Rethinking Legal and Illegal Economy: A Case Study of Tin Mining in Bangka Island

By Erwiza Erman

Abstract
Illegal logging, fishing and mining business was rampant in Indonesia since the 1997 monetary and economic crises and political transition from New Order regime to the Reform Cabinet. The illegal economic activities have caused enormous loss of state revenue. If the state had suffered losses of up to billions of rupiah, the question arises: why had the state accepted this so far? Why had state control never been effective in its effort to eliminate this illegal business? Had there been some sort of a 'concubine relationship' between state actors and business people, making illegal business difficult to be prevented? By analyzing the political economy of the tin mining business in Bangka island within a changing legal framework, the boundaries between legal and illegal become blurred. Illegal economy is also embedded in local economic history and shows its complexity since regional autonomy. The problem of legal and illegal economy is not merely a problem of labeling certain transactions registered and unregistered, but more complicated, because it concerns power relations and power contention between and within state actors and society in their efforts to gain access to tin resources. By analyzing illegal economic practices in the changing state regimes, this article also questions the positive correlation between the black market and weak state control that William Reno demonstrates in the case of Sierra Leone (1995).

Keyword: legal and illegal, changing legal frameworks, power contention, tin mining, Bangka, Indonesia

1. Introduction
On October 3, 2006, the National Police from headquarters in Jakarta, assisted by 88 Anti-Terror Detachment troops occupied the three private tin smelting enterprises in Bangka with top production. Police forced the closure of three smelting enterprises and 84 units of illegal tin mining in Bangka, better known as Tambang Inkonvensional (Unconventional Mining units or TI). The capture of a ship carrying 93 containers of tin bars owned by the three above mentioned enterprises and judged illegal by the Coast Guard and Bangka-Belitung Police led to the subsequent closure of these mining businesses. Six managers of those enterprises were detained in Pangkal Pinang and afterwards secretly taken to Jakarta.

1 They are CV Dona Kembara Jaya, CV DS Jaya Abadi and PT. Bangka Putra Karya. The three tin smelting enterprises have an average production of about 2,000 tons a month. This production is quite high considering the 3,000 to 4,000 ton tin smelting capacity of the large PT.Timah Tbk.

2 They are all members of the Indonesian Tin Industry Association (A1TI), namely Thamron, Gunawan Suwito, Johan Arnawan, Apik C. Rasyidi and Ismiyardi. Afterwards a youth activist, Johan Murod, suspected of setting the protests in action, was arrested too. Johan Murod is no newcomer to assembling crowds for demonstrations. He once assembled crowds for a People's Congress to force Erry Erryana Pamungkas, the manager of PT.Timah Tbk from Java, to be discharged and replaced by a son from the region, Tabrani Alwi. He also was a youth activist playing a role in the formation of the province of Bangka-Belitung Islands at the end of 2000. See Kompas, 15 October 2006; Bangka Pos, 15 October, 2006; Interview with Johan Murod, 24, 25 October, 2006 via mobile
On October 3, 2006, five hundred tin workers and illegal miners responded to the violent acts of law enforcement officials with demonstrations at the regional police station, because the closure of those three enterprises discontinued their source of income. At 18.00, part of the crowd dispersed, but afterwards, other crowds came from Koba area in Central Bangka, and started pelting the police. A riot started against the police. Twelve protesters were then arrested. On October 5, 2006, a crowd of about 2000 protesters gathered from various districts at the intersection between the governor's office, the office of the Provincial House of Representatives (DPRD I) and the local police station. The focus of police surveillance was divided between the three places. The governor's office, which was the main objective of the protesters, was only guarded by 300 anti-riot policemen and several intelligence officers. Inside the building Governor Hudarni Rani was having a meeting with the Territorial Chief of Police and several Regents and did not face the crowd. The protesters became impatient, jumped over the fence and entered the office building. The police were unable to restrain the crowd consisting of about 2000 people, who forcibly opened the door and entered the building, wrecking everything in their way. The Governor and the Regents ran for shelter elsewhere. Within 45 minutes the attacking troops shot at the crowd. Six people were wounded and 50 detained. At night two companies of the Mobile Brigade from Kedung Halang, Bogor, were flown by special aircraft into Pangkal Pinang, the capital of province, to maintain security.

On October 6, 2006, all illegal mines were left by the workers concerned. The price of tin dropped drastically from Rp 60,000 to Rp 32,000 per kilogram, because of the lack of buyers. The market slackened. Circulation of money at banks in the provincial town also slackened unavoidably. These slack economic conditions were a result of non-functioning of tin production; before, tin production by the illegal miners reached Rp 310 billion monthly, while the population of Bangka and Belitung only amounted to 1.3 million. In order to crack down on illegal tin mining, the Governor issued an announcement that all tin smelting enterprises had to have a mining license issued by the Department of Mineral Resources and Energy.\(^3\)

The seizure of the ship, the closure of tin smelting industries and mining sites by Police Headquarters, and the detainment of managers were based on the argument that these illegal enterprises were causing the state to suffer financial losses. If the state had suffered losses of up to billions of rupiah, the question arises: why had the state accepted this so far? Why had state control never been effective in its effort to eliminate this illegal business? Had there been some sort of a 'concubine relationship' between state actors and business people, making illegal business difficult to be prevented? By analyzing the political economy of the tin mining business in Bangka island within a changing legal framework, the boundaries between legal and illegal become blurred. Illegal economy is also embedded in local economic history and shows its complexity since regional autonomy. The problem of legal and illegal economy is not merely a problem of labeling certain transactions registered and unregistered, but more complicated, because it concerns power relations and power contention between and phone.

