

Executive Summary

When Gun Point Joins The Trade

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Military Business
Involvement in Bojonegoro,
Boven Digoel dan Poso

RESEARCH TEAM
COMMISSION FOR DISAPPEARANCES AND
VICTIMS OF VIOLENCE
(KONTRAS)
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Kontras At A Glance

KONTRAS, which was formed on 20 March 1998, is a task force established by a number of civil society organizations and community leaders. This task force was originally named KIP-HAM in 1996. As a commission whose work was to monitor Human Rights issues, KIP-HAM received many reports and inputs from the community, both victims' community and others who dared to express their aspiration regarding human rights issues that took place in their regions. In the beginning, KIP-HAM only received reports through phone communication but the public gradually grew brave in delivering their reports directly to KIP-HAM secretariat.

In several meetings with victims' community, there was an idea to form an entity that deals specifically with cases of forced disappearances as a response to continuous violent practices that had claimed many victims. The idea was thrown in by one of the victims' mothers named Ibu Tuti Koto. It was finally agreed that a commission would be established to deal with cases of disappearances and victims of violence under the name of Kontras.

In its course, Kontras did not only handle issues of kidnapping and forced disappearances but was also asked by victims community to handle various forms of violence both vertical such as what happened in Aceh, Papua and East Timor, and horizontal such as the ones that took place in Maluku, Sambas, Sampit and Poso. Afterwards, it developed into an independent organization that participates in uncovering violent practices and human rights violations as a result of power abuse.

In the re-formulation of its role and position, Kontras has re-established its vision and mission to participate in fighting for democracy and Human Rights together with other civil society movements. More specifically, all potential and energy that Kontras has will be directed towards encouraging the development of characteristics of a system and state life with civil characteristics and to distance politics from violent approach, either violent approach which is born from the use of militarism principle as a system, behavior or political culture. Violence here does not only mean an issue of military intervention in political life but also in regards to the structural and cultural condition and relationship among social communities and social groups as well as among social strata which prioritized violence as their symbols.

Gratitude

THIS EXECUTIVE SUMMARY is a summary of Research Report on Military Business in Bojonegoro, Boven Digoel and Poso. For that, Kontras would like to extend its gratitude to the research team coordinated by M. Najib Azca, all research team assistants both in Jakarta and in the field. This includes several parties acting as consultants in the research such as Patra M. Zen (Law and Human Rights), Mering NGO (Anthropology and Research), Andrinof Chaniago (Politics-Economy) and Wiladi Budiharga. Our gratitude also goes to those who have shared their insight and input in Workshop I and II Research on Military Business and Focused Group Discussion (FGD), which are follow up to complete this research. Kontras specifically thank Global Institute who has supported this research.

Research Background

TRACING military business in Indonesia is similar to revealing Indonesian military posture itself. Since the beginning, the presence of Indonesian military institution is inseparable from the presence of military business itself, especially considering that military during independence war time was capable of seeking and managing its own funding through its double role as a military power as well as a social political power. Even though a policy was then applied to establish Military Budget as part of the State Budget (State Income and Expenditure budget or APBN), unfortunately, it did not cause military business to cease to exist. Argument about the minimum budget allocation from the State¹ and the army's dual function ("*dwifungsi*") is used as an excuse to legitimate military business practices.

Military² business practices are the fruit of their involvement in politics, where this involvement has directly opened their access to sources of financial profit. There are several reasons why military feels important and comfortable to be involved in politics, such as "*historical duty*", "*threat to national security*", and "*desire to protect their interest*". Historical reason, obsession towards national stability and institutional interest described above are closely related to the history of struggle and security doctrine that they have always believed. The view that says military is "*fighting soldier and soldiers' fighter as well*" and "*civil issues are not new issues for military*" which is established in Total People's Defense doctrine has been strongly implanted. *Diktum* Clausewitzian that "*war is politics continued in a different way*" is in line with the concept "Middle Path" by Indonesia's military elders, General AH Nasution, who saw that military "*is not a mere government's tool as in the Western countries, not as a tool for certain party as in communist countries and not some kind of military regime who dominates politics either*". In other words, military sees that their mission is never separable from politics (political objectives).³

¹ TNI Commander Admiral Widodo AS once stated that, "*Indonesian Army (TNI) will be more professional if the state is able to care for soldiers's welfare issues. We would not need to do business and we would concentrate on improving this institution's (TNI) capability as well as its soldiers'.*" [Media Indonesia](#), 27 September 2002

² The use of the word military in this research refers to the security forces which includes Army (AD), Navy (AL), Air Force (AU) and State Police (Polri). Specifically, this research focuses on AD dan Polri.

³ Kusnanto Anggoro, "Military's Idea About Democracy, Civil Society (*Masyarakat Madani*) and Democratic Transition", in Rizal Sukma and J. Kristiadi (editor), [Hubungan Sipil-Militer dan Transisi Demokrasi di Indonesia: Persepsi Sipil dan Militer](#) (Military-Civil Relationship and Democratic Transition in Indonesia: Civil and Military Perception) (Jakarta: CSIS, 1999), p. 10-13. The conservativeness of the above thinking is fully reflected in military political attitude, where they assess the plurality of Indonesian's people based on ethnic and religion that are often mentioned as a threat towards national integrity and according to military, without their presence, Indonesia might have become a communist country or an Islamic country, and they are the institution that can stand neutral above all groups.

Since the beginning of the independence, Indonesian military has built a self-perception and self-image that military is an institution that created itself (self-creation) and formulated itself. This was what became the seed of pretorianism where military became autonomous over its own attitude and actions. This self-concept was then strengthened by their capability of self-financing during the time when the government was unable to fulfill military's needs. This occurred during the whole time military was in guerrilla alongside the people. Therefore, since the time it was born, TNI (the Indonesian Army) has already possessed an embryonic element as a political economy actor both in its mind set and its interpretation formulation on the ideology it later built.

A study conducted by Harold Crouch on the Indonesian army in 1945-1965 described this fact clearly. Crouch found a fact that since the 1945 Revolution, Indonesian Military has never limited itself as an *an sich* military power because claim regarding their involvement in the fight for independence assumes the involvement of political and military struggle.⁴ The young people who fought in arms did not think about a serious career in military, but more out of patriotic spirit influenced by the proclamation of independence carried out by politicians and nationalists. Plus the minimum military training and modern weapon available forced the struggle to be carried out through a guerilla war so that the difference between civil and military lives was unclear.⁵ Lack of apolitical traditions in the military also further smoothened the political roles of the military leaders and lessened the opportunity to gradually develop "*military professionalism*".⁶

Harold Crouch's findings obtained further support from Richard Robison, as quoted by Iswandi, that Indonesian military has been involved in economics activities since early 1950s, where they were required to do so in order to earn extra-budgetary revenue for their operation or for their private income, as well as to finance their political activities.⁷ In the beginning, military business activities were limited to "*illegal provisions of goods*" in the form of smugglings. Diponegoro Division who operated in Central Java, for example, is a division who is noted because of its involvement in many illegal businesses since early of its existence. Soeharto (former President and the New Order Ruler) himself was former Commander of this division in the 1950s decade and managed to nurture a relationship with Tionghoa-descendant businessman. Soeharto was fired from this division in 1959 due

⁴ Harold Crouch, Militer dan Politik di Indonesia (Military and Politics in Indonesia) (Jakarta: Pustaka Sinar Harapan, 1999), p. 21.

⁵ Another main issue that disturbed the relationship between military and civil politicians at that time was also related to fighting strategy. Civil politician groups based in Jakarta prioritized the use of diplomacy, while the military group preferred guerilla. The military commanders actively built an opinion regarding the role of military politics. When the Government of Republic of Indonesia let the Dutch captured them in Yogyakarta, the military government felt obliged to "take over" civil government and other political matters by announcing guerilla war and emergency status. The condition of military's lack of trust towards civil politicians reached its peak in 1965 in which the military rouse officially in political power.

⁶ Ibid., p. 22

⁷ Iswandi, Bisnis Militer Orde Baru, Keterlibatan ABRI Dalam Bidang Ekonomi dan Pengaruhnya Terhadap Pembentukan Rezim Otoriter (Military Business in New Order, ABRI's Involvement in Economy and Its Influence Towards the Establishment of an Authoritarian Regime) (Bandung: PT Remaja Rosdakarya, 2000), p. xvii-xviii

to some political moves by officials from the Army Central Command who saw negative excess coming from these businesses conducted by military officers in several regions.⁸

As an institution who depended on the government to obtain its funding, Army officials were disappointed by the government's failure to fulfill it. In mid 1950s, Army did not only feel forced by needs such as for military equipments and facilities, but also by the needs to live decently, both for soldiers and officials. Several military area commanders finally became trained to find income through unusual ways. This military's economics activity opened an opportunity for them to gain personal profit, which in turns encouraged several Army officials to desire the War Emergency condition to continue.⁹ During this period (1949-1958) the interest to control economics assets left behind by Dutch colonial started to emerge among political bureaucrats dominated by party and military officials and their political supporters and close relatives to finance their political factions as well as to build the basis of their personal wealth.¹⁰ The involvement in economics was then broadened after War Emergency in 1957. Nationalization of Dutch companies in 1957 served as an important momentum for Indonesia's economic growth as well as the beginning of a fight over colonial economy resources between military and political parties. State's Companies (*Perusahaan-perusahaan Negara*, PN) were divided into blocks by the elite as their source of funding.¹¹

This habit continued until the early time of New Order who then conducted re-organization in the military. United States revoked their postponement of military aid in 1967 and restarted their support to Indonesian military in the forms of trainings and light weapon provision. The military relatively did not find any trouble when their formal budget allocation was reduced all the way to a third of the actual overall military expenses because they could easily run their business as an alternative source of income. Pertamina, which was run by the Army, Bulog and PT Berdikari are examples of several important sources of military income after State's Budget allocation. Various military units also established several companies and foundation. In line with the re-organization, the National Army started to be centralized in 1969 for the sake of a more rational¹² funding "distribution". This effort ran smoothly because of the acceptance on the Army's dominance in politics after 1965, where the Army did not only claim itself as a stabilizer but also as a "dynamic force" and

⁸ *Ibid.*, p. 103-104

⁹ Harold Crouch, *op. cit.*, p. 36-37. Compared to the present context where military is trying to maintain similar status (military emergency and civil emergency) in several regions. Business motifs may answer the question of why the Military Operation Zone (DOM) status in Aceh, East Timor and Papua can last for years, or why the Military Emergency status in Aceh was extended and then continued with the implementation of Military Emergency and Civil Emergency in Maluku.

¹⁰ Iswandi, *op. loc.*, p. 70-71

¹¹ Onghokham, "Elite dan Monopoli dalam Perspektif Sejarah" (Elite and Monopoly in History Perspective), *Prisma No 2/1985 Year XIV* (Jakarta: LP3ES, 1985), p. 12-13

¹² Peter Britton, *Profesionalisme dan Ideologi Militer Indonesia* (Indonesian Military Professionalism and Ideology) (Jakarta: LP3ES, 1996), p. 127-128 Regarding the management of Pertamina, Bulog and PT Berdikari, see Harold Crouch, *op. cit.*, p. 310-316, quoted and elaborated also in Indonesia Corruption Watch (ICW) Research Report, *Bisnis Militer Mencari Legitimasi* (Military Business Seeks For Legitimacy) (Jakarta: ICW, 2002), p. 21-24.

felt that they were needed so that they could play an important role in the economy. Military government believed that guarantee on political stability is required for economic development and to encourage domestic and foreign investment. Therefore, the military also obtained some profit and opportunity to expand its business practices.

With the Army's "unconventional" financial system described above, government dominated by army officers was able to create an impression that expenses for defense and security were not increased for the sake of economy development. The officers selected from all levels were placed on various positions in order to collect funding on behalf of the Army and to guarantee permanent flow of funding to military's "cash" (?). On the highest level, several Army senior officers control giant companies.¹³ Commercial orientation then emerged among these military officers where business skills that were originally used on behalf of the Army gradually changed into serving personal benefit. They preferred to relate to foreign businessmen than to leading their troops on the field.

According to some military leaders, their doctrine does forbid every member of State's Army to conduct business. Government Regulation No 6/1974 also stated that an officer who is still actively on-duty is forbidden to do business. But again, the historical and philosophical reasons were considered to be an approval for conducting business practices because as a fighter "*all sectors of life are opened for State Military*", including economy. To quote the words of Alfred Stepan, TNI has become a "*new professionalism of internal security and national development*," or having a high interest in the life or death of Indonesian economy. Especially when the formal economy resources provided by the state are considered inadequate to fulfill their needs.¹⁴

Until today, one of the potential areas for military business is Territorial Command (*Komando Teritorial* or Koter). Koter was not formulated based on defense area assumption. Instead, it was formulated based on an assumption to divide regional government bureaucracy area, starting from Village level (Babinsa), District level (Koramil), Regency level (Kodim) to Provincial and Regional level (Korem and Kodam). Therefore, Koter Commander on various levels are directly involved with regional government in their policy on regional development, either through Tripika or Muspida. Koter's political function is more dominant than its defense function, military also gain economy profit although individually, compensational and informal. Koter becomes a financial source for regional soldiers through practices of providing security protection (backing) for illegal economy activities.¹⁵

Government's support to military business is shown through its issuance of laws that legitimate their practices and strengthen the belief in *mutualism symbioses* between military

¹³ Harold Crouch, *op.loc.*, p. 308-310

¹⁴ Indria Samego, *TNI di Era Perubahan* (TNI in the Changing Era) (Jakarta: Erlangga, 2000), p. 27-28

¹⁵ M. Riefqi Muna (Ed.), *Likuidasi Komando Teritorial dan Pertahanan Nasional* (Liquidation of Territorial Command and National Defense) (Jakarta: The Ridep Institute, 2002) p. 7

and government. Transition from Old Order to New Order government which is actually a military government opened some opportunities for their officers to gain easy access to government and state's companies along with their political legitimacy.¹⁶ Activities that are claimed to give income to military operations are proven to merely given wealth to a small group of military elite. "Tolerance" towards military business is also suspected to cause lack of uncritical attitude in civil groups towards abuse of authority and the violence it created. This uncritical attitude is strengthened by the myths about military's double role.

