronies that still exist at present, especially at the time of appointment of regional head regency.*

**Key Words:** Mining Industry, Local Community, Local Government, Local Poverty, South Kalimantan

### Introduction

#### A Reflection of Thought

The world of mining is a world full of conflict, intimidation, human rights violations, and socio-economic poverty for local people, especially people living in mining sites as an inevitable reality in the world of extractive industries in the era of the world economy. The extractive industries in the world are economic activities that often cause problems and conflicts between local communities and mining companies that cause suffering and grief. The logic of mining is the logic that strives for the accumulation of profits but often does not pay attention to the interests of others or local communities in the mining area. Meanwhile, the state is often absent or in favor of the importance of the people. The government more defends the interests of the company with several policies, licenses, and protections provided by the state. A mining world is a world full of conflict, intimidation, human rights violations, and socio-economic poverty for local people, especially for people living in mining sites as an inevitable reality in the world of extractive industries in the era of the global economy. The extractive industries in the world are economic activities that often cause problems and conflicts between local communities and mining companies that cause suffering and grief. The logic of mining is the logic that seeks to accumulate profits but often fails to pay attention to the interests of others or local communities in the mining area.

Many empirical facts show that in some rich countries, countries in natural resources are not directly proportional to the economic growth and social welfare paid to their citizens where there is no social conflict and intimidation between local communities and mining companies.

Greed and mining predators, in harmony with the development of the global economy, mining, have invaded resource-rich countries and have become sad, despite the common good. For local people who have lived in several villages for a long time, generations were suddenly driven out because their town has become a predator and greedy surrounded by mining. The communities are barren because forests and the environment have driven out of mining machinery that operates in various mining locations in Indonesia. Like the story of a common enemy for local people who live in several mining areas of Indonesia. The sense of community injustice so far, because natural resources are only felt by certain people and have no social and economic impact on them.

Collective accumulation, structured by a sense of injustice, often leads to conflict and violence between local communities and companies, as explained by Tadjoeddin (2007) in his works, A Future Resource Curse in Indonesia: The Political Economy of Natural Resources, Conflict and Development. The villages invaded by the mining industry share a dreadful ghost town for the local community. Is this the so-called tragedy of the commons written by Hardin (1968)? With this perspective, Hardin describes the existence of rich natural

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resources that have become a disaster, conflict arena, and poverty for the local people because each individual acts freely to accumulate for personal gain regardless of the interests of others.

The study of natural resources and the environment becomes an interesting phenomenon for the academic world and the birth of several study institutions or NGOs that concern the environment and the empowerment of local communities. Over the past decade, much attention has focused on questions about the impact of an abundance of natural resources on growth and transmission channels. Apart from the extensive literature on this topic, no consensus has emerged as to whether natural resources are a curse or a blessing. The phenomenon of the curse of natural resources and the Dutch disease that many experts have spoken about or written about becomes interesting when viewed in the context of the existence of a country's abundant natural resources, but trapped in poverty.

In another perspective, some scientists see the curse of natural resources caused by rent-seeking behavior which promotes corrupt practices which in turn slows economic growth, Bardhan (1997), Leite and Weidmann (2002) and poor quality Sachs-Institutions and Warner (1999) ). On the one hand, there are indications of the marginal adverse effects of natural resources on economic performance, Sachs and Warner (2001), Leite and Weidmann (2002). It has also has suggested that the curse may be caused by rent-seeking behavior, which increases numbers or corruption, which in turn reduces growth (see Bardhan (1997), Leite and Weidmann (2002)), crowd-out education, Gylfason (2001). and the quality of institutions, Sachs and Warner (1999)).

On the other hand, the success of countries like Botswana, which is rich in natural resources and with high growth rates, questions the idea of a curse. Therefore, empirical evidence has recently begun to consider heterogeneity coefficients to determine whether there are conditions where the resource curse could avoid. Mehlum et al. (2006), Collier and Hoeffler (2009)) Indeed, the fact that heterogeneity was taken into account can correct the possibility of bias in estimation. Manzano and Rigobon (2007) found no evidence of a resource curse when adding land-related effects, while Bravo-Ortega and De-gregorio (2007) examined natural resources using variables such as education and institutions to determine conditions under which the resource curse might be prevented.

Consistent with the literature on natural resources and growth, which emphasizes the role of education and institutions in avoiding curses, and in particular the research on multiple growth paths, shows that education, institutions, and geography are important determinants for this. Group countries to test whether education, institutions, or geography influences the possibility that a particular country will become one of the blessed growth regimes. We estimate a limited mix of regression models, semi-parametric methods for modeling heterogeneity that are not observed in the data, in which countries are sorted into regimes based on the similarity of conditional distributions of their growth rates. This approach offers two main advantages. First, we relax the hypothesis of a single growth regime and let the data determine the optimal number of regimes, which offers more flexibility and better adaptation compared to the literature that establishes a single growth regime. Secondly, instead of imposing a priori group of countries (for example, some studies distribute samples to high and low-income countries). We divide countries into regimes that are blessed and condemned by re-estimating their chances of becoming part of a country or another system that we originating assuming that it is a function of education, institutions, and geographical features.

In their work, Sachs and Warner (2001) show the harmful effects of natural resources on growth and do not support the idea that geographical or climatic characteristics explain the curse of those resources. Further evidence for source curses was provided by Gylfason (2001), Leite and Weidmann (2002), Papyrakis and Gerlagh (2004), and Papyrakis and Gerlagh (2007), both the direct effects of natural resources on growth rates and the indirect effects have. This affects the impact of resources on investment in physical and human capital (Maty Konte 2011).

Another example of an explanation for market failure is the overshoot model. Rodriguez and Sachs (1999) argue that resource-rich economies tend to have higher and not lower GDP per capita in resource-poor countries. They introduced factors of production that (such as oil) developed into the Ramsey model slower than labor and capital and showed that the economy had an excessive effect. The economy finishes from a stable income level in a limited amount of time and then returns to a stable state with a negative growth rate.