\(^3\) It is useful to note that on the evening of October 12, 2006, the residence of the Pangkal Pinang mayor was terrorized. There are many guesses as to the reasons for this incident, but clearly this mayor supported illegal miners and smelter runners and also had meetings with them in his house before the terror started. *Bangka Pos*, 13 October, 2006.
within state actors and society in their efforts to gain access to tin resources. By analyzing illegal economic practices in the changing state regimes, this article also questions the positive correlation between the black market and weak state control that William Reno demonstrates in the case of Sierra Leone.4

2. A History of Political Economy of Tin Mining: Monopoly and Smuggling of Tin

This section will depict a history of the political economy of tin mining within a changing legal framework. Who has access to and control of tin resources? To what extent do changes in regime impact changes in control over tin resources? How and in what ways are the legal rights to tin resources fought for? By focusing on the history of the development of the tin industry, I will show that the labels of legal and illegal are constructed and disputed by state actors, business people, and the local community. Every time regimes change, disputes and conflicts between state actors and the community arise. Successful colonial and post colonial regimes fight for access to tin resources in Bangka not only as a start of the process of marginalization, displacement and resettlement of local people also as start of plotting of their 'historical revenge' towards repressive state control. The experience of marginalization and historical revenge of local people become the basis for their fight for access to tin resources in their own region, especially since regional autonomy was issued. ‘You say illegal and we say legal,’ local communities say to rationalize smuggling activities.

Bangka is situated off the eastern coast of Sumatra across the Bangka Strait. The geography is quite advantageous for economic developments, due to its strategic position within the economic growth triangle: Singapore-Johor-Riau. Bangka-Belitung islands is the 31st Province in Indonesia established in November 2000. Geographically, Bangka island falls in the South East Asia Tin Belt, which stretches from Phuket in the southern part of Thailand, to the south, including the areas of Perak and Malaka in Malaysia, and further covering the small islands of Sumatra.5 The tin deposits in Indonesia are concentrated on small islands including Bangka, Billiton, Singkep, Karimun and Kundur. No reliable information is available concerning the time that tin mining began in Indonesia. Some sources state that tin mining started at the fifth century on Bintan island, located in the area currently known as the Province of Riau Islands. In Bangka, tin has been mined since the time of the Sriwijaya kingdom, a super powerful and maritime traditional state in Southeast Asia during the seventh century.6 The system of tin mining was simple, known as timah ladang (tin mined in the field), meaning that tin sand was dug up when people cleared the forests for agriculture. Up till the 18th century Bangka people mined tin by panning in rivers, between cultivating their fields, gathering forest products and fishing.

In 1717 Bangka tin became an important commodity to the VOC, when they signed a contract with the Sultan of Palembang, Sultan Kamaruddin, for the monopoly of tin along with the monopoly of pepper7, which was highly popular in the European market at that

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5 Sutedjo, Suyitno, Sejarah Timah…., 1996:14
7 For a more complete and detailed analysis concerning that tin deposit, see Erwiza Erman, Kesenjangan Buruh dan Majikan; Penguasa, Koelie dan Pengusaha, Industri Tambang Timah di Belitung, Jakarta: Sinar Harapan, 1995: Chapter 2.
time. Tin produced in Bangka as well as in Perak, Malaysia, and Phuket in South Thailand was taken to and marketed in Canton, China, and at business centers in India, or, in smaller quantities in the Middle East. There were big tin consumers among those business centers in India and China. Both countries needed tin to make storage containers for tea marketed in Europe. In the Archipelago itself, tin was used for decorative articles and was also used as currency, known as picus, especially in business along the northern coastal area of Java. This period of tin monopoly by the VOC introduced Bangka to the world economy.

The tin monopoly of the VOC through the Sultan of Palembang was not intended to close the access of local Bangka people to tin mining as an additional source of income; the Sultan who controlled the area of Bangka had never had the ambition to use his rights to control production. Organization of production was in the hands of the intermediaries. During this period, the local community continued to have access to tin mining in their area, even though access to capital was usually in the hands of local chiefs such as batin, the Depati and the aristocracy in Mentok.8

Bangka traders, Arabian descendants in Palembang, and Chinese traders also gained permits from the Sultan to mine tin in Bangka by signing a contract with the Sultanate's representatives. Through his representatives in Bangka, the Sultan of Palembang controlled delivery of tin by miners to be sold to the VOC at a fixed price. In order to increase tin production, the Sultan also recruited Chinese people from Batavia and Malaka, organised in a kongsi system.9 Both Chinese as well as Bangka tin miners worked in the kongsi system, sometimes side by side in the same mine. The members of the kongsi would gain profit from the sale of tin by the mine head or by owner of the mine to representatives of the Sultan. In order to gain profit from this tin business, the Sultan of Palembang who controlled Bangka set up regulations concerning so-called timah tiban or tiban tin. This was an amount of tin to be delivered by each male person before getting married in Bangka, as the indication of his subjugation to Palembang.

Although Bangka people had access to tin mining, they did not have the right to market tin in the free market. The control of the Sultan of Palembang over Bangka and business contracts signed with VOC officers seemed to close the gate to profits from tin trade to Bangka people. The question is: what were the implications of the Bangka tin monopoly by

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8 Besides with Palembang, the VOC also signed a contract with other Malay sultans about the monopoly of sale of tin produced in the Malay peninsula, at Perak and Johor, for marketing in Malaka. Up till the 19th century, part of the tin was marketed in Asia. For detailed information concerning tin marketing alliances between Malay sultans with the VOC, see Reinout Vos, Gentle Janus and merchant prince; the VOC and the tightrope of diplomacy in the Malay world, 1740-1800. Leiden: KITLV Press, 1993.

9 The word Kongsi, a Malay-Indonesian word borrowed from the Chinese, can mean a number of things. Kongsi refers to territorial organizations, founded by Chinese gold miners in West Kalimantan. The same type of kongsi as in West Kalimantan can also be found in Bangka in the 18th century, but since the beginning of the 19th century it underwent a very different form of organization. Kongsi laborers, working as a group, jointly incurred debts to the Dutch administration for operating the mine. Members of kongsi divided the profits from the tin sold on an equal basis. See Mary F. Somers Heidhuis, Bangka Tin and Mentok Pepper, Singapore: ISEAS, 1992:38-39.
VOC through contracts with the Sultan of Palembang? The heavier the state monopoly of tin sale, the more illegal economic activities like smuggling grew. This business of smuggling tin actually was a form of resistance against the monopoly inflicted financial loss on the tin miners, because the price discrepancy between monopoly and the free market price was too large. For instance: around the 1780s the Sultan of Palembang sold one picol of tin at the price of 12 real to the VOC, while the free market price was about 16-17 real a picol. The Sultan, through his representatives in Bangka, bought the tin at 8 real a picol from the tin mine head while he bought the tin at an even lower price from the tin miners. The price discrepancy and the long chain in marketing tin, as well as the large amount of commissions taken by individuals involved in legal tin trade, caused the lively flare of tin smuggling to the free market.