Nearing the end of the New Order's power, ABRI's double role was seriously criticized, especially because it was seen as having "underwent too much distortion". The political format formulated by the Third Generation of ABRI during New Order through II Army Seminar in 1966 which was accused of "crossing the line" has given its influence to civil perception and assessment towards military today. At the very least, according to M. Riefqi Muna, the civil groups have three opinions regarding military's double role, "... (F)irst, *ABRI is considered to have changed into a corporation or an interest group. This kind of understanding emerged through the facts that ABRI does not only rule in the political field but also in business. From this role, the civil groups think that ABRI's role has "crossed the line".* Second, *asides from empowering its work program—one of ABRI's non-organic role in civil live —... military personnel who have reached a dead end in their military career will be placed in a social political life.*¹⁷ *Replica during New Order, with the appearance of regional criteria A, B and C,*¹⁸ *is politically giving benefit to ABRI, especially in the distribution to be the head of Provincial or Regency government. Third, ABRI has become a dominant deciding power in the lives of political parties and DPR (the House of Representatives), DPRD I (Provincial Legislative Council) and DPRD II (City Council), through Golongan Karya and appointment by President."*¹⁹

Military then answered the public's criticism towards them by delivering "TNI's New Paradigm" (*Paradigma Baru*), where TNI has conducted *Redefinition*, *Reposition* and *Re-actualization* of their roles, function and duty. *Redefinition* means re defining TNI's Dual Function, (*Dwifungsi* TNI) to become TNI's Role, which contains an understanding of

¹⁶ The new Law on Foundation provided protection to the continuation of business units run by military. The changes done were limited to merely encouraging public accountability to TNI's foundations/Military Business Entity, not to stop them at all.

¹⁷ Dual Function Doctrine stated that besides serving as a defense and security force, TNI is also a social political force. Law No 20/1982 on Defense and Security stated that TNI is a "social force". However, Law No 2/1988 on TNI Soldiers stated that TNI is also a "social political force" asides from being a defense and security force. This becomes the juridictive base for military involvement in state's politics.

¹⁸ Since 1970s, this criteria emerged together with the establishment of New Order political power. Criteria A is a politically very vulnerable area so that the political position (Governor or Regent) must be held by military officers. Criteria B is half vulnerable area which can be filled by military or civilians but in reality is dominated by military officers. Criteria C is safe areas which are supposed to be governed by civilians but, again, in reality is also dominated by military officers. Together with the Territorial Commander, miliary officers in this civil bureaucracy effectively manage political and economy resources available.

¹⁹ M. Riefqi Muna, "Persepsi Militer dan Sipil Tentang Dwifungsi: Mengukur Dua Kategori Ganda" (Military and Civil Perception on Double Role: Measuring Two Double Categories), in Rizal Sukma and J. Kristiadi (editor), *op. cit.*, p. 50-51

integration between security defense function and social political function. *Reposition* shows that TNI, besides from being proactively encouraging a democratic life and a justice-welfare, is concerned about observance of law. Meanwhile, *Re-actualization* means re arranging TNI to be able to perform in accordance to its role in line with new development and people's aspiration.²⁰

Unfortunately, TNI's New Paradigm did not give any significant changes in the military institution's attitude and characteristics. TNI still sees itself as integral as one component of development and sees no need to eliminate its political rights. For TNI, asking them to "*go back to the barracks*" means just the same as eliminating TNI members' political rights as citizens, as well as separating TNI from the people who serve as the platform of power and the base of their identity.²¹ This rhetoric of TNI's New Paradigm is strengthened by lack of corrective formulation on their presence in non-military fields, including in business, and their perpetually dominant social political role.

²⁰ TNI Headquarter, *Paradigma Baru Peran TNI: Sebuah Upaya Sosialisasi* (New Paradigm in TNI's Roles: An Effort of Socialization) (Jakarta, 1999), p. 18-19

²¹ *Ibid.*, p. 7

The Research At A Glance

RESEARCH on *Military Business and Human Rights Violations in Indonesia* is one agenda out of a series of activities that Kontras is planning in order to contribute to the process of strengthening civil supremacy and democracy in Indonesia. Previously Kontras has conducted an *Expert Meeting* about Military Budget and Its Accountability related to Its Influence in Democracy and Human Rights Promotion in Indonesia on 10 July 2002 in Jakarta. This workshop suggested several urgent agenda to be carried out, such as creating studies about military financing and its relation to Human Rights violations.

Field Research on Military Business and Human Rights Violations in Indonesia was conducted by Kontras in February-May 2004 in several locations in East Java (Bojonegoro Regency), Central Sulawesi (Poso Regency) and Papua (Boven Digoel Regency). In Central Sulawesi (Poso Regency), the research is conducted in Poso Pesisir District and Poso Kota District. The focus of this research is ebony business that has been built since a long time ago by “local” military officers, one of them is through PT. Gunung Latimodjong (GULAT) which is currently out of operation but managed to leave a huge impact on the local community’s social economy life. In East Java, the research is conducted in Bojonegoro Regency and its surrounding on security service business provided for multinational oil companies such as Santa Fe, Devon Energy, Petrochina and Exxon Mobile Oil who was and is still operating until now. The research is focused on tracing military business—in this case, Army’s territorial command institution on Kodim and Koramil levels and the Police force on Polres and Polsek level—in oil exploration industry sector in and around Bojonegoro, including their connection with violence that occurred as an implication of military involvement in those businesses.

Meanwhile in Papua (Boven Digoel Regency), the research was conducted in Asiki area, Jair District, especially in PT. Korindo’s location. The focus of this research is security business the involvement of companies producing plywood and palm oil together with the military to maintain “conflict” between companies’ interest, *Tentara Nasional Indonesia* (TNI or Indonesian National Military), *Tentara Pembebasan Nasional Organisasi Pembebasan Papua* (TPN/OPM, National Liberation Army of Free West Papua Movement).

We found cases that indicate the presence of odd *mutualism symbioses* between the above three interests: when the economy interest of one group is disturbed then they will manipulate another group to weaken the perpetrators. Conspiracy between military and

companies also looked clear when there is a conflict between companies and local communities, the conflict's issue is shifted into issue of separatism.

This research expects to reveal the dynamics of military business, as well as its impacts in economy, social, political and human rights aspects that is felt and seen directly by communities of the above research locations. Therefore, it is hoped that the portrait of military business revealed would present one side of community's opinion as the main source of information, which will then be completed with data to strengthen their opinion on military business and its impacts on their daily lives.

Research Methodology

THIS research tries to relate the effect of military business on Human Rights violations, and if possible, including corruption.²² This choice is made by employing an anthropology approach intended to sharpen several other researches on military business that have been conducted by a number of research center and local NGOs previously. In other words, this research tries to analyze military business practices on micro-local level instead of analyzing the phenomenon on macro-national level as was done by LIPI, ICW, and RIDEP, to name a few.

Methodology and anthropology approach used in this military business research are Progressive Contextualization, which was pioneered and developed by Profesor Andrew P. Vayda and a number of his research team in 1979-1984 to understand cause of damage and destruction of forest and land during the New Order Regime which is growing massively and out of control lately, as well as practical ethnography. Vayda suggested Progressive Contextualization (PC) methodology due to his dissatisfaction on several conventional anthropology methods to edscribe accurately and quickly cases of illegal logging, land destruction and the network of actor-investor protecting the actions, as well as various consequences towards environment and social life.²³

The essence of this methodology is to assess and note done carefully: (1) what the actor does (actor-based) or network of certain actors (actor-based network) in military business practices in certain location and time; and (2) series of consequences that are intended and unintended from what the actors or their networks do, in a time and space that can be different from the original time and space, as long as it is in accordance with the interest of the research an the available time. Therefore, PC methodology does not have to be bound to a certain research place and time pre-determined in the research design.²⁴

This research is then perfected using practical ethnography (PE) format emphasizing on *political ecology* to assess the dynamics of power and the capital around it, even determining

²² Corruption here does not only mean a mis-use of funding but also a wider effect of Military Business on state and local government's administration and efforts to uphold rule of law by local government officials. Therefore, this research is not intended and pretentious to reveal an investigative findings of budget irregularities in governments of local regions.

²³ Mering Ngo, "Kontekstualisasi Progresif dan Etnografi Praktis: Usulan Metodologi untuk Mengkaji Bisnis Militer dan Konsekwensinya" (Progressive Contextualization and Practical Ethnography: Suggested Methodology to Assess Military Business and Its Consequences), Kontras Workshop material, "*Military Business, Corruption and Human Rights Violations: A Portrait of Military Business in Daily Lives in East Java, Central Sulawesi and Papua*", Cibogo, 26-29 January 2004

²⁴ Ibid.

the pattern of action in certain natural resources business and its various consequences to environment, social order of the host community, potential for human rights violations and litigation process. Example of the use of PE format with a political ecology approach, as well as PC methodology can be seen in Ngadisah research about the history of social movement among Amungme Tribe people in Mimika Regency, Papua, as a protest against the presence and the impacts of PT Freeport.²⁵ This format is also used in Mering Ngo research about the dispute over birds nest and illegal wood trade among Punan and Bukat residents, and their dispute with the investors and military and police officers in remote areas of West Kalimantan.²⁶

PE format is a modified conventional ethnography method generally known in anthropology tradition as demanding the researchers to be fully involved in certain research situation and location. This conventional method requires a long and consistent period of research in a location and a certain time to gain a comprehensive description about a certain community, including its system of symbol and original knowledge known and used as guidelines by community members in daily life. This include the necessity for a researcher to be fluent in using the host language so that he will understand the deepest meaning of a system of symbols as the focus of research, including its deviation in daily life, as well as an explanation of why it happens. On the other hand, daily practical needs often demand input, policy recommendation and advice for a quick action. This is what motivated practicing anthropologists to modify conventional ethnography into PE, while still holding on to several general principles and conventional ethnography method.²⁷

As the foundation of applied research, PE format relies on several instruments or data collecting tools such as short observation, focused observation (on certain actions and consequences), general interview and in-depth interview with a number of selected key informant. Because this research is imbued with the desire to care for capital and power interests, the targets of observation are places that serve as arena or stages that reflect the dynamics of transaction and exchange of military business' capital and power interests in the research area. The object of observation is anything that the actors of military business do and who they are, who are the "elites" who serve as their patron. The actors stay in the arena while their patron stay outside. This includes observing anyone who is inside the closest circle, who is the trusted people, who is the follower/ordinary residents and who is taking advantage of the situation.²⁸

²⁵ Ngadisah, "Gerakan Sosial di Kabupaten Mimika: Studi Kasus tentang Konflik Pembangunan Proyek Pertambangan Freeport" (Social movement in Mimika Regency : A Case Study on Conflict of Freeport Mining Project), in *Community's Journal* (Jakarta: Fisip UI), No 10, 2002, p. 53-68

²⁶ Mering Ngo, "Dekat dengan Hutan, Jauh Dari Kekuasaan: Marjinalisasi Struktural orang Bukat dan Punan" (Near the Forest, Far from power: Marginalized Bukat and Punan Structural), in *Prisma* Journal No 1, September-October 1998 (Jakarta: LP3ES), p. 61-74

²⁷ Mering Ngo, "Contextualization of Progressive and Practical Ethnography:...", *op.cit.*

²⁸ *Ibid.*

Last, it has to be remembered that this research is indeed based on cases from those three locations so it may be possible that the comparisons and conclusions taken do not apply for general and universal cases. Views from research subject and sources of information do not necessarily reflect an average and general condition of community who suffers from similar problems. It is possible that the conclusions taken are not the essence of facts through a rigid filtering method, considering the distribution and variety of information. It is more of a response perceived from the field so that the later recommendation becomes a collection of ideas that will enrich the voices that promote changes and become an inspiration for follow up and further research.

