

LOCAL POLITICAL DYNAMICS IN THE MANAGEMENT OF MINING RESOURCES: IMPLICATIONS FOR SOCIAL WELFARE IN MINING AREAS IN NORTH KONAWE, SOUTHEAST SULAWESI"

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ABSTRACT

The dynamics of local politics play a central role in shaping the governance of natural resources, particularly in the mining sector, where political actors, corporations, and communities interact within an asymmetrical power structure. This study investigates how local political configurations influence the management of mining resources and how these dynamics affect social equity, community welfare, and environmental sustainability. The research employs a qualitative approach, drawing on field interviews, observations, and document analysis conducted in Southeast Sulawesi, Indonesia. The findings reveal that local political elites often dominate decision-making processes related to mining permits and community development programs, frequently through patron–client relationships and collusion with corporate actors. Such dynamics lead to the capture of economic benefits by a narrow group of political and business elites, while the wider community experiences negative externalities such as livelihood loss, environmental degradation, and limited access to development opportunities.

Furthermore, the study highlights structural weaknesses in the implementation of Corporate Social Responsibility (CSR) programs, which are frequently designed as short-term, symbolic interventions that serve more as political legitimization tools than genuine empowerment mechanisms. The absence of inclusive and redistributive policies exacerbates social and ecological injustice, widening disparities in resource access and economic benefits. This research also underscores the role of employment gatekeeping and political control over local economic privileges, which foster dependency and restrict substantive community participation. Theoretically, the study contributes to discussions on the “local resource curse” by demonstrating that natural resource wealth, without accountable governance and inclusive redistribution, tends to reinforce inequality rather than reduce it. Practically, the findings suggest the need for policy reforms that strengthen transparency, accountability, and participatory governance mechanisms. Integrating redistributive strategies, long-term CSR based empowerment, and ecological safeguards is essential to ensure that mining resource management contributes not only to regional revenue but also to sustainable community welfare.

Keywords: local politics, mining governance, community welfare, CSR, resource curse, Southeast Sulawesi.

INTRODUCTION

Mining is a strategic sector in national economic development, particularly in regions rich in natural resources. In Indonesia, this sector contributes significantly to foreign exchange earnings and serves as a major driver of regional investment. However, mining operations frequently generate controversy due to their social and environmental impacts. This phenomenon aligns with the concept of the *resource curse*, which argues that natural resource abundance can exacerbate poverty when governance is weak [1], [2]. The expansion of mining in autonomous

regions demonstrates the complex interactions between economic interests, policy frameworks, and local political dynamics. Local governments hold substantial authority in licensing and supervision, which creates both opportunities and challenges for sustainable governance. Yet, political interests often distort public decision-making processes, resulting in local communities bearing disproportionate risks without commensurate benefits [3].

North Konawe, Southeast Sulawesi, provides a relevant case. The region possesses substantial nickel reserves, and since the implementation of regional autonomy, mining activity has grown significantly. This growth has brought major socio-economic changes but also increased political tensions and social conflict. Research indicates that in the Sulawesi context, mining corporations and local elites have established patron–client relationships to control access to resources [4]. Such arrangements reinforce abuses of authority and foster unequal benefit distribution, leaving affected communities to contend with environmental degradation, land conversion, and livelihood losses. Despite rising local government revenue (PAD), many residents continue to live in conditions of structural poverty.

Local political dynamics thus play a decisive role in resource governance. Power relations at the regional level are often manifested through lobbying, elite compromises, and political alliances with private actors. Regional heads, local legislatures, and political figures wield substantial authority, yet such power is frequently exercised through clientelistic practices [4]. Consequently, policy decisions tend to reflect political loyalty rather than principles of justice and sustainability. This strengthens the dominance of political and corporate elites over public processes and weakens community participation. As a result, decision-making spaces that should serve the people become arenas of political–economic transactions, deepening the marginalization of mining communities.

From a social welfare perspective, the well-being of communities surrounding mining sites cannot be assessed solely in terms of income but must also include access to education, health services, a clean environment, and security. In reality, residents often face land degradation, reduced access to clean water, and agrarian conflicts. These conditions undermine household economic resilience as well as social cohesion. Corporate Social Responsibility (CSR) programs, which are expected to mitigate such issues, often prove symbolic and unevenly distributed. This indicates a persistent gap in the distribution of mining benefits [1]. Such disparities reinforce the *resource curse*, marked by weak accountability within local governments.

To better understand these issues, qualitative research is required to capture the narratives of local actors. Theoretical frameworks on elites, the political economy of natural resources, and social welfare provide useful lenses. Elite theory explains the concentration of power among a small group of actors; the political economy approach highlights state–market–community relations in resource management; and social welfare perspectives emphasize the equitable distribution of benefits for improved quality of life. Recent findings underscore that without human capital development and economic diversification, resource-rich regions remain highly vulnerable to the *resource curse* [3].