Besides this price discrepancy, Bangka's geographical location facilitated smuggling. The island is surrounded by the sea and small islands, close to the free markets of Singapore and Penang. The geographical closeness of Bangka to the Riau islands additionally simplified smuggling activities. The Riau islands comprise thousands of tiny islands very close to Singapore, making smugglers hard to be observed by Navy patrols. The Riau islands formed an intermediate smuggling market before sailing on to Singapore. One of the tin smuggling markets was Lingga island, which the Sultan of Lingga changed into a black market for tin, in collaboration with pirates.

In addition, the Buginese and Butonese living in coastal areas of Bangka were true seafarers who knew exactly which parts of the sea were unattainable to state patrol boats. There is a common saying among these Buginese and Butonese concerning smuggling: "As long as the sea has not dried up we will not cease smuggling. Smuggling has been done for generations among us. We live from smuggling."

This tin smuggling activity was not merely a business war, but also political competition between two Malay sultanates, Lingga and Palembang, in the fight for Bangka tin. The Sultan of Lingga, in hopes of gaining profit from the tin business, had turned his island into a black market for tin from Bangka. He collaborated with a well-known pirate leader, Commander Rahman from sultanate circles in Palembang, who evacuated to Lingga because of internal conflicts, after sending his fleet to Bangka and declaring war with the Sultan of Palembang. War with the Sultan of Palembang was intended to pave the way for the Sultan of Lingga to gain political power in Bangka. Commander Rahman succeeded in controlling several important areas of tin mining in Bangka such as Sungailiat, Pangkal...

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11 Bangka has never been a sultanate such as Billiton. This island was continually under control of surrounding sultanates such as Banten, Johore-Riau, Minangkabau and Palembang. This island was divided into various tiny territories headed by their various territory heads with various titles. Such titles, like *battin, kroe* and *depati* to mention a few, were titles adopted from sultanates which had ever controlled Bangka. Unlike the other many tiny territories, Mentok was inhabited by the aristocracy from other Malay areas controlling Bangka. For the history of the origin of Bangka and its system of administration, see E.R. Wieringa, ‘Carita Bangka’; Het Verhaal van Bangka; Teksuitgave met introductie en addenda’, Master thesis, Rijksuniversiteit, Leiden, 1988.

12 Interviews with some people in the Buginese and Butonese villages in Sungailiat, July 2005.
Pinang and Kurau, which, however, later were taken again by the Commander of War of Palembang, Raden Ja’far.

The VOC and the Sultan of Palembang increasingly tightened control over the waters surrounding Bangka-Billiton with the objective of preventing tin smuggling. Heavier sea escorts could have prevented leakages in business as well as smuggling, and surely could have prevented and ultimately decreased conflicts between the monopoly holding parties, namely the VOC and the Sultan of Palembang and the parties smuggling tin. Both the VOC fleet and the ships of the Sultan of Palembang proved inadequate to control the wide waters around Bangka. As a result, the smuggling of tin and attacks by pirates could not be prevented. The pirates kept plundering tin mine sites and even increased their activities in the end, towards the fall of VOC power in 1792. For example, pirates attacked Sungailiat, an area rich in tin and three years afterwards an even more colossal attack by pirates was repeated. They were, however, beaten back by the agents of the Sultan of Palembang. The pirates afterwards built a stronghold in the south, at Sungai Kepo and attacked Tobaali, Kurau, Pangkol, up to the interior.13

As formal holders of the monopoly of tin trade, the VOC and the Sultan of Palembang might be called ineffective in preventing tin smuggling. Control was even half-hearted, on account of various factors. First, there were individuals in the formal institution in control of the Bangka tin business who also indulged in illegal economic activities for personal gain. For their own personal gain, VOC officers also smuggled tin to be sold in the free market with the result that amounts of tin reported to be delivered to the VOC decreased. Second, the agents of the Sultan of Palembang in charge of tin delivered at various collection places in Bangka were tempted to scoop up these profits. They sold the tin in the free market to the English, as well as to Chinese, Siamese and Macao Portuguese traders who came with junks into the waters of Riau islands, or simply waited in Singapore. As a result, the amounts of tin exported by the VOC to tin markets in China dropped heavily, but exports of illegal Bangka tin sold at tin markets there increased.

At a lower level, Chinese kongsi signing contracts with agents of the Sultan of Palembang in Bangka to deliver tin produced by them to the Sultan of Palembang also indulged in smuggling. The same goes for the tin miners in Bangka who plotted with Buginese, Malay, Minangkabau and Chinese traders to smuggle tin outside Bangka. One interesting example concerns the arrest of the Chinese king of smugglers, Bong A Siong. Bong A Siong was a very wealthy Chinese manager of mines and king of tin smugglers in Mentok. Over and over he smuggled, in collaboration with pirates, Buginese and Butonese seamen who smuggled the tin he mined to outside Bangka. A Bangka aristocrat, appointed as one of the Sultan of Bangka's agents, over and over reported Bong A Siong's smuggling to the Sultan's underlings and also to palace officers in Palembang. His reports were ignored and the officers seemed to regard this as an unimportant case. As pressure against the Sultan became more and more urgent, finally the smuggler was arrested, taken to Palembang and

13 These pirates not only plundered the tin and possessions of the inhabitants but also turned them into slaves. See Sutedjo Suyitno, Sejarah Timah …, 1996:76.


processed at the sultanate's court. In the beginning, Bong A Siong was given a death sentence by hanging. At the suggestion of the Sultan's trusted people who claimed that Bong A Siong had contributed a lot of money to the Sultanate, reinforced the Palembang Navy and other contributions in support of Sultanate activities, this sentence was not executed. The Sultan then commuted the death sentence to exile. The culprit was exiled to a remote village somewhere in Palembang. After Bong A Siong's exile, the economic conditions in Bangka went through a dark period. Tin production dropped. Although the Sultan assigned a replacement to Bong A Siong's position, this person's expertise in managing tin mining and the Chinese workers in Mentok could not compare to Bong A Siong's. The decrease in tin production also caused a decrease in the Sultanate's income. At the suggestion of palace officers, finally the unfinished sentence of exile was revoked. Bong A Siong was returned to Mentok to manage tin mining there, and then he was appointed Chinese Captain of Mentok.