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Abbreviations

ABRI	(Angkatan Bersenjata Republik Indonesia) Armed Forces of the Republic of Indonesia
AD	(Angkatan Darat) Army
AL	(Angkatan Laut) Navy
Amdal	(Analisis Mengenai Dampak Lingkungan) Environment Causation Analyze
APBD	(Anggaran Pendapatan dan Belanja Daerah) local (province/regency) income and expenditure budget
APBN	(Anggaran Pendapatan dan Belanja Negara) state income and expenditure budget
Astek	(Asuransi Tenaga Kerja) Worker's Insurance
AU	(Angkatan Udara) Air Force
Babinsa	(Bintara Pembinaan Desa) Village Guidance NCO
BKO	(Bawah Kendali Operasi) Under Control Operation
BPK	Badan Pemeriksa Keuangan, State Audit Body
Bulog	(Badan Urusan Logistik) National Logistic Affair Body
Depenhankam	(Departemen Pertahanan dan Keamanan) Defense and Security Department)
DPR	(Dewan Permusyawaratan Rakyat) People's Representative Council
DPRD	(Dewan Permusyawaratan Rakyat Daerah) Local People's Representative Council
Dwifungsi ABRI	Dual (Social & Political and Security & Defense) Function of ABRI
Forkomasbaja Jambaran	Forum Komunikasi Masyarakat Banyu Urip
GAM	(Gerakan Aceh Merdeka) Free Aceh Movement
Gulat	Gunung Latimojong
HPH Managerial	(Hak Pengelolaan Hutan) Rights of Forest Managerial
ICW	Indonesian Corruption Watch
IHH	(Iuran Hasil Hutan) Forest Crop Retribution
Kodim	(Komando Distrik Militer) Military District Command

KontraS	(Komisi untuk Orang Hilang dan Korban Tindak Kekerasan) Commission for Disappearances and Victim of Violence
Kopassus	(Komando Pasukan Khusus) Special Force Command
Koramil	(Komandan Rayon Militer) Military Sub-district Command
Korem	(Komando Resort Militer) Military Sub-Area Command
Koter	(Komando Teritorial) Territory Command
Linud	(Lintas Udara) Airborne Combat
LIPI	(Lembaga Ilmu Pengetahuan Indonesia) Indonesia National Science Institute
LPSHAM	(Lembaga Pengembangan dan Studi Hukum dan HAM Sulawesi Tengah) Institute for Development and Study Law and Human Rights, Central Sulawesi
Mabas TNI	(Markas Besar Tentara Nasional Indonesia) Headquarters of Indonesian National Army
MPR Assembly	(Majelis Permusyawaratan Rakyat) People's Consultative Assembly
OPM	(Organisasi Papua Merdeka) Free Papua Movement
PBB Retribution	(Pajak Bumi dan Bangunan) Land and Building Retribution
Pemda	(Pemerintah Daerah) Local Government
Polri	(Kepolisian Republic Indonesia) Indonesia National Police
Primkopad	(Primer Koperasi Angkatan Darat) Army Primary Union
Primkopol	(Primer Koperasi Kepolisian) Police Primary Union
PT Pindad	(Perseroan Terbatas Perusahaan Industri Angkatan Darat) Army Industry Corporation
Puskopad Center	(Pusat Koperasi Angkatan Darat) Army Union Center
Satgas	(Satuan Petugas) Special Unite
SKP HAM	(Sekretariat Keadilan dan Perdamaian Hak Asasi Manusia) Human Rights, Justice and Peace Center
SPBU	Serikat Paguyuban Banyu Urip
TAP MPR	(Ketetapan MPR) Decree of MPR
TNI	(Tentara Nasional Indonesia) Indonesian National Army
TPN	(Tentara Pembebasan Nasional) Free National Army
WALHI	(Wahana Lingkungan Hidup) Indonesia Indonesian Environment Forum
Yonif	(Batalyon Infantri) Batalyon Infantry

Executive Summary

A. Military Business and Human Rights Violation in Indonesia

CONCERN towards military's roles is related to a halt in democracy and human rights violation seems to be more than enough. Reformation movement starting in 1998 also strongly demand military's accountability for human rights crimes and elimination of military's political, social and economy roles. The question is, why is military still so strong as if becoming "*a state within a state*" and able to ignore demands for legal accountability and withdrawal from political arena?

The tracing conducted to find answers to the above questions arrived to a conclusion that: *military cannot be completely controlled because they basically have a financing system and mechanism for themselves*. During the New Order Regime, state was only capable to fulfill 25-30 percent of military's budget required, both for operational needs and for their welfare.²⁹ For the rest, military is given a spacious room to find its own source of financing to cover the needs. As the result, military is tolerated to conduct business activities, both institutional and non-institutional, in various forms. TNI Commander General Endriatono Sutarto argues that business has to be done to fulfill TNI's needs, especially related to soldier's welfare that cannot be fulfilled with state's allocated budget alone.³⁰ However, based on Law No 3/2000 on Defense and Security, the whole aspects of state defense are financed only through State's Budget (APBN).

So far, four sources have been identified as a source of military financing in Indonesia, as follows: 1) Budget allocated from APBN (State Income and Expenditure budget) as a source of fixed financing, includes around 25-30 percent of all their needs; 2) Institutional Business, through military-owned foundations and cooperatives, although several researches revealed that contribution from foundations and cooperatives that are meant to be additional income for military is only around 5-10 % of total needs; 3) Non-institutional Business, in the form of trade partnership between military officers, businessmen and investors. It is presumed that these efforts give the biggest profit, but it is not known for certain how much contribution goes into military because this business is kept in the dark and there is no accountable control; and 4) Crime Economy, in the form of *backing* and extortion, *smuggling*, *illegal logging*, *drugs*. The profit from this part is also not known for certain due to lack of control and its existence is always denied despite the proofs that have been exposed by media and various researches.

²⁹ Data on limited ability to fulfill military budget needs was stated by Minister of Defense Juwono Sudarsono in *Kompas*, 24 May 2000, as quoted in ICG report, *Indonesia: Keeping the Military Under Control* (2000).

³⁰ *Suara Pembaharuan*, 31 August 2002

The freedom to collect funding from various sources makes military become an uncontrolled institution in terms of its financial source and use outside the budget provided through APBN. Therefore, almost all military activities (operations) become uncontrollable, both by other state's institutions and by public. This is where abuse of power becomes inherent within military, which is proved by cases of violence and Human Rights violations. Although those crimes do not always have military interest as their background, military can always use them as a tool for their political and economy interests, containing legitimacy towards violent practices and human rights violations.

Interestingly, cases of violence and human rights violations committed by military officers are never acknowledged as an 'institutional' activity, or even if it was acknowledged they would always refer to it as an action committed by military "individual" (*oknum*).³¹ Case of activists kidnapping in 1997-1998 and the murder of Theys Hiyo Eluay are two examples of state crimes through the hands of military. In the beginning, military defended itself by refusing to admit the crime. Later when the proofs revealed by public were difficult to deny, military argued by saying that the operations were personal initiatives from the soldiers because of their love to the United Nations of Republic of Indonesia (NKRI), not institutional will. The question is, if it were true that the actions were based on personal initiative, where did they get the funding to finance the operations, which for sure cost a lot of money? How did they obtain such financing while they were "known" to perform their daily duties in their units?³²

B. Military Business as an Obstruction to Democracy and Civil Supremacy

In order to encourage the process of democracy, promoting human rights and creating budget transparency as well as public accountability in terms of state's financing on military, one of the main problems now is how to create military with the support of formal financing from the state, whose use can be accounted for. In doing so, *the discourse* regarding the necessity of military business or creating public accountability for foundations and military business units become no longer relevant. Observance of democracy requires military that is professional, obey civil authority and not interfering in any political process; they are fully serve as state's tool. In order to encourage democracy, control over military is a must, especially after more than 30 years of it being an institution that is "untouchable" by public. People's Consultative Assembly's decision in MPR No. VII/2000 on Separation of Police

³¹ Symbolic construction strategy "*oknumisasi*" (Personalization) is one *modus operandi* for ABRI's double role ideology. With this strategy, everytime there is a mistake in TNI, it will be labeled to the individual perpetrator and separated from a possibility of institutional error, especially ideological error. Discussion about this strategy and modus was conducted by M. Najib Azca in his book "Hegemoni Militer" (Military's Hegemony) (Yogyakarta: Lkis), 1998.

³² Military always considers cases of human rights violations that they cannot deny as a "field excess" and was perpetrated by "*oknum*". There is no review regarding other sources of mistakes such as its doctrine, command decision or interpretation and implementation of command decision. Even towards cases that are now entering court process, fair sentencing is difficult to get considering that there is no concern about problems outside the view that the cases are nothign but crimes committed by military "*oknum*".

and Military was originally expected to be used as a starting point for civil control over military but it was later proven as a mere toothless tiger. One factor that bases the above reality is because state is still incapable of financing this institution's routine funding. When government is incapable of fulfilling routine funding and military operational activities, it is automatically helpless in dealing with military business.

Until now, almost all military operations cannot be controlled either by government or by the House of Representatives (DPR). When crimes against humanity through military operations were denied as being military operations by military high officials, civil government and DPR were unable to obtain adequate information regarding the truth of the facts due to lack of access and military's ability to cover for it. The easiest way to find out about the existence of military operation is by checking the existence of operation order and budget allocation for such operation. Unfortunately, it is difficult to conduct as well because it is unclear where the funding comes from and lack of control by the institution itself. Funding from foundations owned by the Army (AD), Navy (AL), Air Force (AU) and Indonesian Police, along with their "gray" economy activities such as prostitution, alcohol trade, drugs, weapons, backing service and other sources, is never reported, making it difficult to demand its accountability and responsibility.

As the first step, many are suggesting financial accountability and transparency in the security sector, especially related to the consequences of military operations and budget management that comes from state budget. This action is taken as a pre-conditioning effort to reduce military roles in politics and economy, break military's chain of impunity and support consolidation of democracy in Indonesia. These actions are necessary because: 1). Military and Police's *off budget* funding has created opportunities to abuse power and re-strengthen military's political role to protect their economy interests; 2). Lack of budget transparency has created military that is more like bandits, human rights violations and corruption; 3). If military is capable of providing its own budget funding then military will have autonomy and possess their own agenda out of reach of civil control; 4). Military itself often takes advantage from conflict and abnormal security situation for the sake of their business interests such as what happened in Aceh, Maluku, Poso and Papua; and 5). Lack of transparency in the *off budget* expenses has given a way for military to directly finance militia groups, who are not controllable by public, and to be directly involved and therefore responsible for violence and human rights violations.

C. The World of Military Business: Portrait of Military Business on National Level

One basic problem for the sustainability of military business in Indonesia is the divisions and *conflict of interest* inside military itself. On one side, military is demanded to be professional in its defense duties, but on the other hand, it also wants to protect its business interests that are often collided with its professional mandate. Such thing is bound to create

excess such as *abuse of power*, collusion and corruption, unhealthy and non-democratic economy growth, monopoly, and low transparency and accountability. Discourse regarding the demand to eliminate business practices in the last five years has escalated in line with the current political transition towards democracy. Various groups such as academia, local NGOs activists and journalists conducted several research and investigations on military business practices. Case findings that they revealed are often shocking and further encouraging the relevance of the demand to stop military business.³³ ICW research findings in 2000 regarding the amount of non-budgeter budget allocation, lack of accountability for it, BPK (Indonesian Supreme Audit Agency) evaluation on military foundations that are not followed up, limitation of military authority in the future in Dephankam (Department of Defense and Security) and TNI's budget coming from APBN are already strong enough proofs of abuse when military is involved in business.³⁴

In line with the strengthening of demand for reformation in TNI, especially related to its involvement in business, resistance from TNI also increases. This can be seen in its evasion from responsibility by personalizing its officers who are caught red-handed in crime business (the most extreme will be discharge from TNI, but more often they will only be put through an "internal rehabilitation" by transfer to a new post), defending their formal and informal business for the sake of their soldiers' welfare,³⁵ and blaming state's incapability to fulfill funding for military needs.³⁶

For example, a case of a syndicate of gun trade was revealed in an operation in April 2001 in Cimanggis, Depok. In the operation, officers from Polres Depok in cooperation with members of Battalion Linud Cijantung succeeded in busting gun trade. The operation confiscated 320 M-16 bullets, 100 FN bullets, five grenades and twelve million rupiahs worth of cash. The accused confessed that the syndicate has been working with the help of a certain "individual" of PT PINDAD who provided the guns and (again) "individual" TNI

³³ Survey conducted by *Aliansi Peneliti Muda Hubungan Sipil-Militer* or alliance of young researcher of civil-military relationship, in February – May 2000 in Kodam Jaya, Kodam Siliwangi, Kodam Brawijaya, Kodam Udayana and Kodam Tanjungpura areas involving 16,233 respondents revealed that military intervention in political and economy issues are being opposed by many civil groups. 64.3 % respondents do not agree with military intervention in business and only 29.0 % agree with it while the rest answered that they do not know. Looking at the economy status, 64.2 % of community who does not agree with military intervention in business are from low economy status, 63.6 % is from middle economy and 67.7 % is from high economy. *Media Indonesia*, 31 January 2001

³⁴ Non-budgeter budget's administration is separated from formal budget; it is also managed in accordance with the policy from the head of institution and there is no adequate control over the management. As the result, it is not impossible that the funding becomes an easy target to be abused for personal interest. *Rakyat Merdeka*, 7 November 2000.

³⁵ TNI Commander Widodo AS in a Meeting with Commission I DPR claimed that he has instructed foundations in TNI to establish a legal entity as a regular business requirement. See *Media Indonesia*, 27 September 2001

³⁶ *Koran Tempo*, 15 April 2001, *Media Indonesia*, 27 September 2001, *The Jakarta Post*, 17 September 2002, *Media Indonesia*, 7 October 2002. TNI Commander General Endriartono Sutarto said that he has emphasized on the necessity of audit for military foundations who manage various businesses. Related to this, Endriartono said that, "military has no experience in business, so it is better if we are not involved in business. However, it is presently a necessity because the welfare of our soldiers is still low." *Republika*, 2 September 2002.

officers for the distribution.³⁷ After TNI and PT Pindad issued its denial regarding the involvement of their institutions, there was no more follow up to the case.

