

# Kutukan Sumberdaya Alam di Indonesia

Nindyantoro

# Definisi

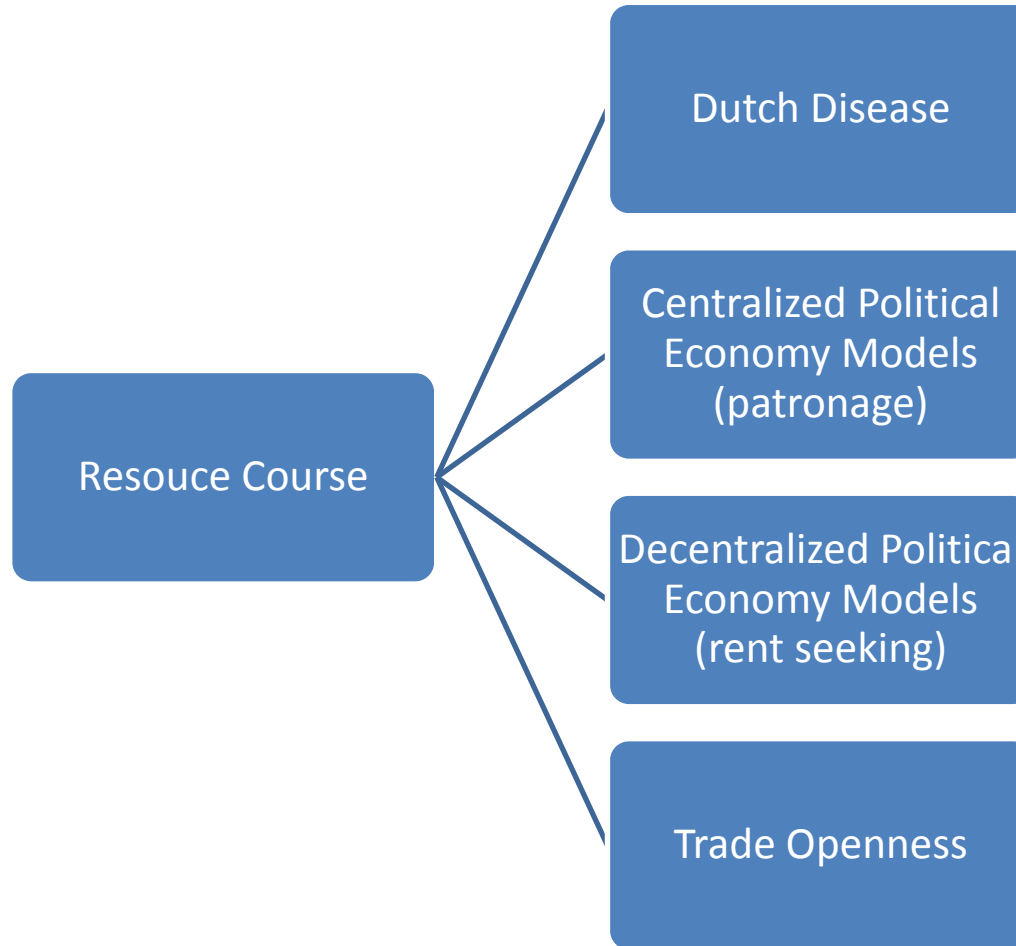
- Natural resources have played an important role for prosperity in a number of the countries that we now characterize as developed. However, during the last 50 years, there have been relatively fewer examples of countries rich in natural resources that have grown rich. Norway and Botswana have been pointed to as examples of countries that have been able to exploit their resources in an efficient manner.
- However, most resource rich countries have experienced negative growth or relatively low growth in spite of their resources. This negative growth pattern, and more generally a pattern of economic and social underperformance by resource rich countries, has been termed the **resource curse**.

# mechanisms have received explaining the resource curse

Four mechanisms have received considerable attention in explaining the resource curse:

1. Dutch Disease,
2. patronage or more generally hypotheses following from centralized political economy (PE) models,
3. rent-seeking or mechanisms suggested by decentralized PE models, and
4. recently trade openness.

