

Research Article

Resource Extraction Developmentalism and the Coal Industry Across the Indonesian Archipelago: to the Benefits of Whom?

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Abstract

Over the years, the government of Indonesia has relied on different natural resources as its income generator. Although oil is still a main contributor, coal has increased significance that the business is growing rapidly. The government of Indonesia even promoted the industry's expansion through legal means, The 2020 Amendment of Coal and Mineral Mining Law, which lays the foundation of its down streaming. Despite domestic and international outcry for a more aggressive response towards climate crisis, Indonesia's coal industry is ever flourishing and yet to face its end. Nonetheless, local and marginalized communities have to bear its various negative consequences and the environment is facing even further degradation, while a few elites live off of the benefits.

Keywords: coal industry, Developmentalism, Indonesian archipelago, resource extraction

I. Introduction

The Indonesian government's aggressive infrastructure development strategy, including coal power plants, is lauded for the broader distribution of electricity access across the archipelago and its impacts on the nation's development. Also celebrated for its contribution to the largest share of Indonesia's annual export and economic development is the mining industry. Communities affected by coal concessions or infrastructure development were given compensation for their loss of land, plans were

made to ameliorate the environmental ramifications, and the 2020 Amendment of Coal and Mineral Mining Law (New Mining Law) is deemed to grow the economy further and create more jobs. Nevertheless, the detrimental consequences of this industry keep lurking in the everyday lives of local communities. Simultaneously, the New Mining Law mostly amended articles related to mining permits and only slightly addressed the environment and human rights (Harsono 2020).

With this paper, I argue that although the extractive mining industry is promised to grow Indonesia's economy and create more jobs, it will continue to disproportionately affect the environment, and most importantly, marginalized communities. My examination of what is referred to as "resource nationalism" (Gellert 2019) of the mining industry shows that this garners more significant benefit for certain dominant classes, i.e., coal mining giants and elite politicians. Further, I argue that these dominant classes, as part of a larger "extraction regime" (Gellert 2019), use their political affiliation and power to facilitate the formation and expansion of legal certainty (i.e., the adoption of the new law), thus assisting their capital accumulation agenda. This political power and affiliation will not only assist their capital accumulation agenda but also hinder the shift towards a more sustainable energy generation and prevent them from being held accountable for the negative consequences of their industry operation.

Specifically, this paper will answer the following questions: What are the social, economic, and environmental costs of Indonesia's coal mining industry, and who bears the larger burden to cover these costs?

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Why does the government of Indonesia continue to extract coal and massively build coal-based plants all over the country, despite the adverse impacts on the lives of the surrounding residents and the environment? Which classes and actors benefit from this industry, and through what measures?

II. Theoretical Framework

This inquiry refers to Paul K. Gellert's (2019) conceptualization of "altered state developmentalism" to explain Indonesia's neoliberal strategies and policies, not only in the extractive industry but also in power plant construction. State developmentalism is where the state becomes an active agent of development, which has control over capital while working in harmony with capitalists (Pirie 2017). However, the core strategies to pursue growth through developmental state projects have shifted, as Pirie (2017) has argued for the Taiwan and South Korean cases. Gellert (2019) conceptualized this shift with the concept of 'altered state developmentalism,' where the developmentalism approach retains industrial transformation and GDP growth as central goals yet shifts the means to achieve it. States no longer attain revenues from direct ownership or control but through their roles in the allocation of permits as well as joint alliance over mine ownership and operation (Gellert 2019). Gellert (2019) further reiterates that top-down and nationalist strategies and policies indeed expand the conditions for deep marketization, yet the state still holds major control. The paper provides findings on which dominant actors benefit from altered state developmentalism, actors which form part of what Gellert (2019, p. 18) refers to as an "extractive regime" consisting of "foreign and domestic dominant classes."

That an extractive regime satisfies the interests of certain dominant classes is

confirmed by the inquiry of Eleanor Andrews and James McCarthy (2014). The writers combine political ecology and legal geographies to understand how formal legal measures such as laws, regulations, and policies facilitate extractive industry operation, providing resources "that can be harnessed in the service of multiple parties and goals" (Andrews and McCarthy 2014, 9). These legal and regulatory structures are "changed, reinforced, deployed and invoked" to establish the social and legal spaces for extractive industries to operate (Andrews and McCarthy 2014, 7).

Political ecology analyzes and explicates the political economy of environmental issues and conflicts. It offers the context in which environmental policies can be situated by conforming to the roles of informal, extra-legal, and implicit aspects of the relationships between people and their environment. However, the complexity and ambiguity of formal law and policy can be used to the benefit of certain parties and interests, which political ecology could not explain due to the reliance on field-based research methodologies (Andrews and McCarthy 2014). Here, legal geographies offer a way to understand the legal and political dynamics of an issue through examining court documents, bills, statutes, and even media coverage, in contrast to the grassroots knowledge on certain conflicts obtained from the political ecology approach (Andrews and McCarthy 2014). Strategic interventions are deployed to influence the legal realm, including centralization of authority, tax incentives, subsidies, government and industry affiliation, and surveillance over environmental activists by the government (Andrews and McCarthy 2014).

