
CONTESTING POWER IN INDONESIA'S RESOURCE-RICH REGIONS IN THE ERA OF DECENTRALIZATION: NEW STRATEGY FOR CENTRAL CONTROL OVER THE REGIONS

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1. Introduction

On June 19, 2006, after being investigated for fourteen hours by the National Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK), Suwarna Abdul Fatah, governor of East Kalimantan, was formally arrested on suspicion of corruption in an oil-palm plantation project. He was accused of issuing a permit for the opening up of around one-million hectares of the province's forest to oil-palm plantation development without proper legal process. It turned out that the Surya Dumai Group, which had obtained the permit, cleared the land for timber but did not open the plantation. Instead, it smuggled the trees to Tawau, the southwesternmost town in Sabah, Malaysia.² The company's president, Martias, was also arrested, on

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² Riky Ferdianto, "Gubernur Kalimantan Timur Ditahan," *Tempo Interaktif*, June 19, 2006. Tutut Herlina,

August 3, 2006. Nine months after his arrest, Suwarna was sentenced to seven years in prison on March 2, 2007, while Martias was jailed for eighteen months as an accomplice. The prosecutor estimated the state lost over 346.8 billion rupiah (roughly US\$38 million) from the fictitious plantation project and timber smuggling.³

Like its easterly neighbor, the province of Central Kalimantan was devastated by large-scale illegal logging, particularly in Tanjung Puting National Park, located in the southwestern part of the province. The Ministry of Forestry and Estate Crops estimated the value of the timber stolen from the national park annually to be around 70 billion rupiah (roughly US\$8 million).⁴ Domestic and international environment groups accused a company owned by Abdul Rasyid, a local timber businessman, of being responsible for the illegal logging. While the central government eventually did initiate nationwide anti-illegal logging operations in 2001, adding Central Kalimantan in 2003, Abdul Rasyid and his “friends” in government were never prosecuted.⁵

How do we account for the very different fates of these powerful local actors? I would suggest that these differing outcomes—jail time for Suwarna and Martias, no prosecution of Abdul Rasyid and his political associates—were not caused by the ability or inability of state agencies to crack down on illegal logging. Rather the causes of these end results can be traced back to the kinds of local political contests these elites were involved in, as well as the nature of national–local relationships that either persisted or developed in the post-Suharto era.

Under Suharto, regional governments were strictly limited in their power and access to and use of revenue sources. The central government appointed local government heads (governors, mayors, and district heads) and reinforced this control of appointments with a substantial bureaucracy, as well as control of regional and subregional military commands that reported directly to Jakarta. Local assemblies were rendered powerless by the majority seats held by the government party, Golkar, backed by appointed members from the military and police. The two opposition parties—the secular Indonesian Democratic Party (Partai Demokrasi Indonesia, PDI) and the Islamic United Development Party (Partai Persatuan Pembangunan, PPP)—were allowed to participate in parliamentary elections, but only under the strictest of terms imposed by the government.

Democratization produced a number of new political parties, brought about freer and even fairer elections, and reduced considerably the military’s political role. Administrative decentralization was also implemented, transferring much of the

“Digelandang” KPK ke Rutan, Suwarna Ajukan Penangguhan,” *Sinar Harapan*, June 20, 2006. Arif A. Kuswardono and Riky Ferdianto, “Akhirnya Suwarna Pasrah,” *Tempo* 18,35, June 26–July 2, 2006, <http://www.tempointeractive.com/hg/mbmtempo/arsip/2006/06/26/HK/mbm.20060626.hk1.id.html> (accessed April 14, 2008).

³ Kartika Candra, “Suwarna A.F Dituntut 7 Tahun,” *Tempo* interaktif, March 2, 2007. Cheta Nilawaty and Sukma Loppies, “KPK Sita Aset Bos Surya Dumai Group,” *Tempo* interaktif, February 29, 2008.

⁴ Environmental Investigation Agency (EIA) and Telapak Indonesia, *Illegal Logging in Tanjung Puting National Park: An Update on the Final Cur Report* (London, Washington, DC, and Bogor: EIA and Telapak Indonesia, 2000), p. 19.

⁵ In fact, one of Rasyid’s family members (perhaps his nephew), Rahmat Nasution, who works for his company, was arrested on suspicion of timber smuggling by the navy, and the case was later delegated to the national police. However, the case essentially dissolved after it was handed over to the local court.

central government's authority to the regional governments. The latter—down to the district level—could now enact new local taxes and regulations, and their heads were now elected, rather than appointed. These shifts created tremendous economic and political opportunities for local elites, but also made contests for local power, especially during elections, fierce and intense.

These changes have been the subject of a host of studies focusing on post-Suharto Indonesian politics. Richard Robison and Vedi Hadiz, for example, note how the reorganizing of power from the national to the regional levels created “oligarchies” centered on alliances with politicians, bureaucrats, and businesspeople—all of whom were nurtured under the Suharto regime.⁶ Hadiz argues that, at the local level,

... the newly salient political actors have tended to be small and medium-level entrepreneurs who are at least partly dependent on state projects and contracts; professional politicians with links to the old New Order parties; or activists who have latched onto organizations ... from which the New Order regularly recruited new apparatchiks and fixers.⁷

In some provinces like North Sumatra, these local actors collaborated with figures or groups in control of various apparatuses of violence to buy votes, intimidate voters, and attack supporters of the rival candidates during elections for local government head.⁸ These observations were confirmed by John Sidel, who described the rise of local businessmen and “local mafia”⁹ as political powerbrokers who provide money and issue threats of violence during the elections.¹⁰

Other studies take a much closer look at the local actors themselves. Some complement or deepen the arguments of Robison, Hadiz, and Sidel by examining the origins of these business groups and criminal alliances in particular regions.¹¹ Others

⁶ Richard Robison and Vedi Hadiz, *Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets* (London: RoutledgeCurzon, 2004), pp. 245–47.

⁷ Vedi R. Hadiz, “Power and Politics in North Sumatra: The Uncompleted *Reformasi*,” in *Local Power and Politics in Indonesia: Decentralisation and Democratisation*, ed. Edward Aspinall and Greg Fealy (Singapore: Institute of Southeast Asian Studies, 2003), p. 125.

⁸ *Ibid.*, pp. 125–27.

⁹ John Sidel uses the term “local mafias” to refer to Indonesian “criminals” who emerged in the 1980s from among retired lower- and middle-ranking military officers serving in the regions. After retiring, these officers became real-estate speculators, fixers, commission agents, local monopolists, and racketeers, assisted by local alliances, including marriage connections, business partnerships with local elites, and their links to their own former subordinates within the active military, who were able to help them manipulate personnel appointments and hirings. In Sidel’s discussion, the term “local mafias” also includes gangsters (*preman*) belonging to the para-statal youth groups such as Pemuda Pancasila. Such groups controlled various criminal rackets and provided muscle for strike-breaking, repression of opposition protest, and illicit election-related services in the late Suharto years. See John T. Sidel, “Bossism and Democracy in the Philippines, Thailand, and Indonesia: Toward an Alternative Framework for the Study of ‘Local Strongmen,’” in *Politicising Democracy: The New Local Politics of Democratization*, ed. John Harris et al. (New York, NY: Palgrave Macmillan, 2004), pp. 62–63.

¹⁰ *Ibid.*, pp. 66–69.

¹¹ See Abdul Hamid, “Jawara dan Penguasaan Politik Lokal di Banten”; Untung Widnyanto, “Jagoan Betawi dari Cakung”; Abdul Rozali, “Sosial Origin dan Politik Kuasa Blater di Madura”; and I Ngurah Suryawan, “Bisnis Kekerasan Jagoan Berkeris: Catatan Awal Aksi Pecalang dan Kelompok Milisi di Bali,” all in *Kelompok Kekerasan dan Bos Lokal di Era Reformasi*, ed. Masaaki Okamoto and Abdul Rozaki (Yogyakarta: IRE Press, 2006), pp. 21–44, 45–66, 67–89, 91–114.

use the notion of “a shadow state”¹² to describe how these local businessmen and leaders of gangsters use state agencies like the local bureaucracy, the military, and the police at the regional levels to gain or protect their economic interests, including those in the informal sector.¹³ Still, others imply that the emergence of influential business and criminal networks was never a uniform process, but consisted of different patterns and features depending on the region. For example, in South Sulawesi and West Sumba, local aristocracies survived the profound changes at the national level and maintained their position as local Golkar leaders or took the lead in forming new parties. They consolidated their positions in political contests by invoking their nobility, availing of existing religious or school networks and/or marriage alliance networks, and by using their financial resources.¹⁴

Other scholars explore how, in many regions, local elites have been using ethnic, religious, and/or regional identity as ideological justification in their struggle to pursue political and economic interests. They have cited prominent examples of this phenomenon, such as the vigorous campaigns for *putra daerah*¹⁵ that strengthened local political positions vis-à-vis the allocation of economic resources and government positions.¹⁶ The movements to establish new provinces and districts have also been guided or inspired by invocations of cultural identity. Many studies on the new province and district formations recognize that these religious or ethnic movements were driven by local sentiments, such as the feelings among ethnic and/or religious minorities that they had been politically and economically marginalized, the aspirations of certain groups for control of political and economic interests, and contests among neighboring districts or between province and district over the access to economic resources.¹⁷ There is also another pattern of regional identity politics

¹² The notion of the “shadow state” was originally used in African and Indian studies. The key idea is that “political authority can be drawn, not from the possession of undisputed force, but from the ability to control markets and material rewards, or in other words, from hegemony in the ‘black economy.’” See Henk Schulte Nordholt and Gerry van Klinken, eds., *Renegotiating Boundaries: Local Politics in Post-Soeharto Indonesia* (Leiden: KITLV Press, 2007), p. 24.

¹³ Erwiza Erman, “Deregulation of the Tin Trade and Creation of a Local Shadow State: A Bangka Case Study”; and Syarif Hidayat, “‘Shadow State’? Business and Politics in the Province of Banten,” both in *Renegotiating Boundaries*, ed. Nordholt and Klinken, pp. 177–201; 202–24.

¹⁴ Masaaki Okamoto, “5 nen okure no ‘Kaikaku’: 2004 nen Indonesia Minami Sulawesi shu ni okeru Golkar to no Choraku [Belated *Reformasi* in South Sulawesi, Indonesia: The Declining Political Power of the Golkar Party in 2004]” *Ajia Kenyu* 51,2 (2005): 63–83. Jacqueline Vel, “Campaigning for a New District in West Sumba,” in *Renegotiating Boundaries*, ed. Nordholt and Klinken, pp. 91–119.

¹⁵ The term *putra daerah* (literally, “sons of the soil”) has been interpreted in a different way in each region. In some cases, it refers to indigenous ethnic groups, whereas elsewhere it refers to all residents of the region, including those who were not born in the place.

¹⁶ *Local Power and Politics in Indonesia*, ed. Aspinall and Fealy, p. 6. For example, Kumpiady Widen describes the strong local Dayak demands that the positions of governor, vice-governor, and all district and subdistrict heads be held in Central Kalimantan by native sons. See Kumpiady Widen, “The Resurgence of Dayak Identities: The Symbols of their Struggle for Regional Autonomy are Self-Evident,” in *Beyond Jakarta: Regional Autonomy and Local Society in Indonesia*, ed. Sakai Minako (Adelaide: Crawford House Publishing, 2002), pp. 116–17.

