ECONOMIZATION OF POLITICAL PROCESSES IN INDONESIA

Muhammad Uhaib As’ad1, Zinaida Zhyvko2, Olesya Boyko3, Iryna Ruda4

1Dr., PhD, Faculty of Social and Political Science, Islamic University of Kalimantan, Banjarmasin, Indonesia, e-mail: uhaibm@yahoo.com, ORCID: https://orcid.org/0000-0003-3645-2706
2D.Sc. in Economics, Professor, Professor of Management Department Institute of Management, Psychology, and Security. Lviv State University of Internal Affairs, Lviv, Ukraine, e-mail: professor2007@ukr.net, ORCID: https://orcid.org/0000-0002-4045-669X
3Senior teacher at the Department of Foreign Languages and Culture of Professional Speech, Lviv State University of Internal Affairs, Lviv, Ukraine, e-mail: olesjabyko@gmail.com, ORCID: https://orcid.org/0000-0002-3163-5004
4PhD in Economics, Lviv State University of Internal Affairs, Lviv, Ukraine, e-mail: dr.irynaruda@gmail.com, ORCID: https://orcid.org/0000-0002-7873-6742

Abstract. This article reveals the essence of the economization of political processes, the impact of government regulation on economic resources and relations between the political elite and businessmen, explains the conspiracy and involvement boss mine (coal) in several provincial elections (regents and governors) in South Kalimantan. The political processes related to election financing, features of local budgeting and regulation of the impact on economic resources are studied. Eighth, using funding sources of publications of local government activities covered in the activities of various agencies, especially public relations by installing advetorial or news paying the prospective incumbents in print media, electronics to online, paid at the rate per news or per month, with holding a mass media that provides space or duration for imaging or raises the popularity and electability. As is known, the political landscape of post Soeharto New Order government that gave birth to democracy and radical change in the institutions of power, namely from the centralized power-authoritarian system to a democratic system of government has spawned a democratic transition which was prolonged until today. In the midst of a prolonged transition to democracy at this time, the arena of democracy has been hijacked and the stage of political and economic power has been controlled by entrepreneurs or local and national capitalist power by doing pesekongkolan between candidates authorities or local authorities that one of them through the local election process. The businessmen are involved as a supplier of funds to the local authorities candidate to win as a form of money politics and transactional politics. In some cases the local elections in South Kalimantan, such as the election of the regent and the governor, political practice is utilized with clarity and has already become a political culture that is structured within massive post-New Order government. Therefore, democracy is being woken up in Indonesia after the New Order.

Keywords: capitalism democracy, local election, natural resources exploitation, political patronage networks, local actors.

JEL Classification: F02, F42

Introduction. Historically, the study of the relationship between state and capital in the history of political power in Indonesia, especially under Suharto’s government era is a reality of conspiracy between the state capital during past 32 years. The reality of this conspiracy is established through the use of a mutually beneficial institution of power, regulation, and patronage relations to dominate economic resources and political power. Under the Suharto’s government era with the political authoritarian power structure the economic resources and political power are in the hands of actor groups who have patronage relationships with those within the bureaucracy of government to accumulation and monopoly of economic
resources who have economic and political patronage relationships within the government bureaucracy network.

**Literature review.** The rise of Suharto’s cronies behavior by Kunio (1991), is described as an erzast capitalism, Hadiz (2004) and Winters (2011) called it oligarchy- predatory who were born to obtain facilities and protection from the authorities. Entrepreneurs appear as strategic groups that can influence state policy through conspiracy, which places institutions of power and regulation that are engineered in such a way as to legally control state's economic resources.

The fall of the Suharto’s government in May 1998 that led to the transition of democracy has changed the current political order. Although the formal regime had collapsed but the heritage disease grew at the local government, such as the practice of political corruption and nepotism. The political actors who occupy the current stage of power have not undergone much change from the mental oligarch-predatory. The oligarchs are increasingly finding their habitat at the local level with decentralization and local autonomy era to be as an opportunity for these local oligarchs.