III. Methodological Approach

I will perform my analysis based on data collected from academic literature, reports from NGOs working in response to the coal industry, press releases, statements from government officials, and other secondary materials such as media reports within Indonesia to answer my research questions. Using Paul K. Gellert's conceptualization of altered state developmentalism, I will further emphasize the state's role in advancing the extractive industry as one of the important sectors supporting Indonesia's development goals of industrial advancement and GDP growth. I will continue Gellert's inquiry by delineating further evidence on the government's aggressive actions to promote deep marketization in the mining sector and what does that say about the future of Indonesia. The biggest transition since the time Gellert's research was published in 2019 is the issuance of the new 2020 Mining Law, a recent update to the 2009 version.

With reference to Eleanor Andrews and James McCarthy's combination of political ecology and legal geography, I will look at how the New Mining Law as a legal measure facilitates extractive industry despite its negative consequences, especially to the low-income and marginalized groups. Through a political ecology lens, I will analyze reports from different NGOs advocating for environmental preservation and environmental justice in the mining sector to understand the dynamic relationships between communities and their environments and how these relationships have been challenged due to power imbalance in the political economy of the mining sector. I will complicate this logic by shedding light on the legal dimension of Indonesian mining sectors, which contest both claims on the environment and resistance to them and extend beneficial resources to certain parties and goals.

Eventually, I will verify that the dominant classes and actors who benefitted from the altered developmentalism approach are the same individuals served by New Mining Law as a formal legal measure to assist their capital accumulation agenda.

IV. Discussions

a. The rise of coal exporting and resource nationalism in Indonesia

The coal industry was not the prodigy in Indonesia's exports until the late 1980s or early 1990s. Its development was influenced by certain domestic and international factors and experienced a shift in the ownership structures. These two sections explicate the phenomena.

Coal industry development

From unknown to being the second-largest coal exporters in the world, and the largest steam coal exporter, Indonesia has experienced exponential growth in coal commodity production. Between 2000 to 2010, over 10,000 coal mining permits (IUP) were granted, which account for the biggest share of total mining permits (40 percent) (JATAM 2018). The country did not suddenly plunge into the resource extraction industry; it rather experiences a change in resources portfolio to gas, coal, and palm oil (Gellert 2019). Especially for coal, the industry experienced at least three periods of formative, take-off, and localization. Coal was initiated as one of Indonesia's commodified resources between 1967 to 1988, experienced a production boom in the period of 1989 to 1999, and was domesticated from 2000 to 2009 (Lucarelli 2019).

Domestic and international factors determine the increased rate of coal production in Indonesia from the beginning to the current industry expansion. Domestically,

fiscal and policy support, political decentralization agenda, as well as the interdependent nature between coal mining and Indonesian politics have stimulated production to grow. In the late 60s, President Suharto and his neoliberal-friendly governance introduced Law No.11/1967 on Mining which laid the ground for foreign investment and profit repatriation (Lucarelli 2010). Furthermore, the decentralization in the regulatory regime and the political affiliation of mining companies and government officials or political representatives have incentivized local governments to aggressively issue new permits, resulting in the rapid growth of mining companies (Atteridge et al. 2018). Policies were then framed to stimulate domestic coal demand using the jargon of energy security across the archipelago and the nation's development (Atteridge et al. 2018). Coal, soon developed as the main source of power generation, accounted for 63 percent of the total electricity production in 2019 (Market Forces 2017).

In a broad sense, international influences encouraged the interest for resource extraction from the beginning of the neoliberal free-market rules, and structural adjustment requirements are taken into account. The first Mining Law No.11/1967 was indeed part of Suharto's embracing the neoliberal prescriptions for development. When global oil prices experienced a dramatic increase, the coal industry received rising demand from Indonesia's Asian neighborhood (Lucarelli 2010). This moment initiated the period where the coal industry was thriving, or what Lucarelli (2010) refers to as the take-off period.

Later, the global climate change agenda, along with Indonesia's low rank in ease of business, eventually halted foreign investment in the mining sector. However, the industry does not show a dramatic slow-down.

The major players in Asia (China, Japan, and Korea) further expand the industry by investing in new coal power plants in Indonesia, seeking to grow demand for new plans in the region (Market Forces 2017). Low-cost loans from China, particularly, have encouraged this expansion as well (Atteridge et al. 2018).

In summary, Indonesian coal production was stimulated by international political economy influences and demand. Experienced several declines over time, and expected to experience another decline in the global demand mainly due to global climate change concerns, prompted government's shifted focus to further increase domestic consumptions.