¹⁷ George Quinn, “Coming Apart and Staying Together at the Centre: Debates over Provincial Status in Java and Madura,” in *Local Power and Politics in Indonesia*, ed. Aspinall and Fealy, pp. 164–78. Yasuo Hukao, “Post-Soeharto Jidai Chiho Seiji no Koza: Riau Gunto Shu Bunristu Undo no Jirei Kara [Features of Regional Politics after the Suharto Regime: The Formation Process of Riau Archipelago Province],” in *Indonesia no Chiho Bunkenka: Bunkenka wo Meguru Chuo-Chiho no Dinamikuu to Riariti* [Decentralization in Indonesia: Central-Local Dynamics and the Realities], ed. Matsui Kazuhisa (Chiba: Institute of Developing Economies, 2003), pp. 77–157. Lorraine V. Aragon, “Elite Competition in Central Sulawesi”; Myrna

marked by toleration of heterogeneous interest groups and actors. In regions like West and Central Kalimantan, different provincial ethnic and/or religious groups share power at the provincial and district levels in a way that moderates the aspirations of each party and tempers the tensions between them. Political accommodation of this sort became more widespread after Kalimantan's elites learned the hard lessons taught by outbursts of communal violence between local Dayaks and Madurese immigrants in the late 1990s and early 2000s.¹⁸

Finally, a group of studies, many of them written by Japanese scholars, has reexamined the nature of local political initiatives from a perspective that focuses on national-local relationships; in this way, these analyses seek to correct the imbalance arising from the tendency of many studies to grant post-Suharto national state actors very little role in defining the institutional rules of the game at the regional level. Their works suggest that the end of the authoritarian period witnessed the emergence of new multidirectional national-local ties, where local elites were now able to negotiate and/or fight with their national colleagues for the achievement of regional objectives and ambitions.¹⁹ These scholars argue that the importance of continued links with Jakarta becomes very evident if examined, particularly in the process of new-province formation,²⁰ and in disputes between the central government and regional governments over control of natural and mineral resources.²¹

Eindhoven, "New Colonizers? Identity, Representation, and Government in the Post-New Order Mentawai Archipelago"; Jacqueline Vel, "Campaigning for a New District in West Sumba"; and Dik Roth, "Many Governors, No Province: The Struggle for a Province in the Luwu-Tana Toraja Area in South Sulawesi," all in *Renegotiating Boundaries*, ed. Nordholt and Klinken, pp. 40–66, 67–89, 91–119, 121–47. Ehito Kimura, "Marginality and Opportunity in the Periphery: The Emergence of Gorontalo Province in North Sulawesi," *Indonesia* 84 (October 2007): 71–95. Wahyu Prasetyawan, "Post-Soeharto Ki ni okeru Seiji Keizai: Riau Shu ni okeru Seihukan Tairitsu, 1998–2004 nen," [The Political Economy of Post Suharto Indonesia: Intergovernmental Conflict in Riau, 1998–2004], *Southeast Asian Studies* 45,1 (2007): 120–36. Masaaki Okamoto, "Jichitai Shinsetsu Undo to Seinen no Politics: Gorontalo Sinshu Setsuritsu Undo (1998 nen–2000 nen) ni Shoten wo Atete [The Politics of Youth and Autonomy: The Case of Gorontalo Province (1998–2000)]," *Tonanajia Kenkyu* 45,1 (2007): 137–58.

¹⁸ Akiko Morishita, "Berebut Kuasa di Kalimantan: Pergulatan Ekonomi Politik Bos Lokal di Era Desentralisasi (1998–2004)," in *Kelompok Kekerasan dan Bos Lokal di Era Reformasi*, ed. Okamoto and Rozaki, pp. 127–49. Taufiq Tanasaldy, "Ethnic Identity Politics in West Kalimantan," in *Renegotiating Boundaries*, ed. Nordholt and Klinken, pp. 349–71. "Dayak" is a generic and loose term for indigenous peoples living principally in the interior of Borneo.

¹⁹ Kimura, "Marginality and Opportunity in the Periphery," p. 95.

²⁰ For a discussion of the important role of national politicians in the process of new province formation, see Kimura, "Marginality and Opportunity in the Periphery," pp. 92–94; Okamoto, "Jichitai Shinsetsu Undo to Seinen no Politics," pp. 152–56; Hukao, "Post-Soeharto Jidai Chiho Seiji no Kozu," pp. 106–36; and Prasetyawan, "Post Suharto Ki ni okeru Seiji Keizai," pp. 130–32.

²¹ There have been three main disputes between the central government and regional governments over control of business interests in the mining sector since the fall of Suharto. They concern conflicts over privatization of a state-owned cement company in West Sumatra; divestment of a multinational coal-mining company in East Kalimantan; and control of an oil block in Riau. See Minako Sakai, "The Privatization of Padan Cement: Regional Identity and Economic Hegemony in the New Era of Decentralization," in *Local Power and Politics in Indonesia*, ed. Aspinall and Fealy, pp. 148–63. Wahyu Prasetyawan, "The Unfinished Privatization of Semen Padang: The Structure of the Political Economy in Post-Suharto Indonesia," *Indonesia* 81 (April 2006): 51–70. Wahyu Prasetyawan, "Government and Multinationals: Conflict over Economic Resources in East Kalimantan, 1998–2003," *Southeast Asian Studies* 43,2 (2005): 161–90. Prasetyawan, "Post Suharto Ki ni okeru Seiji Keizai," pp. 120–36.

While mindful of the insights provided by these many studies, in this essay I wish to add to these diverse approaches by looking at local politics in post-Suharto Indonesia through a comparative study of provinces, in this case, East Kalimantan and Central Kalimantan. I hope to demonstrate how realignments in national politics are linked to the reorganization of power at the regional levels and how these affect local-national relations. This is an area that has not been examined in great detail by the scholars cited above. East Kalimantan exemplifies this closely linked national-local relationship, for in this region former provincial political elites won the posts of governor, mayor, and district head after the fall of Suharto thanks in large part to their continued powerful connections with national state leaders and business groups. It also means that these local leaders would become vulnerable once major realignments take place in national politics, particularly when their Jakarta patrons fall from power or become considerably weakened after a major political battle.

In Central Kalimantan, however, local political conditions tend to be neglected by national political leaders, and thus a few powerful local businessmen were able to gain control over local politics in the post-Suharto period owing to their immense financial clout, the ability to mobilize local thugs, and their tight collusion with local politicians and bureaucrats. One could explain this phenomenon through concepts like "local oligarchies" or "local mafias," but these are not helpful when examining regional cases comparatively, and especially when an adjoining region exhibits contrary characteristics. If all groups of local politicians are perceived as oligarchies or mafias, the temptation then is to conclude that the political situations in other regions of the country must be similar.

Few studies have provided us with a clear framework that would help determine the factors that have shaped the different contours of local politics in this region. Sidel implies that a particular type of power holder is likely to emerge in industrial cities and forested and mineral-rich localities in Indonesia. He cites the case of suburban industrial zones in the Philippines where "local bosses"²² served as "the handmaidens of economic growth, facilitating land conversion and labour repression and reaping huge profits as real-estate brokers and construction moguls."²³ He suggests that such a local-boss type of power holder has likewise overseen industrial growth in cities and natural resource extraction in resource-rich regions in Indonesia. However, Sidel's argument does not account for the difference between East and Central Kalimantan because both provinces are primarily noted for their natural resources. Specifically, East Kalimantan has plenty of mineral resources such as oil, natural gas, and coal, along with forest resources, while Central Kalimantan is rich in forest resources.

I believe that natural resources are one of the keys to understanding different political features among regions, and that one should pay closer attention to the nature of these resources and seek to determine who has access to the resources and how. A comparison of mineral-rich East Kalimantan and forested Central Kalimantan will show how the difference between the resources of these two locales shapes the nature of access and the structures of related industries, which, in turn, lead to the contrasts in

²² The term "local bosses" is defined by Sidel as "local brokers who enjoy an enduring monopolistic position over coercive and economic resources within their respective bailiwicks" in the Philippines. See Sidel, "Bossism and Democracy in the Philippines, Thailand, and Indonesia," p. 56.

²³ *Ibid.*, p. 72.

the patterns of national–local relationships and the forms of local contests. Natural resources have not been considered as an independent variable when analyzing Kalimantan politics comparatively; more often, scholars have attended to divisive ethnic politics, which are often said to have arisen only when the communal violence between Dayaks and Madurese broke out in the late 1990s and early 2000s.²⁴ Moreover, most studies on post-Suharto Kalimantan politics focus on the Dayak political aspirations for local government posts that had been “freed” from the shackles of the Suharto era.²⁵ Ethnic composition is obviously an important aspect to consider, but what I want to do is enrich further our understanding of Kalimantan politics by factoring in the exploitation of natural resources as a key element that affects the

²⁴ While the violent conflicts between the Dayaks and Madurese immigrants took place in West Kalimantan in 1996–97 and 1999–2000, the Dayak–Madura conflicts in Central Kalimantan occurred in 2000–2001. It was estimated that a total of at least 1,200 people, the majority of whom were Madurese, were killed in these uprisings. Those who carried out the violence were most likely mobilized by local Dayak political leaders, who were largely Christians and feared political marginalization, since Muslims had recently expanded their political influence, as they had been favored as appointees to become local government heads under the Suharto regime. For this reason, the Dayak elite sought representation in government through violence, which became extensive and fierce after the fall of Suharto. The local Malay population also took part in attacking Madurese during the 1999–2000 violence in West Kalimantan, most likely because the Dayak resurgence made Malay political leaders fear that Dayaks would claim all crucial positions in government. The Malay elites thus needed to take measures to fortify Malay solidarity and their own political influence. For a discussion of the political resurgence of the Dayaks and the 1996–97 and 1999–2000 conflicts in West Kalimantan, see Jamie Seth Davidson, “Violence and Politics in West Kalimantan, Indonesia” (PhD dissertation, University of Washington, 2002).

It has been said that, in Central Kalimantan, the violent killings of Madurese by the Dayaks were led by a local Dayak NGO group, the Central Kalimantan Dayak Community Consultative Institute (Lembaga Musyawarah Masyarakat Dayak dan Daerah Kalimantan Tengah, LMMDD-KT). The organization was established in 1994 by a local university professor, KMA Usop, who later ran as a candidate in and lost the 2000 gubernatorial election. Some of the leading members of LMMDD-KT, who were mostly Christians, worked in government, and they were unsatisfied with the results of the post-Suharto local elections since Muslim candidates won the contests to become governor and all five district heads, as a result of which Muslim officers were often favored in the bureaucracy. After the conflicts, LMMDD-KT gained influence in local politics, putting forward its members as district heads in three new districts (Murung Raya, Katingan, and Lamandau) in 2003. Furthermore, a well-known Christian Dayak politician, Agustin Teras Narang (for his personal profile, see Footnote 94), defeated the incumbent Muslim governor in the 2005 election. According to some sources, it was actually Narang and his family who were the masterminds behind the 2000–2001 massacre of the Madurese, although there is no firm evidence to prove this. For a discussion of the role of LMMDD-KT in the 2000–2001 violence in Central Kalimantan, see Gerry van Klinken, “Indonesia’s New Ethnic Elites,” in *Indonesia in Search of Transition*, ed. H. S. Nordholt and Irwan Abdullah (Yogyakarta: Pustaka Pelajar, 2002), pp. 67–105. A chronicle and list of the causes of the conflict are also analyzed by International Crisis Group (ICG), “Communal Violence In Indonesia: Lessons From Kalimantan,” *ICG Asia Report 19* (Jakarta and Brussels: ICG, 2001).

Yet, LMMDD-KT is, in fact, a relatively minor actor in provincial politics, since it has had influence only in a few remote and economically worthless districts, while districts embracing major bases for the timber industries and large-scale plantations were generally controlled by powerful local businessmen, one of whom is Abdul Rasyid—the focus of this essay. Moreover, LMMDD-KT often supported a candidate for district head who was backed by these businessmen. In addition, it should be noted that Governor Narang could not govern the province if he disregarded the strong influence of these businessmen over the local economy and politics. Narang was able to win the election because it was held during a period when Rasyid’s powers were diminished since he had fled abroad to avoid arrest for illegal logging during the nationwide anti-illegal-logging campaign. After his return, however, Rasyid established business ties with national politicians-cum-businessmen, and he also put Narang into his debt by giving financial support to official events sponsored by the provincial government. Rasyid’s political influence will be examined further in this essay.