In the democratization, local autonomy era has changed the structure of power and new designs on democratic institutions more open and democratic through contestation of Regional Head Election (Pemilihan Kepala Daerah/ Pilkada). Democratic capitalization and political pragmatism is increasingly fragmented political behavior of the people, the political choice of the people is increasingly not easy to localize the political choices of the politicians. The politician in various modes display the patterns of money politics and the make people lose political rationality. The political logic of the people has been caught in the vortex of political pragmatism and has no power to avoid all that. Meanwhile, political party which is actually a symbol instrument of articulation of political aspirations becomes the cartel and practice of political mafia in the arena of Local Head Election (Pemilihan Kepala Daerah/ Pilkada). The political market has been colored by political transactional and conspiracy issues between political elites and market (capital) and educating the mentality of the people into political absurdity in the black market of democracy.

In the political pragmatism, local Head Election is to be made and formulation of strategies by local actors to influence political choices of the people. One of the strategies for influencing local actors is use of capital (money politics) and patronage networks played by political elites. The high cost of democracy in local elections making political gambling behavior, that is political mafia by mobilizing economic and political resources, conspiracy, and design by local actors to gain economic and political advantage.

The politics transactional, vote buying, money politics, patronage and clientelism as described by some political experts like (Allan, 2012, Aspinall, 2013, Aspinall, 2014, Aspinall and As 'Ad, 2015; Aspinall and As'ad, 2016; Hutchcroft, 2013; Stokes, 2013; Choi, 2011; As'ad, 2016). Therefore, the real owner of the contest stage of Local Head Elections is to be political gambler contestation.

Political actors, do not operate individually in Local Head Elections but rather collaborate in a structured manner with other actors. All that can be effectively done
because of the abundant funding support in the Local Head Elections is an instrument of selecting and giving birth to political elites or local authorities for credibility, but the Local Head Elections instead shifted the meaning of being the arena of democratic decay. The Local Head Elections requires a lot of money by political parties or candidates who fight in the elections.

The Local Head Election after political reform, actually just only represent the interest of political parties in a formalistic democratic constellation and the Local Head Elections loses substantive meaning with manipulation and conspiracy. In other side, elections are vulnerable to being used by bureaucratic elites, especially by incumbents with some modes: First, through the provision of social assistance (Bantuan Sosial) and grant funds. Second, make populist programs. Third, provide financial assistance to the regency/municipality which is the base of supporting the incumbency. Fourth, increase the salary allowance of bureaucrats or Civil Servants in the regions. Fifth, allocate for the development of infrastructure such as road construction. Sixth, misappropriation of village funds. Seventh, infiltrate the interests of incumbents in preparing the Budgeting Allocation for Local Development (Anggaran Pendapatan dan Belanja Daerah/APBD). Eighth, using funding sources of publications of local government activities covered in the activities of various agencies, especially public relations by installing advetorial or news paying the prospective incunbents in print media, electronics to online, paid at the rate per news or per month, with holding a mass media that provides space or duration for imaging or raises the popularity and electability.

In the case of Local Head Election in Barito Kuala (Batola), Hasanuddin Murad, two priods of Head Government of Barito Kuala (2007-2017) who was openly supportive of his wife, Hj Noormiliyani Aberani Sulaiman and his nephew Rahmadian Noor to be candidate of Head Government (2017-2021). This information comes from journalists or media activists, especially Media Kalimantan in South Kalimantan. As a comparison of the District Government of Hulu Sungai Utara in the run-up to the 2017 elections, it has allocated publication funds for bupati-vice regent activities of Rp 10 billion, much higher than the average, such as Hulu Sungai Selatan (HSS) 2 billion in APBD 2017.

**Aims.** The purpose of the article is to establish the impact of state regulation on economic resources and relations between the political elite and businessmen.

**Methods.** The research methodology involves the use of comparative analysis, general methods of analysis and synthesis, as well as other methods to achieve the goal of the article.

**Results.** The political processes related to election financing, features of local budgeting and regulation of the impact on economic resources are studied.