# Resources Course Mechanism



# Keterbukaan Perdagangan

- Recently, empirical evidence has been presented that the resource curse is contingent on trade openness. Countries that are less open to trade, suffer a heavier negative impact of natural resources on growth (Arezki and van der Ploeg, 2008).
- The exact mechanism through which trade openness affects development in resource rich economies, i.e. the theory that underlies this particular hypothesis, seems less developed, however. In the following, we will focus on political economy models of the resource curse, and not give much attention to the other two potential explanations briefly presented above. There is, however, a possibility that the trade openness results are related to the political economy mechanisms, a point we will come back to.

# Model sentralisasi dan desentralisasi

- A distinguishing feature between centralized and decentralized political economy models is their unit of analysis.
- *Centralized* models focus on the decisions of the political elite, and how these are affected by natural resources (Caselli and Collingham, 2007).
- *Decentralized* models, or rent-seeking models, by contrast, analyze the incentives of private agents and the effect of resources on their allocation of effort between activities.

# Centralized political economy models

- Centralized political economy models of the resource curse centre on the decisions of politicians governing resource rich economies. The decision analyzed is the **allocation of resources between activities of self-enrichment, and activities that increase the productive potential of the economy.**
- An increase in natural resource revenues has two types of effects in these kinds of models: **i) it increases the value of staying in power since this means controlling greater revenues, and ii) it increases the likelihood that others will challenge the government for power (Caselli and Cunningham 2007).**

# Centralized political economy models

- The increased value of staying in power brought about by more valuable resources can produce two types of responses from a government. One is to **spend more resources on activities that secure the position of the government, i.e. that increase its political support or its chances of being re-elected**. This can be done through patronage, where for instance government jobs are allocated to political supporters. Since this creates inefficiencies in the allocation of labour, it has detrimental effects on the economy. **But government popularity can also be enhanced through potentially productive means, such as reducing the level of taxation.** In addition, another effect of making political office more valuable is to **make the planning horizon of politicians longer**, which could result in a **more optimal path of resource extraction** (cf. Robinson et al, 2006), or more investment in other productive activities. In sum, the effect of more valuable resources on economic activity is ambiguous.



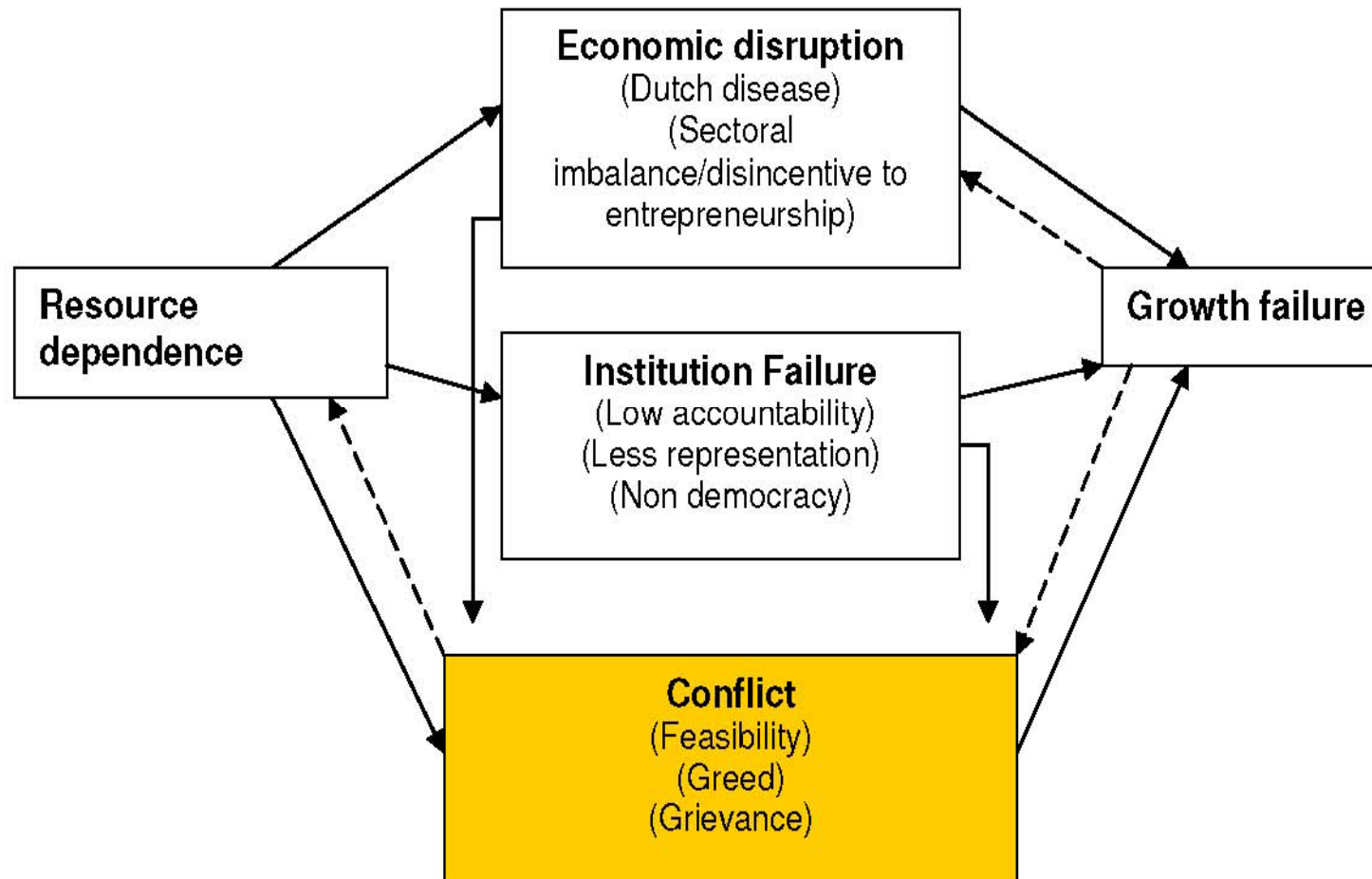
# Decentralized political economy models