The choice of North Konawe as the study site is based on the surge of nickel mining investment and its accompanying dramatic social transformations. Local government holds significant authority over licensing and monitoring, but weak oversight mechanisms make manipulative

practices difficult to curb. Local communities are often caught in a structural dilemma: either endure the negative impacts of mining or forego economic opportunities. This reality reflects the ambivalence of extractive-led development—promising economic growth on one hand while simultaneously deepening inequality.

Understanding local political dynamics in relation to social welfare is therefore critical for developing policies that are fair, inclusive, and community-based. Recent studies emphasize the importance of creating *green jobs* such as nickel waste recycling, agroforestry, and sustainable tourism as inclusive strategies capable of breaking the *resource curse* cycle [5]. In conclusion, the welfare of mining-affected communities cannot be separated from the political structures that govern resource management. Restructuring local power relations is thus a necessary first step toward achieving social justice and sustainability.

LITERATURE REVIEW

1. Elite Theory

Elite theory explains how a small group of individuals or collectives with political power and influence are able to control decision-making processes that have wide-ranging impacts on society. According to Pareto (1935) and Mosca (1939) [6][7], every social system is characterized by a ruling minority (the elite) and the majority who are ruled (the masses). In the local context, political elites such as regional heads, members of the local legislature (DPRD), and party leaders often play a central role in the distribution of resources, including in the mining sector. These elites not only shape public policies but also determine who gains access to and can exploit natural resources. In mining regions, this is evident in the issuance of mining business licenses (IUP), which are frequently non-transparent and embedded in clientelistic practices. Based on the perspective of C. Wright Mills (1956) [8], local elites often form coalitions with economic elites (capital owners) to maintain the status quo and preserve their power. This results in structural inequalities between elites and grassroots communities. In the case of North Konawe, such dynamics are visible in the ways local political influence directs development agendas without considering justice for surrounding communities. Elite theory thus helps explain how exclusive power structures undermine social justice and the equitable distribution of economic benefits in mining regions.

2. Political Economy of Natural Resources

The political economy approach to natural resources focuses on how power relations, economic interests, and institutional arrangements influence the management of resources and the distribution of their benefits. Bourguignon and Platteau (2023) [9] argue that extractive sectors such as mining are often dominated by oligarchies that operate within weak and corrupt institutional frameworks. This dynamic creates what is commonly known as the *resource curse*, whereby resource abundance generates conflict, corruption, and social decline. At the local level, governments may become part of patronage networks that reinforce unequal access to resources. In North Konawe, the massive expansion of nickel mining has not been accompanied by fair distribution systems or accountable governance structures. The theory also highlights how markets and states collude in the exploitation of natural resources, often sacrificing community

rights and environmental sustainability. Previous studies in developing countries demonstrate that power imbalances and weak regulation are key causes of mining's failure to enhance social welfare. Therefore, the political economy perspective is highly relevant in analyzing the interactions between actors, institutions, and political-economic structures in the context of mining in Southeast Sulawesi.

3. Social Welfare Theory

Social welfare is a multidimensional concept encompassing decent living conditions, participation in social life, and the fulfillment of fundamental human rights. According to Castellacci (2023) [10], welfare should not be measured solely by economic income but also by access to public services, social security, and distributive justice. In the mining context, this theory is used to assess the extent to which mining activities contribute to improving community quality of life. Numerous studies indicate that economic growth generated by mining investment does not always correspond with improved welfare for local communities. In North Konawe, despite increases in local government revenue (PAD), high poverty rates, limited access to education and healthcare, and environmental degradation continue to affect community livelihoods. Within this framework, social welfare must be understood as a socio-political outcome, not merely as the result of economic expansion. The theory also emphasizes the importance of social justice in resource distribution and protection for vulnerable groups. By adopting this approach, research can critically examine the social impacts of mining governance and promote policy agendas that are more inclusive and community-oriented.

RESEARCH METHODOLOGY

This study employs a descriptive qualitative approach to examine local political dynamics in the management of mining resources and their implications for the social welfare of communities in North Konawe Regency, Southeast Sulawesi. The qualitative approach was chosen for its ability to capture the complexity of power relations, policies, and socio-economic conditions that cannot be adequately measured through quantitative methods. The research focuses on the interactions among key actors, including local government, mining companies, local elites, and communities, in the context of the rapid expansion of nickel mining over the past decade.

