

# Inverted state-building and local resource politics in Eastern Indonesia

Compared to Java, Eastern Indonesia (East Nusa Tenggara, Maluku and Papua) is poor. Average per capita income in these three regions is about half of that in Java and is not expected to catch up in the foreseeable future. Levels of life expectancy are even more depressing. Papua stands out as it is richest in terms of natural resources but poorest when it comes to human development and governance. In Papua life expectancy rose only 8.5 years between 1975 and 2002, compared to Java's 20.5. Similar trends are reported for infant mortality. Interestingly if the Jakarta metropolitan region were to be left out of these calculations, life expectancy figures as well as those for education would be about equal to those for Java in the 1980s. What explains these differences, what kind of solutions may be offered, and what are the social and environment trade-offs if poverty is alleviated through facilitating and stimulating natural resource extraction?

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**Resosudarmo, BP & Frank Jotzo (eds). 2009.**  
*Working with Nature Against Poverty: Development, Resources and the Environment in Eastern Indonesia.*  
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*Working with Nature against Poverty* tackles these questions in a constructive way. The chapters in this volume were presented during a workshop on development and environment in Eastern Indonesia at the Australian National University on 8 April 2006. Assembled they shape a great book that raises important questions and offers good suggestions for averting seemingly imminent despoiling of livelihoods and ecologies. And it is published timely.

What is commonly labelled as the China Effect is also becoming Eastern Indonesia's sword of Damocles now that China appears to be embarking upon a course that will see it become more and more of a force in port financing in resource rich regions. The *Jakarta Post* reported on 20 June 2011 that Sorong is targeted as the site for a main cargo terminal. The interest comes from China's sovereign wealth fund and the State Development & Investment Corp. Known as *Kota Minyak* ('Oil Town') ever since the Dutch period, Sorong continues to be seen as the locus of industrial development and, for Jakarta, the gateway to the Pacific. Now that the nearby Bintuni site is home to the giant British Petroleum-lead Tangguh LNG project, even more investors have eyes for Sorong. The port is intended to become a regional hub for Eastern Indonesia linking Sorong regency with other parts of the archipelago, including Jayapura, Merauke, Bitung, Jakarta and Surabaya, as well as neighbouring countries. The economy in the so-called Papua and Maluku corridor is expected to grow six-fold by 2030 under the plan, in which the development of adequate infrastructure is considered vital. The port would cut Papua's logistics costs by more than fifty percent.

This kind of development concords with the recommendations of the editors of this book, Budy P. Resosudarmo, a Fellow in the Arndt Division of Economics at the Australian National University (ANU), and Frank Jotzo, who is a Research Fellow in the *Resource Management in Asia-Pacific Program* at the same

Above: Signpost telling all fishermen: "Forbidden to Bomb Fish in the Sea". The Kewang Haruku is one of the *negeri* ('village') on Haruku that has recently formulated its local customary regulations for resource management. (photo courtesy of Jaap Timmer)



university. In their introductory chapter, they suggest that "better connections to the global economy would certainly help," and "industrial activity ... to stimulate regional growth ... cannot occur without a good internal transport and communications network" (p. 9). Obviously the next item in their list is good governance and the proper management of natural resources. The subsequent chapters illustrate that it is here where most of the problems occur. The richness of the materials presented in this book is great and it is a worthy successor to Colin Barlow and Joan Hardjono's *Indonesia Assessment 1995: Development in Eastern Indonesia* (published by the Institute of Southeast Asian Studies) and the more anthropological volume entitled *Old World Places, New World Problems* (published by the ANU in 1998).

In line with these two books but with more focus on socio-economic development, mining and health, the contributions to *Working with Nature Against Poverty* show that conserving the natural environment is a formidable undertaking. Some authors conclude that conservation only works in tandem with development if the people themselves, as a community-based activity, do it, preferably within the framework of NGO projects. There is, however, little reflection on situations where there are no projects and where governments or churches may need to work together with people to build awareness about and concretely work on conserving biodiversity.