There are also stories of military who tries to gain profit from conflict areas by using state budget and being involved in business that takes advantage of opportunities within conflict. Satirical statement such as “*military comes with M-16, and goes with (Rp) 16 billion!*” (16-M, Milyar, Indonesia) is a form of grumbling often stated with mockery when local residents talk about the large profit that military obtains in conflict areas. They enter various fields, starting from security business, weapon, agricultural and forest product, even drugs and prostitution. They would even commit criminal act such as looting residents’ possessions. In Aceh, security business is usually provided for vital objects, state’s officials, government office, bank and et cetera. Companies like Exxon Mobil would have around 100-150 military posts around their location, each consists of 25-50 personnel. The budget that Exxon Mobil has to spend daily is around 33.75 million to 127.5 million. This means that in one year, military receives a “payment” around Rp.12.15 billion to Rp.45.9 billion, and this is just from Exxon Mobil alone.³⁸

Profit from illegal charges (Pungli) is not less interesting either. For example, during the Humanitarian Break in 2000 there were 105 military posts and police on the roads in Aceh, either under BKO (Under Control Operation) or organic belonging to Polsek and Koramil. Every post charged Rp. 5000,- for every vehicle that passes through the road. If there were 100 vehicles every day, then the overall funding that came in would be around Rp. 52,500,000,- which would be around Rp. 19,162,500,000,- per year. The same thing happens in Poso, Central Sulawesi. Informal/illegal charges are charged in security posts along Makasar-Manado through Poso. Trucks that go through those roads have to pay Rp.10,000,- to tens of posts on the track.³⁹

For those involved in security business, DOM (Military Operation Zone), conflict and prolonged tension in Aceh is a chance for them to reap profit. A number of plantation producing palm oil, rubber tree and plywood and companies producing fertilizer, pulp, petrochemical, *cukong* who finance illegal logging to Provincial and Regency Administration must also provide payment to them in a large amount. Under the alibi that they are conducting “sweeping” to look for guns and GAM (Free Aceh Movement) members, trucks carrying wood and agricultural products in West Aceh and South Aceh, for example, can be charged millions of rupiah. So will the trucks carrying groceries and other items from North Sumatra to Aceh. It is no wonder that drivers of these trucks went on a strike once because they could not stand the extortion.⁴⁰

³⁷ Koran Tempo, 15 April 2001

³⁸ Koran Tempo, 18 October 2002

³⁹ Ibid.

⁴⁰ Kompas, 30 Maret 2001

In Maluku, security business also gives large profit to military by using community's segregation based on religion. When one community is going to a certain place and was "forced" to go through a road in the residence of another community, then they will need security. To reach Pattimura Airport, for example, before conflict the residents only had to pay around Rp. 10,000,-. After conflict, they are forced to pay Rp. 400,000,- to Rp. 800,000,- by sea, this includes security fee. In Poso, the military personnel earn income by securing trucks and passenger bus.⁴¹

The same thing happens to the budget that was supposed to be allocated for repair and construction of public facilities in conflict areas; it is often used up to finance the war and posting the army. Failure in repairing and building public facilities, education institution, community health center, PAM (State Corporate Water), PLN (State Corporate Electricity), etc becomes a crucial factor which then brings new problems such as poverty, economy gap, education, condition of life in general and the conflict itself.

In formal business sector, Indonesian Supreme Audit Agency (BPK)'s findings regarding misuse of funding in military and police foundations show a complete taking of their profit accumulation by a few of its elite management. As written in media, BPK report stated that those foundations have set a budget of around Rp. 758.092 billion; Rp. 695.485 billion was realized. The fact is, the value that can be checked is Rp. 634.765 billion (91.27% of realization). BPK's evaluation also found 19 problems worth Rp. 366.127 billion (57.68% of checked value), including deficit income (3 findings) worth Rp. 35.315 billion (5.56%), or unaccountable expenses (3 findings) worth 65.581 billion (14.27%), misuse (1 finding) worth Rp. 6.5 billion (1.02%) and inefficient target achievement (12 findings) worth Rp. 258.908 billion (40.19%).⁴²

These findings are truly of great concern considering that military has always been complaining about lack of budget allocation for them, but on the other hand, it is very ineffective and inefficient in managing its fund. For this, BPK has given it four recommendation related to their evaluation result in Semester I 2000, as follows: (1) Requesting the Minister of Defense to immediately formulate an explanation and software to manage foundations' management system; (2) Requesting transparency in running the foundations, as well as fulfilling public accountability; (3) Requesting that there be a strict separation between foundations organization and TNI and Polri's command; and (4) The foundation officials/individual/administrators who can be clearly suspected of mis-using their authority and or state fund must be processed in accordance with law.⁴³ Even more extremely, BPK suggested that foundations under Department of Defense, TNI and Polri that are considered to be ineffective and be dismissed. Out of 9 foundations⁴⁴ that cannot

⁴¹ *Ibid.*

⁴² *Kompas*, 3 November 2000

⁴³ *Ibid.*

⁴⁴ Yayasan-yayasan tersebut adalah Yayasan Sudirman dan Yayasan Satya Bhakti Pertiwi (Dephankam), Yayasan ABRI (Mabes TNI), Yayasan Kartika Eka Paksi, Yayasan Dharma Putra Kostrad dan Yayasan Korp Baret Merah/Kobame Kopassus (TNI AD), Yayasan Bhumi Yamca/Yasbum (TNI AL), Yayasan Ady Upaya/Yasau (TNI AU), serta Yayasan Brata Bhakti (Polri).

be accounted for administratively, the most prominent is in Dharma Putra Kostrad Foundation worth 135 billion. The irregularities happened in the form of mark up, ineffective use of fund that is not according to rules and cannot be accounted for administratively.⁴⁵ Unfortunately, these recommendations are halted and BPK audit authority was then amputated by the issuance of Law on Foundations.

Bad management in managing funds in military foundations can be the main reason why they have always refused to undergo auditing process, besides from its arrogance and reluctance to bow to civil rules and bureaucracy, especially in terms of managing *off budget* fund. BPK itself complained of having difficulties to conduct a general finance audit on *off budget* fund in TNI and Polri. Closed culture in the foundations, difficulty to obtain administrative proof on several expenses and the organizational form in semi-official foundation⁴⁶ become the main reason for the above problems. Various categories of off budget fund such as perpetual fund, tactical fund and asset maintenance fund, adds further complication to the auditing process itself.

The result of this audit has revealed military business where the military has indirectly shows that it is autonomous from civil government. TNI is growing bolder in taking distance from the existing government authority's control. This type of relationship will not be oriented on creating principles of civil supremacy and stay to become a disturbance for democratic political and economy development. Military business is also potential to distort market, where the conspiracy between investor-military relies on military's "privileges", instead of running business in its real meaning. BPK's findings also prove that military business tends to be corrupt and only enrich a few of its elite. A Commander can easily take an amount of fund without being bothered to account for it.⁴⁷

D. Dark Mask of Military Business in Bojonegoro, Boven Digoel and Poso

1. Bojonegoro Regency

Administratively, Bojonegoro Regency is part of East Java Province, in the borders with Central Java Province in the west. Bojonegoro Regency is around 230,706 Hectares, with a population of 1,176,386, ± 110 Km from the capital of East Java Province (Surabaya) and located in 6°59' to 7°37' S Latitude and 111°25' to 112°09' E longitude.⁴⁸ Its borders meet Tuban Regency in the north, Lamongan Regency in the east, Madiun, Nganjuk and Jombang Regencies in the south and Ngawi and Blora Regencies in the west (Central Java).⁴⁹

⁴⁵ Kompas, 5 September 2000

⁴⁶ In military foundation structure, the chairman of the foundation is *ex officio* incumbent by the commander of which the foundation is under. As the result, the Commander becomes the internal policy maker within the foundation. Because all the decisions are centered on the Commander, all expenses are not backed up with a clear bookkeeping. Kompas, 27 July 2000.

⁴⁷ Kompas, 2 Oktober 2002

⁴⁸ www.bojonegoro.go.id

⁴⁹ *Ibid.*

Forms of military business involvement is clear in Bojonegoro either in institutional, non-institutional and illegal forms. Several examples are as follows:

Transportation Service: In this business, military owns several fleets of trucks that are used to carry building materials and teakwood. This is classified as institutional business under control of Kodam V Brawijaya, through Bhirawa Anoraga Foundation; the fleet is named “*Gajah Oling*”. Users of this fleet are suspected to gain facilities such as free from retribution in weighing bridge and portals. These trucks are often used by “*blandong*” (wood thief) to carry illegal teakwood from the forest.⁵⁰ Therefore, there can be a diffusion between institutional business and illegal business, when the facilities are used to support illegal business, either committed by military or civilians.

Security for bird’s nest: Here the military coordinate bird’s nest businessmen to use military security service through PRIMKOPAD (Primer Koperasi *Angkatan* Darat or Army’s Primary Cooperative). Therefore, it is classified as institutional business. Businessmen who use their service will have the walls of their warehouses written with the words “PRIMKOPAD”. According to a statement from one City Council member, the businessmen is suffering from loses due to this pattern because they have to pay for the service and still pay taxes for such business to Bojonegoro Regency Administration. The businessmen told him “...*they are willing to pay a little more tax as long as PRIMKOPAD security business is stopped, because if they pay tax to government the money will go to state and be used for the people but if they pay security fee to PRIMKOPAD, they do not know where the money goes and for sure it is not used for the people.*”⁵¹

Military and Police Involvement in Bojonegoro Oil Companies: Military and police involvement in oil companies in Bojonegoro and Tuban is divided into 2 companies. One is *Joint Operating Body*⁵² (JOB) Pertamina-PetroChina East Java with two oil well locations: Rahayu Village, Soko District, Tuban regency and Ngampel Village, Kapas District, Bojonegoro Regency. The other one is *Technical Assistance Contract* (TAC) Pertamina-Mobil Cepu Ltd. With its oil well location in Banyu Urip, Bojonegoro Regency.

JOB Pertamina-PetroChina East Java. Military and Police involvement started during a shooting incident when the residents around the oil exploitation area and several local NGO conducted a demonstration in front of the company’s entry gate on 1 May 2002 in the evening (after *maghrib* prayer, or sunset). This demonstration was conducted to demand compensation for poisoning that occurred in several Rahayu Village residents due to inhalation of H₂S (*hydrosulfide*) that leaked from the oil well. At that time, Rahayu oil well was still managed by Pertamina-Devon Energy. H₂S coming from the well had occurred since several weeks before the shooting incident and had claimed many victims. Nonetheless,

⁵⁰ Interview with local NGO Lestari (not real name). 5 March 2004

⁵¹ Interview Pak Satyo (not real name), member of Bojonegoro City Council (DPRD), 19 February 2004

⁵² Joint Operating Body is a form of joint production operation between a domestic company with an investor.

Devon Energy refused to be responsible. Finally, residents around the location held a meeting and decided that on 1 May 2002 they will have a demonstration by barricading the entry to Devon Energy's oil well. Shooting incident committed by joint forces from Polres Tuban and Polwil Bojonegoro finally occurred when the residents refused to leave the location. According to information from the victims, during the incident, coordinator from the police was Lt. Col. Hariyanto while Chief of Polres Tuban at that time was Assistant Police Commissioner Oerip Subagio. The incident resulted in 5 people suffering from wound shot (rubber bullets?) and 15 suffering from abuse.⁵³

Not long after the incident, Devon Energy sold its management right to PetroChina, a Chinese foreign investor in oil drilling. Since then, Lt. Col. Inf. Djoko Agus S (former DANDIM 0813 Bojonegoro in 1999) and Lt. Col. Mujiana (former Kapolres Tuban) were promoted as Security Manager of PetroChina.⁵⁴

Technical Assistance Contract (TAC) Pertamina-Mobil Cepu Ltd. Military and police involvement in this company started when Humpuss Patragas still owned Cepu Location and conducted land procurement for the location of Banyu Urip drilling field in 1998. PT Humpuss used Koramil Kalitidu to force residents in Mojodelik and Gayam Villages to hand over their land to Humpuss and label those who refused as "PKI", or communist.⁵⁵ This label frightened the residents.⁵⁶

The residents were forced through cooperation between PT Humpuss and Koramil Kalitidu. At that time, many residents were taken to Koramil and were intimidated, accused as being PKI and et cetera. There were 64 people who experienced such intimidation and out of those 64 people, 20 wrote a complaint letter to Kapolda, Kapolres, Central Pertamina, Pertamina Cepu, PT Humpuss Pusat, and PT Humpuss Cepu. But those seven letters received no responses. Not long afterwards, PT Humpuss requested that the dispute be settled in a familiar manner. It was finally decided that every block of rice field worth 1.5 million. The land itself is located in Mojodelik and Gayam Villages.⁵⁷

Legally, the trading was legal. But the buyers could not certify the land because there was no signature from the heir and the land was still in *Petok D* status and always had to pay taxes. Finally on 15 August 2000, ownership registration was conducted so that the land is legally owned and each owner was given 1.5 million if they would put their signature. There was 4 hectares of land procured from 64 owners. At that time, there were 8 people who still refused to sell their land and in the next years, they established a communication

⁵³ Source: WALHI East Java.

⁵⁴ Interview with local NGO Lestari (not real name). 6 March 2004

⁵⁵ Interview with Handoyo (not real name). 26 February 2004

⁵⁶ For this local community, being labeled as PKI is a traumatic incident. In history, Bojonegoro was one of the basis for Partai Komunis Indonesia, Indonesian Communist Party. They want to forget that dark time where massive slaughter occurred so that Bengawan Solo river was red with blood.