This literature explains the history of government failure - the political economy aspects of the explosion of resources. Revenues from resources have increased so dramatically that investments in rent-seeking to record resource controls are far more profitable than investments in production. Exploding, dishonest competition, corruption thrives, and inhibits economic growth (Auty, 1997; Sachs and Warner, 1999a, b; Bulte, Damania, Deacon, 2003). For this reason, efforts to use profits from the raw material sector for industrial policy projects have not been successful in many countries. The government taxes primary resource producers and invests their money in priority industries. However, most projects fail due to industry selection which is influenced by non-



economic factors such as lobbying or cronyism. There is also evidence of decreasing human capital and increasing inequality.

Therefore, there seems to be a dilemma here: market failure requires government intervention, but poor institutional quality causes government failure. The question is why some resource-rich countries do not use their random profits to improve institutions. Based on regression analysis, the next section provides a statistical profile of resource-rich countries. It is hoped that this profile explains some complex interactions of factors that can cause resource curses or resource blessings for a country. Dutch disease theory emphasizes the role of markets rather than the processes that occur through political institutions. This mechanism can be broken down into the effects of resource movements and the expenditure effects resulting from resource shocks. The effect of resource movements illustrates the movement of factors of production from various sectors to the resource sector due to higher marginal productivity. This illustrates the results of inflation from income shocks, which in turn reduces the competitiveness of raw materials outside the primary sector.

The existence of a large natural resource sector or an explosion in the natural resource sector will affect the distribution of employment throughout the economy because the wealth effect keeps resources away from activities that are conducive to long-term growth (Sachs and Warner, 1997; 2001). This is because the state sees natural resources, not human capital, as their future. This sectoral shift can affect long-term growth (Matsuyama, 1992; Bulte et al. 2003; Gylfason, 2001).

In this paper, we will explain our result in some districts in South Kalimantan Provinceregarding mining industry activities in several mining sites in South Kalimantan Province. As is known has a wealth of natural wealth, especially in the mining sector. Normatively as written in the constitution of the state that the natural resources are controlled and managed by the state for the welfare of all Indonesian people. However, the fact that abundant natural resources have been controlled or taken hostage by communities, companies, or who have networks with the authorities. They are robbers or economic predators who collect natural resources greedily seem to care about the interests and welfare of the people, and they are part of the network of Soeharto's regime.

After the fall of Soeharto's government in 1998 as a new history in the management of the government system, from of the authoritarian government system to the democratic government system that gave birth to the democratic transition. The fall of the Soeharto's government has not only created a structure of change in governance but also changes in policy in terms of natural resource management that was previously carried out by central government policy control and the current policy brought about by local government policy since the implementation of decentralization and regional autonomy. At the time of Soeharto's government the natural resource management controlled by the center government or Soeharto's business cronies.

Decentralization and regional autonomy introduce the era of natural resource management, which is largely governed by local regulations and more determined by local governments. Initially, it was believed that decentralization and local autonomy provided hope or hope for local communities to improve the welfare, justice, and quality of human resources, especially for local residents with rich natural resources. But the reality is not the case. Unfortunately, behind the question of decentralization and regional autonomy, local authorities, local actors and stakeholders have used natural resources to build a conspiracy, corruption, and mining mafia network through policies such as mining company licensing broker (As'ad, 2015, 2017).

### **Theoretical Approach: Decentralization and Local Autonomy Perspective**

Indonesia has been undergoing a rapid and long-term decentralized process since late 1998. This process has transferred a large amount of administrative and regulatory power from the central government in Jakarta to the provincial and regional governments in Indonesia. This delegation has taken place in large part of the country's economy and has sharply redefined the roles and responsibilities of government institutions at all levels of the state administrative structure. Indonesia's ongoing decentralization process, with decision making issued by the national government, marked a dramatic break with the highly centralized government system that characterized the Suharto regime from 1966 to 1998. Indonesia was driven by demands from provincial and district governments, whose working areas were rich in wood, oil, and other natural resources. Officials from resource-rich regions have long complained that most of the benefits from these assets flow from their regions to national governments and private sector companies, which are closely related to decision-makers in Jakarta.

While the New Order government continued to demand greater regional autonomy and regional control over natural resource revenues, the Soeharto government could not ignore this demand. On the contrary, since 1998, the country's top leadership has recognized that its ability to maintain the integrity of Indonesia as a nation may ultimately depend on its ability to achieve a more balanced balance of power between national governments on the one hand and provincial and district governments. On the other hand, the national government has issued several important legislative proposals over the past three years, which aim to delegate authority to provincial and district governments and allow regional resources to receive a more significant share of tax revenues in their



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territories. Most notable are Law 22 on Regional Government and Law 25 on Budget Balance, both of which came into force in May 1999. Together, these laws provide a legal basis for regional autonomy with a broad framework for administrative decentralization and regulatory bodies, especially at the district level. This law is supported by a number of implementation provisions and sector-specific decentralization laws, including Law 41 of 1999, a revised version of the Indonesian Forestry Basic Law, which defines the division of administrative authority in the forestry sector under regional autonomy.

In many parts of Indonesia, provincial and district officials acting in the spirit of regional autonomy have implemented reforms that go far beyond the power given to them by laws and regulations to decentralize national governments. In fact, the formal decentralization process has largely progressed. Not through political decisions at the national level, but through decisions by provincial and district actors. This process is often ad-hoc, and national policymakers are often able to respond to rapidly changing provinces and districts. The implementation of regional autonomy in Indonesia is not only a carefully planned and carefully managed exercise for bureaucratic restructuring but is also characterized by fierce struggles between various levels of government, each representing a variety of competitive political and economic interests. In this way, regional autonomy goes far beyond the formal decentralization of administrative and regulatory authority. In practice, this also means a significant, though the largely private and unplanned transfer of power from the central government to its provincial and district level partners (McCarthy, 2001).

Theoretically, this decentralization occurs when the central government officially delegates authority to lower-level actors and institutions in the administrative and territorial political hierarchy. Development agents, natural resource managers, and several environmental activists promote decentralization to improve efficiency and equity in natural resource management. When decentralization reforms are implemented, they influence how local communities value, access, use, manage, and express their claims and concerns about natural resources. Theorists agree that the efficiency and equality of benefits of decentralization are based on democratic processes that encourage local governments to meet the needs and desires of their constituents (Smoke 2000; Uphoff and Esman 1974; Crook and Sverrisson 2000).