Resource nationalism

"Resource nationalism" has been defined as "state intervention in natural resources industries in order to exert more control over the terms of private investment" (Warbuton 2017, 288). For more than a decade, Indonesia has been described as one of the countries where resource nationalism is on the rise after a long economic liberalization during the Suharto era. This economic liberalization, not so surprisingly, has benefited the United States and its allies more than it did Indonesia (Kaup and Gellert 2017). As a result, before economic liberalization was fully embraced, resource nationalism started to take root through a mix of policy prescriptions, especially in the mining sector. There is a unique aspect of Indonesia's resource nationalism in the mining sectors, as it is more widespread compared to some other sectors. Warburton (2017, 286) argued that the structure of ownership in the sector also determined the nationalist stance, in addition to the influence of price mechanism or state-level institutions.

Greater state control over resource extraction and reduced foreign investment

were enacted by requiring foreign companies to divest ownership, increasing taxes and royalties, and restricting the export of unprocessed raw commodities (Warburton 2017). Marked by the enactment of the 2009 Mining Law, Indonesia started to see an increase of nationalist policies in the mining sector. After pressures from legislatures and parliamentarians, the government included in Law 4/2009 on Mineral and Coal Mining a requirement for 20 percent divestment of foreign companies to Indonesian participants after five years of operation (Kaup and Gellert 2017), with priorities given to the government and state-owned enterprises, then to private domestic companies (Warburton 2017). In addition, the 2009 Mining Law also marked the decentralization of the mining authority system to regional government bodies (Junita 2015).

Despite initial oppositions from mining associations, other ministries, and leading figures, along with criticism from business analysts for fear of decreasing FDI inflow (Warburton 2017), the resource nationalist approach was aggressively intensified when the law was updated in 2012. Foreign companies are required to divest at least 51 percent of their ownership to Indonesian participants after ten years of operation (Kaup and Gellert 2017). This does not mean that foreign involvement in the mining sector was dismissed altogether. Owing to the 2009 Mining Law, foreign investors are now allowed to own mining licenses through Indonesian foreign mining companies, a practice strictly banned by the Mining Law of 1967 (Law 11/1967) or the Old Mining Law (Junita 2015). In addition, foreign companies still retain a considerable amount of control over the mining sectors, only with new domestic players entering the game.

Wealthy tycoons and prominent politico-business elites had begun pursuing

control over the mining sectors by buying foreign projects or pursuing shares of foreign companies (Warburton 2017, 299). After all, given the costly nature of these businesses, only those with substantial capital resources were able to do so. Therefore, the popularity of resource nationalism has carved the ways for these certain powerful elites to gain control in the extractive industry for their capital accumulation agenda. Argued as being driven by political opportunism disguised as nationalist pretense (Warburton 2015), resource nationalism signals an approach that less likely benefits a larger portion of the Indonesian community. The coal mining sector did see a shift from 75% foreign-owned in 2013 to 95% domestically owned in 2012 (Warburton 2017, 298). Nonetheless, the imbalanced power structure in the political economy of coal mining has put local communities at the forefront of bearing the highest social, economic, and environmental costs.

b. Environmental and socio-economic costs of coal mining

Resource nationalism that allows for resource extraction has been argued to benefit certain elites and leave social, economic, and environmental burdens to local communities (Warburton 2017). Underneath the widespread energy access across the archipelago and increase of GDP, the extractive industry is prompting environmental degradation, increasing emission, and threatening local communities' livelihoods and rights.

All stages of the coal industry, from the exploration, extraction, and transportation to the electricity generation from coal-fired plants, have impacted the environment both directly and indirectly. It immediately puts fundamental pressures on the environment through forest clearing, sometimes involving the use of fire, contributing to greenhouse gas

emissions at the least. Land clearing for coal mining and coal-fired electricity plants has disrupted soil and waterway systems which eventually led to disasters such as flood and erosion, not to mention the resulted loss, fragmentation, and degradation of native vegetation. Furthermore, local communities have to bear the consequences of the disruption of their living spaces, from finding better quality agricultural land, cleaner water resources to obtaining additional money resources to cover the daily needs of their disrupted lives.

Health and environmental costs

It is difficult to discuss the environmental impacts of the coal industry without mentioning the health implications imposed on residents. Therefore, this section will discuss both problems simultaneously, divided into several environmental issues and the associated health problems related to coal mining, including the loss of forest cover, creation of abandoned pit lakes, water, and air pollution, along with aggravated natural disasters.

For three decades since early 1990s, there has been massive destruction of forest lands and community lands for mining exploration and exploitation, waste basins, and transportation infrastructure. As of now, Indonesia has lost 1.74 million ha of forest land due to active coal mining and 8.6 million more (9% of the country's remaining total forest cover) from future permits (Bebbington et al. 2018). The loss has cost Indonesia its carbon sink and increased greenhouse gas emission. Moreover, the areas surrounding experience general ecological alteration, especially due to the massive loss of water resource much needed for the industry to operate. Forest clearing has also caused habitat loss for forest animals (Shahbanu and Maimunah 2018).