⁵⁷ *Ibid*

forum for residents of Banyu Urip Jambaran called *Forum Komunikasi Masyarakat Banyu Urip Jambaran (FORKOMASBAJA)*.⁵⁸

In the year 2000, after PT Humpuss sold its shares and TAC right for Cepu Location to Mobil Cepu Ltd (MCL), Exxon Mobil Oil's subsidiary company also involved military to secure their seismic process by employing personnel from KODIM 0813 Bojonegoro. The security during this process, as admitted by one military personnel in the location "...provide additional income for KODIM personnel, to add to the salary they receive from the state."⁵⁹

The result of Exxon Mobil Oil seismic result showed that Banyu Urip field contained 250 million barrels. Based on this finding, Exxon Mobil Oil requested for TAC extension to Pertamina until 2030. The impact of this contract extension is that Banyu Urip field required additional land for the production process. Data obtained from the residents stated that there would be 675 hectares of land procured, covering two districts: Kalitidu District and Ngasem District, and 9 Sub-district: Gayam, Mojodelik, Ringin Tunggal, Katul, Gura-gura, Tenggor, Begadon, Bonorejo and Cengklung.⁶⁰ This land procurement is a topic of discussion among residents around the location and also a trigger that lured brokers with military and police as their backing. Besides from providing backing to brokers, military involvement can also be found in their effort to establish companies and community groups to gain access/tender, which is mushrooming in Bojonegoro at the moment.

In the whole process above, related to local dynamics, military and police involvement also smoothen the way to ownership, exploration and conquering local residents. Their involvement started to be revealed and becoming center of attention during a shooting incident towards residents around the oil exploitation site on 1 May 2002 when the residents demanded compensation for the poisoning they suffered from H₂S (*hydrosulfide*) leaking from the oil/gas pipe. At that time, Rahayu oil well was still managed by Pertamina-Devon Energy. The H₂S leakage from this well had occurred since several weeks before the incident and had claimed many victims but the company reused to take any action.

2. Boven Digoel Regency

On the map, Irian Island looks like the head of a giant bird. Some say it looks like a dinosaur, an ancient animal from Mezoikum era that is now extinct.⁶¹ Papua is the second largest island in the Republic of Indonesia after Kalimantan and is a province with the largest plateau in Indonesia. According to BPS data, the width is Papua 421,981 km²,⁶² with a population of 1,697,980 and a density of 6 people per-km based on Census in 2000. Regencies in Papua until 2001 include: Biak Numfor; Fak-fak; Jayapura; Jayawijaya; Manokwari;

⁵⁸ *Ibid*

⁵⁹ Interview with Kodim 0813 Bojonegoro personnel. 24 February 2004

⁶⁰ Interview with Handoyo (not real name). 26 February 2004

⁶¹ Koentjaraningrat & friends, *Irian Jaya Membangun Masyarakat Majemuk* (Irian Jaya Building a Pural Community) (Jakarta: Djambatan Publisher, 1994), p. 3

⁶² In www.wordiq.com, Papua is said to be 420,540 km²

Merauke; Mimika; Paniai; Sorong; Timika; Wamena; and Yapen Waropen. In 2003, Papua province was expanded by forming two other provinces⁶³: Central Irian Jaya and West Irian Jaya Provinces. Furthermore, expansion also occurred on regency level.

Merauke Regency (which was then expanded into 3 regencies) is 119,749 km² or 28.87% of Papua Province, located in 137°30' -141°00' BT and 5°00' -9°00' LS. In the north, it is in borders with Jayawijaya Regency, in the east with Papua New Guinea Country, in the south with Arafura Sea and in the west with Mimika Regency. This region has rainy season and dry season, where the dry season is longer than the rainy season. Rainy season lasts for 5 months (December-April) and dry season lasts for 7 months (May-November). Based on Law No. 26/2002, starting on 11 December 2002, Merauke Regency was expanded into 3 new regencies: Mappi Regency with Kepi as its capital, Boven Digoel Regency with Tanah Merah as its capital and Asmat Regency with Agats as its capital, and one main regency, Merauke Regency.

Boven Digoel Regency is ± 27,108 Km² consisting of 5 Districts: Jair, Mandobo, Mindiptana, Waropko and Kouh. Its capital is in Tanah Merah, Mandobo District. In the north, Boven Digoel Regency is in borders with Suator District, Asmat Regency and Oksibil District, Bintang Regency Mountain; in the east with Papua Nugini country; in the south with Muting District and Okaba District, Merauke Regency; and in the west with Edera District, Obaa District and Citak Mitak District in Mappi Regency.

Boven Digoel is occupied by 3 tribes in 10 districts: Muyu Tribe, Mandobo Tribe and Auyu Tribe. Their main livelihood is hunting, fishing, gardening and looking for sago palm and pig farming.⁶⁴ They also hunt for pigs and cassowary bird to meet their food supply need. If the season is good enough, the tribes will use their bows and arrows or block the river, which is not very large, to hunt for fish, shrimp and shellfish. Land is an important component for these tribes as well as for tribal defense. Therefore, the community there is usually not easy on selling their land for their tribe and descendants to survive. Land also serves as a crucial defense material for these tribes because owning a piece of land will keep their existence acknowledged. The land belongs to the tribe and its descendents, and will be inherited by their generations. Tribal land owned by each tribe is often considered as “a scapegoat” that obstructs development. For example, when an airport was about to be

⁶³ In the year 2003, Government of RI issued a Presidential Instruction No.I/2003 on Accelerated Expansion of Papua Province based on Law No.45/1999, so that Papua is divided into three provinces: West Irian Jaya, Central Irian Jaya and Irian Jaya Province. This expansion created controversy for the people of Papua. On 23 August 2003, Central Irian Jaya Province was declared in Timika by six Regents and the Head City Councils within the province. The declaration was imbued with an action from a group of community who rejected the idea and later created a clash between the supporting group and the anti-expansion group. Five residents were killed in the clash that lasted several days. On 27 August 2003, the Government decided to postpone the expansion of Papua Province except for West Irian Province. During this postponement, the Government will review Law No 45/1999, Law No 21/2001 and Presidential Instruction No 1/2003 on Expansion of Papua Region.

⁶⁴ J.W. Schroorl, “Kebudayaan dan Perubahan Suku Muyu Dalam Arus Modernisasi Irian Jaya” (Culture and Changes of MUYU TRIBE in modernization in Irian Jaya), 1997

built in Getentiri, several tribes refused to sell their tribal land, several other tribes also objected to the compensation they received for their land. Because each tribe or even each clan within the tribe has different rules regarding the selling of tribal land, this gap is then “used” by those who support certain interest to trigger a conflict among those tribes. In principle, the community never rejects development but they expect justice for both government and themselves. Community expects development to enter their region and provide facilities and access to them, especially for human resources development. Conflict of interests in development between government and investors, ignorance towards tribal rights, justice and welfare for local community makes it into a region which is easily legitimate to receive military intervention, especially if the conflict issues are then covered in a package so-called operation to eliminate TPN/OPM separatism. Without any efforts to differentiate public demand and the real separatist movement, local community becomes vulnerable to threats of violence and human rights violations.⁶⁵

The sweet smell of profit and benefit out of private investment also tempted and added a new motivation for military presence in Boven Digoel, besides from securing government political interest. Take a look at the profit made by companies operating in Merauke (including Boven Digoel). In the year 2001, 139 units of Formal Small Industry had an investment value worth Rp. 2,005,872,900,- and a production value worth Rp. 10,940,651,500,-, while 6 units of Medium Industry had an investment value worth Rp. 29,678,005,000,- and a product value worth Rp. 10,584,086,000,-. Total 479 business units had an investment value worth Rp. 31,924,433,550,- and a production value worth Rp. 24,811,254,500,-.⁶⁶ In 2002, the number of formal small industry increased to 156 units and the number of medium industry increased to 7 units with a total investment value of Rp. 170,172,257,000,- and a production value of Rp. 547,717,857,000,-.⁶⁷ In terms of export in 2002, Korindo Group’s subsidiary company: PT. Bade Makmur Orisa possessed an export value of US\$ 51,437,527,37 (Rp. 411,500,218,960,-, with currency rate Rp. 8000,- per US\$ 1) out of total export value of US\$ 74,488,532.66 (Rp. 595,908,261,280,-),⁶⁸ or 69% of total export value in Merauke Regency⁶⁹.

⁶⁵ Assumption regarding military’s role in the social integration process has often been denied and has never been proven in reality. A study about military in various country conducted by Enloe (Ellinwood and Enloe, 1981, p.2-3) as written by Najib Azca, proved that in most cases, military has played the role of dividing citizens along class or ethnic line. In some cases, military is proven to be a destructive force towards a true nation building when they are strongly identified in one ethnic group that dominates the upper layer and control decision making posts. As the result, that particular ethnic group is not only identified with a military institution but also with the nation itself because it becomes a special resource from one community while putting aside other ethnic groups unless they are will to be submissive. Furthermore, Enloe (1981, p. 5) stated that ethnical or religion imbalance in the army of developing countries often started from the colonial era. Muhammad Najib Azca observed, “**Perang Merah, Putih, dan Doreng**”, the dynamics of TNI-Polri’s Role in Conflict in Ambon: A Note from the Field, Discussion Material, Commission for Disappearance and Victims of Violence (KontraS) Jakarta, on 22 November 2002

⁶⁶ BPS, Merauke in Numbers, Year 2001, p. 231

⁶⁷ Office of Electronic Data Processing 2003, Merauke Regency Administratin, Potensi dan Peluang Investasi (Potential and Opportunities for Investment), (Government Report)

⁶⁸ Ibid

⁶⁹ Ibid.

As the Indonesian saying goes, “*ada gula, ada semut*” (There is Sugar, There was ant), people go where there is something to be had, military also joined in this sector although officially they only provide security business. The relatively unstable political and security situation is manipulated to reap profit from companies’ needs security guarantee on their investment. The presence of security personnel in company location started since the company first entered the region. When conflict between the companies and community started to emerge frequently, the number of military personnel was continuously increased. In PT. Korindo Group location, there are at least three TNI posts guarding the company, even though this company is not classified as a vital object to be secured. Until 12 November 2003, there are at least 16 vital objects that TNI claimed to secure and PT. Korindo was not among them. Those 16 companies are: PT Arun LNG, PT Exxon Mobil, PLTA Sigura-gura, PT Inalum, PT Caltex Dumai, Kilang Minyak Plaju and Gerong, PLTU Suralaya, PT Dirgantara Indonesia Bandung, Kilang Minyak Cilacap, PLTU Paiton, PLTU and Petrokimia Gresik, PT Badak LNG Bontang, PT Vico Muara Badak, Unocal Sangata and PT UP V Pertamina Balikpapan, PT Nikel Soroako, PT Freeport Tembaga Pura, and PT Puspipetek Serpong.⁷⁰

Military business in this region is mostly related to natural resources exploitation such as timber, gambier skin, crocodile skin, deer horn and arwana fish. Such businesses often use TNI’s facilities such as transportation, which is expensive and rare. This business is then legalized because the troop on duty is allowed to have logistics independently.⁷¹ The security personnel here often intimidate and committed violence to community such as experienced by Joe A.Weni, a resident from Sota, Merauke, who was intimidated by a personnel from Yonif Patimura on 10 September 2002. Another beating incident was experienced by Vincen because he forgot to give a share to personnel from Satgas Yonif Linud 733 Patimura.⁷²

Military troops that re supposed to be put in the borders for national defense turns into a buyer for illegal items coming from Papua Nugini to Indonesia. It is in relation to this role that intimidation, violence and forced sale with low price occur. Personnel from Linud 733 and Kopassus (special task force) are waiting from morning until late at night in the border between RI-PNG in Sota to confiscate and buy deer horn, turtle breast and saham/kangaroo with a low price below standard.⁷³

Asides from this business to “provide logistics independently”, every month the battalion on-duty receive a security contribution from several companies in Merauke or commonly called “non-formal income” as follows: ⁷⁴

- | | | | |
|--------------------------------|-----|-----------|---------|
| a. Regional Government (PEMDA) | Rp. | 350.000,- | /month, |
| b. CV. Buana | Rp. | 200,000,- | /month, |

⁷⁰ <http://www.kompas.com/kompas-cetak/0311/12/utama/684570.htm>

⁷¹ Interview with JM, living in Merauke, on March 25, 2004.

⁷² SKP Report, Beating Incident on Vincen Ndiken, September 10, 2002

⁷³ *Ibid*

⁷⁴ Interview with AM, living in Merauke, on March 26, 2004.

- c. CV. Tunas Jaya Rp. 100,000,- / month,
- d. Sulawesi Store Rp. 100,000,- / month.
- e. KORINDO Rp. 1,500,000,- / month.

Special for Asiki region, commanders of all security personnel receive Rp. 250,000/person per month, while each personnel receives Rp. 100,000/person from PT Korindo Group, but it is not clear what they have to give to the company in return.⁷⁵

PT Korindo Group, as a company who contributes the largest foreign exchange for Merauke Regency is where the security business concentrated. There are 3 Kostrad posts in the company location: Asiki, a post in KM Tunas and Post BMO. One Kopassus post in Asiki⁷⁶. Plus Polsek and Koramil are also in Asiki whereas they are supposed to be in a district city of Getentiri. Besides from TNI/Polri posts, there is also one TPM/OPM post Wiliem Onde in Camp III within Korindo's company location.