The logic underlying decentralization is that democratic institutions (or those locally responsible) recognize and respond more to local needs and ambitions because they have better access to information and can be more accountable to local communities because of their proximity. The downward responsibility of local authorities - accountability to local residents - is the main mechanism in this formula. In short, effective decentralization is defined by an inclusive local process between local authorities who make their own decisions about resources that are relevant to the local population. This is a form of traditional community participation.

For example: In cases from Cameroon, Indonesia, and Uganda, the transfer of use rights to local governments was reported to cause excessive timber exploitation, mainly due to the income needs of local governments and local communities. Local youth in Cameroon expressed a desire to take advantage of the forest and cited the fact that previous generations and the government had done this for them before. Why didn't they do that? In this case, it is not clear whether the practice of local resources is worse than the practice of granting commercial concessions by the central government. Decentralization must allow local people to fulfill their daily needs or cash. The idea is that government responsiveness and accountability will increase because local governments, which are closer to local civil society and are more responsible, make decisions. The success of decentralization is highly dependent on the ability of local voters to hold local governments accountable for their actions. Simply put, if the accountability mechanism works effectively, voters can follow political actors and regulators must be able to punish political actors if they reject them (Ribot 2001).

Decentralization policy is a program that aims to increase the ability of local civil society to control and pressure local governments. But what happens if the analytical categories adopted by the transition to civil society, which depends on the prospect of successful decentralization, do not exist? Decentralization and subsequent decentralization influenced the exercise of public power over nature in the local area in the Suggestion of Central Assistance (McCarthy, 2007), d. The number of arguments:

First, the transition to and from decentralization in Indonesia in 1998-2004 was a struggle for resources that showed a defined path from political and legal change. Like other regions undergoing decentralization reform, the elite undoubtedly benefited disproportionately from this struggle. Rather than seeing this as another case of elite involvement, these changes could be more easily understood in terms of the interaction between two established resource management tools that are both interconnected and competitive. Before decentralization, localized exchanges and accommodation or accommodation methods were well developed but were less visible. During the high season of regional autonomy, these modes become more autonomous than the centralized management of resources that were previously in force.

As this mode of decentralization developed, rent continued to spread. While this benefits a variety of strategic and strategic local actors, poor structural actors face short-term and limited benefits due to structural losses. Over



time, the older system became clearer: With adjustments to business interests, district elites and administrative structures and important national actors were included in their access processes. Just as the colonial regime inevitably involved local elites, the common economic interests sought to work with strong local men, administration, and village elites who were driven by change. In this way, the method of extracting decentralized raw materials that have received bad press is still expressed in a dominant centralized mode (but largely ignored).

Second, the literature shows that democratic decentralization requires civil society capable of holding to responsible state authorities who have obtained delegated power to succeed. This provides a conceptual framework for those who want to channel and regulate population demands on the state. Critics have found that it is difficult to make the concept of decentralization, which was founded in modern Western Europe, and its application to the development of universal politics. As an example of the case found by McCarthy (2007) in Central Kalimantan, power is localized and often naked in his facial expression. In the past, the state system in Central Kalimantan was rather predatory. Even under the decentralized system, remote and poor communities are still faced with significant obstacles to holding district governments accountable or participating in policymaking. In the absence of formal accountability, taxes obtained from local resources are often transferred from conventional government services and other activities to a customer list system for exchange and distribution.

However, this political story is disappointing in remote places like South Kalimantan. Theoretically, a better understanding of the assumptions that drive the existing resource management system will extend the life span of looking for interventions that can increase the bargaining power of disadvantaged actors through sustainable local exchange and accommodation methods. The concept of access is essential for understanding the impact of regional autonomy on patterns of resource use. Access is defined as the ability to use natural resources. Because actors experience difficulties in using natural resources productively, they use a number of social, economic, and legal mechanisms. Specifically, the conditions of the legal framework, institutional strength, group membership, social or ethnic identity, social status, dynamics in resource control groups and access to the state, capital, material resources, ordinary authority, markets, knowledge and the ability to use institutional mechanisms are all factors that influence the process of access to resources.

The New Order government system that ran before regional autonomy was analyzed in a horizontally and vertically integrated network of powers and interests, mostly financed with additional legal revenues, including from the timber sector. Under this system, strong political bureaucrats struggle for entrepreneurial activities. If possible, hire, whether for self-enrichment, to uphold the loyalty of others within and outside the order of power and / or to uphold the political interests of the institutions in which they are embedded. To ensure that local residents do not receive civil rights instead of remaining dependent citizens, their local representatives need the safe and wise territory. The domain of secure rights must be defined and protected legally through representation and compensation (McCarthy, 2007).

The responsibility of local decision-makers towards the people - local democracy - is believed to be a mechanism for achieving greater justice and efficiency. When responsible local authorities such as elected local authorities are elected, democracy is strengthened. However, some lessons and recommendations can be obtained from limited decentralization experiments conducted in different locations. Decentralization requires that energy transfer, known as the principle of environmental subsidiarity, be very beneficial. These principles can be developed to control the distribution of decision making power, governance, implementation, enforcement, and dispute resolution at the government and institutional levels. The security of energy transmission is also important. Local representatives remain responsible and subject to central authority when their power can be delegated and taken over—decentralized democratic power for empty natural resources. Most decentralization reforms only identify one or the other. The partial explanation is that many government officials fear decentralization and therefore block it.

Some of the issues that arise relate to three basic elements of decentralization - responsibility, policy, and security - as well as other important reforms that can help activists and policymakers to highlight the positive aspects of decentralization with natural resources and minimize negative effects. Legislation and implementation of decentralization are the first steps. However, even when safe decentralization exists, support and guidance measures from the central government and others are needed to ensure that natural resources are not overloaded, justice is not disrupted, and laws and implementations do not conflict with others' work. Some of these efforts will be successful, including minimum environmental standards and poverty reduction, as well as accompanying measures for political education and conflict resolution. The central government has a key role in promoting the reforms needed for effective decentralization. In practice, the final point of decentralization reform was never reached, because reform requires ongoing political struggle between local and central interests. The central ministry directs and delegates authority to various local institutions in the name of decentralization. better meet local needs (Robot, 1998).