²⁵ Davidson, “Violence and Politics in West Kalimantan, Indonesia.” Van Klinken, “Indonesia’s New Ethnic Elites.” Yakti Maunati, *Identitas Dayak: Komodifikasi dan Politik Kebudayaan* (Yogyakarta: LkiS, 2004).

patterns of local politics. This essay will first examine the case of East Kalimantan, emphasizing how national political figures exerted influence over political contests among Governor Suwarna, the Kutai Kartanegara district head, Syaukani, and the East Kutai district head, Awang Faroek Ishak, all of whom campaigned for the governor's post during the period between the 2003 and 2008 gubernatorial elections. It will then shift to discuss how Abdul Rasyid, a local timber businessman, gained political influence over Central Kalimantan and why he and his political allies were never arrested despite evidence of their involvement in illegal logging.

2. Swim Together or Sink Together

On September 16, 2007, national media reported that four prominent East Kalimantan politicians were the top contenders in the upcoming Golkar provincial convention, which was scheduled to select a substitute candidate for governor in 2008. The first candidate, Syaukani HR, a provincial chairman of Golkar and the district head of Kutai Kartanegara, had withdrawn from the contest because of the December 2006 investigation by the KPK, the national anti-corruption agency. The four candidates were Awang Faroek Ishak, district head of East Kutai; Achmad Amins, mayor of Samarinda; Andi Sofyan Hasdam, mayor of Bontang; and Jusuf SK, mayor of Tarakan.²⁶ The mayor of Balikpapan, Imdaad Hamid, was said by local media to be the dark-horse candidate.²⁷ Incumbent Governor Suwarna Abdul Fatah could not run in the election because he was in his second term and had been arrested for corruption in June 2006.²⁸

The seven were the most powerful political figures in East Kalimantan, having become local government heads in the major cities and districts of the province after the fall of Suharto. The cities and districts they governed are rich in mineral resources, located in the coastal and southeastern parts of the province (see Map 1). Other districts in East Kalimantan are largely covered by forest and less populated.²⁹ Kutai Kartanegara, Syaukani HR's region, encompasses a gas field, making it a hub for liquefied natural gas (LNG) production; the chief extraction facilities are located in Bontang. East Kutai has huge coal mines where a multinational company, Kaltim Prima Coal (KPC), has been operating since the early 1980s. Samarinda, the provincial capital, and Balikpapan and Tarakan have oil fields and refineries. All this makes East Kalimantan one of the most critical provinces for the national economy. This explains why the central government controls most of the mining contracts.³⁰ Through public corporations, Jakarta has entered into joint ventures with multinational companies such as the US-based Tesoro, British Petroleum (BP), and Rio Tinto of Australia, and

²⁶ S. G. Wibisono, "Partai Golkar Kalimantan Timur Gelar Konvensi," *Tempo Interaktif*, September 16, 2007.

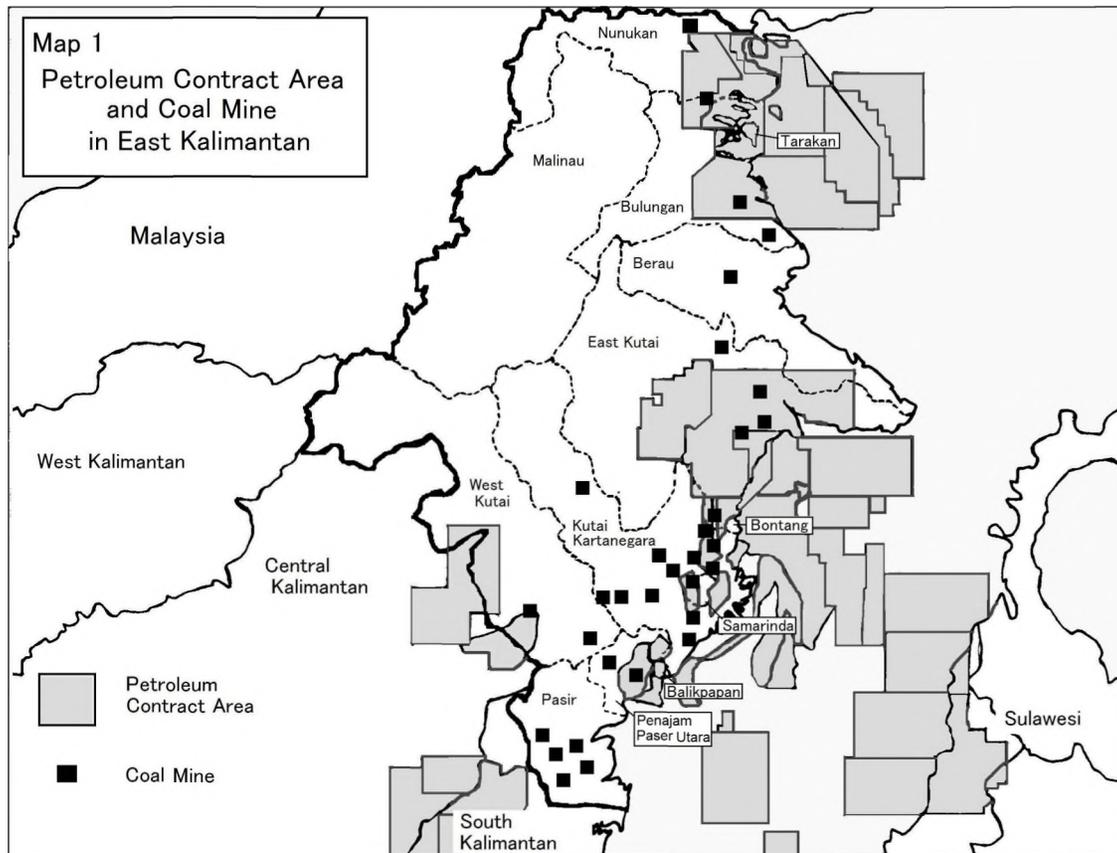
²⁷ "Jusuf Kalla Terkejut," *Banjarmasin Post*, March 18, 2007.

²⁸ Riky Ferdianto, "Gubernur Kalimantan Timur Ditahan," *Tempo Interaktif*, June 19, 2006.

²⁹ East Kalimantan has a total of four cities (Samarinda, Balikpapan, Bontang, and Tarakan) and nine districts (Kutai Kartanegara, East Kutai, West Kutai, Bulungan, Berau, Malinau, Nunukan, Paser, and Penajam Paser Utara).

³⁰ According to Law No. 55/2001, local governments can issue coal mining concessions.

domestic companies such as Arifin Panigoro's Medco, Bakrie's Bumi Resources,³¹ and Tanito Harum. Revenues from oil and natural gas made up 30.1 percent in 2006 and 25.0 percent in 2007 of Indonesia's overall national income.³²



Source: Direktorat Jenderal Listrik dan Pemanfaatan Energi, "Peta Potensi Energi Nasional Provinsi Kalimantan Timur," Direktorat Jenderal Listrik dan Pemanfaatan Energi. http://www.djlpe.esdm.go.id/modules/_website/images/content/11994518792.pdf (accessed June 15, 2008).

Direktorat Jenderal Minyak dan Gas Bumi, "Indonesia Petroleum Contract Area Map: Status March 01, 2008," Departemen Energi dan Sumber Daya Mineral, <http://www.migas.esdm.go.id> (accessed July 7, 2008).

According to the 2000 census, around 2.4 million people live in East Kalimantan. Seventy percent (70.4) of the province's population is concentrated in the four cities (Samarinda, Balikpapan, Bontang, and Tarakan) and in two of the nine districts (Kutai Kartanegara and East Kutai).³³ Residents in these cities and districts are mainly

³¹ Arifin Panigoro and the owner of the Bakrie Group Aburizal Bakrie are both businessmen-cum-politicians. Arifin Panigoro was the PDI-P faction chairman in the People's Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR), the highest legislative body of the state in 2002–2003. He, however, resigned from the PDI-P in 2005 and formed a new party, the Democratic Renewal Party (Partai Demokrasi Pembaruan, PDP) with Laksamana Sukardi and other former PDI-P politicians. Aburizal Bakrie is a Golkar politician and he became the Coordinating Minister for the Economy in 2004 and the Coordinating Minister for People's Welfare in 2005.

³² Departemen Keuangan Republik Indonesia, "Perkembangan Perpajakan 2006–2007," "Penerimaan Negara Bukan Pajak & Hibah, 2006–2007," Departemen Keuangan Republik Indonesia, <http://www.fiskal.depkeu.go.id> (accessed January 30, 2008).

³³ The other 29.6 percent of the population lives in seven districts located in the inland, southwestern, and

descendants of immigrants from Java, South Sulawesi, and South Kalimantan. The Javanese are the largest ethnic group (33.3 percent), followed by the Buginese of South Sulawesi (18.2 percent), and the Banjarese of South Kalimantan (16.7 percent). These groups came to East Kalimantan for various reasons at different times, settling the province over the centuries, as migrants fled the Dutch colonization of South Sulawesi in the seventeenth century and of South Kalimantan in the nineteenth century. They sought employment in oil companies in the early twentieth century and timber corporations in the 1970s, and participated in the government's transmigration programs in the late 1970s. The indigenous locals in these cities and districts comprise the Kutais (11.7 percent), who are descendents from the aristocrats and subjects of the Kutai Kingdom that persisted until its integration with Indonesia in 1949, and the indigenous Dayaks (roughly around 7–8 percent), who mostly reside in the interior, although some have moved to the urban areas for education and job opportunities.³⁴

The governor and the six heads of the major cities and districts share common political histories despite their different ethnic backgrounds. Though they won their positions as local government heads after the fall of Suharto and the advent of decentralization, they had been established players in provincial political circles through much of the Suharto era and had held high positions in the provincial government, quasi-government organizations, and/or Golkar. Governor Suwarna, for example, is a former military official and was deputy governor of East Kalimantan from 1994 to 1998. He is a Sundanese from West Java. Achmad Amins, the mayor of Samarinda, is a former local bureaucrat of the city, who served as assistant secretary of the municipal government in 1994 to 1998, and as deputy mayor in 1998 to 2000. He was also the provincial vice chairman of the government-sponsored Indonesian Youth National Committee (Komite Nasional Pemuda Indonesia, KNPI) from 1980 to 1985 and provincial chairman of Golkar's youth organization, the Indonesian Reform Youth Force (Angkatan Muda Pembaharuan Indonesia, AMPI), from 1985 to 1990. He is of mixed ethnicity, being of Buginese, Wajo, and Kaili (of South Sulawesi) lineage.

Imdaad Hamid, the mayor of Balikpapan, was formerly an officer with the provincial Regional Development Planning Board (Badan Perencanaan Pembangunan Daerah, BAPPEDA) from 1968 to 1986. He was appointed as acting head of the Bureau of Public Relations in 1986 and held that post until 1991, and became provincial secretary of the Agriculture Extension Office (Balai Penyuluhan Pertanian: BPP) in 1991, a position he held until 1998. He is Kutai, and his father-in-law is a Kutai

northern parts of the province. The census does not account for those who are less than five years old. Badan Pusat Statistik, *Penduduk Indonesia: Hasil sensus Penduduk Tahun 2000* (Jakarta: Badan Pusat Statistik, 2001), p. 75.