The presence of security posts from different units plus one OPM post has encouraged the security business to flourish because in essence, each post is assigned to secure the company. What is interesting is the fact that TNI and OPM are friends in their daily lives, apart from the Operation that TNI used as argument. Besides from non-formal fund, each battalion also receives additional logistics in the form of:

- a. PEMDA Premium ± 120 liters / month
- b. Pertamina Premium ± 200 liters / month & Solar ± 200 liters / month
- c. Sub-Dolog Rice $\pm 2 - 3$ sacks / month

3. Poso Regency

Poso Regency stretches from southeast to southwest and from west to east and most is located in the island of Sulawesi. Another part of the region consists of seas and islands, estimated to be around 81 identified islands and among them 40 are inhabited. Poso's location can be seen from different aspects such as astronomically, geographically and geologically. Astronomically, Poso Regency is located at $0^{\circ}06'56'' - 3^{\circ}37'41''$ S Latitude and $120^{\circ}05'25'' - 123^{\circ}06'17''$ E Longitude. Based on this, the length of Poso Regency from the west end to the east end is estimated around 696 km and its width from north to south 3° is 396 km. Poso's geographical location is on the coast, some in Tomini Gulf and some other in Tomini Gulf and Tolo Gulf water. Another part of it is generally located in the forest and valley. Geologically, it is located in Fennema and Tineba Mountains in the west, Takolekaju Mountain in the southwest, Verbeek Mountain in the southeast and Pompangeo Mountain in the northeast. Poso Regency is limited by natural border in the form of beach and mountainous hills and administrative border in the north with Teluk Tomini and North

⁷⁵ Interview with Andi Getentiri, Jair District, date...

⁷⁶ Special Force (Kopassus) Post was closed down when all Kopassus troops were withdrawn in January 2002 after the death of Theys Hiyo Eluay. However at the end of July 2002, nine of them returned to Sota Post.

Sulawesi Province, in the south with South Sulawesi Province and Morowali Regency, in the east with Banggai Regency and Teluk Tolo water and in the west with Donggala Regency.

The overall forest in Poso is 855,502.1 hectares, preserved forest is 309,829 ha, regular production forest is 90,901 ha, limited production forest is 271,942 ha, natural conservation forest and tourism forest is 145,453 ha, converted forest is 37,377.1 ha and other production forest is 582,123.9 ha.

The forest produces, among others:

1. Hard Timber (Meranti, Agathis, Teakwood, Ebony, Decorated wood and other commodity)
2. Processed timber (Plywood, Readily Cut Log, Molding, Cut Ebony, Ebony Component)
3. Non-timber forest product (Rattan, *Damar*, *Kemiri*, *Calapari*).

Trading company has grown slightly in 2002 compared to the total number of trading companies in 2001, which is 20.42%. This increase was caused by many companies starting to become active in their business due to a security condition that was beginning to be conducive after 2000 social unrest. There was also an increase in the number of cooperatives and their production from the previous year. The increase of the number of cooperatives and their members in Poso Regency in 2002 is slightly more compared to 2001. In 2001 there were only 143 units and in mid-2002 there was already 148 units, the number of members in 2001 was 46,505 people and in 2002 was 56,970 people.⁷⁷ Types of cooperatives are: *Koperasi Unit Desa* or village cooperative unit, *Koperasi Pegawai Negeri* or civil servant cooperative, *koperasi ABRI* or ABRI cooperative, *Koperasi Pensiunan* for retired civil servants, *Koperasi Wanita* for women, *Koperasi Sekolah/Pemuda* for school students and youth, *Koperasi Kerajinan* for handicraft industry, *Koperasi Perikanan* for fishermen or fish farmers, *Koperasi Peternakan* for cattle farmer, *Koperasi Angkutan* for transportation industry, *Koperasi Simpan Pinjam* for saving and borrowing money, *Koperasi Serba Usaha* for all purpose, *Koperasi Konsumsi* for daily consumptive items, *Koperasi Buruh/Karyawan* for labors or employees, etc.)⁷⁸

Meanwhile, the history of economy activity conducted by military has actually started since around 1950s. Before their economy activities were organized, they were more illegal in nature, one good example is provision of illegal items through smuggling. A lot of smuggling was committed by military, but there was also a lot of it committed by businessmen assisted by government officials or military personnel, just like military in Central Sulawesi in general and in Poso specifically. The types of business are security business, which was mushrooming since conflict occurred in Poso, and illegal charges for buses and trucks in Police posts or TNI posts along trans-Sulawesi roads.

⁷⁷ Data from Central Sulawesi Department of Industry and Cooperative, 2002.

⁷⁸ *Ibid*

As explained above, military economy activities have actually started since 1950s, including in Central Sulawesi. They also started from illegal activities such as smuggling, either directly or helping the smuggling process committed by civil businessmen. Since conflict occurred, security business in Poso has been mushrooming. Another business, illegal charges to buses and trucks along Trans-Sulawesi roads, also increased. This business that fits the characteristics of Central Sulawesi (Poso) natural resources involved military (TNI/Polri) either individually or institutionally is in the form of ebony wood business. This has been done since a long time before conflict started.

Classification of military business forms found in this research is divided into 2 forms as follows:

Institutional Business: In Central Sulawesi there are 20 cooperatives owned by TNI and Polri spread in 3 regencies and 1 *kotamadya* (city). Out of those 20 cooperatives, 4 are located in Palu and six others belong to TNI. In Poso there are 3 cooperatives owned by TNI and 1 owned by police. In Banggai Regency there are 2 cooperatives owned by TNI and 1 owned by Police. In Toli-toli regency there are 3 cooperatives owned by TNI and 1 owned by police.⁷⁹ In Central Sulawesi there is also 1 veteran cooperative in Palu. The domain of military business institutions located especially in Palu and Poso is not known, however, from an observation conducted around Korem office or around Korem compound on Sudirman Street, Palu, there are many shops that sell souvenir made of ebony.

List of Cooperatives Owned by ABRI (TNI) and Police in Poso In the Year 2002

No	Cooperative Names	Address		Legal Entity Number	Date
		Sub-District/ Village	District		
1.	Primkoppad DIM 1307	Kasintuwu	Poso Kota	308/8H/KWK.19/IV/96	26-06-96
2.	Primkoppad 711 Raksatama	Kawua	Poso Kota	178/BH/PAD/KWK.19/IV/96	22-06-96
3.	Primkoppol Resort Poso	Gebang Rejo	Poso Kota	411/BH/PAD/KWK.19/IX/96	17-06-96
4.	Puskoppad Poso				

Source: Data from Central Sulawesi Department of Industry and Cooperative (processed)

⁷⁹ Data from Central Sulawesi Department of Industry and Cooperative, 2002

Non-Institutional Business: Trend for ebony business has spread since 1960s, at least according to Bien.⁸⁰ Ebony wood is bought by businessmen directly from local community in a place called TO (Take Over).⁸¹ This place is quite spacious and able to house ebony logs in great amount. Nobody knows who owns this place but the community is free to use it for their logging result. This is known by village administrative. Since 1970s there have been military individuals taking part as main business actors.

PT Gulat is a good example as a professionally run business that is taking profit from the existing business trend. PT Gulat can be categorized as an example of ABRI's non-institutional business. PT. Gulat is an enterprise outside military structure both in Indonesia and in Central Sulawesi territorial. However, its founder and owner, Abdul Muim Sandewang, is an official in Kodam Hasannudin (now Wirabuana). When Gulat first entered Tokorondo, Sandewang was still in the position of a Deputy Assistant I Intel Kodam Hasanudin. Sandewang is known to be close to several civil and military officials in Jakarta.

Two regions known for their ebony business, where merchants buy ebony since 1970s, are in the west coast and in the east coast. In Central Sulawesi, the west coast area, Donggala Regency and Tolitoli Regency waterways are two strategic places for smuggling. It is in the area that thousands cubic of ebony have been smuggled. Smuggling is quite easily happened because sea-patrol from Polairud (*Polisi Air dan Udara*) from Central Sulawesi Regional Police is limited and also because Central Sulawesi coast line is very long, making it difficult for monitoring.⁸² There is also the factor of and Sea Police and Navy's involvement (paid) in the smuggling.⁸³ Usually, because of its high price, ebony is often smuggled to Malaysia (Tawau). The wood merchants will equipped themselves with SAKO (*Surat Angkut Kayu Olahan*, a permit letter for transporting processed wood). This SAKO can be obtained from and issued by Perhutani for a period of 1 year. Sometimes SAKO can be sold and bought, including to other people who need permit.

Although these businessmen have owned SAKO, they were still stopped and charged in every post. If they refused to pay then the wood will be confiscated and taken to Polda (regional police), before being transferred to the Regional Department of Forestry and be auctioned "For State". In reality, the woods would be sold to companies or foreign businessmen, one of them would be PT Leang Yang.⁸⁴ Sometimes during the arrest, the perpetrator/the one carrying ebony would not be arrested but they would make a deal that

⁸⁰ Interview with Bien, former ebony businessmen, Palu, 25 February 2004.

⁸¹ Interview with Kayaman, Palu, 25 February 2004. Wood processing starts by cutting the wood into boxes.. Process starts from the location where the ebony tree is located, then taken to TO (transfer place) where a merchant will buy it. One of the prominent merchants in Palu is Umar Landeng (PT. Gaya Cenderawasih).

⁸² Jafar G. Bua, *Revealing Smugglers' Path Sulawesi-Malaysia-Philippina*.

⁸³ Bien, *opcit*.

⁸⁴ PT Leang Yang, a big sawmill in Palu, Central Sulawesi. This company often receives/store illegal ebony, either those brought by ebony businessmen or those sold by police officers, the later one usually confiscates their ebony from illegal ebony businessmen that they arrested.

when the wood is sold, they had to split the money (50: 50). Vehicles used are quite varied, starting from ambulance, passenger car, or even private cars. The purpose is to avoid being stopped and confiscated. Another way to avoid it is by using a vehicle belonging to Korem/ Danrem.⁸⁵ Ebony is placed in the middle, the outer part is covered with another type of wood (second class). Security measure is usually conducted by Brimob (paramilitary) or POM. One of the officers involved is Wakoramil in Tombo. Above provincial level, when ebony was mushrooming, the Governor of Central was suspected to be involved in the business as well.

Poso Regency is also one of the dangerous areas for illegal timber transportation from various areas in Central Sulawesi. Even during/post conflict, military (TNI and Polri) still conducted the business. Units who were involved are in TNI, such as: Yonif 711 Reksatama, 712 Manado, Yonif 721 Palopo to be brought to their respective area.⁸⁶ The intensity even increased by bringing the truck directly to the forest and then to the sawmill. One resource said that when the conflict heated up, one of the sawmills on Irian Street, Poso, received delivery from TNI vehicles carrying wood.⁸⁷ This thing is still happening. Until now, there are still many units from TNI/Polri requesting several people that they considered capable to find ebony, such as TNI 711 Palu, 726 Makasar, Brimob Makasar, Brimob Pare-pare and Brimob from Central Sulawesi Regional Police. Armed has a different style of going straight into the forest, bringing a car/truck, find people around the location to fell/take the wood. This can even be done quite openly. One SMS in Radar Central Sulawesi said: *(F)or Dandim Poso, for the hundredth time, please stop/handle TNI trucks that are currently busy carrying and supplying illegal wood in Poso Regency or are you serving as its back-up supporter?*⁸⁸

The request to find ebony by TNI or Polri officers are usually intended to be used as decoration or souvenir. The wood is brought to a processing area in Palu or in Poso before being taken to be sold. Several workers in Tokorondo who are able to fulfill the order take the wood from former Gulat's land. This is because all land in Tokorondo is (former) Gulat's land. The smuggling still continues until now, in the form of souvenirs. This still has a high risk, though, because the officers would catch them if they have no backing. Therefore, workshops processing this wood are still available mainly around Poso Kota, Lembomawo and Roronuncu. But these workshops do not send or sell them to outsiders. They only make small souvenirs (key chains, frames, name plate). Large-sized souvenirs or furniture (chairs, table)⁸⁹ are usually made for orders from TNI or Polri officers.

⁸⁵ *Ibid.* Bien quit from his woodwork in 1990s. His wife often took over most of the work. The reason he quit was because he was often "arrested" and extorted. He was also getting very old.

⁸⁶ Interview with Vopane in Tokorondo Village, Poso, 8 March 2004.

⁸⁷ Interview with Pomas, Humanitarian Activist, resident of Poso, 12 March 2004.

⁸⁸ *Radar Sulteng*, Friday, 12 March 2004.

⁸⁹ Documents of private letters between TNI officer; First Lt. Samsul with First Lt. Inf. Arianto

E. Impact of Military Business Involvement In Bojonegoro, Boven Digoel and Poso

1. Bojonegoro Regency

Impact of Physical Violence: When community conducted a demonstration in front of Devon's office regarding the compensation for H₂S poisoning from Devon on 2 May 2002, a shooting incident occurred, committed by police officers who claimed six people hit by rubber bullets, 14 was victims of abuse and 15 vehicles damaged. After the incident, there was an agreement between the company and the residents in the form of company's willingness to provide aid for Community Development (CD).

This agreement showed that community would gain a positive impact from the company's presence. The community would receive cattle goats (300 in 2002 and 106 in 2003) and pump that would help irrigate their rice field. In the field realization, the company did keep their promise but the number that they provided was different from what they agreed before. Only some residents received the aid. Some residents did not receive the agreed CD facilities. This could be found in a letter of demand written by residents of Dukuh Randu, Rahayu Village which is located directly on the east side of Devon's drilling location, given to PetroChina, who replaced Devon as management of Rahayu oil well.