The story of king of tin smugglers above shows us how the traditional Malay state, the Sultanate of Palembang, was weak, not only in controlling the area and smuggling activities, but also weak in law enforcement. Weakness in law enforcement actually is inseparable from the policy of corruption occurring at formal institutions, among officers of the sultanate of Palembang. Besides this weakness in law enforcement, the dependency of the traditional state of Palembang on contributions based on smuggling is a contradictory and mutually supporting phenomenon.16

The period of the VOC's monopoly of the tin trade ended together with the decline of this Dutch business enterprise's power 1799. After this period, Bangka's political situation changed dramatically and the island fell under a short period of British colonial administration (1812-1816). This period began the closure of access to mining and marketing of tin by Bangka people, simultaneous with a period of discontinued political ties with the Palembang Sultanate. Domination of Bangka by the British colonial government was accompanied by a triangle war with the Dutch colonial administration and with Palembang. Domination of Bangka by the British resulted in, first, severance of Bangka's political ties with Malay sultanates in the surrounding area, including with Palembang which once controlled Bangka. Palembang no longer functioned as Bangka’s central government. Bangka became autonomous, a residency of the British, and subjugated to the British government in Batavia which managed its administration and tin production.

Control over tin resources shifted from the Sultan of Palembang to the British colonial government. This was established by the agreement signed by the British representatives and the Sultan of Palembang. The agreement stipulated that transfer of Bangka and surrounding areas to the British by the Sultan of Palembang was not only valid for the ruling Sultan, but also for his descendants eternally. The ruling Sultans of Palembang agreed not to claim these islands with all their wealth and resources, including tin mines.17

16 This situation has been explained in the traditional historiography of Bangka, Sadjarah Bangka, written in Malay Arab characters by one Mentok aristocrat during the 1860s and 1870s, and afterwards was transcribed in the 1930s. See also E.R. Wieringa, 'Carita Bangka'; Her verhaal van Bangka’, 1988.

17 Sutedjo, Suyitno, Sejarah Timah ... , 1996: 104.
The agreement made by the British with the Sultan of Palembang brought dramatic changes to the political economic history of the island. It changed the system of administration, control of the population and villages, tin resources, and brought strict control of the seas within the framework of preventing smuggling of tin from Bangka. High demand for tin in Europe since the beginning of the 19th century caused the British to have high hopes for the island. Bangka was separated from Palembang and became a residency centered in Mentok. The resident supervised administrators who controlled each district mine. Each district administrator or district head signed a kind of contract agreement with Bangka and Chinese people exploiting tin. Each of those contracts included the stipulation that each district administrator would provide an advance of the items needed for exploitation of the mines and for the miners. Each mine would sell the tin they produced to the district-head, to be taken to Mentok for export outside Bangka. For instance, a contract was signed between Abang Daud exploiting tin in Koba and the British district-head in Pangkal Pinang; the Belo mine in Mentok under Ki Demang Usman signed a contract with the district-head of Mentok. In order to increase tin production, the British also recruited workers from China who were put to work in the mines under supervision of the Chinese and the district-head. The nomadic people, known as Orang Gunung, living in the Banka hinterlands were resettled. Each village head, or batin, was given the task of registering the number of inhabitants in their various villages. These data were used by the British to find out the number of workers available to work at development projects such as building official residences, office buildings, roads and ports.

The legal framework of the contract between the British and the Sultan of Palembang became the basis for the Dutch colonial government’s (1816-1942) management of tin mining in Bangka. In 1819, the Dutch colonial government issued Tin Reglement or tin regulations. This regulation was considered a stepping stone for the Dutch who turned Bangka tin into a strategic state-controlled commodity. This regulation stated that 1) Exploitation of tin mines in Bangka was under the authority of and control of the Resident; 2) Tin was fully monopolized by the Dutch government; 3) Private tin mines were completely prohibited. When the Dutch government enacted its liberal economic policy in 1870s, it was stipulated that in Bangka there was no system of communal land ownership or traditional law arranging the system of land ownership transfer. The government considered land unused by the population to be owned by the state and ready for exploitation if it contained tin deposits. This limitless control by the government was also reflected in the regulation that if a tin deposit was discovered on pepper or rubber farms or inhabited settlements, the government had the right to start tin mining there by providing compensation to the owners.

Dutch control over this island and the regulation of tin exploitation caused enduring conflicts between the Bangka elite which formerly acted as agents of the Sultan of Palembang and the Dutch colonial government. The position of the Bangka traditional elite, named the Depati,

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became marginal in terms of political and economic power. Their position in the administration was under the Resident or District-Head. They could no longer act as managers delivering tin to the Dutch, as this position was taken over by the Dutch District-Head. In an effort to maintain their lost status and source of income, the elites revolted under the command of Depati Bahrin and his son Depati Amir, together with their friend, Batin Tikal, and attacked the Dutch. Their rejection of the new government started with a fight around Bangka Kota in 1818, and ended with a mutual peace settlement in 1829. Nevertheless, this rebellion against the Dutch government was continued by Batin Tikal, Depati Bahrin's and Depati Amir's comrade freedom fighter, up till 1850.21

Complete control over Bangka by the Dutch began in 1850, along with the exile of the leader of the revolt. The system of administration and management of tin exploitation was under the control of a Resident from Mentok until 1913. After that time, management of tin was known as Banka Tin Winning (BTW). During that time, the Bangka Resident and his subordinates had more interest in the management of tin exploitation than in the progress of local economy.22

Although the system of administration was separated from the management of tin exploitation in 1913, the power of BTW was consistently stronger than the power of local bureaucrats. This condition went on until Indonesia's independence, and even up till the New Order regime. For that reason, it is not surprising that the colonial economic policy in Bangka was always directed towards earning profit from tin production.