³⁴ The total number of Dayaks in East Kalimantan is unknown since the Dayak population was counted and listed according to their subethnic categories, and many Dayak men and women are classified as "others" in the census. It can, however, be estimated that around 7–8 percent of the total population of the four cities and two districts is made up by Dayaks because Dayaks in East Kalimantan are mostly Christians, and the Christian population in these cities and districts constitute 8.7 percent of the total population. The Javanese, Buginese, Banjarese, and Kutai are almost all Muslims. Population in the other seven districts of this province is composed mainly of Dayaks (probably around 25 percent of the total population of the seven districts), the Javanese (20.6 percent), the Buginese (18.4 percent), the local Paser of the southwestern part of the province (7.1 percent), and the Kutai (3.4 percent). Badan Pusat Statistik, *Penduduk Indonesia: Hasil sensus Penduduk Tahun 2000*, pp. 39, 75.

aristocrat. Andi Sofyan Hasdam, the mayor of Bontang, is a doctor who served at the general hospital in Samarinda from 1988 to 1997. He also worked at a hospital owned by LNG companies affiliated with the public oil corporation Pertamina in Bontang from 1993, until he became mayor in 2001. He was a member of the provincial parliament from 1998 to 1999, and also acted as provincial chairman of the Indonesian Medical Doctors (Ikatan Dokter Indonesia Association), a post he held from 1994 to 1998, and provincial vice chairman of Golkar from 1998 to 1999. He is a Buginese from South Sulawesi. Jusuf SK, the mayor of Tarakan, is also a doctor and worked as hospital director at the general hospital in Tarakan from 1987 to 1995 and in Samarinda from 1995 to 1998. He was the subdelegate of provincial KNPI in Tarakan from 1982 to 1986 and became general chairman of the Association of All-Indonesia Municipality Governments (Asosiasi Pemerintah Kota Seluruh Indonesia, APEKSI) in 2000. He was born in Tarakan and is of mixed Indian, Javanese, and Banjarese ethnicity. Awang Faroek Ishak, the district head of East Kutai, was a scholar who taught at Mulawarman University in Samarinda from 1975 to 1987. He became a member of parliament, representing East Kalimantan from 1987 to 1997, and he was also provincial chairman of KNPI from 1982 to 1995, and provincial secretary of Golkar from 1983 to 1988. He was born to an aristocratic Kutai family.³⁵

Finally, Syaokani HR was born in Kutai of Kutai, Banjarese, and Makassarese ethnicity. He was not directly linked to the provincial political elite that dominated the region during the Suharto era, but his father-in-law belongs to an aristocratic Kutai family.³⁶ A former local bureaucrat in the Kutai district, the district chairman of Golkar from 1993 to 2003, and the chairman of the Kutai district assembly in 1997–99, Syaokani was a close friend of top provincial bureaucrats and politicians. It was because of these ties that he became the provincial chairman of Golkar in 2003. He was then able to use his position to develop close ties with the party's national leaders. He became the general chairman of the Association of All-Indonesia District Governments (Asosiasi Pemerintah Kabupaten Seluruh Indonesia, APKASI) in 2000.

It is obvious that these seven men would have come to know each other through personal interactions in school, university, quasi-government youth organizations, political parties, or the workplace. Their occupations and political careers likewise indicate that they had connections with national political figures via networks of military, party, and national youth organizations. For example, Achmad Amins, the mayor of Samarinda, was close to Syamsul Muarif, former provincial chairman of AMPI in South Kalimantan and also one of the Golkar cadres in charge of Kalimantan after the fall of Suharto.³⁷ These provincial elites dominated elections for local

³⁵ Akiko Morishita, "Soeharto Taisei Hokaigo no Indonesia Chiho Seiji: Nishi, Chubu, Higashi Kalimantan no riken wo nigirunowa douitta hitotachi ka" [Local Politics in Post-Suharto Indonesia: Who Controls Local Resources in West, Central, and East Kalimantan?] (PhD dissertation, Kyoto University, 2006), pp. 187–221.

³⁶ *Ibid.*, pp. 203–21.

³⁷ Syamsul Muarif was born to a Banjarese family in South Kalimantan in 1948. He was the provincial chairman of AMPI in South Kalimantan from 1985 to 1989. He met Achmad Amins at regional meetings of AMPI, at which all four provincial chairpersons in Kalimantan gathered. Syamsul Muarif has also been a member of parliament from 1987 up to the present, and he became Minister of State for Communications and Information in 2001–2005. H. M. Ridwan Tasa and Umar Vaturusi, *Pergumulan H. Achmad Amins* (Jogjakarta: Ombak, 2003), pp. xxi–xxii. Achmad became the provincial chairman of AMPI in the 1980s.

government heads after decentralization, owing to the strong political and financial support they received from national political and business figures.

Since the central government, along with large foreign and domestic corporations, had exploited East Kalimantan's rich mineral resources during the Suharto era, local demands and opposition against the center and companies became open and fierce after the collapse of the New Order. In 1999, East Kalimantan's provincial assembly challenged the central government, demanding the implementation of federalism in Indonesia and a bigger share of revenues from mineral resources. It opposed the new law that divided resource revenues between the center and regions and that granted only 15 percent of oil revenues and 30 percent of gas revenues to the regional governments, and it demanded instead 75 percent of the revenue from local oil and gas extraction.³⁸ Local Dayak communities also protested against coal mining by PT Trubalindo Coal Mining of the Thailand-based Banpu and the gold mining by Rio Tinto's PT Kelian Equatorial Mining, operations that encroached on Dayaks' customary land.³⁹

The huge business potentials that national elites saw in the mining sector compelled them to defend their interests against these outbreaks of local opposition. One way in which they tried to do so was to reassert control over local politics. This proved difficult, however, because these elites could not prove that they had roots in the region and therefore were impeded by the electoral provision requiring *putra daerah*, i.e., more local participation in politics. The only way and the most efficient way for the national elite to maintain control over these business opportunities was to support provincial political elite representatives, especially old acquaintances, whose election would then allow them to protect their own business interests from local resentments or appropriation, and/or might enable them to claim a share in some of the revenues from rich sectors like mining. The story of the disgraced governor of East Kalimantan, Suwarna Abdul Fatah, exemplifies how these ties developed and operated.

Suwarna Abdul Fatah was born to a Sundanese family in Bogor, West Java, in 1944. In 1966, he entered the National Military Academy (Akademi Militer Nasional, AMN) and soon after made steady progress in his military career, rising to district military commander of Tangerang (Dandim 0506/BS) in 1985, a post he held into 1987, after which he became assistant for intelligence at the Military Regional Command of Sriwijaya territory of Southern Sumatra (Wakil Asisten Intel Kodam II/SWJ) in 1987–89, then assistant for intelligence at Kodam of Tanjungpura territory of Kalimantan (Asintel Kodam VI/TPR) in 1989–90, and resort military commander of Manokwari territory of Irian Jaya (Danrem 171/PVT) in 1990–93. In 1994, the governor of East Kalimantan, Mohammad Ardans, took office for a second term, and Suwarna was appointed as deputy governor. During the period when he was stationed at Kodam of Tanjungpura, from 1989 to 1990, he operated under the command of Z. A. Maulani, a South Kalimantan native. As the commander, Maulani wielded strong political influence in Kalimantan. It was he who put Mohammad Ardans, a Banjarese

³⁸ "East Kalimantan Legislators Join Call for Federalism," *Jakarta Post*, December 2, 1999.

³⁹ "Mining Giants Benefit from Crisis," *Down to Earth* 39, November 1998, <http://dte.gn.apc.org/39min.htm> (accessed May 2, 2008).

local bureaucrat of South Kalimantan descent, forward as governor of East Kalimantan in 1988 against the wishes of Javanese military officials.⁴⁰

Suwarna was appointed as governor in June 1998, a month after the fall of Suharto. At that time, the process of selecting local government heads still followed the old system, according to which the president appointed the governor based on the polling results in the provincial assembly.⁴¹ Suwarna's appointment was backed by Kodam,⁴² but it was bolstered by the support of Maulani, then head of the Intelligence Coordinating Body (Kepala Badan Koordinasi Intelijen Negara, Kabakin). After taking office, Suwarna won over the local Dayak and Kutai bureaucrats by placing them in choice positions in his government. He appointed Dayak officers to key positions, as in the cases of Yurnalis Ngayoh (former assistant secretary of the provincial government), who became deputy governor in 1998; Marthin Billa (former assistant secretary of the district government of Bulungan), appointed as secretary of the new district government of Malinau in 1999; and Rama Alexander Asia (a former staff member at the Provincial Investment Coordinating Board), who became the acting district head of new West Kutai district in 1999. Suwarna also appointed Kutai officers to significant posts; in this way, Chaidir Hafiedz (former deputy governor) became deputy governor again in 1998; Imdaad Hamid (former provincial secretary of BPP) became assistant secretary of the provincial government in 1998; and Awang Faroek Ishak (former Parliament member) was appointed as the provincial head of the Environmental Impact Management Board in 1998 and as the acting district head of the new East Kutai district in 1999.⁴³ Imdaad Hamid, in turn, was elected as mayor of Balikpapan, and Marthin Billa, Rama Alexander Asia, and Awang Faroek Ishak were elected as the district heads of Malinau, West Kutai, and East Kutai, respectively, in 2001. This pattern of appointments and achievements helped Suwarna to maintain good relationships with these district and municipal governments since his allies had assumed the top positions in these organizations amidst the tumultuous backdrop of *reformasi*.

Suwarna also tried to purchase the KPC coal mining shares in the name of the province, thereby portraying himself as a defender of local interests against the central government, which had monopolized profits from the mining sector during the Suharto era. In the dispute over the divestment of KPC shares, he was supported by Moetojib (former regional military commander of Tanjungpura, 1992–93), David Salim (nephew of a national tycoon Sudono Salim), and Laksamana Soekardi (PDI-P⁴⁴ politician and Minister of State-Owned Enterprises). He was, however, defeated in this strategy by Purnomo, the national Minister of Energy, and two multinational companies—specifically BP and Rio Tinto—which had owned all KPC shares, for these companies then transferred all their shares in KPC to PT Bumi Resources, a company

⁴⁰ Burhan Djabier Magenda, "The Surviving Aristocracy in Indonesia: Politics in Three Provinces of the Outer Islands" (PhD Dissertation, Cornell University, 1989), p. 246.

⁴¹ Local assemblies were given authority to choose local government heads after the implementation of Law No. 22/1999 on Regional Government. However, this indirect electoral system was abolished when a direct election system was introduced in 2005.

⁴² Prasetyawan, "Government and Multinationals," p. 169.

⁴³ Morishita, "Soeharto Taisei Hokaigo no Indonesia Chiho Seiji," pp. 198–99.

⁴⁴ PDI-P, Partai Demokrasi Indonesia-Perjuangan, the Indonesian Democratic Party of Struggle.

controlled by the prominent Golkar politician Aburizal Bakrie.⁴⁵ After this setback, Suwarna opted to acquire an old KPC mining site of fifty-thousand hectares and allocated it to his aides, to the provincial assembly chairman, Sukardi Djarwo Putro (who was also the provincial secretary of PDI-P), and to the Jakarta-based domestic mining companies PT Kitadin, PT Bukit Baiduri Enterprise, and PT Tanito Harum.⁴⁶

Suwarna had a hard time getting reelected in 2003. Local assemblies were given authority to choose government heads after the implementation of Law No. 22/1999 on Regional Government. Golkar was ousted as the top party by the PDI-P after the 1999 general election. Moreover, the Golkar provincial branch did not initially nominate him as its candidate for governor, although it had supported him in the previous election.⁴⁷ As it happened, the district and municipal branches strongly dissented against the provincial decision and demanded Suwarna be chosen as Golkar's candidate and that the provincial chairman be replaced by Syaekani, then a district chairman of the party.⁴⁸ This protest "from below" forced provincial party chieftains to concede to the demands of party members. There is no incontrovertible evidence to indicate who was behind this "rebellion" against the provincial branch, but it is safe to say that Syamsul Muarif, a leading national member of Golkar who took charge of the Kalimantan region, may have had a role to play, given his close acquaintance with Maulani, Suwarna's former military boss.⁴⁹

Consequently, Suwarna secured twelve votes out of a total of forty-five in the provincial assembly. He still needed more votes to ensure victory and found these in the other parties. The PDI-P controlled fourteen seats and fielded its Javanese provincial chairman, Imam Munjiat, as its candidate. The other Golkar candidate, Awang Faroek Ishak, failed to get the support of the party but was supported by other parties that controlled six seats in total.⁵⁰ Suwarna sought the help of Theo Syafei, a retired military officer and Megawati's aide in the PDI-P. He was the chief of the Committee for Winning the General Election (Panitia Pemenangan Pemilihan Umum, Papu) of the PDI-P. Theo allegedly received 600 million rupiah (roughly US\$70,000) to support Suwarna. He summoned the PDI-P members of the East Kalimantan provincial assembly in the central East Java city of Surabaya and instructed them to vote for Suwarna.⁵¹ On June 2, 2003, Suwarna was reelected with twenty-four votes

⁴⁵ Prasetyawan, "Government and Multinationals," pp. 161–89.