Environmental Impact Around PetroChina Oil Field: Environmental impact in Rahayu Village oil field has actually started since before the shooting incident during demonstration regarding H₂S poisoning in May 2002 but up to now, it has not been too much of community's concern. Community's bravery to request for compensation due to environmental and agricultural impact came after CD program started, based on the agreement between the residents and the company.

In the demand dated 25 February 2003, several complaints were stated such as: (1). Since exploration (drilling) of oil started in Rahayu Village, especially in Dukuh Gandu, the waste product has been dumped to the east side or to the land belonging to Dukuh Gandu residents; (2). Different companies who have been managing the exploration did not have a special place for the waste product; (3). From the analysis of its environmental impact, the area on the east was a very dangerous area but compensation was given to the land on the west, south and north side instead, because the residents were actively demanding for it; and (4). Residents who own land on the east side never complained and the company grew ignorant completely. This means that the company did not have the good will towards the environment. Community who has suffered loses for years but never demanded anything has been completely ignored.

The efforts of residents from Dukuh Gandu, Rahayu Village to demand for compensation for the environmental impact encountered difficulties and took a long time. Based on available data, below is the process:

- On 14 February 2003, Community submitted a letter demanding compensation for the environmental impact, which has reduced their agricultural productivity and the waste product, dumped into rice field belonging to residents of Dukuh Gandu. In the letter, there were names and signatures of farmers who suffered from the impact.⁹⁰
- Not long afterwards, Petrochina responded the letter by saying that the demand could not be proven because a research conducted by PetroChina on 18 February 2003 showed there was no impact on plant and waste product. The letter from PetroChina also attached signatures of several parties involved in that research.
- After obtaining answer letter from PetroChina, the community sent another letter. One of the important matter in the letter was that in Dukuh Gandu, Rahayu Village, who is directly on the east side, the residents' rice field also became a waste dump and until then, the community had never received CD facilities and never demanded anything either.⁹¹
- In March 2003, a statement letter was made to state that wastewater from PetroChina did not cause any environmental impact at all. The strange thing in the letter was that none of the community members on the other side of the argument joined the statement. The names listed were the names of other residents who did not suffer from the waste product impact and often received CD program from PetroChina.
- After obtaining letter from PetroChina explaining that the environment impact demanded by the community was not proven, the community sent another letter through the district administration and signed by the Head of Soko District. One important in the letter mentioned that even though the evaluation from PetroChina showed that there was no environmental impact, in reality the community kept suffering from loses.⁹²
- PetroChina again responded the letter by stating that the research still proved no environmental impact. The response letter was accompanied by a laboratory test from Sucopindo, Surabaya.

However, community demand has given no result until now, although there is a strong evidence that PetroChina itself has not obtain a legal AMDAL (analysis on environmental impact) paper. In the Ministry of Environment until 23 April 2004, PetroChina was still under process of AMDAL Document Revision and RKL–RPL Revision.⁹³ This means that, legally, they are not allowed to start production until they fulfill all legal requirements. On the other hand, PetroChina already started production/drilling fro several years.

⁹⁰ Letter of Demand from Dukuh Gandu Community, signed by the Head of Soko District, Kusmindar, on 14 February 2003.

⁹¹ Response letter from the residents for PetroChina's letter on tanggal April 29, 2003

⁹² Response letter from the residents, signatures attached, on April 29, 2003

⁹³ www.menlh.go.id/asdep, Environmental Impact Review.

Social Economy Impact: Since oil exploitation started in the area, several complaints have been coming from the community regarding the social economy impact. In the demand letter on 25 February 2003, several complaints were listed, such as: (1). Since oil business started, some residents' land became unproductive; and (2). Since oil drilling started, residents' land was included as a dangerous area so that the farmers could not work on their land anytime.

Furthermore, they promised to recruit local community in for seismic research process and Security but the promise was not kept. Instead, many of their employees were outsiders who were given local ID cards by MCL, as ExxonMobil Oil's operating company in the field and several bureaucracy officials. There were also many other programs that were more *karitatif* and benefiting certain people only.⁹⁴ On the other hand, the main demand from Banyu Urip and Jambaran residents never received a serious response from MCL. At least, FORKOMASBAJA has conducted 2 demonstration to demand their basic requests as follows:

- a. Demonstration by Ngasem residents and FORKOMASBAJA by blocking the entrance to drilling location on 15 August 2002 at 08.00-11.00 WIB. The demands were: (1). Settlement over compensation for 160 hectares of land used by MCL; (2). Employment for residents in accordance with their own skills with an open and fair selection; (3). Exxon Mobil must move its office from Cepu Regency to Bojonegoro Regency. "*they exploited oil in Bojonegoro, but why do they put their office in Cepu?*" said Parmani, field coordinator.⁹⁵
- b. 15 FORKOMASBAJA residents came to Bojonegoro City Council to question the process of land compensation employed by ExxonMobil.⁹⁶

Impact on Horizontal Conflict: One of the impacts of military business involvement in Bojonegoro is a horizontal conflict among residents, especially due to a divide responses from community groups about oil exploitation in their area and military involvement whether directly or indirectly employing the strategy of "*divide and rule*". For example, PT Indonadi Perdana employed retired military personnel as its protector and broker in land procurement in Mojodelik and Jambaran areas. Handoyo (red), who served as an operator in that company, claimed to have held the ownership of 182 hectares of land to be used for MCL exploration. On the other hand, FORKOMASBAJA and SPBU were trying to raise community's awareness to be critical towards MCL's presence as a company belonging to investors of a transnational company, Exxon Mobil Oil. This horizontal conflict occurred in Bojonegoro Regency, especially in Rahayu Village, Banyu Urip and Jambaran.

⁹⁴ Monitoring Result by FORKOMASBAJA

⁹⁵ Jawa Post, August 16, 2002

⁹⁶ Jawa Post September 18, 2002

- a. *Horizontal Conflict in Rahayu Community*: After being traced since after the shooting incident by police officers during a public demonstration to demand compensation for H2S poisoning, it was found that in the beginning, exactly right up to the demonstration, the community was still united in dealing with Devon Energy (also PetroChina as the next company). Conflict occurred after the shooting, which is after the community was presented with a CD program from Devon and PetroChina.⁹⁷
- b. *Conflict in Banyu Urip and Jambaran*: The conflict has actually occurred in the community around Banyu Urip and Jambaran since PT Humpuss Patragas was still managing Cepu Area in 1998. At that time, out of 64 people who sold their land to Humpuss Patragas, there were 8 who refused to sell their land. These 8 people then established a local organization called FORKOMASBAJA. In later development, after Cepu Area was managed by Mobil Cepu Ltd (MCL), the conflict escalated. One of the biggest trigger was ExxonMobil Oil production development in 2003 which required an expansion of land up to ± 675 hectares. This is when broker and investor started to emerge not only from ordinary community members but also from executive and legislative officials, as well as officials from National Land Agency (BPN) and military officers. The party who used to lead community by selling their land to PT Humpuss Patragas was back to become a broker in selling community's land to MCL. This party received its capital from PT Indonadi Perdana who employed military element as its protector. They claimed that there were already 182 hectares of community land ready to be sold. Besides from emerging land broker, several local organizations also came out and ready to fight for their rights around Banyu Urip and Jambaran. Some of them are FORKOMASBAJA, SPBU and SEMAR. New organizations in larger scale, as well as old ones, also appeared and tried to get involved in developing Cepu Area oil mine such as Bojonegoro Petroleum Congress and Guyub Bojonegoro.

The conflict escalated because of government's uncertainty in handling land procurement and distributing community's rights. As the result, each organization was looking for their own data and had the initiative to cooperate with other organizations that can support their interests. The impact was prejudice between one organization and another such as what happened with SPBU and an FORKOMASBAJA. Both organizations actually have the same vision, which is to fight for the rights of the people around Banyu Urip and Jambaran. SPBU expected that Mobile Cepu Limited would not buy their land but created a rent and profit sharing system so that when the contract with Mobile Cepu Limited ended they could manage and own their land back without having to lose their ownership status.

However, both organizations were well aware that the possibility of such agreement was very small. According to them, MCL would not bother with such system. *"If they had to*

⁹⁷ Interview local NGO Lestari (not real name) *op. cit.*

rent, then every year they would have to renew the contract and the community would demand for an increase based on the fluctuation of land price, this is probably what made MCL refused such system” said Parsudi, one of Gayam residents. MCL wanted a third party to deal with it so that if conflict should arise MCL would not be responsible for any risks from the conflict, the community and the third party would.⁹⁸ Dispute between SBPU and FORKOMASBAJA lied on the claim of where organization members come from. Both organizations had members in the same areas, Kalitidu District and Ngasem District. There was also distrust between both since SPBU accused FORKOMASBAJA as MCL accomplice who wanted to make profit instead of fighting the rights of community around MCL. The conflict was also caused by the presence of many broker from executive element, bureaucrats, officials from National Land Agency and military officers who came to visit both organizations.

The village administration as the closest bureaucrat to the community did not anticipate the conflict either, instead, the head of village (*lurah*) whose area was included in land procurement process also established SEMAR (stands for Community Around Banyu Urip Jambaran) with 9 (*Lurah*) as its members. According to their statement, the organization’s objective was also to fight for the rights of their residents, despite the fact that in Bojonegoro Petroleum Congress meeting it was reported that one *lurah* already cooperated with a broker in buying some land, he even owned a truck already.⁹⁹ The initiative to establish such organization could not be blamed on *lurah* only because the sort of thing occurred due to lack of information given by Regency/Regent as their structural superior. Therefore, the heads of villages (*lurah*) combined their power to strengthen their villages in preparation for the coming of ExxonMobil Oil investment. In fact, a while ago 14 *lurah* organized by SEMAR threatened to conduct a demonstration if there was still no clear explanation from the regency government about ExxonMobil Oil’s continuation in their region.¹⁰⁰

Administration and Corruption: Asides from unclear form of CD conducted by PetroChina (as Devon Energy’s replacement), one of former employees who provided accompaniment for Rahayu Village’s community said that CD conducted by Devon and Petrochina at the moment is merely a “comedy act” from local elites and the companies themselves. According to this former employee:

“the proof is that one of the village’s bureaucrats who used to be a head of CD is now one of the company’s partners in supplying company’s needs and he puts aside his responsibility to criticize CD. How can a village staff with a meager salary own a two-story house while his neighbors are still the same economically. In the community, this becomes a conflict on its own”¹⁰¹

⁹⁸ Statement from Parsudi, Head of FORKOMASBAJA during interview.

⁹⁹ Petroleum Bojonegoro Congress Meeting on 22 February 2004.

¹⁰⁰ Interview local NGO Lestari (not real name). op.cit

¹⁰¹ Ibid.

Bojonegoro Regency Government is criticized for not being transparent about what is happening in Bojonegoro especially regarding oil industry investment. This lack of transparency does not occur towards community only, especially those around Mojodelik and Jambaran who are in desperate needs of information regarding Exxon Mobil Oil's existence in their area, but also within government's own bureaucracy. Several impacts of this lack of transparency are among others: (1). The establishment of Semar by 9 *lurah* who were planned to be part of land procurement process for MCL. At this moment, the number has increased to 14 *lurah*. Not long ago, these 14 *Lurah* issued a statement that if the Regent does not coordinate about MCL's production, then they will perform a demonstration to the Regency office. This proved that there was no coordination at all between the Regent and his subordinates. The demonstration was also triggered by the news traveling mouth to mouth about MCL, while *lurah* as the closest bureaucracy in touch with the community did not know any valid and formal information from the regional government directly;¹⁰² (2). Emerging elite coalitions to access MCL. These coalitions were not only formed by government bureaucracy and community but also by military and police who individually joined civil community, such as in Guyub Bojonegoro with Bojonegoro Congress Petroleum, or Santoso, Bojonegoro Regent, who had a meeting with Guyub Bojonegoro and with PT Indonadi Perdana who is protected by military officers both in Jakarta and Bojonegoro; (3). In the government body itself, Deputy of Regent felt that he was not included by the Regent in the development between the government and ExxonMobil.

2. Boven Digoel Regency

Impact on Economy: Companies and security officers coming to the region has caused community' income to decrease. The companies who conducted exploitation on nature by logging trees for their plywood production caused the community to lose many of its forest product. Animals in the forest were also reduced in number because of the noise coming from the heavy machinery used by companies to fell trees. Meanwhile, security officers often committed actions that hindered community's effort to earn a living. Community was prohibited from going into the forest to hunt or cut *sago* trees under the reason that there was a possibility that they might try to join OPM. Security officers also took what community product from forest, often done through coercion.

Social Cultural Impact: The original culture of communities joined in certain tribes or clans were contaminated by the outsiders' culture through the presence of those companies. The tribal community was then driven from their own land and its culture gradually vanished and became unknown to its descendants. Conflict among tribes and clans were often used by those who possess certain interest in their tribal land. Turning them against one another was a tactic used to take over forested land. Security officers in villages often made the community to feel insecure, suspected and not free to move about. This caused them to feel uncomfortable living in their own villages.

¹⁰² *Ibid.*

Environmental Impact: PT Korindo's plywood business committed a lot of logging in the forest in Boven Digoel area with only limited reforestation to accompany it. At this moment, Korindo is in possession of a logging concession for a 20,000-hectare of land for 20 years, valid since 1993. This means it has been 11 years already. During that course of time, there has been no significant process to restore the forest; they have even exceeded the area limit of logging listed in their concession. This logging also caused an ecosystem imbalance since the animals living in the forest abandoned their habitat to move to another forest because the sound of heavy machinery used for logging frightened them. Logging of tress that which served as animals source of food also caused the animals to migrate to another forest. It is possible that there will be more scarcity or even extinction of certain animals in Papua.