The colonial government’s efforts to gain access to tin resources were accompanied by programs to resettle local people. This program had actually been started during the short period of the English colonial government, and completed by the Dutch. The ideology behind the resettlement program was to easier control the inhabitants, count the population, levy taxes, recruit obligatory workers, and most important, obtain large lands for tin exploitation.23

Through the resettlement program, in 1851, 133 new villages were built, all along the left and the right of the roads, neatly arranged in clusters of 20 or 30, inhabited by 80 to 100 persons, and large villages were established with 40 to 60 houses with an average number of inhabitants of 150 to 200 persons.24 The resettlement policies for Bangka people apparently proved ineffective, as up till the present, a large number of Bangka farmers still do not occupy their houses, but stay in shacks in their dry fields.


22 Erwiza Erman, ”Merajut Sejarah Pemerintahan di Pulau Timah”, Bangka Pos, 4, 5, 6 July 2006.


The resettlement policy was followed by gradual marginalization of the local people from their involvement in obtaining profits from the tin resources. The marginalization process was reflected by the decrease of income from various economic activities indirectly related to the mines. For instance, marketing of firewood for the smelting of tin by the Chinese during the era of VOC was now provided by Chinese working at BTW. The same was true for foodstuff and other commodities needed by the Chinese miners, initially provided by local people, and then handled by the BTW. Marginalization of local people from mining activities also occurred because they had no tradition of working under contract and the mines were never their main source of income. The colonial government regarded the local people working in the mines to be lazy. Therefore, they recruited as many workers as possible from China, who were employed under a contract system. As long as the local people did not meet difficulties from lack of other income sources, this tended not to cause open protests against the BTW. However, during the Depression in 1930s, when less and less forest areas were available for pepper farms, protests against tin mine exploitation could not be avoided. Protests occurred primarily in the northern area of Bangka, the center of tin mining and densely populated. Socio-political organizations formed in the 1920s in Bangka expressed the people’s frustration and protest.

It appears that the rampant smuggling by the Bangka population that decreased their access to profit from tin exploitation during the colonial period was not as intense as smuggling during the VOC period. The resettlement policy and marginalization process of the population and mining activities proved not to cause intensive smuggling or illegal mining activities. Unfortunately, this article is not in a position to provide answers as to why the same conditions, namely monopoly of mining and marketing of tin, did not cause similar results in tin smuggling or illegal mining activities. Maybe this answer could be found by examining the geo-economic and geo-demography of Bangka, and the political stability created by the Dutch colonial government through its repressive control. Because of this repressive control, the Bangka people feared engaging in smuggling activities. Also, the economic geography is consistent with the economic typology of this island. The northern areas such Pangkal Pinang, Sungailiat, Blinyu and Mentok, which are tin mining areas, are urban areas with a more heterogeneous population that includes Europeans, Chinese, and indigenous Bangkanese. Bangka people in some areas such Blinyu are less numerous in comparison to Chinese miners as well as non-workers. The south, such as Toboali, is a rural area, inhabited by a majority of Bangka people who are farmers.

After Indonesia's independence, the Indonesian government continued to monopolize the mining and marketing of tin through a state enterprise which changed its name from BTW to PN. Timah, and afterwards during the New Order regime changed its name into PT. Timah Tbk. It did so through a legal framework based on the Indonesian constitution, which gives


27 According to many old people in the southern area of Bangka, their area was defended against exploitation of mining by the BTW. This protection was applied through magical power, by planting bamboo poles at the outskirts of the village to symbolize their rejection of mining intervention. In addition, some villages were sworn to be bare of tin, such as Tempilang village. In this village up till now only 'empty' tin or tin without Sn content is found.
control of water and land, including its contents, to the government. Tin is one of the commodities called strategic - following the regulation issued by the Dutch in 1916 - to be controlled by the state. Therefore, the government issued a regulation that whoever mines tin without license, or stores and smuggles tin to outside Bangka, would be punished.

The population responded to the state monopoly of mining and marketing tin after Indonesian independence by smuggling it to outside of Indonesia. On examination, the most intense smuggling occurred mainly during economic and political crises. This phenomenon occurred primarily during the time of the Indonesian revolution (1945-1950) and towards the end of the 1950s and onset of the 1960s. Both periods were periods of political instability in Indonesia, marked by regional rebellion against the central government, nationalization of Dutch enterprises, as well as economic deterioration after nationalization, ending in an inflation of 600% during the transfer of the Old Order to the New Order regime. These smuggling activities were carried out in anticipation of rising prices of daily necessities or their disappearance from the Bangka market.

Smuggling during the years of revolution flared up, when contact between this island and Java was severed. Not only tin, but rubber and pepper were monopolized by the Dutch government as well. Smuggling of these agricultural products increased, as prices in Singapore rose.28 According to Palembang newspapers, over 90% of this island's economy was derived from the smuggling business. Almost all police personnel employed to prevent smuggling were involved in it.29 This condition went on through the 1950s and 1960s when marketing of pepper and rubber was still monopolized by the government, which fixed the purchasing price lower than the free market price.30 Smuggling of pepper and rubber to Singapore and daily necessities from Singapore and other places to Bangka apparently helped this island's economy, especially in difficult times like the Japanese occupation and the Indonesian Revolution. The prices of those daily necessities soared from the end of the 1950s through the 1960s, though prices in Bangka were much lower in comparison to prices in Palembang.31

How did the New Order regime (1966-1998) manage the mining industry in Indonesia? Basically, the legal system did not undergo significant changes. State control of the tin industry was even stricter. Like coal and oil, tin was considered a strategic commodity that should be state-controlled, starting from the licensing process, through exploration and exploitation, up till marketing. Strict state control was further clarified in the Governmental Ordinance (PP) No. 27 of 1980, stating that tin belongs in the A Group with the classification 'strategic'. A Group mining products were under strict state-control. Today only two

28 For instance, Ong Swee Cheng, who was arrested, smuggled a cargo of 50 to 60 tons of pepper on the barge Hock Tong II, and arrived October 20 in Singapore. The value of the pepper was estimated at $200,000 and sold to Hiap Hock firm, 50 Church Street, Singapore. General State Archives, Den Haag (ARA-Den Haag), A report by the Dutch consulate in Singapore, 27 October, 1949.