After a brief description of the policy of decentralization and regional autonomy, this policy offers more space and opportunities for local governments to issue policies or regulations related to the control of natural resources. The weakness of natural resource management is not only seen in the pursuit of economic profit. In the case of natural resource management in the province of South Kalimantan, natural resources, especially mining, are closely related to the increasing interests of political interests, especially in relation to regional elections or democratic party events. Miners or predators play mining issues in the context of political interests to seize local power through transaction policies between local political actors and mining predators. The problem of mining enters the arena of political play, where many mining companies promise sources of economic income to finance political activities, especially in local elections or deputy elections.

### **Locating the Research Empirically: South Kalimantan Provinsi as a Setting**

Mining business and political relations in South Kalimantan province are closely linked as two sides of a coin. The topic of mining has always been political marketing as a strategy to achieve business positions or networks and political protection. This cannot be avoided, because after the Soeharto government, the dynamics of national politics became more liberal, pragmatic and a more capitalist democratic process, which of course required high costs. Therefore, almost all regional authorities in the province of South Kalimantan are people with entrepreneurial backgrounds, especially coal mining entrepreneurs. They have the capital or the power of money to fund transactional capitalist democracy. Likewise, political party leaders or political party administrators are almost entrepreneurs or people from the mining industry. Typically, those in power run for local government candidates or sponsor political funds for candidates who compete in local elections (As'ad, 2015; Hidayat, 2007, Aspinall and As'ad, 2016, Aspinall and As'ad, 2016).

As a result, many local officials are caught using abuses of power, elite corruption, and the practices of seeking retirement to gain economic and political power, even if they break the rules. The use of very loose powers and regulations has affected the destruction and impoverishment of local communities as a result of the transition from forests to mines. The transfer of land use from forests to mining areas is an economic opinion for regional leaders and entrepreneurs to benefit, regardless of the socio-economic existence of the local population.

The main argument of this document is that, despite decades of coal mining, the wealth of natural resources, especially in the mining sector, is not directly proportional to the improvement of economic and social justice for the community. Decentralization and regional autonomy policies have given local actors and miners the opportunity to use decentralized mining resource management by building a network of conspiracies and local officials or political elites who hold positions in local government and legislative members, as well as security forces such as the police and the Army.

Regarding the pattern of network conspiracy between local officials and mining companies by issuing permits for mining activities: First, the issuance of permits without regard to land use planning or the preservation of the natural environment, which caused many conflicts in protected forest areas between residents and mining companies and massive evictions. Second, approval is usually given before the election of regional heads (Bupati and Governor) to strengthen business protection networks and mutually beneficial transaction policies. Third, overlapping permits reaching thousands can take a long time and can be a negotiation event between the authorities and businessmen. Fourth, abuse of law violations in matters of important public interest, which has resulted in government losses due to corrupt and mafia practices in the mining sector.

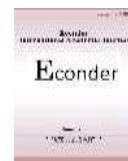
South Kalimantan Province is one of the regions in Indonesia with abundant coal reserves. South Kalimantan is in third place with a contribution of 16.36% to the national coal reserves. Mining began to grow with government policy in 1980 to invite foreign direct investment in coal mines in East and South Kalimantan and to drive coal-carrying vehicles on public roads. The coal trade in South Kalimantan has grown rapidly since 2000. In South Kalimantan province there are three approved mining companies known as legal miners: Arutmin Indonesia Ltd., Adaro Indonesia Ltd. and Chung Hua Ltd. with an operating license. Legal miners are usually large companies. Apart from these legal miners, there are many other small miners without permission. This is known as an illegal miner. The number of illegal miners continues to grow. There are several illegal miners in almost every district in the province of South Kalimantan.

In 1997, 157 people or companies of this type were registered. In early 2000, this number rose sharply to 445. In 2004, there were 842 business units. Illegal miners are unique and cannot be treated like legal miners, especially when rules and regulations are applied. While the coal trade seems to benefit individuals and businesses, the benefits of this activity for the region are unclear. Coal mining is a boom-and-bust industry, which is why the welfare of the people in this region is usually closely related to the health of coal mining.

This does not appear to be the case in South Kalimantan. There are clear differences in the wealth and income of people who live near the mine and along the coal transportation road and which produce more coal mines. Communities receive dust and dirt from the coal industry, while workers and managers receive benefits and



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benefits (Adaros Community Development Fund, provided to the community, 2002). In fact, most of the coal extracted in South Kalimantan will be exported. Only less than 10% for home use, including electricity for electricity generators, cement production and other industries. Mining methods and activities to supply raw materials to consumers have a negative effect on the environment. Stripping methods are often used in South Kalimantan (Luthfi Fatah, 2007).

In mining, licensing requires a lot of money. This is an opportunity to get money for local authorities who are authorized to issue mining permits. South Kalimantan Province is aware of many mining permits that have been issued by various local leaders. Such practices have been going on for a long time, especially since decentralization and regional autonomy were implemented, because local governments implemented comprehensive regulatory policies that were difficult to monitor by the public because of their covert nature. Natural resource management, which has been around for a long time, is managed in a mafia and casual manner and does not comply with the principles of accountability, transparency, and justice. Failure to comply with good coal mining practices. But the opposite is true in managing poor governance practices in coal mines that do not provide a sense of justice to the public. Corruption, mining mafia, and abuse of power have led to victimization of local community policies and environmental degradation, and have become a vicious circle that is difficult to unravel because stakeholders do not have the political will to ensure a transparent and responsible mining policy but what happens, is conspiracy and greed of the local population. (see Erman, 2005; Muhammad, Maimunah, Kirom (ed.), 2005; Paripurno and Maimunah, 2010; Salamudin, 2011).

This is a serious mining problem that has existed for decades. Mining predators try to influence government policy in mining management. The arena of play is through legislative institutions through lobbying or political regulation agreements or legislative members who network with miners. In addition, many legislators have backgrounds as mining entrepreneurs. So far, mining has not yet reflected responsibility, responsibility, transparency and justice. As a principle in managing governance for mining. But what happened was a conspiracy of mining predators who had a patronage relationship with local officials.