⁴⁶ "50.000 Ha Lahan Eks KPC Dikuasai Pengusaha," *Kompas*, May 31, 2002.

⁴⁷ The provincial leaders of Golkar referred to the following three men as the party's potential candidates: Awang Faroek Ishak, Harbiansyah Hanafiah (a prominent local businessman and the then-provincial vice chairman of Golkar), and Yos Sutomo (a prominent local businessman). Morishita, "Soeharto Taisei Hokaigo no Indonesia Chiho Seiji," pp. 199–200.

⁴⁸ "Menjelang Sukseksi Gubernur, Golkar Kaltim Pecah," *Kompas*, January 25, 2003.

⁴⁹ Syamsul and Maulani were both born in South Kalimantan. When Syamsul was one of the provincial leaders of Golkar in South Kalimantan and a parliament member in 1987–92, Maulani was Panglima Kodam (Pangdam) of the Kalimantan region in 1988–1991. Syamsul attended the funeral of Maulani along with the present and former presidents of Golkar, Jusuf Kalla and Akbar Tandjung. "Mengenang Mantan Kabakin ZA Maulani, Pemberani Dan Suka Blak-blakan," *Banjarmasin Post*, April 6, 2005.

⁵⁰ The political parties supporting Awang Faroek Ishak were the NU-based National Awakening Party (Partai Kebangkitan Bangsa, PKB) and the NU party (Partai NU), the Muslim-based Crescent Star Party (Partai Bulan Bintang, PBB) and the Justice Party (Partai Keadilan, PK), and a splinter party of Golkar, the Justice and Unity Party (Partai Keadilan dan dan Persatuan, PKP).

⁵¹ Hanibal W. Y. et al., "Politik Uang Para Hulubalang," *Tempo* 19,32, July 7–13, 2003, pp. 26–30. WM, Tomi Lebang, Hannibal W.Y. Wijayanta, Redy M. Z., "Sogok Miliaran Ulah Siapa?" *Tempo* 19,32, July 7–13,

while Imam Munjiat only received seven votes, and Awang Faroek Ishak won just thirteen votes.⁵² Reports of election fraud were posted by the national media, but Suwarna could not be charged because of lack of evidence. Theo Syafei submitted a letter of resignation to PDI-P president Megawati and the party secretary general Soetjipto, taking responsibility for the loss, but they did not accept his resignation.⁵³ Their refusal suggests that Theo Syafei's decision to agree to Suwarna's proposal was reinforced by the decision of the PDI-P leaders to support Suwarna's candidacy at the expense of Imam Munjiat.⁵⁴

Suwarna's ascension to power is just one of many examples of the ways in which East Kalimantan's leaders have relied on their connections with national politicians to prop up their power base. But if they depend too much on these national links, they become vulnerable when realignments in national politics occur. The 2004 general and presidential elections and subsequent events brought about dramatic changes in the power of the Indonesian presidency and the balance of power among the major political parties. Golkar recovered its dominant position in the parliament and Megawati was defeated in the presidential election by Susilo Bambang Yudhoyono, while Vice President Jusuf Kalla was elected as president of Golkar. In addition, Suwarna's former military boss, Maulani, passed away in April 2005; this was yet another loss to the old guard.⁵⁵

These changes in national political networks exposed the fragility of Suwarna's position. As his national patrons waned in power, local tensions reemerged, most notably the rivalry between Suwarna and Syaukani, the powerful Golkar local politician. These two began to tangle over an airport construction project, and soon their tiff worsened into a fight over the political leadership of the region.⁵⁶ The hostility reached a boiling point in December 2004 when Syaukani's term as district head of Kutai Kartanegara expired and Suwarna unilaterally appointed Awang Dharma Bakti (then head of the Provincial Department of Public Works) as acting district head, replacing Syaukani.⁵⁷ Syaukani supporters protested this move, accusing Suwarna of corruption, and took their case to the KPK. The leading group in this counterattack was called Anti-Corruption Student Solidarity (Solidaritas Mahasiswa Anti-Korupsi, Somasi).⁵⁸

2003, p. 29.

⁵² "Suwarna AF Terpilih Kembali Pimpin Kaltim," *Kompas*, June 3, 2003.

⁵³ Imron Rosyid, "Sekjen PDI Perjuangan Akui Theo Syafei Minta Non Aktif," *Tempointeraktif*, July 5, 2003. Imron Rosyid, "PDI Perjuangan Tolak Pengunduran Diri Theo Syafi'i," *Tempointeraktif*, July 23, 2003.

⁵⁴ Prasetyawan, "Government and Multinationals," p. 172.

⁵⁵ "Mengenang Mantan Kabakin ZA Maulani," *Banjarmasin Post*, April 6, 2005.

⁵⁶ Redaksi Majalah Bongkar, "Suwarna-Syaukani Sempat Islah," *Majalah Bongkar*, January 7, 2007.

⁵⁷ DPRD Kutai Kartanegara, "Syaukani Menyesal "Mengangkat" Suwarna," *Warta DPRD Kutai Kartanegara*, March 7, 2005, <http://www.dprdkutaikartanegara.go.id/bacawarta.php?id=231> (accessed May 2, 2008).

⁵⁸ Sutarto, "Gubernur Kaltim Dilaporkan ke KPK, Korupsi Pesawat Terbang Ringan," *Tempointeraktif*, December 13, 2004. Sutarto, "Somasi Laporkan Gubernur Kalimantan Timur Ke KPK," *Tempointeraktif*, January 11, 2005.

When KPK started its investigation in October 2005, Suwarna immediately fought back.⁵⁹ A month later, around a hundred pro-Suwarna supporters gathered in front of the KPK office and accused Syauckani, who had been reelected district head in June 2005, of misusing public funds.⁶⁰ Concerned that this feud would turn into a full-blown crisis that could affect the party, Golkar president Jusuf Kalla sent Syamsul Muarif to mediate between Suwarna and Syauckani. The envoy took the side of Syauckani. Suwarna was arrested on June 19, 2006, and sentenced to seven years in prison on March 2, 2007.⁶¹ The Golkar national leadership gave Syauckani complete control of the province once Suwarna had been jailed, and Syauckani became the most powerful candidate for governor in the 2008 direct election.⁶²

Syauckani's triumph was short-lived, however. A rift between Susilo Bambang Yudhoyono and Syauckani's political patron Jusuf Kalla intensified in late 2006 after Yudhoyono established the Presidential Working Unit for Managing Programs and Reform (Unit Kerja Presiden untuk Pengelolaan Program Reformasi, UKP3R) to manage the implementation of political and economic reform programs. Kalla opposed the formation of UKP3R, complaining that the UKP3R exceeded its role in economic policy making, which at the time he believed was, and should be, under his control.⁶³ He demanded that the unit be suspended and eventually dissolved. At that point, Yudhoyono issued an official letter permitting the KPK to investigate Syauckani for corruption, allegedly for marking up the cost for a feasibility study concerning the construction of Kutai Kartanegara airport and the acquisition of land for this proposed new facility. He also expressed his full support for Awang Faroek Ishak (the district head of East Kutai), another possible frontrunner for governor, by granting Awang the prestigious Medal of Honour for Development (Satya Lencana Pembangunan) award, ostensibly for his contribution to national education development.⁶⁴ Yudhoyono's party, the Democratic Party (Partai Demokrat, PD), likewise chose to support Awang Faroek Ishak in the upcoming gubernatorial election, as did thirteen other political parties.⁶⁵

⁵⁹ Edy Can, "Gubernur Kalimantan Timur Diperiksa KPK," *Tempointeraktif*, October 21, 2005.

⁶⁰ Thoso Priharnowo, "Unjuk Rasa Desak KPK Sidik Kasus Dugaan Korupsi Syauckani," *Tempointeraktif*, November 24, 2005.

⁶¹ "Suwarna-Syauckani Sempat Islah," *Majalah Bongkar*, January 7, 2007. Ferdianto, "Gubernur Kalimantan Timur Ditahan," *Tempointeraktif*, June 19, 2006. Kartika Candra, "Suwarna A.F Dituntut 7 Tahun," *Tempointeraktif*, March 2, 2007.

⁶² Indonesia started to implement a direct election system for local government heads in 2005.

⁶³ "Ketidaktahuan Wapres Soal UKP3R Bisa Jadi Masalah," *Kompas*, November 2, 2006. Suhartono, "Wapres: Koordinasi UKP3R Tidak Dibutuhkan," *Kompas*, November 3, 2006. Suhartono, "Presiden Diminta Bubarkan UKP3R," *Kompas*, November 3, 2006. UKP3R still exists as of early 2008, despite the controversy surrounding it.

⁶⁴ Awang Faroek Ishak is a provincial chairman of the Education Board (Dewan Pendidikan Provinsi Kalimantan Timur, DPPKT). He was one of the nine local government heads who received this award from President Yudhoyono, and the only person to be so honored in East Kalimantan. The others include Rusli Zainal (governor of Riau) and Rudi Arifin (governor of South Kalimantan). "Awang Faroek Satu-satunya Asal Kaltim," *Samarinda Pos*, November 26, 2007.

⁶⁵ Among the other thirteen parties supporting Awang Faroek Ishak, there are PBB, PPP, the Muhammadiyah-based National Mandate Party (Partai Amanat Nasional, PAN), the Christian-based Prosperous Peace Party (Partai Damai Sejahtera, PDS), and a splinter party of PDI-P, the Freedom Bull National Party (Partai Nasional Banteng Kemerdekaan, PNBK). "Awang Faroek Siap Diperiksa," *Banjarmasin Post*, December 3, 2007.

The news of Syaukani's detention at Jakarta Regional Police Headquarters in March 2007 shocked Jusuf Kalla. He and Bomer Pasaribu, another leading national figure of Golkar, vowed to back up Syaukani, promising not to replace him with anyone else.⁶⁶ Syaukani, however, was sentenced to two and a half years in jail on December 14, 2007, and the court's decision forced Kalla and provincial leaders of Golkar to withdraw their support for Syaukani as their candidate. Syaukani was also dismissed as district head by the newly appointed minister of Home Affairs, Mardiyanto, a former military official who is Yudhoyono's right-hand man.⁶⁷ The election of governor was scheduled for May 2008, but Golkar only began considering an alternative candidate in early 2008. Awang Faroek Ishak appeared to be the leading candidate, but he too proved vulnerable. Awang was accused of corruption involving the construction of an East Kutai district government office complex and became a target of the Supreme Public Prosecutor's Office (Kejaksaan Agung Republik Indonesia), which began investigating the case in April 2007. This was a month after Suwarna's court conviction and Syaukani's incarceration.⁶⁸ President Yudhoyono, however, did not issue the permission letter for Kejaksaan Agung to arrest Awang for an investigation despite the demands of a pro-Syaukani group that the president do so.⁶⁹

Golkar finally chose Jusuf SK (former provincial leader of KNPI in charge of Tarakan and then mayor of Tarakan) as its candidate. He was pitted against the PDI-P's candidate, Nusyirwan Ismail (Banjarese bureaucrat and then assistant secretary of the provincial government); against Ahmad Amins (former provincial chairperson of AMPI and then mayor of Samarinda), who was supported by the Justice and Prosperity Party (Partai Keadilan Sejahtera, PKS), the Pancasila Patriot's Party (Partai Patriot Pancasila), and the National Awakening Party (Partai Kebangkitan Bangsa, PKB); and against Awang Faroek Ishak (former parliament member and then district head of East Kutai, as noted above) who was supported by fourteen parties, including Yudhoyono's PD, PPP, and the National Mandate Party (Partai Amanat Nasional, PAN). The direct election system gave the electorate the right to select their government leader, but national political party leaders still exercised their influence over the process of selecting candidates.