30 Erwiza Erman, “Between Tin and Pepper...”

31 Pikiran Rakyat, 23 August 1959; 22 September 1960; My interviews with a pepper and tin smuggler, 10, 11, 13 August 2003.
enterprises have access to tin mining on the island of Bangka, namely PT.Timah Tbk and PT.Koba Tin. PT.Timah Tbk was a state enterprise under the name of PN Timah Indonesia from Indonesia's independence up till 1995, and afterwards 35% of its shares were owned by the public and 65% by the state. PT.Koba Tin is a joint-venture with an Australian investor, built in 1973, with 75% of its shares owned by PT.Timah Tbk, and 25% by PT.Koba Tin. Although both enterprises have access to tin mining, PT.Timah Tbk also gave mining contracts to local domestic investors for the exploitation of tin in its licensed mining areas considered not economical or fully productive anymore. This was called Contract of Work Mines (Tambang Kontrak Karya) or simply Work Mines (Tambang Karya TKK). In 1985, there were 87 work mines operating under contracts with PT.Timah Tbk on the island of Bangka. Most of the contractors of Work Mines were ethnic Chinese who produced half the state's mining products.

The Old and New Order state monopoly system of tin mining, along with military protection of the industry, seems not to have decreased the illegal economic activities in Bangka. In the 1960s the price of basic necessities soared and the price of tin abroad was high; the pepper farmers felt victim to pepper pest and the pepper price fell drastically. As a result, smuggling of tin became rampant at the onset of the 1970s. Illegal economic activities were undertaken by the Bangka population, the Work Mines, and by individuals working at PT.Timah Tbk as well, in collaboration with pirates and the military. During the 1970s, when Indonesian economic development was gloomy, almost all people were involved in tin smuggling to meet their daily needs. For that reason, because so many of them were jailed in Pangkal Pinang, the jail in Pangkal Pinang was unable to take in more people considered criminals by the New Order regime.

Around 100 Indonesian tin smugglers were detained in Johor Baru for trying to enter Singapore in the 1970s. They were detained for entering Malaysian waters illegally. However, wealthy merchants in Singapore who were members of the smuggling mafia paid for a defense lawyer to secure their release. In 1977 only, the security unit of PT.Timah succeeded in intercepting 130 tons of smuggled tin. However, the amount of tin that escaped the control of officials is estimated to far exceed the intercepted amount. Some of the tin produced by TKK was smuggled to Singapore. A rough estimate states that around 3,000 to 5,000 tons of tin concentrate arrived in Singapore each year during the late 1970s and early 1980s. One source from a Work Mine claimed that small-scale panning tin miners tended to engage in this smuggling. It is estimated that 26-32% of TKK’s total tin production from 1983 to 1986 was smuggled out of the country.


34 Interviews with Dharma Sutomo, 9, 10 August 2003. He is a well-known provincial lawyer who was jailed in the 1970s, as a result of joining a student demonstration resisting President Suharto’s policy.


The smuggling chain during that period was very long, reaching back to villages. Village collectors gathered illegally mined tin from miners in the villages. After collecting large enough amounts, the tin was taken by Butonese and Buginese seamen by small motorboats to a remote island between the Riau islands and Singapore. One of the islands often used as hiding place was Sembujur island, where the tin awaited a larger boat to take it to Singapore. These smugglers had a tight and closed network involving many individuals who collected sack on sack of tin sand. This collecting network moved along tin by the most simple means, such as bicycles, motorcyles and cars, and sometimes even by ambulances. The smugglers acted individually and were almost undetectable.

The New Order regime took repressive steps to stop rampant smuggling in the island by sending a military detachment from Jakarta murdering over 500 persons suspected of smuggling, and jailing many persons. A smuggler who was jailed at end of 1970s explained that to local people, smuggling was not a form of resistance against the government, but a fight for survival. During that time, one Butonese seafarer purposely came from Buton to Bangka to smuggle Bangka tin to Singapore. Between the 1970s and the 1980s he smuggled tin more than 100 times. For him, smuggling tin was a rational choice, because individuals from PT.Timah Tbk, military and local officials also did the same thing for their own interests. He was never discouraged by getting arrested several times by the navy coast guard. Bong Jong Sen, the king of smugglers who had close ties with regional officials joined an almost undetectable mafia chain. Over and over the New Order military unsuccessfully tried to arrest him. He was protected by the Bangka population and most socially inclined. He gave much assistance to many people. On getting besieged by the military and convinced they would catch him, Bong Jong Sen threw a large amount of money to the assembled crowds around him, which preferred grabbing the money to going after him. So, he was able to disappear.

The historical narrative above shows that illegal economic activities such smuggling of tin have been long embedded in the history people of Bangka. Smuggling activities are not only a the response to trade monopoly and resistance to state power, but also as a strategy of common people to survive especially during political and economic crises. The period of Indonesian Revolution (1945-1950), the local protest movement of the PRRI in 1958, and high inflation and political transition of Old Order regime to New Order regime were marked by high intensity of smuggling. It is still difficult to prove the high rate of smuggling, except from qualitative information obtained from interviews with former smugglers and old people in the island. Tin smuggling as an illegal economy has not always correlated with weak control of the state. The rampant smuggling of tin by people of Bangka in the late of 1970s and in the beginning of 1980s—when state control was quite strong—was correlated with the decline of other local economic sector such as the price of pepper and rubber. Actors involved in the smuggling of tin comprised a mix of businessmen, local state actors, military, policemen, and common people. They collaborated with each other in their efforts to gain profits from the smuggling of tin for private interests. The case of two smuggler kings during the monopoly of the Sultanate of Palembang and the New Order regime prove the very

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38 Interview with a smuggler in Sungailiat, 11, 12 January 2005.

39 Interviews with the son of one smuggler, Surabaya, 23 August, 2005. He told how proud his father was to be able to finance the study of his son with his income from smuggling.
blurred criteria for legal and illegal economy in Bangka.

The following section will explain that the blurred criteria is made more complicated by contests of regulation and contending power between and within different state institutions at the central and regional levels, between the regent/major and his allies and governor with his allies, and between different political parties and national and local tin mining companies. These all actors struggle to label legal and illegal activities based on their own reasons and hidden interests.