As a consequence of the misconduct of law enforcement and acts against breaches of rules for mining companies that are unemployed, there is often resistance from local communities to the presence of mining companies in their areas. No wonder if all this time the mining industry only enjoyed the results by mining predators. Namely entrepreneurs, political elites, business patrons of local authorities as described by a number of local communities. Local communities only feel the bad impact but do not feel socio-economic prosperity. Just look at the words of some local communities that the mining industry that has been operating since dozens of resistant, our village no change anything socio-economic and infrastructure development but it is the destruction of the environment, marginalsasi culturally and tradition gradually began to become extinct due to greed of corporatocracy.

The presence of mining companies in some regions or districts in South Kalimantan Province is really just a curse, and not a blessing. They are driven from their hometown, which since their generations settled in their village. They have to flee for new livelihoods and build new villages. They can not survive being pressured by exploitation of the mining industry. They lost their independence and human values. Loss of economic, cultural, and social resources as a legacy from their ancestors gradually wiped out local wisdom and local knowledge that became values system to drives their lives has been destroyed by the mining machinery industry. Local communities who defend their rights to the land they own are arrested and imprisoned for being accused of being provocateurs and considered to be company activities. The government that is supposed to protect of the local communities is more defending the interests of the company. Political corporatocracism, such as greed and in difference to the environment and the existence of local communities as a serious problem in mining areas in South Kalimantan Province as well mining areas in other provinces in Indonesia. The greed of the company is gaining the greatest of these limitations of natural resources into concern for those who care about the environment and the existence of local communities.

In decentralization and local authonomy, the mode of conspiracy between local government officials and corporations can be seen from the process of issuing hundreds of mining permits. The indication can be seen from several things: First, the permit issued without considering the spatial layout of the territory, or the carrying capacity of the natural environment causing many conflicts between citizens with mining companies and massive clearance of protected forest areas. Second, the issued permits are issued ahead of the district elections, as well as the gubernatorial election, as happened in South Kalimantan. Third, the overlapping of permits that reach the thousands is allowed to drag on and potentially become a bargaining event for money between the rulers and businessmen. Fourth, the abuses of lawlessness in major cases of public interest resulting in state losses arising from corrupt and mafia practices in the mining sector continue.

As an illustration, in South Kalimantan Province that mining concessions have been around 1.8 million hectares or more than one third of the total area of South Kalimantan Province, 3.7 million hectares. Based on these data,



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it turns out that many areas or mining concessions that violate the rules of legislation, such as in Tanah Bumbu Regency which has the largest number of mining permits from mine producing districts in South Kalimantan Province. At the time of Zahirullah Azhar as local head regency of Tanah Bumbu at that time a lot of mining business permit issued, making local regulation or local regulation concerning utilization of natural resources. The matters concerning local retribution tax and third party donations as a policy in the effort to accelerate the development of Tanah Bumbu Regency giving easy of regulation policy to the entrepreneur of mutual benefit. There are dozens or even hundreds of mining business permits issued there are some belonging to the family or belonging to people nearby. Like wise there are some licenses belonging to the central people (Jakarta) who are likely to have services in the election process of the local head government.

When viewed from the economic aspect, mining industry in terms of royalty is not too significant for local government. This can be seen from the royalty sharing system. The division of mine royalty, the central government gets 20 percent, while the provincial government is 16 percent, the district government as a mine-producing region gets only 32 percent. For the regions (districts), which do not have mining mining areas, such as Banjarmasin city, Barito Kuala regency gets 32 percent. Therefore, the largest contribution is from third party donations that contribute to the local government of Tanah Bumbu Regency as the original revenue of the region. As an illustration, in 2010, revenue from third party donations reached 60 billion, in 2011, reaching 90 billion, in 2012, 120 billion, in 2013, 200 billion. In 2014, 180 billion declines as the global coal market declines. According to Mardani H Maming, Regent of Tanah Bumbu District, the third-party donation is intended to finance the local government's non-permanent employees, amounting to about 4,000 people, to pay for free schooling until the age of 12, free medical treatment for poor citizens, Teachers who number approximately 1700 people. Also intended for socio-economic empowerment of the community.

Another mode of conspiracy among actors in the mining business is the omission of illegal mining activities. In the before describing the illegal mining, briefly explained about the beginning of illegal mining activities. Illegal mining began in 1989 in Tapin and Banjar districts along with the issuance of mining concession licenses to the joint village unit cooperative in Binuang, Maduratna village unit cooperative in Sungkai, and village unit cooperative Cempaka business which then expanded to several districts in the province other until now. In 1990, the escalation of illegal mining mafia penetrated into Banjar Regency. Looking at the escalation of illegal mining activities that have penetrated into some areas, in 1992, stakeholders related to mining policy established the first coal mining control team to Anticipate the rampant illegal mining activities. Based on governor's decree No. 318 of 1992, the team conducted counseling and controlling on illegal mining. In 1994, the entry of PT. Baradatra Satrya who was assigned by PT. Bukit Asam Coal Mine to participate in disciplining illegal mining. Unfortunately, it is not discipline but to accommodate illegal mining results so as to increase the rise of illegal mining mafia and increasingly chaotic management of the mine.

The involvement of a number of mining companies in illegal mining activities protected by unscrupulous security personnel. Illegal mining activities can not be eliminated. Precisely illegal mining has provided benefits to the parties involved in this dark activity. Therefore, the occurrence of neglect of illegal mining has spawned a number of people into the new rich of such haram practices As the decline in mining business in recent years has affected illegal mining activities. In 1996, Gusti Hasan Aman, Governor of South Kalimantan Province at that time formed a team to control coal mining based on Governor's Decree no. 17 of 1996. The team carried out repressive actions for 3 months (March - May 1996), but after that no follow-up. In 1997, illegal mining began to expand to Hulu Sungai Tengah and Hulu Sungai Selatan. In 1998, illegal mining has spread to Hulu Sungai Utara, Hulu Sungai Tengah, Hulu Sungai Selatan, Banjar, Tanah Laut, Tanah Bumbu and Kotabaru Regencies. Illegal mining activities have entered mining areas of PT. Adaro Indonesia, PT. Mantimin Coal Mining, PT. Arutmin Indonesia, PT. Antang Gunung Meratus, PT. Chung Hua OMD, The Governor of South Kalimantan Province at that time submitted a request to the Director General of General Mining to temporarily shut down the petition for the mining authority.