More often than not, coal mining left behind huge basins, which were then filled with rainwater and turned into deep lakes, usually refers to as pit lakes. Although pit lakes are not unique to coal mining practice in the extractive world, Indonesia is seeing more abandoned pit lakes, of which companies have not fulfilled their reclamation responsibilities (Apriando 2021) (Shahbanu and Maimunah 2018), and the local government shows lax enforcement of environmental regulations (Syahni 2021). Pit lakes have proven to cause flooding, land erosion, and water contamination to local water resources (Apriando 2021). while in some cases have been used by mining companies as waste dumping sites without a proper filtration process (Bersihkan Indonesia 2018). In 2015, JATAM (an advocacy network working on issues related to the mining, oil, and gas industries) released a report showing a high acidity level of Nangka River in East Kalimantan, which is believed to be connected to the mining activity of a mining company called Kutai Energi who allegedly disposed unfiltered water from their pit lakes into the river (Apriando 2021). Consequently, local communities who rely heavily on the river for their daily water needs are now unable to even feed their livestock (Apriando 2021).

Water contamination is not only found in pit lakes. In fact, there are more environmental problems related to water pollution in rivers. Coal-slurry spills were considered as common incidents where coal mining is a major industry (Syahni 2021), and in other places, river water turned whitish (Shahbanu and Maimunah 2018, 15). Water contamination has cost local communities the ecological services provided by the rivers. They have lost their main water resources for farming and drinking, a place of leisure activities such as bathing, swimming, and fishing. Furthermore, coal exploitation has

caused ocean pollution as coal may spill from barges bringing supplies to coal power plants, destroying coral reefs, and polluting the marine ecosystem (Wicaksono 2019).

Coal dust is a common residue in coal industry areas. Communities living nearby both coal production sites and coal-based electricity plants experienced environmental and health problems linked to the industry. Housing units within close proximity to the sites are now used to black dust covering all parts of their house, including kitchen appliances (Wicaksono 2019; Suprpto 2020). Dust from coal-hauling activities could even interfere with residents' vision (Shahbanu and Maimunah 2018). Moreover, health problems surge in number, including asthma and persistent cough cases, especially in children, other respiratory health issues, and even increased cancer cases ² (Shahbanu and Maimunah 2018; Suprpto 2020; Wicaksono 2019). In Long Loreh village, North Kalimantan, residents suffer from Upper Respiratory Tract Infection, due to a massive amount of dust resulted from coal-hauling process (Shahbanu and Maimunah 2018). Long Loreh farmers also saw more crop failures as a result of coal dust filling in their grains (Shahbanu and Maimunah 2018).

On top of these casualties, local communities have to bear a higher vulnerability to natural disasters due to environmental degradation. East Kalimantan, the heartland of Indonesia's coal industry, experienced at least 218 floods between 2010 and 2012 in the capital city, and now called the "Flood City" (Syahni 2019). Only recently, in January 2021, a deadly flood as high as 10 feet inundated a large portion of the South Kalimantan area (Jong 2021), one of Indonesia's coal mining havens. In addition to

flooding, erosion and sedimentations are new problems emerging from coal exploitation (Shahbanu and Maimunah 2018).

Socio-economic costs

Although environmental and health impacts eventually affect local communities, the casualties are entrenched and have altered their lives completely. This section will discuss both the social and economic costs of the extractive coal industry as both have overlapping impacts on communities' livelihoods. The cases presented below serve as snippets to the extensive lists of cases that are actually happening in the sites.

The economic impacts discussed here are closely related to the environmental degradation of coal exploitation, particularly waterways pollution and scarcity. Consequently, a lot of the resistance to the coal industry comes from farmers, who in Indonesia typically belong to the low-income and marginalized groups. Some of them were settlers participating in the government's induced transmigration program (Wicaksono 2019), one very similar to the U.S. westward expansion through Land Act and Homestead Act. Farmers who were once promised better lives in new lands now have lost their irrigation source used to water their rice fields or fish ponds. Even when water might still be available from the river, the contamination eventually caused crop failures (Shahbanu and Maimunah 2018). In the worst case, the industry could even take over active croplands and deny any access to residents who were relying on the land as their primary source of income, as experienced by the farmers in Teluk Dalam village, Kutai Kertanegara, East Kalimantan (Bersihkan Indonesia 2018, 42; Wicaksono 2019). Furthermore, resistance

² Although there is no specific research conducted that can link cancer to coal mining in Indonesia, local residents have seen a dramatic increase in

nasopharyngeal cancer cases after the development of the coal-fired plant in Panau, Central Sulawesi.

also comes from fishers whose yields are adversely impacted by the ocean pollution from coal barges travelling through Karimun Java archipelago (Wicaksono 2019). The archipelago is known for Karimunjawa National Park, a marine conservation area with mangrove forests, beaches and coral reefs.