- Decentralized models focus on the decisions and actions of individuals outside the power elite (Caselli and Cunningham, 2007). These models are essentially rent-seeking models, where individuals choose between using their effort, time and talent on rent extracting activities, and using them on productive activities.
- Resource rents generally have two opposing effects in these models. Increasing resource rents **increase income**, but on the other side there is a **displacement effect in productive sectors** since more entrepreneurs choose to become rent-seekers. This negative effect of resources will be compounded further if there are external effects of rent seeking activities or increasing returns to scale in productive sectors. In the presence of the latter conditions, the result can be more than full dissipation of the income created by rents, which implies a net negative effect of resources on income.

- Within the resource curse framework, the central investigation is into the relationship between resource dependence, as one of the independent variables, and macro-development outcomes (in particular, growth failure) as the dependent variable. Adopting a similar framework, the central focus on growth consequences of resource dependence has been expanded into other socio-politico development consequences, such as lack of democracy and civil war

- The literature has established several channelling mechanisms connecting resource dependence with growth failure.
- Persistent growth failure, which is the crudest measurement of bad economic outcomes, is on the right side and resource abundance is on the left. Arrows connect the two through at least three transmission mechanisms presented in boxes in the middle part of. Conflict is only one of them, while others are economic disruption and institutional failure. Under each mechanism, several processes are at work. In fact, theoretically (and intuitively) speaking, there might be inter-dependencies among them and reverse causality between (i) dependent and independent variables, (ii) the channelling mechanisms and the dependent variable, and (iii) the channelling mechanism and the independent variable.<sup>13</sup>