The election was held on May 26, 2008, and Awang Faroek Ishak garnered 28.9 percent of the votes, while Achmad Amins won 26.9 percent, Jusuf SK won 25.2 percent, and Nusyirwan Ismail received 19 percent.⁷⁰ Under Law No. 12/2008 on elections for local government heads, it was determined that the second round of the contest between the first- and second-place candidates—in this case, Awang Faroek

⁶⁶ "KPK Tahan Bupati Kutai Kartanegara," *Republika*, March 18, 2007. "Jusuf Kalla Terkejut," *Banjarmasin Post*, March 18, 2007.

⁶⁷ Eko Ari Wibowo, "Syaukani Dinonaktifkan," *Tempointeraktif*, September 20, 2007. S. G. Wibisono, "Golkar Bahas Pengganti Syaukani," *Tempointeraktif*, December 18, 2007. When Yudhoyono was Armed Forces Chief of Social and Political Affairs (Kepala Staf Sosial Politik, Kasospol), Mardiyanto was his assistant.

⁶⁸ "Awang Faroek Diperiksa Kejaksaan Agung," *Samarinda Pos*, April 24, 2007.

⁶⁹ "Demo Anti Awang Faroek Ricuh," *Samarinda Pos*, December 7, 2007.

⁷⁰ Komisi Pemilihan Umum Kalimantan Timur, "Pemilu Gubernur/Wakil Gubernur Kalimantan Timur: Perolehan Suara Manual," Komisi Pemilihan Umum Kalimantan Timur, <http://kaltim.kpu.go.id/index.html> (accessed July 7, 2008).

Ishak and Achmad Amins—would be held in September 2008 since none of the candidates had won more than 30 percent of the votes in the first round.⁷¹

The case of East Kalimantan shows how national power holders control a region rich in mineral resources during the era of decentralization. Mineral resources, especially oil and natural gas, are crucial for the state economy, and thus the central government still fully controls the mining contracts through public corporations, even after the implementation of decentralization, and these corporations have subcontracted to multinational companies and a few Jakarta-based domestic companies. The mining industries need a great deal of capital and heavy machinery, and support from many technical experts, which means there is little space for the development of local extraction businesses. The center's exploitation of these resources, however, has generated local demands and protests against the central government and the enterprises conducting mining operations, and these local resentments broke out into the open and grew fierce after the collapse of New Order. In such situations, national political leaders most likely expected provincial political elites, who had been close to them, to assume influential positions as local government heads and conciliate the local groups that opposed the mining operations. For this reason, national power holders exercised a strong influence on politics in mineral resource-rich regions, and were especially involved in the processes of selecting and dismissing local government heads. As a consequence, power holders in the regions strongly relied on their connections with national politicians to bolster their power base. However, these conditions also mean that local leaders tend to become vulnerable in local political competitions when their Jakarta patrons fall from power as a result of realignments in national politics or if a patron becomes considerably weakened after a major political battle. The political rise and fall of Suwarna and Syaokani in East Kalimantan exemplify how local political actors in mineral resource-rich regions shared the fate of their patrons in national politics.

3. Who Controls Forest-Rich Regions?

Indonesia's forest resources, like its mineral resources, generate enormous profits for exporters. The 2006 value of wood-related exports (plywood, other processed wood, sawn timber, rattan, rattan-related products, processed rattan, paper, and paper-related products), for example, reached US\$7.67 billion—9.6 percent of the total value of non-oil and gas exports.⁷² However, national political and business cliques have not exercised much influence over local politics in Kalimantan's forest-rich regions since the fall of Suharto, a pattern that differs from the political status quo in regions such as East Kalimantan, noted for its mineral resources.

In Central Kalimantan, 84 percent of the provincial area is covered by forest, according to the Provincial Bureau of Statistics.⁷³ The 2000 census sets the provincial

⁷¹ "KPU Tetapkan Pilkada Kaltim Berlangsung Dua Putaran," *Antara News*, June 10, 2008.

⁷² Statistics regarding the value of non-oil and gas exports are available on the website of the Indonesian Ministry of Trade. Departemen Perdagangan Republik Indonesia, "Ekspor Non Migas Utama Menurut Sektor," Departemen Perdagangan Republik Indonesia, <http://www.depdag.go.id/index.php?option=statistik&task=detil&itemid=06010204> (accessed May 16, 2008).

⁷³ Pemerintah Daerah Tingkat I Kalimantan Tengah and Kantor Statistik Propinsi Kalimantan Tengah,

population at around 1.8 million, mainly consisting of Banjarese (24.2 percent of the total provincial population), Javanese from Java (18.1 percent), and Dayaks (more than 40 percent).⁷⁴ The province's main export commodities are wood and articles made from wood (40.2 percent of the total provincial exports of 2007).⁷⁵

During the Suharto era, the central government exercised complete control over the forest concessions through Forest Concession Rights (Hak Pengusahaan Hutan, HPH), granting the rights to harvest the trees to public corporations, the military, and Jakarta-based conglomerates close to Suharto.⁷⁶ While these Jakarta-based companies were granted large-scale logging concessions, local businessmen also benefited when the large corporations subcontracted the work out to them. These local businessmen were tasked to recruit and supervise workers, to manage logging operations and the shipping of timber on site, to conciliate and/or intimidate locals who opposed logging, and so forth. Some also engaged in illegal logging to meet the targets of a particular company's annual work plan, a cooperative effort that allowed them, at the same time, to accumulate their own capital. Their positions were also protected by personal connections with local bureaucrats, politicians, military personnel, and police, all of whom were important figures when it was necessary to obtain official protection for their operations.⁷⁷

After the fall of Suharto, Indonesia's central government transferred its authority to issue small- and medium-scale logging concessions and to grant approval for plantation development to the local governments.⁷⁸ One outcome of this devolution

Kalimantan Tengah Dalam Angka 1998 (Palangkaraya: Pemerintah Daerah Tingkat I Kalimantan Tengah dan Kantor Statistik Propinsi Kalimantan Tengah, 1999), p. 174.

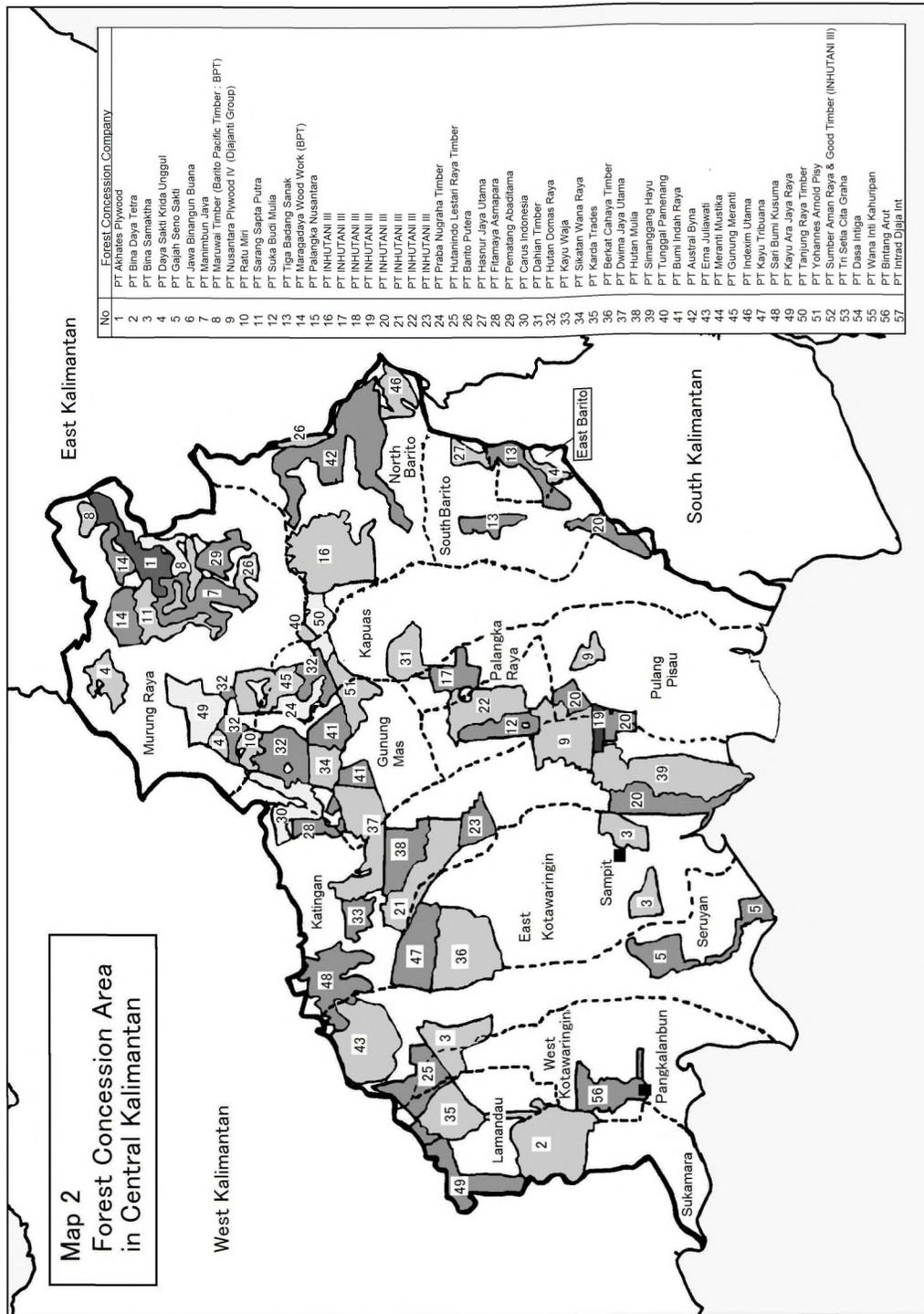
⁷⁴ Badan Pusat Statistik, *Penduduk Indonesia*, p. 75.

⁷⁵ Pemerintah Propinsi Kalimantan Tengah, "Table 3. Nilai Ekspor dan Impor Kalimantan Tengah Menurut Komoditas Tahun 2007 (US\$ Juta)," Pemerintah Propinsi Kalimantan Tengah, http://www.kalteng.go.id/viewarticle.asp?ARTICLE_id=642 (accessed February 22, 2008).

⁷⁶ Michael L. Ross, *Timber Booms and Institutional Breakdown in Southeast Asia* (Cambridge: Cambridge University Press, 2001), pp. 157–89. For example, the following organizations are inscribed on the 2004 list of logging concession holders: a public corporation Inhutani; Raja Garuda Mas, owned by Suharto's step-brother Sukanto Tanoto; the military-related Hanurata and ITCI; companies owned by Suharto's cronies, including Barito Pacific (owner, Prayogo Pangestu), Kalamur (owner, Salim), and Kalimanis (owner, Bob Hasan); and other timber conglomerates, such as Alas Kusuma, Kayu Lapis Indonesia, and Djajanti. In Central Kalimantan, large-scale logging concessions are controlled by Inhutani III, Barito Pacific Timber, Alas Kusuma's PT Sari Bumi Kusuma Kalteng, Djajanti's PT Nusantara Plywood, and so forth. See Asosiasi Pengusaha Hutan Indonesia (APHI), "Daftar HPH dan HPHTI Anggota APHI per 1 April 2004 dihitung menurut ijin Dephut yang masih berlaku Peb 04 dan menurut APHI Des 03," APHI, <http://www.rimbawan.com> (accessed March 5, 2008). See also Map 2.

⁷⁷ For details of the subcontracting system in the forestry sector, see John F. McCarthy, "Sold Down the River: Renegotiating Public Power over Nature in Central Kalimantan," in *Renegotiating Boundaries*, eds. Nordholt and Klinken, pp. 157–59, 162–63; and Budi Baik Siregar, *Kedermawanan Alam Kalimantan: Sebuah Pengungkapan Tanggung Jawab Sosial Perusahaan di Kalimantan Tengah* (Jakarta: Pustaka, 2004), pp. 109–11.