**Local head election of barito kuala (batola) under the shadow of mine and oil palm plantation entrepreneurs.** South Kalimantan is known as the region having the second largest mining resource potential in the country and has the potential of mining resources, now shifting to oil palm plantations that have surrounded 9 districts in South Kalimantan. Citing the news reported by jejakrekam.com on March 8, 2017, from the statement of the Chairman of the Indonesian Palm Oil Association South
Kalimantan Totok Dewanto stated that now there are 9 districts that have transformed into a palm plantation center on an area of four hundred thousand (400,000) hectares. These oil palm plantations are spread in Barito Kuala, Hulu Sungai Selatan, Hulu Sungai Utara, Tapin, Tanah Bumbu, Kotabaru, Balangan, Tabalong and Tanah Laut.

Well, the big players in the palm oil business is a national and international network, especially from Malaysia which mostly has mastered the area of productive land and swamp in Barito Kuala District, such as Sinar Mas Group, Astra Graha Lestari Group, Minamas Group and others. In addition, local entrepreneurs joined by Hasnur Group, Jhonlin Group and others also played, including Batola Hasanuddin Murad Regent in the palm oil business of producing cooking oil (CPO) and soap industrial raw materials and others, amid the mine business melasunya Coal due to price fluctuations from export destination countries such as China, India, Japan and others. Such a position ultimately leaves local actors no longer relying on mine potential but also targeting large-scale plantation enterprises as one of the pundi to generate multiple profits.

They are involved in local political rituals (see Pilkada), especially supporting figures or candidates for regional heads who will ensure their business networks and businesses in the area. At that time the mines power and oil palm plantations had been in the power of local oligarchy in line with the policy of decentralization and regional autonomy. The dynamics of local politics in South Kalimantan in every democratic event is always related to the issue of natural resources. The Local Head Election as a process of democratization has been captured by the power of capital through a conspiracy between the ruling candidate and the entrepreneur.

Involvement of entrepreneurs in elections as a supplier of funds to build patronage with local authorities who succeeded in disaggregating is in order to expand the business network while collaborating with local authorities. The involvement of a number of entrepreneurs as funders is difficult to avoid, because between entrepreneurs and potential rulers alike have an interest. It is not even possible that funders play on two legs to fund the local ruling candidates. The issue of natural resources becomes a hostage and an arena of economic and political interest struggles among local actors. It is not surprising, therefore, that the political scene in South Kalimantan is controlled by the strength of capital or dominated by politicians with mining entrepreneurs.

In the political capitalization and pragmatism era, politicians with entrepreneurial backgrounds will have opportunity win of political power through political ransactional. Therefore, only large capital owners who have a certain opportunity or person who has a patronage relationship with capital domination can appear as a fighter in the elections. Meanwhile, for people who do not have capital, although they have integrity, social capacity and political capacity, but do not have the political belief to win the struggle for political power in the arena of elections. This condition became phenomenon in political landscape in some elections in South Kalimantan. During election, the possibility of bartering permit mining business, oil palm plantations, and others, without seeing the law and regulations process is very slim. The conspiracy of interests between candidates (regents, mayors,
governors) in the electoral process and in post-election will ultimately have implications for elite capture corruption, rent seeking, and mining mafia including large-scale plantations.

South Kalimantan position in the global economic trend has strategic value in the mining economy and oil palm plantations. The economic activity of coal mining, including oil palm plantations, is mostly enjoyed by oligarchs, both actors who are in the center who have business networks with rulers and entrepreneurs in South Kalimantan. The activities of coal mining and oil palm plantations are not only seen in the perspective of economic activity, but also in the context of political business networks or political interests far ahead.

This patronage network was born through activities as a mining entrepreneur who became part of a successful team or funding supporter in the election process (As'ad, 2013). The electoral process is colored by political conspiracy and business networks have tend to become predatory oligarchs. As a result, political actors who play their role as financiers during the election process take place, then post elections will present themselves as a shadow political figure and business manager.

The actors involved in the election will eventually appear as rent-seekers. The issuing of mining permits and palm oil plantations will be easier for business clients as a form of political repayment for winning public officials in political or electoral contests. In view of the development of economic and political dynamics, particularly in relation to the existing coal mining management policy in South Kalimantan, the meaning of decentralization in the context of natural resource management does not necessarily eliminate the predatory patronage and oligarchy patterns that are inherited from the New Order. The emergence of a number of local actors in the political stage of entrepreneurial background, not just rely on social capacity, political capacity, no less important must have financial capability.