For the general public, polluted rivers mean loss of water sources and transportation access (Syahni 2021). As farmers struggle to keep their crops and fish alive, other community members have to find other water resources by building wells or installing public water services since water springs dropped dramatically or completely damaged (Shahbanu and Maimunah 2018). In Long Loreh village, as their river turned from clear to whitish, residents had to seek for paid water services which rarely reliable. They are left with no choice but to still consume the contaminated water for clothes and dish washing, and forced to travel further away for clean drinking water (Shahbanu and Maimunah 2018). Again, local communities bear the overlooked and uncounted costs of coal mining industries. Communities have to shoulder the extra financial burden and seek an additional source of income given the failures in their previous modes of production. These are the burdens that came along as coal mining companies expand and slowly seize community spaces.

As some aspects of local communities' lives have been altered, their characters and the social relations are heavily influenced and transformed. There are fewer and fewer land successions happening from older generation farmers to their children, given the low quality of life brought by the occupations of lands by coal mining (Wicaksono 2019). Being farmers becomes more challenging and less economically beneficial, younger generations are more attracted to other kinds of occupations. In their report, Shahbanu and

Maimunah (2018) noticed an increase in the local consumptive behavior where communities no longer rely their daily needs upon nature and increasingly does so on the market. Moreover, there is a loss of community space and connection to the rivers. Now, local communities can no longer utilize the rivers for communal activities such as bathing, swimming, and fishing, as the water is badly polluted (Shahbanu and Maimunah 2018). Lastly, communities are weighted with tragedies happening in the wake of coal exploitation. For instance, there have been many death cases due to drowning in abandoned pit lakes, given their close proximity to residential units (Apriando 2021). Unfortunately, companies and government officials often see these accidents as parents' lack of responsibilities or parts of the children's destiny (Gokkon 2019), leaving life-long trauma to the lives of parents who lost their children.

Long Loreh village residents, Teluk Dalam village farmers, Panau residents and Karimun Java fishermen are the local communities paying the uncounted and overlooked costs of coal industry. Oftentimes, they are marginalized, having fewer access to basic necessities compared to their Indonesian counterparts due to lower economic development in their rural villages, their indigenous status, gender or race. Despite the plans to ameliorate the negative environmental ramifications and the compensations given to local communities, the detrimental consequences are still lurking in their everyday lives. The government clearly sees these costs as less important, if not unimportant, and will continue to rely on the extractive regime, particularly the coal mining industry, to advance the state's development agenda. The following section will unpack the state's rationales in sustaining the coal industry by discussing Indonesia's neoliberal

strategies and policies using the altered state developmentalism conceptualization.

c. Coal mining and infrastructure development as resource extraction developmentalism

Gellert, in his inquiry, narrates Indonesia's resource extraction as a state developmentalism approach, made possible due to the considerable reliance on state action for the deep marketization of resources under neoliberalism (Gellert 2019). However, the 21st-century Indonesian extractive regime is built on 'altered' state developmentalism, where neoliberal development goals of "industrial transformation and GDP growth" remain, but achieved more through "market-based strategies" than "state or dirigiste strategies" (Gellert 2019, 3). As a result, the resource extraction involves "a mix of neoliberal market strategies and policies and top-down statist, even nationalist, ones" (Gellert 2019, 3). This section will first examine how altered state developmentalism is realized under the coal exploitation agenda. Next, it brings the concept into the current global context with the decline of global market demand for coal. Finally, it offers an understanding of where Indonesia's state is directing its coal industry.

According to Gellert, states like Indonesia operate both in support and resistance to the core and periphery global system. The altered developmental state enables a shift to the semi-periphery in advancing domestic capital but retains a capitalist orientation to expand territories and exploit nature and people. This inconsistency of support and resistance to the global core and periphery system brought the 'altered' character of the state, where changes occur in modalities of rules and key relations among actors (state, domestic and international capital, labor, and other societal groups). Still, the state politicizes opportunities to make up for the declining revenues from resources.

In his analysis, Gellert (2019, 15) argued that the state had taken a more resource nationalist attitude than altered state developmentalist, by using downstream processing and divestment requirement strategies. However, despite being dominated by both public and private domestic ownerships, the state's control over the mining sector, especially coal, through legislation remains (Coca 2021). The state harnesses benefit from coal demands, especially from India and China, having the sector contribute to the highest share of national export revenue (Bersihkan Indonesia 2018; Atteridge et al. 2018). After all, there are existing global demands for an energy-efficient and cheap source for electricity which Indonesia's coal production is skewed towards (Mordor Intelligence 2021).

Furthermore, to understand the coal extractive regime in Indonesia, attention should equally be given to the coal power plant business. Utilizing Asia's giants' (Japan, China, and Korea) agenda to expand new plants demand across the region (Market Forces 2017), the state has incentivized a massive development of coal power plants, masked by rhetorical aspirations for development, power distribution, and the nation's prosperity. The coal industry supporters believe that coal as a domestic resource would benefit the economy and promote energy independence (Coca 2021). However, this inward-looking approach represents Indonesia's state interest and intervention in maintaining the sustainability of coal exploitation in response to the declining global coal demand.