⁷⁸ Law No. 41/1999 and Government Regulation No. 6/1999 allowed a governor to issue HPH concessions for up to ten thousand hectares, and a district head to issue the Forest Products Harvesting Rights (Hak Pemungutan Hasil Hutan, HPHH) for up to one hundred hectares annually. Government Regulation No. 34/2002, however, reduced the capacity of district heads to grant such concessions. The central and local governments also can issue the Plantation Business Permit (Izin Usaha Perkebunan: IUP), according to the Minister of Agriculture Decree No. 357/Kpts/Hk.350/5/2002.



Source: Pusat Inventarisasi dan Statistik Kehutanan; Badan Planologi Kehutanan, Departemen Kehutanan, *Data dan Informasi Kehutanan Propinsi Kalimantan Tengah*, (Jakarta: Departemen Kehutanan, 2002), p. 5.

was that the collusion between politicians, bureaucrats, and businessmen over control of forest areas became more conspicuous. The businessmen who were able to establish close links with local politicians and bureaucrats grew extremely wealthy, since their businesses were protected by local allies. These businessmen, in turn, expanded their social, economic, and political influence in the region, ultimately reaching a point at

which their network was often stronger than the Central Kalimantan government itself. One such successful businessman, Abdul Rasyid, went into politics backed by his immense financial clout.⁷⁹

Abdul Rasyid was born to a local Malay family in Pangkalan Bun, the capital of West Kotawaringin district, Central Kalimantan, in 1958. After graduating from a local high school, he was employed as a subcontractor by the public corporation Inhutani III, which owned the logging concessions of 805,010 hectares in Central Kalimantan (see Map 2).⁸⁰ Rasyid worked for the company in different parts of the province—in West Kotawaringin, East Kotawaringin, and South Barito. When the timber had been thoroughly harvested in one area, he would venture into tracts of protected forest and continue logging there to meet the targets of the company's annual plan. But in 1981, he established his own company, Tanjung Lingga, in Pangkalan Bun, with a small sawmill. The Tanjung Lingga Group (TLG) soon expanded to include woodworking enterprises, oil-palm plantations, crude palm oil factories, mining, shipping and shipbuilding, cattle breeding, banking, and media outlets. Within a short time, TLG was employing more than five thousand employees and had set up branches in Jakarta and Singapore.⁸¹

Rasyid nurtured strong connections with local authorities to gain their favor and protect his business. His colluding partners in government included the heads of the local government, high officials in the Regional Forestry Office (Dinas Kehutanan) and the Regional Development Planning Board (Badan Perencanaan Pembangunan Daerah, Bappeda), local assemblymen, the police, and the military. His brother Ruslan had joined Golkar during the Suharto era and became its district chairman in West Kotawaringin in 2003, while Rasyid's nephew Agustiar joined the PDI-P and became the party's district chairman for West Kotawaringin.⁸² With his allies' help and influence, Rasyid became a regional representative in the People's Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR), the highest legislative body of the state, in 1999. About a month before the 1999 general elections, he extended financial

⁷⁹ While the Rasyid family wields great influence over the western part of the province, another local timber businessman, Sulaiman HB, exercises control over the eastern part. A social activist, KMA Usop, whose organization played an important role in the bloody Madurese-Dayak conflicts in 2000–2001 also succeeded in putting some of his followers forward as district heads, but they govern only in remote and economically worthless districts. See Morishita, "Soeharto Taisei Hokaigo no Indonesia Chiho Seiji," pp. 109–16, 123–30. For a discussion concerning the relations among Jakarta-based conglomerates, local timber businessmen, local governments, military, police, and villagers over access to forest resources in the western part of Central Kalimantan in the era of decentralization, see McCarthy, "Sold Down the River," pp. 151–76.

⁸⁰ Pusat Inventarisasi dan Statistik Kehutanan Badan Planologi Kehutanan, Departemen Kehutanan, *Data dan Informasi Kehutanan Propinsi Kalimantan Tengah* (Jakarta: Departemen Kehutanan, 2002).

⁸¹ TLG is a family corporation: Rasyid's second wife, Nurriyah, and nephews Sugianto, Agustiar, and Rahmat Nasution Hamka all sit on the board of directors and commissioners. His elder brother, Ruslan, is also the President Director of the TLG-affiliated company PT Tanjung Mentobi. See Yayasan API, *Panduan Parlemen Indonesia* (Jakarta: Yayasan API, 2001), p. 1039. Environmental Investigation Agency (EIA), "Final Cut," EIA, <http://www.salvonet.com/eia/old-reports/Forests/Indonesia/FinalCut/> (accessed July 11, 2007). Sawit Sumbermas Sarana, "Sekapur Sirih dari Pendiri Perusahaan," and Sawit Sumbermas Sarana, "Prakata," both accessible at <http://www.sss.agro.co.id> (accessed July 11, 2007).

⁸² On Rasyid's brother joining Golkar, see EIA and Telapak, *BRIEFING Update on Tanjung Puting National Park: A Report to the CGI Meeting Jakarta, December 2003* (London, Washington DC, Bogor: EIA and Telapak, 2003). Morishita, "Soeharto Taisei Hokaigo no Indonesia Chiho Seiji," pp. 117–18. On Rasyid's nephew joining PDI-P, see "Agustiar Siap Bertarung Di Pilkada," *Banjarmasin Post*, January 31, 2005.

support not only to Golkar and the PDI-P but also to the other twenty-six political parties in the district. Each party received 65 million rupiah (roughly US\$8,300).⁸³ Golkar won ten seats and the PDI-P won eight seats in the West Kotawaringin district assembly, making them, respectively, the largest and the second-largest parties in the assembly.⁸⁴ With both parties in power, Rasyid was assured of solid support.

Their connections and influence also enabled the Rasyid family to put forward their “friends” as the district heads under the indirect election system. They provided 500 million rupiah (roughly US\$64,000) to a particular candidate, who was thus enabled to buy votes in the election.⁸⁵ Owing in large part to financial support from the Rasyid family, Abdul Razak (a former chief of Bappeda in West Kotawaringin) won the 2000 election for West Kotawaringin district head; Asmawi Agani (a former district head of South Barito) won the 2000 election for governor; Wahyudi K. Anwar (a former chief of Bappeda in East Kotawaringin) won the 2000 election for East Kotawaringin district head; Duwel Rawing (former Secretary of Bappeda in East Kotawaringin) won the 2003 election for Katingan district head; and Nawawi Mahmuda (former head of the Provincial Mining Office) won the 2003 election for Sukamara district head.⁸⁶ With his allies in place, Rasyid sought to strengthen his ties with the local communities, reaching out to employ locals in his companies, and donating rice, sugar, cooking oil, and other food items to urban and rural residents when the 1998 economic crisis, and the July 2000 violence in Kumai, West Kotawaringin, affected these communities.⁸⁷ And when his elected “friends” started to grant oil-palm plantation concessions to TLG, Rasyid threatened those who protested—threats backed by his alliance with the regional police.⁸⁸

As Rasyid was expanding his network, national and international environmental groups like Telapak Indonesia and the Environmental Investigation Agency (EIA) began to accuse TLG of involvement in illegal logging in Tanjung Puting National Park. They released a 1999 report on the problem and lobbied at the meetings of the World Bank, IMF, and other international donors involved in Indonesia to raise this issue. The illegal logging in Tanjung Puting received international publicity after *60 Minutes*, the weekly news report broadcast by the American television network CBS, produced a documentary on the issue in 2001, followed by a similar report by the Australian television network ABC in its program *Four Corners*, broadcast in 2002.⁸⁹

⁸³ “Tanjung Lingga Bantu Parpol Rp 65 Juta,” *Banjarmasin Post*, May 13, 1999.

⁸⁴ Morishita, “Soeharto Taisei Hokaigo no Indonesia Chiho Seiji,” p. 91.

⁸⁵ Author’s interview with a local NGO leader, July 11, 2005.

⁸⁶ Morishita, “Soeharto Taisei Hokaigo no Indonesia Chiho Seiji,” pp. 119–23.

⁸⁷ “Tanjung Lingga Bagian Beras Gratis,” *Banjarmasin Post*, July 31, 1998. “Tanjung Lingga Bagian Sembako di Pembuang Hulu,” *Banjarmasin Post*, August 19, 1998. The July 2000 riot in Kumai was initiated by local timber workers against a malicious timber broker. For more details of the violence in Kumai, see “Suasana di Kumai Kembali Mencekam,” *Kompas*, July 9, 2000.

⁸⁸ A Jakarta-based environment group submitted a written complaint to the National Police concerning this matter. Wahana Lingkungan Hidup Indonesia (WALHI), “Surat Terbuka Terhadap Kasus Kekerasan Aparat di Desa Runtu, Kecamatan Arun Selatan, Kabupaten Kotawaringin Barat, Kalimantan Tengah” WALHI, letter posted May 28, 2005, http://www.walhi.or.id/kampanye/hutan/shk/050528_runtukalteng_sp/ (accessed February 8, 2008).

⁸⁹ Dave Currey, “Fight to Save Orangutans Intensifies,” *Animal Welfare Institute (AWI) Quarterly* 50,1 (2001), <http://www.awionline.org/pubs/Quarterly/Spring2000/orangutans.htm> (accessed February 8, 2008). Australian Broadcasting Corporation, “Timber Mafia,” *Four Corners*, broadcast July 29, 2002,

The international furor forced the Indonesian government to crack down on illegal logging. In November 2001, the Indonesian navy seized three ships, sailing under foreign flags, in a northern harbor in Jakarta for attempting to carry timber from Central Kalimantan without any legal documents validating the legality of their cargo. The ships had hired by two companies whose agent was a subsidiary corporation of TLG.

A company staff member Rahmat Nasution (possibly Rasyid's nephew) was interviewed as the main suspect in this crime, and the case was later delegated to National Police Headquarters in Jakarta. Eventually, it was handed back to the local court after West Kotawaringin assemblymen and businessmen lobbied in Jakarta. A protest rally of six thousand people in Pangkalan Bun demanded that the seized vessels be returned to Central Kalimantan and that Nasution to be tried at the local court. District head Abdul Razak likewise wrote a letter to Jakarta stating that the trial must be held in the district. In May 2002, all the crew members and the ships were set free. As of early 2007, the trial is still going on in the district court, but it seems to have essentially vaporized and does not appear to be making progress.⁹⁰

After news of the crackdown reached him, Rasyid fled abroad, while his nephews Sugianto and Agustiar set off on a pilgrimage to Mecca.⁹¹ In February 2003, the government's investigatory "Wanalaga Operation" was extended to Tanjung Puting National Park, but only a few middle-level timber bosses were arrested. The head of Wanalaga stated that they would interrogate Sugianto and Agustiar upon their return, but this never happened. In fact, TLG recommenced its shipments of illegal logs to Vietnam after the operations were completed.⁹² During Rasyid's absence, his family became less powerful in provincial politics; Ruslan lost the fight for the provincial chairmanship of Golkar in December 2004.⁹³ Subsequently, a local-born national politician defeated the incumbent governor who had been supported by the Rasyid family in the 2005 gubernatorial election.⁹⁴ However, Rasyid's family continued to control the local assembly in West Kotawaringin. Ruslan remains district chairman of Golkar, while his second wife, Nurhidayah, was elected to be a Golkar assembly member. Agustiar is also the district chairman of the PDI-P, the second largest party in

http://www.abc.net.au/4corners/archives/2002b_Monday29July2002.htm (accessed July 11, 2007).

⁹⁰ "Legislator Accused of Illegal Logging," *Jakarta Post*, November 15, 2001. "Anggota DPRD Kobar akan Dipanggil Paksa," *Radar Sampit*, February 16, 2007. "Kisah dari Tiga Kapal," *Tempo* 34,31, October 21-27, 2002, pp. 72-73. Jerryanto, "Diduga, Anggota MPR Terlibat Mafia Kayu," *Politikindonesia.com*, February 25, 2002, <http://www.politikindonesia.com/readhead.php?id=7&jenis=ivs> (accessed July 11, 2007).