This of course can only be owned by people with entrepreneurial background and at the same time have a chance to win in the struggle for political power as in case with some areas in South Kalmiantan. As'ad research (2013) on Local Election: Mining and Local Bossism in South Kalimantan shows a number of facts about the involvement of a number of coal mining businessmen into political brokers in local elections in a number of areas in South and Central Kalimantan. The involvement of a number of mining entrepreneurs into political brokers in Pilkada in the hope of obtaining political remuneration from elected rulers in elections, particularly related to the management of regional economic resources or infrastructure development projects.

Therefore, post election of various policies made by elected officials then the policy will be in favor of the interests of political patronage.

Local head election of barito kuala regency: arena for political effect of local actors. The couple of Noormiliyani-Rahmadian Noor excel with 48.11 percent voice managed to surpass her rivals in the elections namely Hasan Ismail-Fahrin Nizar (34.61 percent) and Bahrian Noor-Suwandi (17.28 percent). Regent elected Noormiliyani paired with Rahmadian Noor is the wife of Hasanuddin Murad who has served as Regent Batola two periods. While Ramadian Noor as Vice Regent elected
none other than Hasanuddin Murad's nephew. The appearance of Normiliyani-Rahmadian Noor as the winner in the Barito Kuala election has allowed the politics of the dynasty of Hasanuddin Murad's ethnic group on the local political scene in Barito Kuala.

The Normaliyani-Rahmadian Noor pair promoted by the Golkar and Democrat parties, the Bahrianoor-Suwandi couple were supported by the National Awakening Party and Gerindra Party, while the Hasan Ismail-Fahrin Nizar pair was supported by the Prosperous Justice Party, Partai Amanat Nasional (PAN), Partai Unity of Development, Indonesian Democratic Party of Struggle, Hanura Party, and Crescent Star Party.

When observed by the Chairman of the Political Party, the bearers of couples candidate are persons with entrepreneurial background, local officials, or former local officials. Like Golkar Party as a bearer of the couple Normaliyani-Rahmadian Noor, one of the important members of the Golkar Party is Hasanuddin Murad who carried his wife as a candidate for Regent Barito Kuala. PKB and Gerindra Party carrying the couple Bahrianoor-Suwandi as it is known that the Chairman of the PKB South Kalimantan Zahirullah Azhar former Regent Tanah Bumbu two periods that have a network with the mining entrepreneurs, while Chairman of the Gerindra Party of South Kalimantan is H. Abidin who is known as an entrepreneur or owner Port of coal mine.

Meanwhile, the support of political parties for the couple Hasan Ismail-Fahrin Nizar, in the Indonesian Democratic Party of Struggle for the Regional Leadership of South Kalimantan is Mardani H. Maming who still serves as Regent of Tanah Bumbu two periods, National Mandate Party (PAN), Chairman of South Kalimantan Muhidin (former Mayor of Banjarmasin, with a background of mining entrepreneur), United Development Party (PPP), its central figure is Rudy Ariffin (former governor of South Kalimantan), although operatively run by his son, member of Commission II of DPR RI from FPPP, HM Aditya Mufti Ariffin.

The three candidate fighting in Barito Kuala election each behind him are the people or the oligarchs with the background of businessmen, local officials, or former rulers who have networks with mining entrepreneurs. Hasanuddin Murad as Regent Barito Kuala two periods have managed to deliver his wife as the winner. In the process of socialization or campaign periods of mass mobilization are very clear and massive structure at all points of the location ranging from remote villages to the sub-district level with the direction of the land and river transportation fleet.

Mass mobilization at the time of the campaign as an arena of strength performances difficult to see by other candidates. The Golkar Party that is in charge of the local political universe in Barito Kuala District is certain that the more solitary network of organizations and added by the funding support of the Golkar Party elites that owns the mining business network has become an unmoved force during the campaign period. Not only that, funding support for the couple Normaliyani-Rahmadian Noor came from local businessmen (Barito Kuala). A local entrepreneur who is engaged in a renowned contractor named H. Inab.
According to the Leadership Ethnicity Bakumpai, Mr. Budiman, that H. Inab has provided funding of Rp 5 billion for the couple Normaliyani-Rahmadian Noor in Pilkada. Understandably, during this network of infrastructure projects such as roads, bridges, markets and others controlled H. Inab group and includes Rahmadian Noor with a background of local contractors. Because, in the ranks of the bureaucracy, especially in the Public Works Agency Batola and wetlands filled with people Hasanuddin Murad.