The Indonesian state is yet to show any sign of its loosening the exploitation of nature and people. In fact, it is trying to expand the coal industry through increased control over mining permits and down streaming the use of coal (Coca, 2021). Indonesia further incentivizes the coal industry through the

ambitious goal of expanding electricity generation capacity and doubling domestic demand (Atteridge et al. 2018, 13) by aggressively planning and developing coal power plants. The country now has the third biggest coal-power capacity after India and China, with coal power construction accounts for 75 percent of the total plans across South and Southeast Asia (Coca 2021).

So far, we have discussed how Indonesia's state has a considerable role in sustaining the coal industry, claimed as one of the means to support the neoliberal goals of the country's development and growing national economic revenues. Nonetheless, there is a missing piece that has yet to be addressed and examined, of which Gellert (2017, 18) put as an open question: to the benefit of which actors this extractive regime of coal serves? As stated in the introduction, this argues that the mining industry garners more significant benefit specifically to mining giants and elite politicians as the dominant classes in the industry. To realize their capital accumulation agenda, these dominant classes take advantage of the legal measures to facilitate the extractive industry operation, which will be the topic of the next section.

d. Legal measures facilitating extractive industry operation

Before diving into the domestic aspects of the extractive regime in the coal industry, this section will discuss how the extractive industry can operate through social and legal spaces established by both legal and regulatory structures. More importantly, this section will make the case on how the process of formal legal measures that facilitate the extractive industry operation are being harnessed to favor certain parties and goals. The section does so by reviewing the formal legal measures of Indonesia's coal industry within two periods. First is the period when the coal industry was mainly shaped by the global

demand for coal and foreign investment in its initiation and development for over three decades. Second is the latest period when the government shifted focus to strengthen the domestic coal market.

In their analysis, Andrews and McCarthy (2013) suggest that to fully examine the political ecology of extractive industry; there is a value in paying greater attention to the legal measures and other state interventions allowing it to operate. Political ecology helps understand the flow of power within the extractive coal industry and explicate its impacts on humans and the environment. Then, legal geographies shed light on the process in which law becomes a key instrument in mediating how resources are extracted, and the industry is expanded.

The initial foundation of coal's regulatory framework is the Indonesian Constitution of 1945, which gives the state the power to control natural resources used for the benefit of the people (Lucarelli 2010). The coal industry's development was then encouraged by the Foreign Investment Law and the Mining Law signed in 1967 (Shahbanu and Maimunah 2018; Lucarelli 2010), which also marked the state's embracing neoliberal approach to development. Still, coal was not the prodigy in Indonesia's export at the time, as the country heavily relied on its revenue first from oil and then from plywood in response to the changing global demands. When the wood industry declined, coal expansion began to extend and accelerate (Shahbanu and Maimunah 2018), mediated by a set of rules and policies from both the legislative and executive powers (Junita 2015).

In 2009, Indonesia updated its Mining Law by issuing the Law on Mineral on Coal Mining No.4/2009, replacing the 1967 version. It brought a significant change on the regulatory regime of coal, from a contractual to licensing system (PwC 2011). The 2009

Mining Law and the 2004 Regional Autonomy Law retain a big role in the expansion of the coal industry. The law that gives regional governments on the district level authority to issue mining permits has spurred mining companies' formation (Atteridge et al. 2018) (Shahbanu and Maimunah 2018). With the amendment on the law regulating revenue distribution set out in Law No. 33/2004 and Government Regulation No.55/2005, the regional government on the district and provincial level were entitled to 80 percent of the revenue from land rents and royalties (Atteridge et al. 2018). Given the authority and local incentives, the previous laws have driven regional governments to expand coal mining industries for revenue accumulation.

Indonesia's state went to a greater length with legal measures to facilitate the coal industry. Even when environmental issues are on the question, it prefers to weigh on the economic significance of coal. Using the Presidential Decree No. 41 of 2004, the state facilitated 13 mining companies to operate in protected forest areas (Shahbanu and Maimunah 2018). Furthermore, although the 2009 Mining Law is usually attributed to Indonesia's resource nationalism in the extractive industry, it is also responsible for furthering the commodification of coal. Using the law, the state is allowed to criminalize opposing parties threatening the sustainability of mining operations (Shahbanu and Maimunah 2018).

The recent trend of legal and regulatory measures applied by the state shows a gradual shift to increase domestic demand for coal in order to keep the business running. Due to global climate change concerns, coupled with geopolitics influence for uncertain energy supply (Atteridge et al. 2018, 14), the government is devising strategies to expand the domestic use of coal. President Joko Widodo introduced a national

plan to grow generating capacity in 2014, which was set to double domestic coal demand by 2019 (Atteridge et al. 2018; Toumbourou et al. 2020). The plan puts coal plants on the frontier in achieving energy independence by supplying more than 50 percent of the total energy (Sirait 2020; Toumbourou et al. 2020).