Informants were selected using purposive sampling, consisting of government officials, members of the local legislature, traditional and community leaders, local NGO representatives, mining company representatives, and affected residents (such as farmers, fishers, and female-headed households). Data were collected through three primary methods: in-depth interviews to explore informants' narratives, experiences, and perspectives on mining policies and their impacts; limited participant observation in villages surrounding mining sites to examine socio-economic conditions and community-company interactions; and document analysis, including mining permits, corporate social responsibility (CSR) reports, regional regulations, and statistical data from the Central Bureau of Statistics (BPS).

Data analysis was conducted using thematic analysis, which involved transcription, coding, theme identification, and interpretation guided by the theoretical frameworks of elite theory, the

political economy of natural resources, and social welfare theory. Data validity was ensured through source and method triangulation, as well as member checking with key informants to confirm the accuracy of findings.

Results and Discussion

Local Political Dynamics in the Management of Mining Resources

The local political dynamics in the management of mining resources in North Konawe Regency reveal a complex interaction among political actors, companies, and communities. Field data indicate that mining governance processes are not conducted in a neutral manner but are instead dominated by political elites, patronage practices, and exclusive relationships. This phenomenon illustrates the occurrence of elite capture and conflicts of interest, which influence licensing, benefit distribution, and even the implementation of corporate social responsibility (CSR) programs, making them more favorable to specific groups rather than the broader community. Mining governance has also generated significant socio-ecological injustices. Local communities directly experience the negative impacts of water pollution, noise, dust, and coastal ecosystem degradation, such as declining fish catches. However, access to economic benefits from mining remains very limited and tends to be concentrated among contractors and groups closely connected to political elites. This situation reinforces asymmetrical benefit distribution and widens welfare gaps, thereby hindering the achievement of sustainable development goals. Furthermore, CSR and RIPPMM programs, which are expected to serve as instruments for community empowerment, often function instead as tools of political legitimization. Many programs are ceremonial, short-term, and controlled by local governments through political control and employment gatekeeping mechanisms. Consequently, these initiatives fail to address the root causes of community welfare issues and instead reinforce elite positions while creating dependency. These findings demonstrate that mining governance continues to be dominated by patron–client relations, collusion, and inequitable distributional politics.

Table 1. Field Findings on Local Political Dynamics in the Management of Mining Resources

Field Data	Coding	Sub-Theme	Main Theme
Mining licenses dominated by actors close to political elites and external capital owners	Elite capture	Patronage & exclusive access	Dominance of Local Political Elites
Indications of indirect ownership by regional heads through proxies	Conflict of interest	Oligarchy & personal interests	Collusion & Nepotism in Governance
Patron–client relationships between political elites and corporations	Patron–client relationship	Political protection – economic support	Symbiosis of Elites and Corporations

Field Data	Coding	Sub-Theme	Main Theme
Communities experience water pollution, noise, and declining fish catches	Socio-ecological impacts	Loss of livelihoods	Socio-Ecological Injustice
Only a handful of contractors close to elites enjoy benefits	Benefit concentration	Limited economic access	Power Asymmetry & Unequal Distribution of Benefits
Community development programs dominated by corporate donations	CSR dependency	Pseudo-empowerment	Dependency on CSR
Local government controls CSR and RIPPMP programs of each company	Political control	Political intervention in social programs	Politicization of CSR-RIPPMP Programs
Local government recommends local workers to companies	Employment gatekeeping	Domination of labor recruitment	Political Control over Employment Access
Local government has access to mining company businesses	Economic privilege	Exclusive business access	Economic Privileges of Local Elites
Collaboration between sub-district/village programs and companies through <i>Koperasi Merah Putih</i>	Local collaboration	Cooperatives & program integration	Village-Company Collaboration

Source: Primary Data 2025

Political Elites and Collusion in Governance

This study reveals patterns of local political elite dominance and collusion in mining governance in North Konawe. While the licensing process formally follows the legal framework of national regulations, access is unevenly skewed toward actors with political connections or kinship ties to regional leaders and legislators. This pattern reflects the phenomenon of **elite capture**, whereby strategic resources are controlled by a small group of elites, as explained in the classical literature of Mosca and Pareto: organized minorities maintain power both formally and informally. Such practices take the form of collusion, nepotism, and conflicts of interest, which undermine inclusivity in mining governance and shift public policy orientation from serving community interests to compensating elite groups.

"The licensing process in North Konawe actually follows existing legal procedures. However, factors such as proximity, trust, and commitment are also considered in making

recommendations. We must ensure that investment continues while also taking into account the interests of the community.” (Interview, Mining Department Official, 2025).

“We often feel like mere spectators. Licenses are granted without our voices being heard. We bear the heaviest burden because the water is polluted, fish stocks decline, yet only a handful of people close to officials enjoy the benefits.” (Interview, Local Fisher, 2025).