3. Decentralization: Plurality of Regulations and the Increase of Illegal Economy

The 1997 economic crisis and the post-Suharto period brought important changes in the national political system, in the status of Bangka and in management of tin mining. Changes in the political system were marked by transition from authoritarian regime of Suharto to the Reform era in 1998, followed by the implementation of Regional Autonomy in early January 2001. The implementation of regional autonomy was interpreted as the moment of gaining the authority to manage their own household and struggling for political and economic regionalization beginning with the demand for share ownership in PT Timah Tbk, the demand to replace its Java-originated manager with a “native son”, and continuing the struggle for the formation of Bangka-Belitung Province.40

In the management of tin mining, practices of decentralization have created plural regulations, conflicts of authority and business and political competition between actors in different sectors and state institutions. A new era in tin regulation started with the decision of the Minister of Industry and Trade in 1999, stating that tin was no longer classified as a 'controlled export commodity'. This was an important decision, because it weakened a monopoly the state had held since colonial times and led to the emergence of subsequent and contradicting regulations issued by central and regional governments. Deregulation of tin trade was issued together with other commodities, reflecting the Indonesian government’s increasing commitments, since the 1997 economic crisis, to International Monetary Fund free market ideology.41

This decision has been interpreted as an elimination of all levels of control of tin as a commodity. This is reflected by the response of the local government, tin enterprises and almost all of the Bangka population who felt they have the right, to produce, own and sell tin, an impossible condition during the New Order regime.42 At the same time, tin business is most promising to businessmen, because its soaring price to US$ 7,000 per metric ton at the end of 1999, an attractive and profitable price in comparison to the average tin price at the onset of the 1990s.


The decision of the Minister of Trade and Industry in 1999, followed by Regional Autonomy in 2001 were the start of the plurality of regulations and simultaneous political and economic contention. The political and economic contention was between the Regent/Mayor and their allies and the Governor and his allies, between PT. Timah Tbk and local tin companies. Each regional actor was affiliated with actors on the central government level with contradictory authorities, between the Department of Mineral Resources and Energy and the Department of Trade and Industry.

Based on the decision of the Minister of Trade and Industry and the Law of Regional Autonomy, the Regent of Bangka issued Regional Ordinance No.21/2001 (8 May 2001) on implementation of general mining, and Regional Ordinance No.2/2001 (1 July 2001) permitting the export of tin sand. To him, the Regional Ordinance was intended to increase locally-generated revenue (Pendapatan Asli Daerah) from tin business, because local revenues from pepper export were declining together with the decrease of its price. The price of pepper fell from Rp 90,000 perkilogram during 1998 to Rp 30,000 in 2001 and then Rp 19,000 in April 2005.43

There were some underlying factors causing the Regent of Bangka to issue the Regional Ordinance. The first reason was his failure in demanding ownership of shares in PT.Timah Tbk, first 10% and later 25% from the 65% state share of the company’s stock.44 Struggle for the demand of ownership of shares was actually discussed in Jakarta by Commission VII of the National House Representatives (the DPR-RI), and even got as far as President Abdurrachman, but failed. The failure was caused by the fact that central government would still maintain his power in PT.Timah Tbk. Central government still expected tin contribution to national revenue because of high price in foreign currency. The second reason is the lack of the sensitivity of the PT.Timah Tbk toward the interests of local residents. Behind these issues, resistance of local government like the Regent of Bangka to PT.Timah Tbk also departed from long and ‘unfriendly’ social relations between the company and local government.

The Regent’s policy gave a chance for local businessmen to establish mining companies. Twenty one local tin mining companies were set up. Within the regulations, local companies were allowed to export tin sand if they had a mining concession which could be obtained from local government. They competed with the two large, long established, and monopolistic tin enterprises in the island. Some businessmen were former owners of Contract of Work mines contracted to PT.Timah Tbk. Some others were new players in the tin business who came from other cities in Indonesia such as Jakarta, Palembang, Tanjung Pinang and also from other countries such as Singapore, Malaysia, and China. They used local trusted counterparts, mostly Chinese. Business was good. Prices were high and even higher if local mining companies sold their tin sand to Singapore.

The Regent’s policy marked a new tin mining regime in Bangka. This was indicated by rising ‘informal mining’ or ‘unconventional mining’ (tambang inkonvensional, TI). Informal mining had emerged since the start of reform era in 1998 and became even more common, with local tin mining companies buying the production and financing coming from cukong.45

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45 The cukongs have an extensive tin sand marketing chain that runs from the city of Pangkal Pinang down to the villages.
The rise of informal mining cannot be separated from the fall in the pepper price. Many residents switched from pepper farming to tin mining. With tin mining, cash was available immediately, as soon as the tin sand was collected, unlike cultivating pepper plants which required extraordinary patience. Tin *cukong* in the village or from the city came to buy the sand directly on site.

No fixed number of informal mining operations is available. A rough estimation shows there were 1,320 informal mining operations with business entity status, plus another 4,671 individual businesses in 2001. Another calculation from January 2002 indicated around 10,000 units of informal mining machinery, and an estimated 130,000 miners. By way of comparison, according to findings by PT.Timah Tbk in October 2003, only the Regency of West Bangka there were around 871 units of informal mining. By early 2004, the number of informal miners had risen by 400% compared with the previous year. Although there is still no statistical data, this huge increase can be extrapolated from the fact that dealers in Chinese-produced mining machinery opened branches in every city in Bangka, and even down to the district level through the island. Informal tin mining operations created new jobs for the unemployed, especially those who were dismissed from PT.Timah Tbk and PT.Koba Tin, pepper farmers who were suffering losses due to the low pepper price, and even newcomers just arrived in the new province.

The new tin mining regime of the Regent has made an extraordinary contribution to locally-generated revenue. According to data from the Central Statistical Bureau, tin sand exports were 8.26 thousand tons, with a value of US$9.8 million in 2001, and rose to 8.79 thousand tons, with a value of US$12.5 million in 2002. The regency of Bangka gained profit from tin sand export and even received a greater contribution to Bangka’s PAD from the informal sector than from PT.Timah Tbk. Local mining companies contributed around Rp 9 billion to Bangka’s generated-revenue from January to September 2001, far greater than what PT Timah Tbk contributed per year to the regional government.