Despite public outcry, in 2020, the government passed a revision of the 2009 Mining Law (New Mining Law) which would intensify mining businesses and incentivize companies to increase domestic coal demand. The New Mining Law aimed to develop the downstream mining industry and increase economic growth (Harsono 2020). Argued to cast aside environmental and socio-economic impacts, this law will aid the coal industry by smoothing the permit extension for mining corporations whose licenses are about to expire and expanding the area allowed for mining operation (Nicholas 2019; Coca 2021). The law will also grant a longer license period and control over the mining area to companies integrating their operations with processing and refining facilities or with coal power plants (Nicholas 2019). To avoid conflicts with local communities, the law includes articles that could criminalize individuals who defend their land rights against mining companies (Nicholas 2019).

To add to the exhaustive list is the Omnibus Law enacted in 2020, which further reiterates the state's attempt to sustain the coal industry by securing the market at home. First, the Omnibus Law on job creation allows for mining area expansions by eliminating the 30 percent minimum requirement of forest area (Jong 2020). Second, it significantly limits public participation and rights to challenge mining operations or coal power plant construction (Jong 2020). Lastly, the law incentivizes coal companies that develop downstream facilities, such as coal power

plants and coal gasification, with an exemption to pay royalties (Jong 2020).

Finally, the state also shows attempts to advertise coal as cleaner energy to attract public support and comply with the global climate change response, such as the Paris Agreement. Under government regulations, biomass is integrated into coal power generation to presumably make the system "greener" (Coca 2021). Moreover, the government also tries to advocate coal as a cleaner option by arguing that newer power plant technologies can significantly reduce carbon emissions (Umah 2020).

NGOs and experts have expressed concerns that the recent Laws are in conjunction with business interest while setting aside the environmental and socio-economic ramifications (Harsono 2020). In an interview with the Jakarta Post (Jakarta-based English newspaper), Faisal Basri, a senior economist, argued that the New Mining Law was not the country's immediate need, except for it to secure six mining corporations their control over 70 percent of the nation's coal production (Harsono 2020). Indeed, as Andrews and McCarthy (2013, 13) have claimed, the formal legal realm allows for resources to be "harnessed in the service of multiple parties and goals." The following section discusses the matter further.

e. Benefitting parties and their political affiliations within the domestic extractive regime?

Previous studies on extractive coal industries have discussed and revealed the link between coal mining and Indonesian politics (Warbuton 2017; Atteridge et al. 2018; AlFadhat 2019; Toumbourou et al. 2020). These groups' control over Indonesia's development direction through the coal mining industry continues to this day, if not more apparent and powerful. Building off of

the analysis from Andrews and McCarthy (2014), this section seeks to exclusively unpack the web of power and influences within the coal industry.

In his book, Faris AlFadhat (2019) illustrates how Indonesian conglomerates and political bureaucrats exercise control over the extractive industry. One evident was the alliance between Salim Group (one of the largest business groups in Southeast Asia) and Nusantara Group (a firm owned by one of Indonesia's most influential elite politic, Prabowo Subianto). In 2018, Nusantara Group, where Anthony Salim is a major shareholder, competed with Churchill Group from the U.S. for a 35,000-hectare coal exploration concession of locations Churchill has already worked on in East Kutai, East Kalimantan province (Al-Fadhat 2019).

The situation eventually favored Nusantara when Isran Noor won the election as the district chief of East Kutai. Isran Noor used the power given to him as district government leader to issue and revoke licenses. With the New Mining Law of 2009 as a formal legal measure, Isran Noor released a letter claiming that no mining license has ever once been issued to Churchill Group by his administration. While at the same time granting the license extension of Nusantara (Al-Fadhat, 2019). Indeed, the above event exemplifies how the authority given by the 2009 Mining Law and the 2004 Regional Autonomy Law to regional government allows for leaders to abuse power for their own political and financial gain. The analysis from (Warbuton 2017) (Atteridge et al. 2018) (AlFadhat 2019) (Toumbourou et al. 2020) has provided numerous evidence for such practice.

This section, however, seeks to focus on the current web of power and influences benefitting from the formal legal measures made possible by the state, which becomes more apparent during the latest presidential

election in 2019 and until recently. It especially delves on the benefitting parties from Indonesia's increasing domestic market through the diversification agenda.

Just a few days before the presidential election in 2019, an 86-minute-long documentary film called 'Sexy Killers' was published online linking coal mining corporations to elite politicians within the presidential election, including both candidates, Joko Widodo (now President of Indonesia) and Prabowo Subianto (now Defense Minister of Indonesia) (Wicaksono 2019).