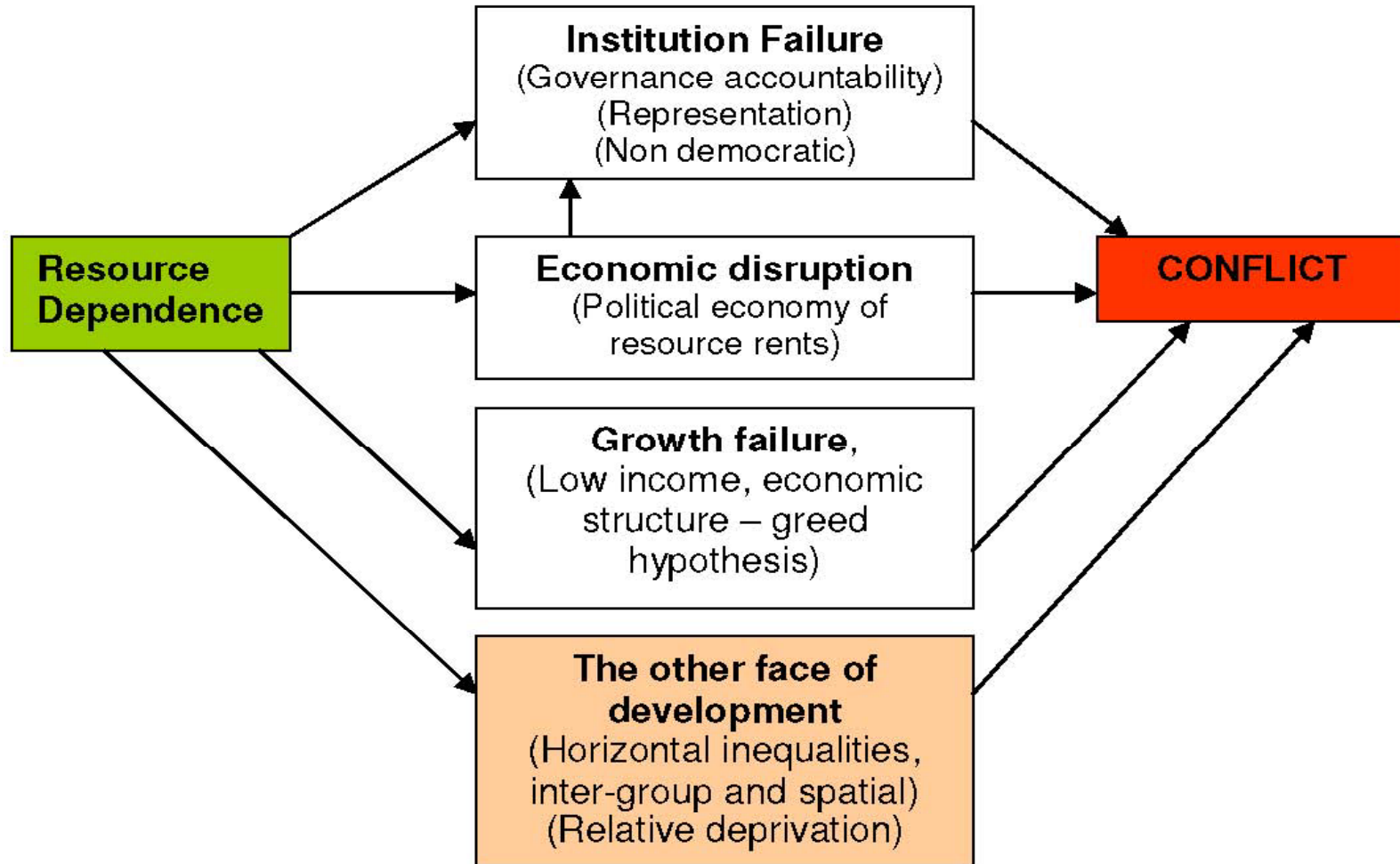
# 'Augmented' resource curse



- The first channelling mechanism linking resource dependence and growth failure is through economic disruptions, which consists of at least two economic processes, namely Dutch disease and sectoral imbalance/disincentive to entrepreneurship.
- Dutch disease refers to economic disruption in the form of de-industrialisation or de-agriculturalisation (in accordance with what is the tradable sector in the economy) originating from the large inflow of foreign currencies from natural resource exports.

- The second channel concerns institutional failure. Mavrotas, Murshed and Torres (2006) find that a point-source type natural resource endowment impedes institutional development measured by both governance quality and democracy level, which in turn hinders growth. Resource-rich countries that impose low taxes tend to have less representative and accountable governments through the logic of no representation without taxation