“We comply with all regulations and build good relations with local government. Political support is crucial for smooth operations. Through CSR programs, we also assist schools and provide scholarships, although of course these cannot meet all community needs.” (Interview, CSR Manager, Mining Company, 2025).

These field findings are supported by recent studies that reinforce the logic of elite power in mining governance. Widyanta (2019) and Suryanto (2022) [11][12] argue that in many Indonesian mining communities, weak local government capacity enables elite capture of development programs, making CSR or mining assistance serve more as a tool of political legitimization than genuine community welfare. Similarly, Dikgwatlhe and Mulenga (2023) [13] found that in Africa, mining booms generate short-term growth only in regions with strong government capacity, while in weak institutional settings they contribute to conflict and economic inequality—a phenomenon parallel to the local *resource curse*.

The combination of empirical observations, classical theories (Mosca & Pareto), and recent studies demonstrates that legal procedural formalities are insufficient to ensure distributive justice without institutional reforms that limit conflicts of interest and strengthen community oversight. Thus, truly inclusive and conflict-resilient mining governance requires local institutional reconstruction, supported by anti-capture regulations, transparent licensing, and political accountability mechanisms involving both the public and independent institutions.

Socio-Ecological Injustice

Mining activities in North Konawe have produced tangible impacts on the socio-ecological conditions of local communities. Interviews reveal widespread complaints about water pollution, shrinking arable land, and declining fish catches, which directly undermine the livelihoods of farmers and fishers—long the backbone of local economies. As one fisher stated:

“In the past, we could catch 10–15 kilograms of fish per day, but now it’s at most three kilograms. Mining makes the water murky and drives the fish away.” (Interview, Local Fisher, 2025).

This condition illustrates how ecological degradation translates into household economic vulnerability in mining-affected areas.

Meanwhile, the economic benefits of mining remain concentrated among groups close to companies and local elites. Broader community access to new economic opportunities is highly limited. Although local governments emphasize the contribution of mining to Regional Original Revenue (PAD), these benefits are not directly felt by most residents. As a village leader explained:

“The rich are getting richer, the poor are falling further behind. PAD increases, but schools and health centers still lack proper facilities.” (Interview, Village Leader, 2025).

These findings highlight that mining-driven economic growth is not automatically inclusive but instead widens local socio-economic disparities.

Field data further underscore the persistence of socio-ecological injustice, where communities bear the environmental costs without adequate compensation. CSR programs, largely ceremonial in nature, fail to address these structural inequalities. As one company representative remarked:

"We have provided CSR support such as scholarships and fishing equipment, but of course the results cannot be immediately felt." (Interview, CSR Manager, 2025).

This reveals that the solutions offered by companies remain short-term, while ecological impacts and livelihood losses are long-term in nature.

Wilson and Kakonge (2021) [14] note that dependence on mining in developing countries often produces a **localized resource curse**, where regional revenues increase but public services remain inadequate. Similarly, Putri, Wilson, and Kemp (2024) [15] found that in Indonesia, mining CSR programs are frequently short-term, elite-dominated projects that fail to sustainably address community needs. Both studies align with the situation in North Konawe, where community livelihoods are increasingly precarious, ecological impacts are ongoing, and benefits accrue primarily to a limited group.

This phenomenon can be understood through John Rawls' *Theory of Justice* (1971) [16], which emphasizes that justice must be measured by the distribution of benefits to the most vulnerable groups. In the mining context, local communities who lose their livelihoods and suffer ecological damage should be prioritized in redistributive policies. In reality, however, mining governance tends to marginalize their interests.

CONCLUSION AND IMPLICATIONS

The local political dynamics in the governance of mining resources in North Konawe reveal the dominance of political elites and the weakness of community control. Patterns of patronage, conflicts of interest, and nepotism in licensing demonstrate that mining governance remains highly exclusive. Furthermore, mining activities have generated significant socio-ecological injustices, including land degradation, water pollution, and the transformation of community livelihoods. CSR programs, which are expected to function as instruments of empowerment, often serve instead as tools of political legitimization, given their ceremonial and short-term nature. Ultimately, this condition reinforces the phenomenon of the localized resource curse, in which natural wealth does not automatically translate into community well-being.

The implications of these findings highlight that mining governance in North Konawe cannot be viewed solely from an economic perspective but must also account for the local political dynamics that influence benefit distribution. If licensing processes and CSR programs continue to serve as arenas of elite and corporate dominance, local communities will become increasingly marginalized. This may intensify economic dependency on mining, widen social inequality, and trigger horizontal conflicts over access to resources and economic opportunities. Therefore, transparency in licensing, independent oversight mechanisms, and active community participation are essential to ensure justice in the governance of natural resources.

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