Meanwhile, the Bahrianoor-Suwandi couples carried by the National Awakening Party (PKB) and Gerindra Party can not do much in political gambling. Chairman of the Gerindra Party of South Kalimantan, H. Abidin, who was originally expected to provide funding support is not exactly what the couple expected. In fact, according to information circulated and reinforced by a number of respondents, for example Abdul Sani (NGO) activist and tansmigrant resident organization from Java Island) explained that at the time of open campaign and public applying Prabowo Subianti's presence was not present and without confirmation about the absence of the Chairman of the Gerindra Party. Similarly, H. Abidin as Chairman of the Gerindra Kalsel Party also did not attend during the open campaign and according to information left for Germany. According to Abdus Sani, there is a political concession between the number one couple, Normiliyani-Rahmadian Noor that H. Abidin does not need to be active to win the second pair of Bahrianoor-Suwandi by accepting a two-billion-dollar compilation as a silent fund. The key figure behind Bahrianoor-Suwandi's nomination is H. Jahrian Noor.

Barito Kuala election is actually a battle of oligarchs to control political and economic territories. As mentioned before, although this area does not have a coal mine but this walayah is a traffic place for coal barges that cross the Barito River which is included in the territory of Barito Kuala Regency. Call it for example, Barito River source of economic income from coal barge crossings at any time but never get clear how much revenue generated from barges that pass through Barito River Flow from the royalty sector or other income sectors. When confirmed from a number of local officials on royalty or other concerns from Barito River's economic activity, almost all of them are silent and unable to explain clearly.

During the election process, the negative issues circulating among the people that the Batola Hasanuddin Murad district received funds from the national mining company PT Adaro Indonesia owned by Boy Tohir cs group, a coal mining company operating in Tabalong and Balangan districts, as well as several districts In Central Kalimantan Province. Transportation activities from this mine production cross the Barito River Flow. Therefore, during the election process, the Bupati of Hasanuddin Murad received Rp 15 billion as a royalty fund. In the midst of the oblique issue, the Bupati gathered the village chiefs of Barito Kuala District to clarify the issue of Rp15 billion.

Where are the positions of h. Sahbirin noor (governor of south kalimantan) and handi syamsuddin in barito kuala elections? At first H. Sahbirin Noor gave support to the couple candidate, Hasan Ismali-Fahrin Nizar before Sahbirin Noor was elected by acclamation to become Chairman of Golkar Party of South Kalimantan.
Over the course of time in the elections there seems to be a signal from the Central Golkar Party Leaders to shut up. That is, take it silent so as not pro active or involved directly support the partner Hasan Ismail-Fahrin Nizar. Must do the backs of the cats supporting the number one pair Normaliyani-Rahmadian Noor who was promoted by Golkar Party H. Sahbirin Noor who has been elected as the Chairman of Golkar Party of South Kalimantan, should give support and win the number one pair Hj Noormiliyani AS-Rahmadian Noor.

This political situation is very detrimental to the political mate of the number three, Hasan Ismail-Fahrin Nizar who had hoped for H. Sahbirin Noor to support the victory in Pilkada. Pada future scenario, has been circulating political calculations in which in the next period, H. Sahbirin Noor will appear again Nominated himself as South Kalimantan Governor for the second time by holding Mardani H. Maming as a candidate for Vice Governor where Mardani H. Maming is currently the Regent of Tanah Bumbu and Chair of PDIP of South Kalimantan. Barito Kuala elections have become the arena of political calculation of local political elites to measure their power, loyalty, and at the same time build political concessions of local actors or local oligarchs.

H. Syamsuddin or known H. Isam in Barito Kuala election is also barely audible. In the case as always in some elections in South Kalimantan always appear as supporters or supporters of funds or set political calculations for candidates who supported. As is known, H. Isam currently as PAN Council Advisory South Kalimantan and Chairman of DPW PAN South Kalimantan is Muhidin former Mayor of Banjarmasin and former political rival H. Sahbirin Noor in South Kalimantan Governor Election. H Isam is the nephew of H. Sahbirin Noor as the main supporter of political funds in the elections of South Kalimantan Governor since 2015.