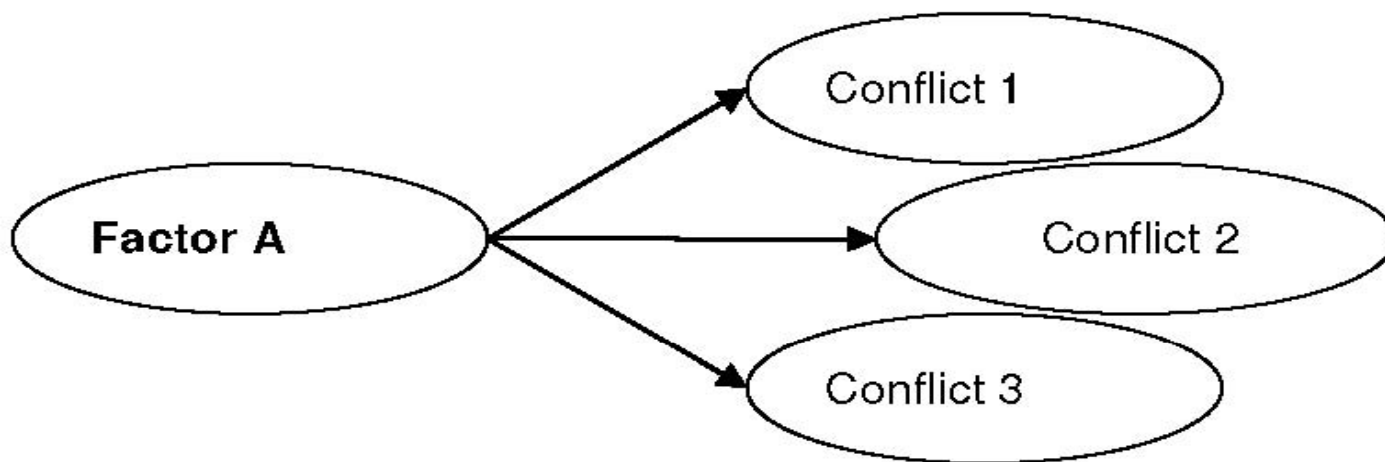
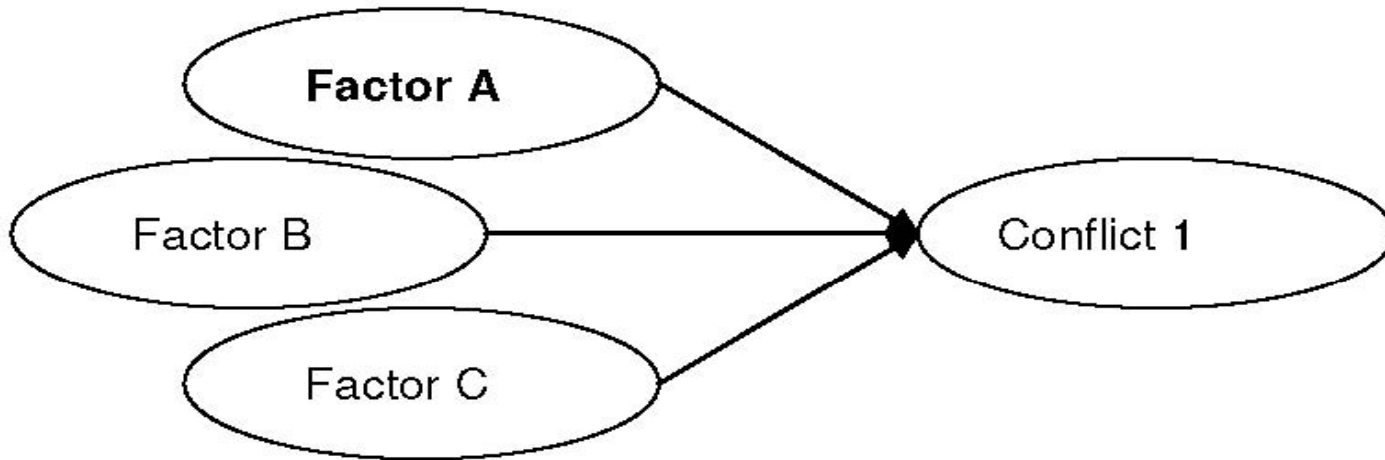
## A simplified framework on resource dependence and conflict



- Institutional failure (shown in the middle of the first box) may result from resource dependence as a result of various processes, such as lack of accountability (Ross 2004a), low level of democracy, high reliance of patronage politics (Ross 2001a) and the presence of rent-seeking and rent seizing-behaviour (Ross 2001b)



## Varieties of factors and conflicts



The extraction of natural resources played an important role in financing the economic and social developments of the New Order period.<sup>17</sup> The founding financial pillars of the New Order economy were oil, gas, mining and forestry (timber). These provided the easiest way for the country to increase its revenues, particularly since it was once among the world's poorest countries. The exploitation of natural resources significantly intensified after Suharto came to power in 1966/67.