In 2000, one of the policies of the Governor of South Kalimantan Province was to ban coal transportation through public roads due to the number of traffic accidents, streets and crime. In 2008, Rudy Ariffin, Governor of South Kalimantan issued a Regional Regulation on the prohibition of the use of public roads for coal mines and iron ore and plantations. This regional regulation was effectively implemented in 2009 until now, however illegal mining still exist in secret. This is as expressed by the Head of South Kalimantan Province Mining Service, that illegal mining can be classified into 4 criteria: First, mining activities not equipped with permits. The two holders of mining business licenses that engage in mining activities outside the mining permit area. Third, holders of mining permits conduct mining activities before exploitation permits are issued. Fourth give letter to other party for outside mining area.

In this section of the paper we will describe the network patterns of the mine preadators. One of the arenas of building a conspiracy network of mining predators is at the time of the regional head election. The involvement of mine predators behind democratic capitalization, acting as a political broker or supporting financier, as well as





a strategy of building patronage with potential rulers area. The capitalization of democracy, the local political landscape in South Kalimantan Province, mining issues always color political marketing among the actors who fought in the democratic event (election). The involvement of mining entrepreneurs behind the capitalization of local elections becomes the arena of conspiracy and economic and political patronage. Conspiracy and economic and political patronage have established a hidden interest for a predatory monopoly of mine management.

It is a reflection of economic scarcity that seeks to accumulate local economic resources and is controlled by a handful of people because it has closeness with officials who provide protection. In this section of the paper it is also argued that the predatory group has made the mine issue as the arena of conspiracy in the election process of the regional head. After the end of Soeharto's rule at this moment the mines power has shifted from central predators to regional predators or in local elite capture in line with decentralization and regional autonomy policies. In the local political landscape in South Kalimantan Province, every political event, mining issues becomes trending topics and political marketing amidst the political pragmatism of society.

According to Taufik Arbain, a lecturer and observer of local politics from the Faculty of Social and Political Sciences of Lambung Mangkurat University Banjarmasin said that: "Behind political political event. For example the election of regents, governors, and election of legislative members, is always related to mining issues". "The election as a process of democratization has been taken hostage by the power of capital. Local actors and mine predators work together to build strength to support local ruling candidates and position themselves as the playing makers who can manage the pattern of political raids and rhythms in the province of South Kalimantan. It is not unusual that post-elections of the playing makers position themselves in government as a shadow government and at the same time become chronic business and political patronage of the master of monopolizing economic resources, especially mining business, and regional infrastructure development projects as a form of political repayment".

According to Samsul Daulah, a non-governmental organization (NGO) activist said "that most of the elected regional authorities in the election behind him are mining entrepreneurs or local rulers of mining entrepreneurs and have financial support from mine business operators with mining business connections. This fact is designed by the local capitalist groups, even did not rule out also get support from the capitalist funds in Jakarta. Therefore, political capitalization and pragmatism has led people into political play (money politics) or vote buying played by actors in local elections to influence citizens. Do not be surprised if election gave birth to local rulers having predatory oligarchs amid democratization issues after the fall of the regime authoritarian of Soeharto's New Order".

### **Illegal Mining:As an Arena Robbery and Hostages for Mining Predators**

Various factors encourage illegal mining activities, among others, increased demand for coal, inactivity of license holders, lack of public legal awareness, ease of coal mining in the field. Illegal mining actors are the owners of capital, equipment owners (heavy equipment and transport), miners, mining containers. Illegal mining operation mode, which holds a mining operation permit to send a letter to a person involved in mining that mines outside the mining permit area, holds a mining license to sell a letter or certificate of origin of goods to illegal mining actors, holders of mining business licenses Outside the mining permit area and using self-made mailings. The location of illegal mining activities is carried out among others in the mining area of PT. Arutmin Indonesia located in Kintap, Asam-Asam, Satui, and Tanah Bumbu surrounding areas. Illegal mining activities also take place in Senakin area by PT. Jorong Barutama Greston, PT. Borneo Indobara, PD. Baramarta, PT. Kadya Caraka Mulia, PT. Tanjung Alam Jaya).

Another mode of illegal mining activity is also carried out by the mode: First, the company or individual who operates on community land that is not located concession area of mining business license. Secondly, companies with licenses that are still actively engaged in mining activities outside the concession area of a mining business license owned by the company. This is because coal that is outside the concession of the mining business license has more and more profitable coal potential than the existing coal potential in the mining concession concession area owned by the company. Third, illegal mining activities carried out by a company or person in the concession area of mining business permit have not been worked on or that have been worked on by the company by the owner of the mining business license.

Illegal mining activities are organized by individuals who are involved in illegal mining activities, from coordination of land to be mined, use of coal haul roads from mine sites to shelters or ports, and to the acquisition of certificates of origin. The sequence of activities also involves security personnel, landowners, village officials, employees of corporate security, holders of mining business licenses. According to the villagers of Bina Wara Kecamatan. Kusan Hulu, Tanah Bumbu District, I was involved in illegal mining activities in 2004. My activities are backed by security forces with the mode of providing information on the planned or scheduled joint raid by the police. Then in 2005 joined to work on a mine owned by the Regent Tanah Bumbu at that time. The Regent of Tanah Bumbu Regent has several mining concessions or mining business permits, such



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as located in Kusan Hulu and Kecamatan Kuranji sub-districts. Mining rights are named Indoku mining power, Wijana mining power, and mining authority Hatiib Bara Makmur whose status overlaps with mining concession area of PT. Borneo Indo Bara.

As explained earlier that illegal mining activities are nothing new in the mining industry, but became crowded after an indication of the involvement of high security officials as protectors of illegal mining activities. This is a portrait of a vicious circle that is structured with the involvement of ranks of security forces, local officials, and other interest groups. Next, the other mode is to issue a mining permit without permission to borrow forest area. In the record of the South Kalimantan Provincial Environmental Forum, the mining concession has already covered approximately 1.8 million hectares or more than one third of the total area of South Kalimantan Province, 3.7 million hectares. Based on these data, it turns out many areas or mining concessions that violate the rules of legislation, such as in Kab. Tanah Bumbu which has the largest number of mining permits in South Kalimantan Province.