Barito Kuala election is like a proxy war of local actors to dominate political and economic territory. For political design in the future the actors always try to keep some territory to make the ruler in the region through the support line of Political Party. By placing people from politically-led parties it will make it easier to build political and economic concessions. The involvement of mine actors behind the Pilkada capitalization, as a political broker or supporting financier, and a strategy for building power relations or patronage with a potential ruler of the region.

The capitalization of Local Head Elections as process democracy in the local political landscape in South Kalimantan, especially in Barito Kuala, the issue of natural resource management always color political marketing among actors involved in power struggle. The phenomenon of mining entrepreneur involvement behind the capitalization of Pilkada becomes the arena of conspiracy and economic patronage. Most local rulers are elected in elections behind a mining entrepreneur or the ruler of that area backed by mining entrepreneurs and supported by fund from mine operators with mine business connections.

This is the fact designed by local capitalist groups, not even close possibly also get funding support from capitalist in Jakarta. Therefore, capitalization and political pragmatism have led Citizens into the game politics (money politics) or buying and selling votes (vote buying) that actors play in Pilkada to influence the people. Do not
be surprised if Pilkada gave birth to local rulers berwatak Predatory oligarchs amid issues of democratization (Didi Gunawan, Journalist, Interview, 6 Peberuari in Banjarmasin, 2017).

Discussion. The power relations will give birth to a business cartel which is predatory, where the local economic resources are only on Groups of such predatory oligarchs. The mine has become part of the arena of economic and political interest struggles among local actors. Therefore it is not surprising that the political scene in South Kalimantan is controlled by force Capital or dominated politicians with entrepreneurial background mine. Amidst the capitalization and political pragmatism, the politicians whose Entrepreneurial background or capital owners, will have great opportunities to win political power struggles through political and transactional concessions. Not strange if the mining resources Become hostage and dominated by local oligarchs as instruments Conspiracy of interests, as stated by local political observer Setia Budi (Interview, 11 Peberuari 2017 in Banjarmasin).

Conclusions. Since the death of one of the central political and business leaders in South Kalimantan, H. Leman, automatically only two forces affect the political map in South Kalimantan. That is, the financial strength and support of government that is now controlled by H. Isam (Jhonlin Group), although on the one hand must be opposed with silent movement or openly from Binuang Group with the main actor, H. Izai and H. Ciut. However, when H. Isam was able to gain political and governmental means proven by the control of South Kalimantan Provincial Government held by H. Sahbirin Noor, including political party networks such as PDI Perjuangan, PAN, Golkar Party, PKS, and Hanura Party and others. H. Isam has incarnated and took the position left by H. Leman, after his death.

With that position, H. Isam has also built a strong and influential political network in almost all major political parties. Although Rudy Ariffin, a former governor of South Kalimantan, is able to control the United Development Party (PPP), but essentially debt service or politics to the success of the child, HM Aditya Mufti Ariffin during legislative elections 2014. This further indicates the dominance of the main actors in business and political networks in South Kalimantan is still held by H. Isam. Meanwhile, the concentration of H. Izai and H. Ciut is only in the local level, especially Tapin regency which is ahead of the succession in 2018, after being pressed by Jhonlin Group with power and law networks supported by Police and Military. The phenomenon that occurred in the 2017 Batola Election has shown that financial power, business and political networks including law enforcement officers controlled by H. Isam with a leading figure who appeared to the public, South Kalimantan Governor H. Sahbirin Noor has become the actor of determining the way of political direction in South Kalimantan. Although not appearing publicly, H. Isam hands still gripped strongly in politics and business in South Kalimantan. Whether later in elections in 2018 which will take place in four districts of Tanah Laut Regency, Tabalong Regency, Tapin Regency and Hulu Sungai Selatan Regency (HSS). Even so, out of the four regions that will hold elections of Regent's Regents in 2018, Tanah Laut District will be an exciting battle, and the patterns applied in the 2017 Regional Elections can be repeated again.
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