- The collapse of the New Order might also be seen as the end of the natural resource era in Indonesian's development. In April 2005, the chief executive of PT Caltex Pacific Indonesia, which pumps half of Indonesian oil, said that without new investments, Indonesia would probably end up as a net importer of oil in 2006.<sup>23</sup> Due to global concern for the environment, such as the incidence of forest fires and the high rates of deforestation, Indonesia has been under high international scrutiny and pressure to control forest destruction and exploitation. Furthermore, the stocks of other mineral products have also been seriously depleted.

## Economic growth and transformation in Indonesia, 1965-97

	Average annual growth rate (%)			% of GDP	
	1965-80	1980-90	1990-97	1965	1997
GDP	7	6.1	7.7	—	—
Agriculture	4.3	3.4	2.8	51	16
Manufacturing	12	12.6	10.8	8	26
Services	7.3	7	7.2	36	41

Despite New Order's achievements, the economic development also resulted in a series of (unintended) side effects, especially deprivation and marginalisation

- First, it has been argued that the long standing low and stable record of vertical inequality according to the consumption Gini measure is a myth. Sudjana and Mishra (2004) argue that, in fact, the level of inequality in Indonesia has been much higher and rising according to measures of asset inequality and industrial concentration; while the late 1990s economic crisis disproportionately hit the poor creating a new social division, which contributed to the significant eruption of violence in many parts of the country after the crisis.

- Second, quite a few groups in Indonesian society have been marginalised for various reasons. They include, for example, the Dayaks in Kalimantan,<sup>28</sup> and native Papuans and tribal groups in Riau. Dayaks in the mid-1990s were relatively poor compared with the 1960s when they enjoyed the richness of their forests, the place where they previously had their cultural, social and economic lives. Furthermore, they had also been politically deprived.

## The Dependent Variable: Macro Pattern of Conflict in Indonesia

- There are four broad categories of conflict: (i) separatism/centre-regional conflict, (ii) state vs. community, (iii) company vs. community, and (iv) community vs. community.<sup>31</sup> It should be noted that (i) and (ii) are two variations of conflict between the state and community. Separatism involves a strong community attachment to a particular region with an aspiration to secede from the state, while for the state vs. community category, secessionist sentiments do not exist.

Provinces	Main resources	Level of conflict	Manifestation of conflict
Aceh	Natural gas, timber	High	°Well articulated secessionist political movement °Significant violent insurgency by an organised rebel group (GAM)
Papua	Oil, copper, gold, natural gas, timber	Medium	°Fragmented and poorly articulated secessionist political movement °Minor violent insurgency by a less organised rebel group (OPM)
Riau	Oil, natural gas, minerals, timber	Low	° Minor political secessionist sentiment
East Kalimantan	Oil, natural gas, minerals, timber	Low	° Minor political secessionist sentiment



**Indonesia: The 4 Resource Rich Provinces**



Table 3. Regional prosperity and community welfare

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Provinces (Districts)	Per capita GDP 1996	Purchasing power (PPP) 1996	Poverty 1976 <sub>a</sub> )	Poverty 1996	Poverty 1999	HDI 1996	HPI 1998
Aceh	142	98.1	27	96	63	102	125
(Aceh Utara)	350	96.2	n.a	115	75	103	130
Papua	170	96.5	n.a	318	233	89	124
(Fak-Fak)	1616	91.5	n.a	367	241	97	114
Riau	241	98.5	61	95	60	104	128
(Bengkalis)	435	96.6	n.a	101	73	103	140
(Kepulauan Riau)	283	96.1	n.a	71	42	101	88
East Kalimantan	404	99.8	12	73	86	105	82
Indonesia (=100)	100	100	100	100	100	100	100
Real figures			40.1	13.3	23.5	67.7	25.2

Provinces	Per capita GDP index (Indonesia=100)	Welfare Gap	
		HPI	Poverty HCR
East Kalimantan	404	297.3	300.2
Riau	241	148.6	140.0
Papua	170	80.3	103.6
Aceh	142	46.8	41.2
Average 4 provinces	239	143	146
Average other provinces	87	-12.5	-6.3