Earlier in the previous section, it is argued that the New Mining Law serves the vested interests of Indonesia's big coal mining corporations, including PT. Adaro Energy, the largest coal mining company in Indonesia, whose license expires in 2022 (Harsono 2019). The CEO of PT. Adaro Energy is Garibaldi Thohir (Forbes 2021), who founded the company along with Sandiaga Uno (Wicaksono 2019), the running mate to presidential candidate Prabowo Subianto and now Indonesia's Minister of Tourism and Creative Economy. Garibaldi Thohir is also the brother of Erick Thohir, the spokesman for President Joko Widodo's (Jokowi) campaign and now the Minister of State-Owned Enterprises. Moreover, the subsidiary company of PT. Adaro Energy, PT. Adaro Power currently owns a coal power plant in Central Java.

Furthermore, the documentary film also linked PT. Adaro Energy with PT. Toba Sejahtera (Wicaksono 2019), which business sectors include coal, oil, gas, agriculture, property, infrastructure development, and power plants (Sukirno 2013). The company has a subsidiary called PT. Toba Bara Sejahtera, known to operate several coal power plants in Java (Wicaksono 2019), the most populated island in Indonesia. The owner of this company is Luhut Binsar Pandjaitan, a retired four-star

Army general, Indonesia's current Coordinating Minister for Maritime Affairs and Investment (Sukirno 2013). PT. Toba Sejahtera now has 16 subsidiaries proliferating for the past two decades (Bersihkan Indonesia 2018). In 2014, PT. Toba Sejahtera joined venture with PT. Rakabu, President Jokowi's company, and formed PT. Rakabu Sejahtera (Widhiarto and Ayuningtyas 2014). The company is presently run by Kaesang Pangarep, the first son of President Jokowi and recently elected Mayor of Solo. The company operates in construction, land acquisition, timber processing, as well as timber and palm oil products manufacturing (Wicaksono 2019).

To top everything, most of these companies are granted as sharia-compliance equities on the Indonesia Stock Exchange, certified by the Indonesian Council of Ulama (MUI), chaired by Ma'ruf Amin, who is now the Vice President of the Republic of Indonesia (Wicaksono 2019).

That coal mining giants play a significant role in the previous presidential election, and the country's current politics is also confirmed by the report from Tommy Apriando (2021) and Bersihkan Indonesia (2018). The older report from Bersihkan Indonesia (2018), a coalition of NGOs working to fight pollution and corruption, ties coal mining companies with central government politicians, finance ministry officials, supreme court justices, army generals, former ministers, and former president. At the same time, the recent report from Apriando (2021) depicts the link between regional mining corporates in South Kalimantan Province with regional governments and the current political powers in the central government. Andi Syamsudin Arsyad, a prominent businessman in the province, owns PT Jhonlin Grup, which production amounts to 400 thousand tonnes of coal with Rp. Forty billion (USD 2.7 billion) revenue in a month. In the 2019 presidential

campaign, he served as the vice treasury of the Jokowi-Ma'aruf campaign team (Apriando 2021).

As illustrated, there are deep and powerful connection between those holding the decision-making power and business/individuals operating in the coal mining industry.

V. Conclusion

In this article, I analyzed how the coal industry is being sustained to the benefit of a few while leaving environmental and socio-economic ramifications poorly addressed. As the industry flourish, local communities and marginalized groups are displaced, deprived of their means of livelihood, suffering from deaths and illnesses, as well losing their community spaces and characters. On the other hand, a group of dominant classes, including mining giants and elite politicians, are racking up profits from these unsustainable practices. The last section depicts the powerful web of relations between business owners, elites, reigning politicians, and their families. They have guaranteed their continuous capital accumulation agenda using their political power and access to legal means.

In advancing the industry, Indonesia's state shows an altered developmentalism stance by further influencing and incentivizing through legal means with the rhetoric goal of economic development based on GDP growth. Although concerns about the climate crisis force countries to shift to renewable energy hence reducing global coal demand, the state managed to devise a plan to sustain and prolong the life of the coal industry by marketing coal and coal derivatives as clean energy.

The state's roles in the coal industry were manifested in the form of formal legal

measures facilitating the extractive operation. A set of laws and regulations have laid the grounds for the extractive industry to operate, expand and sustain itself. These legal measures have reduced obstacles for companies to obtain mining permits, expand their operation even to environmentally vulnerable areas, and be responsible for environmental, economic, and social damages. Also, they have hindered public participation within the decision-making process or opposition to the industry. The current national plan and recently enacted New Mining Law and Omnibus Law of 2020 serve the intensification of the coal industry through energy independence and coal diversification agenda.

It is difficult to imagine that Indonesia will shift to renewable energies soon. As a matter of fact, the state strives to frame coal as clean energy to secure the market as long as possible. With the backing of the state and legal measures, the coal industry will continue to benefit certain domestic classes. At the same time, local communities and the environment will keep paying for the uncounted and neglected costs.

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