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Don’t mess with mining companies!

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After a decline in his popularity, Kevin Rudd was sacked as the leader of Australian Labor Party by his own party parliament members, on June 24. Fears that the party could lose to the opposition in the upcoming elections were reason enough for the party members to appoint another figure as leader.

Julia Gillard, who was a deputy prime minister, was thus appointed to replace Rudd. Since the Australian constitution states that the leader of the winning political party is automatically the country’s prime minister, she was directly appointed to be the new prime minister. This was also a historic moment for Australia, because Gillard is Australia’s first female prime minister.

Rudd’s performance in fact can not be rated as unsuccessful. His popularity had remained high until his last couple of months. Rudd was regarded as successful in maintaining Australia’s high economic growth during the recent global financial crisis.

His foreign policy, which showed his willingness to embrace the Asian community, was also well received in the region. The apology to the stolen generation of Aborigines was also accepted, even though it is not a finished agenda.

However, his personal leadership characteristics aside, several policy blunders contributed to Rudd’s declining popularity. Those blunders, including policies on tackling illegal immigration, the emissions-trading scheme and the high mining tax initiative, saw his popularity fall to its lowest in two-and-a-half years.

Having been the most popular elected prime minister, with the Labor Party winning around 70 percent of the vote in the 2007 election, Rudd fell before his term was due to end next year.

There is at least one hidden message behind this Australian political drama. That message is “don’t try to play games with mining companies!” Rudd’s new policy for a natural resources tax, setting out to increase mining taxes by 30 percent, had a significant impact on his popularity.

The plan was opposed by the mining industry, which campaigned against the plan through media advertising. Their campaign attempted to convince the public that hurting the mining industry would hurt Australians.

As the main source of Australia’s income, the mining sector does play a vital role in the economy, including by providing jobs. Public support was raised and Rudd’s popularity decreased.

The government decision to advertise the new tax policy in mainstream media was also questioned, since the use of taxpayer money to fund political policy advertising was perceived as unethical.

During her initial speech, Gillard asked to end the mining tax controversy. She said there would be new negotiations on the issue (The Jakarta Post, June 26).

She also ordered to withdraw government advertising on this issue. Mining companies reacted by
immediately suspending all their campaigns (Heraldsun.com.au, June 24).

Mining is a capital-intensive, long-term, high-risk and often unpredictable business (Denise Leith, 2003). It is understandable if players in this sector often play in a political turbulence to protect their business.

In countries such as Australia, where there is strong law enforcement and public transparency, even though political deals may also happen, capitalists often try to influence public opinion.

The question is what would happen in a country like Indonesia where there is a lack of law enforcement and judicial corruption is eminent?

In another form, we have seen the gigantic power of mining companies in Indonesia. “Coal mining damages forests”, that was the editorial of the Post (June 29).

That is a fact. The massive forest catastrophes in East Kalimantan, for example, are a direct result of troubled mining concessions. However, hundreds of illegal forest occupations by mining companies have never been penalized.

Destructive open-cut (surface) mining methods in protected forests continue. If the 1999 Law on Forestry forbids open-cut mining in protected forests, the Substitute Government Regulation Law no 1/2004 allows mining companies that had been granted concessions before 1999 to continue using this method. Consequently, forest destruction from mining activities has become worse and worse.

The Lapindo mud tragedy is another example. The people of Sidoarjo have been suffering for four years now from this disaster.

However, the government has not only failed to punish Lapindo Brantas Inc., which created the disaster, but also declared the mudflow a natural disaster. In the end, the state has been left to deal with the problem, using taxpayers’ money. What irony!

Companies, local and multinational, which run high-risk business such as mining, always try to build up their political connections to protect their business interests, and to help them influence political decisions.

According to Denise Leith (2003), these companies often give free shares to politicians or other influential figures. Many of those businessmen in this sector also become politicians, at local or national levels. This is why public protests about being mistreated by mining activities are often neglected by the authorities.

The power of capital is often at the top of public interest. As long as capitalists remain in power and the public are ignored, mining activities will be able to jeopardize environmental conditions in Indonesia.

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