- The logic of aspiration to inequality as the key driver in secessionist sentiments in Indonesia is more relevant to the grievance (justice-seeking) theory, rather than greed. Other country case studies also provide less support to the greed theory. See for example the collection of country case studies sponsored by the International Peace Academy (Ballentine and Sherman 2003) which concludes that rebels' incentives for self-enrichment (greed hypothesis) for insurgent mobilisation created by access to natural resources were neither the primary nor sole cause of either separatist or non-separatist conflicts..
- The sentiment of aspiration to inequality has been used as the instrument for collective mobilisations by rebel and secessionist groups. In Aceh, the paradoxical situation of poor people living in a rich area was frequently put forward, with speakers and pamphlets commonly suggesting that, if independent, Aceh would be as wealthy as Brunei, the oil-rich sultanate on nearby Borneo (Ross 2003).<sup>52</sup> Similar arguments were also evident in Riau and East Kalimantan (Tadjoeddin et al. 2001).
- Furthermore the greed motivation is unlikely to be found in the dynamics of rebel groups in Aceh and Papua. The first and second generations of GAM membership (1970s and 1980s) were mainly driven by ideological motives, while the huge GAM recruitment in the third generation (1999-2003) mainly came from families who had been victimised by Indonesian military violence during the 1989-1998 Martial Law, known as DOM (*Daerah Operasi Militer*).<sup>53</sup> Natural resource-related financing only accounted for a small portion of GAM's overall revenue. The main portion derived from taxes and the Acehnese diaspora's voluntary donations,<sup>54</sup> while other funding sources were extortion and kidnapping. In Papua, it seems that there are no accusations or reports of looting natural resources (timber or mining) committed by the rebel groups in the region, although *Presidium Dewan Papua* (PDP-Papua Presidium Council) – a newly created political wing for the Papua independence movement – has been receiving funds from Freeport, a copper and gold mining company.<sup>55</sup> The greed hypothesis cannot be applied to Riau and East Kalimantan since there are no secessionist rebel groups in the regions, only minor political movements articulating secessionist sentiments.

## *5.2 State-community conflicts: More on political repression*

- Among the four actor-based categories, state-community conflict accounts for a relatively small proportion of contemporary conflict in Indonesia. According to the UNSFIR collective violence database, covering 14 provinces, the category is responsible for only 1.1% deaths and 11.3% incidents of all collective violence incidents in the country during 1990-2003.<sup>57</sup> The World Bank conflict dataset covering 12 districts in two provinces (East Java and East Nusatenggara) for 2001-03 finds a much higher number of deaths, where the category was found responsible for 12.0% deaths from violent conflict<sup>58</sup>, due to the relatively lower level of ethno-communal conflict compared with Maluku, Sulawesi and Kalimantan.
- This is not to underestimate the significance of state-community conflict. In East Java, based-on conflict data in Diprose (2004), it is estimated that the category accounts for more than 50% of all violent and non-violent conflict incidents during 2001-03. According to qualitative accounts, state sponsored violence (akin to what is meant by state-community conflict) dominates the picture of violence during the New Order, which should be seen from the perspective of political repression by the authoritarian regime (Anderson, 2001; Abuza

- First, the centre-regional conflicts are closely related to how the previous natural resource rents were distributed. The key driver is 'aspiration to inequality' or in other words 'rage of the would-be rich.' The role of natural resources is indirect and should be analysed from a macro perspective and related to key Indonesian resources such as oil, gas and minerals. Back to the framework depicted in Figure 2, the newly identified channelling mechanism, i.e. horizontal inequality and relative deprivation, show the strongest role. Greed theory is irrelevant. Growth failure did not occur in the regions, or in the country. Institutional failure is rather hard to assess since there are probably no significant differences in institutional quality across regions in the country. However, the eruption into separatist violent conflict was partly due to the absence of reliable institutional channelling mechanisms for managing such disputes.
- Second, it seems that the role played by natural resources in state-community conflicts is less significant. If there is any association, it derives from the state's poor management of natural resources. Better governance is the solution.
- Third, on company-community conflicts, the role of natural resources is direct and obvious. The likelihood of the conflict turning into (small-scale) violence is pretty high. The issues vary, ranging from community loss of access to livelihood, disputed local land acquisitions by the companies, poor resource management policies, and destruction of local environments by companies' activities.
- Fourth, the role of natural resources in inter-communal conflict can be either direct or indirect. The former is about direct face to face inter-group competition for control over particular types of natural resources, while the latter is about how the history of natural resource extraction might shift relative inter-group positions which in turn provides a context in which inter-communal conflicts are likely to explode.