⁹¹ "Polri Buru Keponakan Rasyid," *Kalteng Pos*, February 27, 2005.

⁹² EIA and Telapak, *BRIEFING*, p. 2.

⁹³ "Asmawi Didukung, Ruslan Dikosong," *Banjarmasin Post*, November 30, 2004.

⁹⁴ The current governor of Central Kalimantan, Agustin Teras Narang (whose term began in 2005 and will end in 2010), is a PDI-P politician and was a member of parliament from 1999 to 2004. The key to his gubernatorial election victory was his family background—the Narang family is well-known locally for its involvement in Central Kalimantan's history, business, and politics—as well as his own financial power and the assistance he most likely received from PDI-P, the party to which he belongs. His grandfather was a customary head and also a church leader in the Kapuas area. His father owned NV. Dajak Handel My, an old oil distributing company in the region, and was also the chairperson of the Dayak customary council. Teras Narang's elder brother is a PDI-P politician and a member of the provincial assembly. Author's interview with a local historian, July 11, 2005.

the region, while Rahmat Nasution became a PDI-P assemblyman in the district despite his role as the main suspect in the 2001 timber-smuggling case. Rahmat subsequently ran for the district assembly chairmanship but lost to Golkar assemblyman Wisman. He recovered later by becoming the deputy chairman of the assembly.⁹⁵

Ultimately, the Rasyid family's involvement in the 2005 election for the district head of the West Kotawaringin district proved to be a strategic blunder. In this election, Golkar, led by Ruslan, fielded the incumbent district head, Abdul Razak, while the PDI-P, led by Agustiar, fielded the former district head, Darman. Both of these candidates lost, and the winner was Ujang Iskandar, another famous businessman in the district, whose company was not linked to TLG.⁹⁶ The splitting of the votes between two candidates supported by members of the Rasyid family enabled Ujang to win the election.

Yet it would be a mistake to write off the family as politically defunct. Its financial power remains robust enough to create new links with district and provincial politicians. TLG still owns three of the six major local companies listed by the Regional Investment Coordinating Board (Badan Koordinasi Penanaman Modal Daerah, BKPMMD) of West Kotawaringin.⁹⁷ These companies engage in a variety of businesses in the district, ranging from logging, timber processing, and plantation construction to mining. Moreover, Ruslan won the district chairmanship of the Association of Indonesian National Construction Companies (Gabungan Pelaksana Konstruksi Nasional Indonesia, Gapensi) in 2001 and again in 2006. In May 2007, his company, Tanjung Mentobi, and a TLG-affiliate, Surya Sawit Sejati, donated a substantial amount to Central Kalimantan province to honor the fiftieth anniversary of its establishment, proving that his family still had the financial ability to support an indebted provincial government.⁹⁸ Then in April 2007, their "friend" Abdul Razak, who had lost the election for district head, became the provincial chairman of Golkar, signaling the possibility that the family may be on its way to regaining its political influence.⁹⁹

Up to the present, Abdul Rasyid, his family, and his "friends" in government have never been imprisoned despite strong accusations leveled against them by national and international environmental groups and evidence that they had been involved in illegal logging. The state's reluctance to arrest, try, and incarcerate powerful local businessmen involved in illegal logging is also exemplified by its handling of the case of Adelin Lis in North Sumatra. Adelin Lis is a notorious local timber businessman who was arrested on suspicion of illegal logging in September 2006, and then acquitted

⁹⁵ "Golkar Butuhkan 3 Tambahan Suara," *Banjarmasin Post*, October 13, 2004. "Tinjau Pengesahan Pimpinan DPRD!" *Banjarmasin Post*, January 20, 2005. "Fraksi Besar Dominasi Komisi A dan C," *Radar Sampit*, January 23, 2007.

⁹⁶ Iskandar won 39 percent of the votes. Abdul Razak earned 24.1 percent, while Darman won 36.9 percent of the votes. For more details of the election results, see Pemerintah Propinsi Kalimantan Tengah, "Hasil Perhitungan Final Pilkada 2005 Bupati dan Wakil Bupati Kab. Kotawaringin Barat," posted July 1, 2005, <http://www.kalteng.go.id/INDO/datapilkadajam.htm> (accessed July 11, 2007).

⁹⁷ BKPMMD Kabupaten Kotawaringin Barat, "Profil Pengusaha Daerah," <http://www.bkpmkobar.net> (accessed July 11, 2007).

⁹⁸ "Terjun Payung dan Delon Jadi Pusat Perhatian," *Kalteng Pos*, May 24, 2007.

⁹⁹ "Musdalub Golkar Kalteng," *Banjarmasin Post*, March 26, 2007.

in the Medan district court on November 5, 2007, due to lack of evidence. President Yudhoyono stated that he would not intervene in this decision despite the social protests against the judgment.¹⁰⁰ This case indicates that not only local governments, but also the central government, are reluctant to arrest powerful timber bosses. Only small and middle-level timber brokers were arrested during the central government's operations to crack down on illegal logging. It appears that power holders in forest-rich regions are likely to escape arrest for illegal activities thanks to protection from the state. Their immunity contrasts with the relative vulnerability of elites in mineral-rich regions such as East Kalimantan. As noted above, East Kalimantan's two most powerful political actors—its governor, Suwarna, and the Kutai Kartanegara district head, Syaokani—were arrested and sentenced to prison for corruption.

The foremost reason why national politicians exercise less influence in a forest-rich region, compared to regions rich in mineral resources, may have to do with the different revenues earned from the related extraction industries. It is likely that the central government does not feel the strong need to control the forest-rich regions, given that revenues from this sector today are comparatively paltry. Since timber harvesting provided only 0.3 percent of the total revenue of the central government in 2006 and 0.4 percent in 2007, there was not much that the forests could remit to Jakarta.¹⁰¹ The central government therefore would not be hit hard financially if the forest sector suffers.

Yet, while forest resources are not critically significant to the state economy, they remain profitable to the private sector. The forest and plantation concessions available at any time also provide opportunities for provincial and district governments that wish to establish and maintain close relations with national and/or local businessmen by granting the concessions. In such situations, local government officials tend to protect and advance the interests of forest-related industries, including informal timber businesses. Jakarta-based timber companies would suffer if their main subcontractors were arrested for illegal logging. This compelled the companies to seek out new local partners, and they preferred those partners who were familiar with the local geography, people, bureaucrats, politicians, military, and police. The central government and big corporations most likely wanted to avoid the continued loss of effective subcontractors, and for this reason they permitted tacitly illegal activities carried out by powerful local businessmen in forest-rich regions so long as these local entrepreneurs were willing to cooperate with Jakarta-based timber corporations. These local businessmen were never imprisoned, even though they were the main suspects in illegal logging cases, and they exercised influence on local politics without restraint. In fact, powerful Golkar national politicians Aburizal Bakrie and Surya Paloh recently created business alliances with Abdul Rasyid and his brother Ruslan. Bakrie's company, PT Bakrie Sentosa Persada, entered into a joint venture with Ruslan's PT Tanjung Mentobi in September 2007 involving palm oil harvesting; Paloh's Media

¹⁰⁰ Hambali Batubara, "Adelin Lis Bebas," *Tempo*interaktif, November 5, 2007. Fanny Febiana, "Presiden Tak Akan Intervensi Kasus Adelin Lis," *Tempo*interaktif, November 8, 2007.

¹⁰¹ Departemen Keuangan Republik Indonesia, "Perkembangan Perpajakan 2006–2007," "Penerimaan Negara Bukan Pajak & Hibah, 2006–2007," Departemen Keuangan Republik Indonesia, <http://www.fiskal.depkeu.go.id> (accessed January 30, 2008).

Group joined with Rasyid's TLG in April 2008, in a similar venture.¹⁰² Given the ongoing evolution and extension of these business networks, it is likely that the Rasyid family will further increase its influence in Central Kalimantan.

4. Conclusion

A comparison between East Kalimantan and Central Kalimantan shows how the relative profitability of certain natural resources and the structures of resource-related industries help determine the degree of central government control over those resources, and how this pattern affects the manner in which national elites reconfigure relationships with local elites. In turn, it also affects the contours of local political competition.

Local contests over government positions and economic resources became fierce and intense during the parallel processes of decentralization and electoral democratization after the fall of Suharto. Campaigns for *putra daerah* that required more local participation in politics made it difficult for national politicians and businesspeople to become local government heads if they could provide no evidence that they had roots in the region. Studies on national–local ties in post-Suharto Indonesia have pointed out the emergence of multidirectional ties between the central government and regions following political decentralization and emphasized a bottom-up approach, demonstrating the ways in which local elites have reached out to national elites. These analyses tend to give the impression that national political actors do not actively pay attention to the regions unless local elites ask for their support or challenge them in order to achieve their regional objectives and ambitions. It is true, national elites do appear to have abandoned full control over local politics after decentralization, but this essay argues that national power holders still have an agenda to reinstitute central control over the regions, especially those rich in mineral resources. National state leaders and business groups regard mineral resources—especially oil and natural gas—as vital to the state economy, and for this reason they continue to assert their influence over local politics in the regions. The case of East Kalimantan exemplifies how national elites have exercised influence over local elites in this mineral-rich region during the era of decentralization, especially in the processes of selecting and dismissing local government heads. On the other hand, the case of Central Kalimantan suggests that national elites have a different strategy with regard to forest-rich regions, for they have generally left control over the regions to local power holders. Forest resources have been most profitable for the private sector rather than the public sector, and Jakarta-based timber companies holding large-scale logging concessions have needed local subcontractors for their business operations on site. Hence, the central government has tacitly allowed the illegal activities of such subcontractors, who have prospered through illegal logging and thereby gained political influence over the region.

¹⁰² PT Bakrie & Brothers, *Pengumuman Keterbukaan Informasi PT Bakrie & Brothers Tbk (BNBR) (Tercatat Di Papan: Pengembangan) No. Peng-57/BEI.PSJKI/01-2008* (Jakarta: PT Bakrie & Brothers Tbk, 2008), p. 156. "Perkebunan: Mentan Tanam Perdana Sawit Media Group," *Lampung Post*, April 1, 2008.

A comparative study of local politics gives us an idea of how national power holders control regions in decentralized Indonesia. Based on an analysis of cases from East and Central Kalimantan, this essay argues that the strength and the pattern of central government control over the regions vary depending on whether a region encompasses natural resources that are important for the national economy, and also depending on the structures of the local extraction industries. These factors affect the patterns of local political competition and the types of local power holders in each place. This approach would help us analyze and understand local politics in other regions as well. The types of local power holders who emerge in each case and the degree of their "independence" from national elites may depend on whether each respective region has natural resources that are crucial for the state economy and the degree to which local political and business actors have access to the interests of resource-related industries. While national elites strategically control local politics in regions where they have huge business interests, they may essentially disregard resource-poor regions; the only national power holders interested in such areas would be the those who have family roots in these regions. I hope that further comparisons among other regions will explore the validity of this essay's hypothesis, emphasizing resources as a factor that determines the strength and pattern of national elite control over regions and the contours of local political competition. A number of areas invite consideration, such as forest-rich North Sumatra, oil-rich Riau, the industrial zones of West Java and the Riau Archipelago (in which the Batam free trade zone is located), the agricultural and small- and medium-scale industrial region of Central Java, and also resource-poor regions in Indonesia, such as Southeast Sulawesi and East Nusa Tenggara.

The rise of fierce competition over local political power in post-Suharto Indonesia has not been chaotic but actually operates within certain parameters established by the national elite's agenda to reinstitute control that focuses on economically crucial regions. National political leaders will persist in exercising strong influence over such regions, especially in the process of selecting candidates for local government posts and/or arresting (or not arresting) local power holders on charges of corruption, illegal activities, or other crimes while essentially leaving control over regions, which they regard as less significant to the state economy, to local power holders.