Government and politics come into the picture more substantially in Hidayat Alhamid, Peter Kanowski, and Chris Ballard's chapter on forest management in the Rendani Protection Forest, which is the main water supply catchment for the town of Manokwari in West Papua. This well-documented and carefully analysed case offers a window into the region-wide conflicts between customary landowners and the state over control and management of the forest. In terms of advice, the authors conclude that what is needed "is a fundamental change in state thinking about resources and their ownership, to develop a partnership of interest between local and state actors for the mutually beneficial and substantial management of those resources" (p. 246). In a situation where the state is often absent and, if present, mostly ineffective in providing good governance (with state actors little focused on proper service delivery), this advice calls for answers to many more issues.

The exemplary study by Chris Ballard and Glenn Banks of the corporate strategy at the Freeport mine in Papua details the series of events since the establishment of the mine in 1967. The Freeport gold and copper mine complex is one of the world's richest mining operations and is of great value to the economy of Papua and Indonesia as a whole. Over the years, Freeport built a reputation for being unable to establish good relations with the communities in the region and for being careless about the natural environment. It became renowned, however, for its effectiveness in managing the political environment at national and international levels. At the same time the government is careful not to allow much criticism of Freeport because of what this might signal to foreign investors in Indonesia.

In a series of chapters on economic development Resosudarmo, Lydia Napitupulu, Richard Manning and Felix Wanggai provide a good overview of the problems of governance in Papua and Maluku. While Papua receives most funding and assistance from the central government it performs less well than neighbouring regions. The grimmest factor here is political instability – the people of Papua have not seen much consistency in Jakarta policies towards their region while many in Papua are involved in conflicts over funds, power, and access to resources. In particular the scheming of new provinces and districts became the story of the day with the advent of the devolution of central state power. On top of that, the faltering implementation of Special Autonomy regulations, which were to give Papua more sovereignty for designing and implementing regulations and programs, has been leading to tensions. Current news on Papua is also heavily coloured by unsettling reports on misappropriation of government funds and state actor involvement in land grabbing and legalizing unsustainable resource extraction.

Maluku is economically not doing well because of less income and almost no assistance from the central government. This is particularly painful for a region that is recovering from a conflict that began in 1999 and killed thousands and demolished much infrastructure. The chapter by Craig Thorburn on this conflict provides a useful scholarly overview of the dynamics of the wars and makes the general point that with decentralisation after the fall of the New Order regime, local politicians were quick to take advantage of rent-seeking opportunities in the management of natural resources and other sources of revenue. The related establishment of new provinces and new district increased tensions over access to resources and formed a major trigger to the conflict.

Thorburn's piece becomes particularly interesting in the section that discusses the post-conflict local government reform (pp. 295-300). These reforms have led to a process that may be labelled as inverted state building. The promulgation of the new regional government laws of 1999 and 2004 that give more power to local communities and regions to govern their communities and manage their natural resources, effectively revoked the infamous Law No. 5 of 1979. Law No. 5 posed difficulties for Maluku's customary communities as traditional institutions (such as *saniri* councils) lost power and control over community affairs and access to and regulation of natural resources. On top of that, top-down development programs for local development often instigated conflict between new village elites and traditional leaders. The possibility of a 180-degree reform and the concurrent revival of custom is offered by the new laws.

Local communities throughout Maluku and a number of NGOs in the region, such as Baileo Maluku, are seeing this as an opportunity to develop local government structures and regulations, which carry the suggestion that they are more in accordance with local social structures and cultural norms. During a recent visit to Ambon and Haruku I observed that the formulation of such structures and regulations stimulates a vast variety of reflections on past ways of doing things and generally enthruses people to make custom read like laws and state regulations. People emulate aspects of the governmentality of the state with which they are remarkably familiar. At the same time modern *negeri* constitution is a process that is poorly guided by the government, while it may increase rather than reduce legal pluralism and does not guarantee that those involved acknowledge the state's ideal of the rule of law or will properly care for the natural environment. It should be interesting to see how this process evolves, also in neighbouring regions.

*Working with Nature Against Poverty* gives good direction to future debates about development and the management of natural resources in Eastern Indonesia. It is a must-read for policy-makers, NGO activists, and international donors. They should read this book, not to obtain clear-cut answers or advice, but as a guide to further learn about the complexities of local situations and to build ever more awareness about the need for tailor-made solutions and flexible approaches.

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