## 6.1 For the four resource rich provinces

- Policy relevance for the four provinces can be addressed in two separate but inter-related headings: 1) how newly introduced decentralisation programmes have addressed the problem of separatism, and 2) governance implications in those four provinces.
- 6.1.1 Decentralisation as a remedy for separatism
- The main features of this policy were put forward in the following regulations. *First* are the two decentralisation laws passed in 1999 (Law No. 22/1999 on Regional Governance and Law No. 25/1999 on Fiscal Balance between the Centre and the Regions), which were fully implemented in 2001.<sup>76</sup> *Second* are the two special autonomy laws passed in 2001 for Aceh (Law No. 18/2001) and Papua (Law No. 22/2001), which provided greater autonomy for those two provinces that contained separatist movements. *Third* are the 2004 revisions of the previous decentralisation laws into Law No. 32/2004 and Law No. 33/2004 respectively. The former laid out the basis for direct elections of heads of provinces (Governors) and districts (Regents and Mayors). *Fourth* is the newly passed Law on Governing Aceh (LoGA): Law No. 11/2006, which is one of the stipulated clauses in the August 2005 Helsinki peace agreement made between GAM and the Government of Indonesia.
- Decentralisation policies have been effective in dealing with separatist demands in both Aceh and Papua. Since the signing of the Helsinki agreement, peace has held in Aceh, whereas earlier decentralisation laws proved ineffective at curbing the separatist conflict. It has been suggested that the Government of Indonesia should follow similar decentralisation strategies for addressing separatist pressures in Papua.<sup>77</sup> Unlike Aceh, the 2001 Special Autonomy Law for Papua has effectively calmed the separatist movement. Furthermore, the 2006 direct elections for the Papuan governor opened political divisions among different factions along political and sub-regional affiliations within the province and weakened separatist sentiments (Mietzner 2006). The provinces of Riau and East Kalimantan that posed strong demands for autonomy have been happy with the two decentralisation laws passed in 1999 and their subsequent 2004 revisions.
- Decentralisation, in the sense that the central government gives greater autonomy in day-to-day governance issues and greater shares of financial allocations to sub-national entities, was initially geared towards addressing separatist sentiments during Indonesia's democratic transition following 1998. Arguably, these separatist tendencies sprang from grievances rooted in three decades of highly centralised government control during Suharto's New Order regime. Although this remains a work in progress, results so far suggest that the initial objective of quelling secessionist conflict has been successful. Nevertheless, longer-term governance and capacity-development needs in relation to political and administrative decentralisation in the four resource-rich provinces still pose daunting challenges, as outlined below.

### Governance in the four provinces: the risk for a future resource curse

- At a national level, the era of heavy reliance on natural resources in Indonesia has gone. Its record was not bad compared with many African and Latin American countries, such as Nigeria and Bolivia, just to name two, which have clearly performed worse than Indonesia. However, in the radically newly decentralised Indonesia, there is a potential risk that, in the next two decades or so, the country will be observing the resource curse phenomenon in its currently four richest provinces. The worry is based on the following preliminary political economy explanation.
- As Collier and Hoeffler (2006) suggest, in developing countries the combination of high natural resource rents and open democratic systems has been growth-reducing. Checks and balances offset this adverse effect. Thus, resource-rich economies need a form of democracy with particularly strong checks and balances. Unfortunately this is rare: checks and balances are public goods and so are liable to be undersupplied in new democracies
- In large measure this is because the institutional mechanisms to ensure such checks and balances are weak both inside the government and with civil society's ability to act as watchdogs over the government. Those oversight mechanisms which might exist are eroded by resource rents or, read differently, corrupt government behaviour and self-interested client-patron networks between government and civil society.



Sekian

Terimakasih