Tanah Bumbu Regency as one of the richest districts of coal mining resources has mining concession area of 152,036 hectares. Those who have permit use only about 15,654 hectares. For comparison, with Kabupaten Tanah Laut which has a number The second largest mining business permit in South Kalimantan Province has a total area of 60,691 hectares, while only 12,778 hectares are licensed. According to the Minister of Forestry of the Republic of Indonesia at that time, 95 percent of the mines in South Kalimantan Province using forested areas have not been licensed to borrow forest areas. Furthermore, there is no report submitted to the Minister of Forestry from the Provincial and Regency / City Government related to the Minister of Forestry of the Republic of Indonesia Number S-95 / Forest Ministry-IV / 2010 on 25 February 2010 to the governors and regents / municipalities to inventory the area violation Forest by plantation and mining. Still related illegal mining, actually various business or regulation has been done by local government to eradicate illegal mining. However, existing regulations are not able to stop illegal mining activities because regulations are not accompanied by law enforcement or control of relevant agencies. In addition, there are still ways of conspiracy, negotiation in the field between the joint authorities who are involved although illegal mining has penetrated into protected forest areas. Conspiracy is done in silent and under cover.

According to Berry Nahdiyan Furqon, former National Executive Director of the Forum for the environment, that regulations or policies regarding the suspension of illegal mining activities will not succeed unless accompanied by law enforcement or control of the relevant agencies. Unfortunately, precisely the law enforcement officers involved as an operator in cooperation with illegal actors mining. Do not expect this activity to be lost because it promises economically despite impacting the destruction of natural resources. I argue that both legal and illegal miners actually contribute to the destruction of natural resources. The same comment was also submitted by local residents of Kuranji District, Tanah Bumbu District, that illegal mining activities are difficult to eradicate because they are in a structured network involving various actors, especially law enforcement personnel. Yes, indeed in recent years illegal mining activities have declined as the mining business declines. But illegal mining activities are still often encountered in secret, especially at night. Illegal mining has seriously damaged the environment that is impossible to recover. Illegal mining activities as a source of economic income for the parties involved in the activities of the mafia. This is a conspiracy mode.

The power of the state has been co-opted by the power of corporatism of the mine. The number of illegal mining activities has led to protests from residents as happened in Terang Bulan Village, Satuai Sub-District, Tanah Bumbu District. Mining activities are only tens of meters away from the residents' settlements, thus disrupting and even endangering residents around the mine. Illegal mining activities as a source of economic income for those engaged in the activities of the mafia. This is a conspiracy mode.

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Besides being disturbed by the noise, residents are also worried that the illegal mining activity caused the landslide. Previously, residents had demanded the company, PT. Son Kencana Sakti to free their land from entering the mining area. PT. Putra Kencana Sakti as sub contractor of PT. Arutmin Indonesia who insisted on mining because it refers to the agreement ever made between citizens with the PT. Arutmin Indonesia as the holder of mining concession permit which has done land acquisition around the settlement, and given a guardrail fence is a radius of 500 meters. "We are working on the power of PT. Arutmin Indonesia through working contract ama with PT. Jhonlin Baratama, we will keep doing mining activities, except PT. West Jhonlin who



stopped him ", explained the representative of PT. Kencana Sakti. Another comment from the Chairman of the Rukun Tetangga Perintis Desa Makmur said that local communities have the right to stop illegal mining activities because they have disturbed the residents' housing environment, such as noise, fear of landslide and dust pollution. Local communities asked the law enforcement authorities to stop the illegal mining activities and to be fair to the local people but there was no response from the authorities.

### **Rent-Seeking, Corruption, and Conspiracy of Mine Robbers**

The capture of a number of local officials in Kalimantan Province by the Corruption Eradication Commission related to the mine management policy due to abuse of power or position of positions held to smooth the evil conspiracy with the mining entrepreneur. The practice of rent-seeking and corruption in mining policy involves many actors. Rent-seeking can be categorized as a corrupt or mafia practice that uses regulation, authority, and power institutions with patterns Conspiracy among actors. The mining actors are feeding frenzy. The mining resources as commons property in the country have shifted to individual property. In capitalist society, the mine has become a quasi open access and commons pool resources, each actor will try to exploit and monopolize the resources of the mine as great as possible. Otherwise, the other party will gain profit.

Strategic alliances between regulators, power institutions (legislative, executive) as epicenterum of rampant rent-seeking and corruption practices in the mining business. Various modes of conspiracy in mining activities, the term "coordination funds" and quota of thugs, the term that has been familiar to the mining community. Both terms actually reflect the depravity in the mining management system (bad mining practice management) that happened so far. The term co-ordination funds, ie, a sum of money flowing to officials or to security personnel, individuals, or interest groups (mass media, NGOs, mafia mines) involved in the illicit practices of the mining business. As mining activities in Tanah Bumbu began to bloom in the 2000s, many local officials, security officers, political elites, and other groups, benefited from mafia money. The mode is increasingly structured to work in the system under cover. One mode that runs so far is happening in mining ports when delivering coal out of the region and abroad. This is a mafia miner that looks legal by involving various parties. It has become a land of corruption for local officials, security officers from the village level to the district, provincial, and even down to the central level.

As Didi Gunawan explains, Journalist, said that: "This is a systemic mine practice of mafia. One of them is the coordination fund that flows to the officials, security officers, and other groups that have been running for so long and have never been touched by the law ". The term co-ordination fund is an extra fund issued by entrepreneurs as a security fund to facilitate a dark conspiracy, corrosion, and mafia mining. A number of these funds have been calculated and prepared by its own budget by the mining business. The amount of funds spent for once or a barge that dispatched value tens of millions of rupiah. The number flows to several officials including: Kapolsek, Danramil, Camat, Syahbandar, Police., Military District Command, Police Resort, and local officials. The amount varies according to the level of position and function of the official concerned".