Another issue is the waste product from palm oil processing thrown to Digul River, which starts to be of concern. The waste product thrown without any processing poisons the water and kills fish and crocodiles in it. If this continues, there is a great chance that human will also suffer from the consequences because Digul River is the source of fresh water for villagers along the river.

3. Poso Regency

Before discussing its direct impact we will first see its indirect impact. This indirect impact is seen from military activities in the form of corrupt culture in Central Sulawesi's community. This is because the security forces especially the police are willing to and easily provide backing for anyone who can afford to pay to secure their illegal business. The fee then becomes a burden and influences the selling price, hence demanding that illegal ebony businessmen to find ways to incorporate this security fee. Many ways are then employed to fool security, starting from the use of military truck (police or TNI) to the use of private cars and even ambulance.

Direct impacts on community are in the form of violence they experienced during business process. Ebony business is a sensitive topic, Jemie said that asking wrong questions about it can get you beaten up, as she experienced before; Jemie was kicked by an officer. She claimed, "*I have been hit by soldier's boots because of ebony*".

Impact On Community and Environment: Gulat's operation in Tokorondo created many impacts, both from social humanity aspect and Natural Resources aspect, such as:

1. ***Social Responsibility:*** Since early in its operation, Gulat has lied to public in the form of community's land compensation. Gulat only provided money compensation for things/trees in the land and not for land used for roads. For that, Gulat's excuse was that it is necessary for the smooth running of Gulat's operation because it would benefit the local community as well. During its operation, Gulat did not give any aid to Tokorondo community—even though Gulat often claimed itself as a brother (Bugis ethnic group)—who lived in low level education and low economy.

2. **Land Condition:** Abandoned Gulat's assets are clearly another problem on its own, creating impact such as in Environment. Assets located in the middle of Tokorondo Village became useless while forestland where Gulat's concession (HPH) used to be has run out of ebony population. The only thing left is the tree root. Even if there are Ebony trees left, they are still under 5-10 years of age. At the moment, Gulat's former area is planted with chocolate. It is no longer a forest but seems more of a plantation.

Economy, Social and Cultural Impacts: In this research, no forms of civil and political crimes are found in the violations. However, Gulat's operation in Tokorondo committed many Economy, Social and Cultural violations or even crimes such as:

1. **Low Wages and Embezzlement of Astek (Manpower Insurance) Fund:** There is no specific number to explain how much is the regional minimum wage (UMR) issued by the Regional Government of Central Sulawesi for its region or UMR for Poso Regency. One of the causes is because the documentation system in the Manpower Department Regional Office (Kanwil Depnakertrans) which is unable to provide information regarding the issue. It is clear, though, that former Gulat's workers who currently still live in Tokorondo said that the wages they earned in each of their position was considered low and was not even enough to cover their daily expenses. Even employees close to AM Sandewang such as M. Ali thought of quitting from Gulat because of his low salary, we can imagine the fate of employees who possessed no such special relationship. The small salary even caused one current employee to be ashamed of saying how much he earns. In Gulat's internal affair, the impact of this low salary resulted in employees having to find additional income. They did it in a variety of ways, some employees accepted extra work from Gulat outside of their own day job and their working hours. Additional income was obtained through "business outside Gulat's management" as conducted by Tungkanan. Consequences of this small salary eventually had to be paid through the loss of several employees who quit. However, during Simson's leadership, who was then still AM Sandewang's son in-law, many employees quit without receiving Astek (Manpower Insurance). Some who did receive it had to go through several extra actions outside the normal process.
2. **Damage to Ebony Population:** According to one source, as stated above, Gulat could produce up to 250-300 m³ per day, which means that Gulat committed a massive logging. If Gulat had started with the business since 1980 and was closed in 1997, this means that Gulat has processed ebony for 17 years. This adds up to the amount of ebony taken by Gulat from its logging concession area in Central Sulawesi as much as 250 m³ x 17 years (365 days x 17) = 1,551,250 m³ of ebony.
3. **Outstanding Payment of Land and Building Tax (PBB) and Forest Product Royalty (IHH):** Until now, Gulat for Tokorondo area still has two outstanding taxes ; PBB and IHH. Based on its outstanding PBB, per 1 January 2002, Gulat still has an obligation

to pay Rp. 8,433,112¹⁰³. Ironically, the office of Land and Building Tax in Poso Regency still does not know where to send the billing statement. Poso office of Land and Building Tax only knows Gulat's office in Tokorondo. Clearly after Gulat was closed in 1997, the bill was not responded anymore. Another information stated that Gulat also neglected to pay IHH but when verified to KP2LN, through Jhon F Wattimury, Head of State Credit Section, he refused to give any information regarding Gulat's outstanding IHH.

F. Conclusion

This research has found information and proofs about military personnel having a deep involvement in business activities in Bojonegoro, Boven Digoel and Poso. Although the forms and the degree of involvement varies in accordance with local context and problems dynamics, it can still be seen that military involvement in various business activities has brought a number of serious impacts in community's lives socially, economically, politically and in human rights aspect. The micro-local portrait of military business involvement in those three regions as well as its impacts complete the national picture collected by several researches on it and strengthen the demand for the elimination of military business involvement in Indonesia—as mandated by the new Law on TNI.

Analysis on military business involvement in Indonesia since reformation era cannot be separated from the separation between TNI and Polri in 1999. According to Constitution, the duties related to security and order functions are police authority, while duties of national defense are TNI's authority domain. Full separation on both of those functions in implementation and in the field is not easy. Asides from the fact that the police possesses limitations in its capacity and capability as a security tool, the presence of massive TNI personnel in all parts of the archipelago with its territorial command structure also makes the strict implementation of separating the functions harder. Furthermore, functions as security tool which has always been done by TNI personnel has given a great access to economical and political resources. Therefore, in many aspects, the desire to become a professional state's tool is collided with the spirit and interests outside the mandate given by the constitution.

In Bojonegoro, East Java, the abuse is seen through TNI/Polri's new roles as *centeng* (bodyguard), broker and community oppressor in order to defend the interest of oil mining and its companies. The existence of oil companies does not only "give profit" but also hope to continue to be part of that business. For military officers both in the Headquarters and in local Koter, oil in Bojonegoro is a new source for their informal business because they can easily use local soldiers as execution instrument. The involvement of local military and

¹⁰³ Poso's Office of Land And Building Tax, Collection Unit, List of Billing Sector P3.

police in oil exploitation business in Bojonegoro is conducted through an investment, which is protected by military, through an association joining through a bureaucratic and community approach, as well as through providing security for that company. This involvement also runs smoothly due to lack of disagreeing attitude from the government and some of the local community.

In Boven Digoel, Papua, TNI was actually posted for the interest of border operations and elimination of separatist movement TPN-OPM. Unfortunately, such perspective often causes a discriminative judgement towards local community. The locals are considered as the source of problems, either related to their “support” for the separatist movement, or their criticism towards government’s policy and the impact of exploitation on their environment. No significant changes occurred in local community’s condition despite the inflow of capital through national and multi-national companies. The fact that local human resources are not ready has put them out of the circle of capital flow, rendered them incapable of competing with imported manpower. Economy and social gap is clearly seen and serves as the root of “security” disturbance, especially because the investment goes in without “permission”. Community’s demand of their tribal rights and natural resources that were taken by the companies was continuously met with military’s repressive approach.

The military characteristics of TNI and Polri’s units are not an a-historical phenomenon. TNI and Polri are a set of state’s instrument often used by the government, especially during Soeharto’s era, to deal with communities. Therefore, the face of Indonesian military in the eyes of Indonesian people is the face of a very powerful force. Community’s Submission to military further established it as a force not only serving its main duty; security and defense, but also expanding to other aspects. One of them is by conducting business (economy activities).

In Poso, Central Sulawesi, military becomes a supporter for ebony exploitation (TNI/Polri). The involvement of military personnel in ebony business can be found in almost all process of ebony business in Central Sulawesi. Military personnel’s involvement, which has lasted since 1960-s is dominated by security business and the exploitation itself. The same thing happened during and post conflict, military keeps—even increases the intensity of—its involvement in ebony business, as if taking advantage in a difficult time.

Military’s involvement in Poso, especially in business/exploration and ebony exploitation, clearly shows the roles played by government and community structure in Poso. Related to this research, military position is involved on every level of ebony business in Poso and Central Sulawesi in general. Starting from the process of obtaining ebony conducted by community and placing the logging product, the military is already presence and involved in the form of securing the logging process and the storage of logging result. When the ebony is brought from its storage to Palu or to processing place or shipping port, military is again involved in the form of stopping vehicles for road check. It also continues during its

shipment by sea to Malaysia. Any threats to the above process potentially come from the military itself. This can happen because, gradually, the vehicles or the players in ebony business become a target for individuals/units/local offices to demand some money. This clearly puts the burden on the players so that they have to find a way to deal with those threats. These threats were also responded with a bigger and more open form such as arrests made under the charges of illegal logging. The strange thing is that the cases never appeared legally in court. The only resolution happened is collusively.

Conflicts in Poso strengthened military's position (TNI and Polri) in Poso. If before conflict military was already involved in military business, especially ebony, it is more so during and after conflict. In pre-conflict time, military involvement was individual and institutional, so was during conflict although the modus and method was a little different. In pre-conflict time, in almost all areas in Central Sulawesi, military involvement could be seen in the form of securing ebony business actors and threats of punishment. Meanwhile in Tokorondo, Poso, military was involved in managing business-corporation conducted by military individuals. There you have it: before conflict, during the heat of conflict, and post conflict time, ebony business is still conducted by military.

During conflict, community's concern over military's ebony business in Poso was lower. Military's presence among community's fear even strengthened their mighty presence. Because of that, ebony is not the only military business in Poso. They also conducted other business such as providing security for individuals visiting certain areas. Meanwhile ebony is processed in another different way before conflict. During conflict, military had a higher initiative even though military business on ebony was conducted sporadically (not institutionalized /not through corporation). The problem is the thinning supply of ebony. For this reason, military often asked for help from community members who work as chainsaw-man to find left over ebony that can still be processed. They also asked community members to do the processing. This is why in Poso, at the moment, especially in Poso Kota, Lembomawo and Roronuncu, there are many community small industry to process ebony into souvenirs.

There it is, security business is a side business coming from the existence of various companies in Bojonegoro, Boven Digoel and Poso. Especially because military and the police run this function as "a prioritized side job", not as a troop who received authority to perform that security duty because those companies are not listed in the list of vital objects to be secured. Other forms of illegal business also emerged as a side effect of posting certain troop. In the beginning, that business was highly dependent on the skills and tendency of a military officer in seeing a business opportunity such as crocodile skin, sale of *cendrawasih* bird's feather or *cendrawasih* itself in Asiki region. Gradually, this business became established and turned into a project inherited by fresh troops from the previous troops who have finished their assignment. The new troop then continues the business built by the previous troops.

The existence of a large scale business which finished off all natural resources and earned a big regional income in every region does not have a significant impact in the local community's social economy condition. Several major business cases in three research areas show that the local community is still in marginal position, we can even say that there has been a set back if seen from the amount of natural resources used up and damaged because of those large scale business.

G. Recommendation

Several notes below are recommendations derived from the conclusion above.

1. Military and police as state institutions should be strong and resourceful. Therefore, as state institutions who perform their functions to maintain security and defense, they have to be put and put themselves on their idea-normative position. As the consequence, military and police's involvement in establishing or providing back-up support for business, which is an abuse of their main authority and duty, must be eliminated so that they can become state institutions that are institutionally strong—instead of becoming “shadow ruler” and “state within state” as what has been happening all along.
2. Government must conduct an evaluation on the Territorial Command Structure and the effectiveness of placing TNI and Polri's officers in conflict areas and borders that have been contaminated by business interests. This is aimed at stopping the horror of Koter and BKO officials that has been happening because of the violence actions committed in the field by TNI/Polri officers. Assignment to Polri and TNI in Poso has brought terror and impoverishment, as it has done in Bojonegoro. In Boven Digoel, the number of officers existing at Korindo Group's companies is a lot larger compared to those on the borders carrying out their supposed duties.
3. Government must conduct an investigation on the business pattern, motif and profit that the military has gained so far. This is aimed at seeing the level of involvement of actors that are corrupt and have the potential to manipulate, including to abuse their authority and their main duty. A serious effort also has to be done to see the form of corruption and collusion committed in entities such as civil government, police, TNI, companies and even on community level.
4. Government must give its concern towards fulfilling victims' rights, both economically and legally, over the crimes that took place in military business. In all aspects of research, military business has claimed human victims in various forms, but so far there has never been even one of them who received justice and legal accountability from the government..

5. Government must pay attention to the ecological, social economy and cultural impacts of military-supported companies. Rehabilitation on these impacts must also be conducted in line with the evaluation on their permits and agreed provisions, including an agreement with the local communities.
6. It is necessary to have follow up analyzes on the suspicion of a connection between military involvement in business and the occurrence of human rights violations in the regions where military businesses are located. Even though there has been no sufficient field proof for the suspicion about “systematic funding” from military business for human rights violations, military involvement itself in various business activities has directly and indirectly created various impacts of human rights violations.