When confirmed the mode to one of the shipping agents who at all times dealing with the okunum associated with the delivery of coal out of the region and abroad, revealed: "As a shipping agent, of course, many connections with coal delivery activities to the outside of the region or abroad that At any time in contact with the officers at the port because of dealing with administrative problems in the coal shippers. Indeed, in the last few years coal mining activities have decreased in contrast to several years earlier could reach tens of barges and even hundreds of barges ". "In the middle of the mining activity in the last two years, the delivery of coal out of the region only mencapai 5 to 15 barges just from the port in District Satui. Each barge has to spend 14 million dollars and the money goes to a number of okunum officials and security officers. That's a fact Has been systematically and structured, a mode of conspiracy.

Coal mining delivery activities outside the region and abroad through several mining ports are scattered in several locations in Tanah Bumbu. From some of these ports, the owners are local miners, local and central government officials (Jakarta) who have business networks in the region. Here are a number of coal ports scattered in several locations in Tanah Bumbu: Laggengnya practice of conspiracy structured in the mining business, due to the power of funds issued by mining entrepreneurs flowing to a number of local bureaucratic officials and security officers. Then apply the term wet areas and arid regions that describe the position stratification of the person. Stratification is important because of the large amount of funds received from mining entrepreneurs. For unscrupulous person, but the status of apparatus looking for another way that is not inferior to the recipients of the quota allotment.

Related to this, it is undeniable that there are a number of unscrupulous personnel involved in doing business by supplying various needs related to mining activities, for example, providers of oil ingredients, into coal brokers, or become bodyguard at the mine site. Delivery activities of coal out of the region and abroad through several mining ports scattered in several locations in Tanah Bumbu. From some of these ports, the owners are local miners, local and central government officials (Jakarta) who have business networks in the region. Here are a number of coal ports scattered in several locations in Tanah Bumbu: This conspiracy practice lasts of conspiracy in mining business, due to the power of funds issued by mining entrepreneurs flowing to a number of local



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The world of mining industry is a business activity loaded with the complexity of the problem. The complexity of the issue appears to be closely related to the regulatory system, institutions, and behavior of actors in mining management. Regulatory and institutional engineering are legally protected instruments by interested parties to engage in corrupt or mafia mining practices. The involvement of local authorities and related institutions in the management of mining policy is difficult to avoid. In the era of democratization accompanied by decentralization policy and local autonomy, in the context of natural resource policy management, local authorities as regulator owners with their own authority have used the regulation and institutions of power as elite capture corruption. Operation of mining industry activities for decades does not provide welfare or Socio-economic empowerment for local community. This is a form of colonial mine colonization that has given injury to indigenous communities and other life sides. Mine has become an enemy commons for the local community Corporate social responsibility corporate responsibility that is obligatory to the company is unclear and even becomes the arena of corruption for mining predators.

### **Conclusion**

The fall of Soeharto's 1998 political rule after 32 years of rule has resulted in a democratic transition from an authoritarian-centralist governmental system to a decentralized democratic-government system. The political changes that occurred after the fall of the Soeharto government were not only in the context of governance, but also in the context of natural resource management. As it is known that during Soeharto's rule, the policy on natural resource management was controlled by the business cronies and Suharto's relatives in a centralistic manner and gave no opportunity for the regions to control or manage the natural resources in the region. As a result, due to unfair and transparent management, the natural resources in the area simply disappeared but did not positively impact and growth and development for the region, in particular creating justice and prosperity for local communities. Worse yet, the result of uncontrolled exploitation has caused a number of serious problems such as environmental disasters, the poverty of local communities due to the loss of economic resources of communities in the mining area.

Since decentralization and local autonomy policy have been applied to local authorities in the management of natural resources, it has become an opportunity to build a conspiracy or robbery to accumulate regional economic resources through a set of policies, regulations, or regulations. It has spawned a crony of business or economic patronage of local elites who use position or power institutions. Therefore, some local officials are trapped by corruption practice and abuse of power in issuing mining licenses for entrepreneurs.

Exploitation of mining industry took place in several regency in South Kalimantan Province, formerly beautiful villages and dense forests lost and extinct have been transformed into mining areas. Now the villages had turned into a frightening ghost despair frenzied by the heavy machinery of the mine. Many displaced villagers leave the village to seek new livelihoods or go abroad to cities seeking economic livelihoods. They have to leave their hometown for decades. As far as the eye could see only the deep holes formed rivers. Forests are barren without a tree being filled. The song of birds is no longer heard by the sound of mining machines. Pollution and environmental chaos are getting worse. The rivers have been polluted and the water has changed color. The animals are no longer a place to feed grass. Everything is gone and extinct. This world of mining industry is a world full of exploitation and greed. The neglect of illegal mining and corruption and rent-seeking practices is the accumulation of bad governance practices of coal mining management.

South Kalimantan Province as the second largest mine producer in Indonesia Ssetelah East Kalimantan is not directly proportional to the sustainability of its masrakat. The Human Development Index ranks at 26th of 34 provinces in Indonesia. This can be seen in the province of South Kalimantan from indicators of lagging economic, education and health infrastructure developers. This is a paradox as a coal mine producing region but it is a problem of underdevelopment and high poverty.

As a leading argument that abundant natural resources turn out to be just a myth and a nightmare for the masses. There are many factors that can be argued, that the management of natural resources is still poorly managed because of incorrect systems and regulations. The policies that are more profitable to entrepreneurs only and not benefit all parties. Local officials are already feeling good about this chaotic system and people have no chance to control and criticize. Meanwhile, social institutions such as NGOs do not play much because they are already



dominated by bribery practices and have been tamed with various facilities and lure proyek by local authorities. Similarly, the mass media can not do anything as a social control because the media has been tamed by the mining predators through various ways to not expose the bad management of natural resources.

Regional officials are engrossed in developing transitional politics with mining entrepreneurs and many mining entrepreneurs are involved as fund sponsors in local elections. Therefore, it is only natural that for decades the presence of the mining industry is merely a myth and a nightmare behind decentralization and regional autonomy policies. Yes, that is the curse of natural resources or the tragedy of the commons as it is dyediced by experts over. This paper is an intellectual reflection that is concerned about the poor mining industry that has been running for this. As an academic this is all I can do and provide advocacy and enlightenment for the local community as long as I can do. Hopefully this paper can provide enlightenment for us wherever we are. Again, hopefully useful from this very simple reflection of thought.

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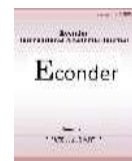
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