The Regent has indeed received an extraordinary contribution to locally-generated revenue. But he also faced unintended consequences of informal mining and financiers/cukong operations. The Regent faced the aggressiveness of money of speculators/financiers/cukong and the owners of local mining companies. The characteristics of informal mining practices were exploitative, greedy, violent, and has had a grave impact on the public facilities and on the environment, something that the Regent could never have imagined. The “people’s economy” that the Regent had hoped to encourage was buried by a vicious economy interested only in short-term profits with no concern for the working and living conditions of the miners or the serious environmental impact on Bangka. This aggressive economy has

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50 *Bangka Pos*, 16 September 2001.
given rise to numerous conflicts, between the public and the government, and within and between the mining and non-mining communities.

The characteristics of the informal miners’ economy can be seen from their total lack of concern for regions that, according to the government, are off limits to mining. Hoping to reap immediate profits, financiers, tin collectors, and the miners themselves are racing to find tin deposit areas, whether on land, in the rivers, along the coast, or in the middle of the ocean. On land, the miners encroach on protected forests on the slopes of mountains, residential areas, plantations, near public facilities such as roads, bridges, and public water processing plants, and right next to local residents’ rice fields. The informal miners also encroach on the former mining locations of PT.Timah Tbk that have been reclaimed. At sea, the informal miners, called “floating informal miners,” work the whole area, starting from the coasts of Sungailiat and Blinyu, and now along nearly the entire coast of the island.

Although the Regional Ordinance issued by the Regent contains a provision requiring reclamation, this is apparently never done. Areas that have been mined out are simply left as gaping pits. The exact number of these pits remains unknown, but is clearly rising steadily. According to research by Sriwijaya University, Palembang, in 1998/1999 there were 887 pits in the province of Bangka-Belitung, 544 of which were on Bangka, with an estimated area of 1,035.51 hectares, or 1% of the total land area of Bangka. In November 2006, the number of the pits increased dramatically. There are around 6,000 gaping pits left by informal miners.

The encroachment of informal mining into prohibited areas has had a tremendous impact on the residents of Bangka. Fishermen have lost their livelihoods, since they cannot catch fish in the coastal waters contaminated with tailings. Around 1,120 residents of Air Anyut village, Sungailiat Sub-District made an agreement to reject the presence of informal miners in their region, because they damage the river waters. The community asked the government not to grant any permits, and the sub-District head summoned the mining operators, but there was no response. Operators of service industries, such as hotels, which were expected to help raise Locally-Generated Revenue, now complain that the beaches that were previously tourism attractions have become dirty. Village residents complain that clean water from the rivers has become scarce. The rivers can no longer be used to soak pepper and the water can no longer be used for daily needs. The municipal water supply (PDAM) is also starting to become contaminated, or even shut off entirely, as was the experience of the residents of Toboali, South Bangka. The Rangkui river, which flows through the provincial capital, Pangkal Pinang, is also polluted from informal mining that takes place upstream. Residents of Rias village, where the government was increasing Bangka’s food self-reliance through rice planting, complain that the water for the rice fields is polluted. Owners of palm oil plantations complain that their areas are riddled with small pits. Forests are disappearing.

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52 Jakarta Post, 10 November 2006.
53 Bangka Pos, 18 September 2003.
54 Bangka Pos, 3 October 2003.
because even the pepper farmers have converted their pepper plantations into “tin plantations.”

Other unintended consequences of the Regent’s policy are the collapse of PT Timah Tbk and the rampant smuggling of tin sand. The presence of informal miners and new local mining companies created new competition for PT Timah Tbk and PT Koba Tin, because the tin production from the informal miners was far greater. PT Timah Tbk blamed oversupply of tin sand from local mining companies and informal miners to the international market for its collapse. The system of its supply was both legal and illegal. For instance, around 40,000 tons of tin sand was produced by informal miners, and 50% of it was smuggled to outside Indonesia between July-December 2001.56 A large supply of tin sand from informal mining to the international market would endanger the price stability of world tin, considering the international market of tin would be able to collect 200,000 of tin sand yearly.

Apart from obtaining locally-generated revenue and protesting the monopoly system of the PT Timah Tbk, the Regent’s policy was also intended to reduce the intensity of smuggling of tin sand outside Bangka. But the Regent faced unintended consequences of his own policies. The smuggling of tin sand became more and more rampant, going hand in hand with smugglers’ efforts to gain profit from the rising price of tin sand and the value of higher Singaporean dollar currency than Indonesian’s and to evade the bureaucratic and complicated procedures of taxation system by local officials. Unfortunately, no information is available about the total amount of the tin sand smuggled to Singapore. According to some smugglers who I interviewed, only some cases of the smuggling of tin sand were captured by the police or Navy patrols and by the security guard of PT Timah Tbk. Most of them were successful in reaching Singapore.

The Governor of the newly established of Bangka-Belitung province brought the problems of smuggling of tin sand and environmental damages from district to provincial level. The Governor was supported by PT Timah Tbk and central government, including the Director General of Mineral resources and Energy, Ministry of Mining and Energy, and Ministry of Internal Affairs. The main issues to be argued by the Governor and his allies were the problems of the collapse of PT Timah Tbk, environmental damages of the greedy mining operations, rampant smuggling of tin sand, and huge loss of national revenue. These issues were blown up by national newspapers. Meanwhile members of provincial and national parliament discussed it. Finally the Ministry of Mining and Energy pressured the Ministry of Trade and Industry to revoke the deregulation of tin sand by grounding arguments on three important issues mentioned above. In June 2002, the minister forbade export of tin sand to out of Indonesia. Export was permitted only in the form of tin bars. Therefore, tin sand had to be smelted first.

With the abolition of tin sand export, the tin trade system was again controlled by the government, in the sense that tin sand could not be exported from Indonesia. This condition created a dilemma for local mining companies. They would suffer losses by selling tin to PT Timah Tbk. and to PT.Koba Tin because their price was low, their enterprise bureaucratic, and their smelting capacity low. As a result, the local businessmen kept seeking chances to take their tin sand out of Bangka by smuggling. In order to overcome this problem, the Regent issued a decision in July 2003 concerning the Inter-Regional trade license, or SIPAD. A total of 98 SIPAD were issued by the local Industry, Trade, Cooperatives, and Investment

56 Kompas, 18 December 2001.
Service (Dinas Perindustrian Perdagangan Koperasi dan Penanaman Modal, Indagkopem). Of these, 51 were issued to three companies: CV Basuki, CV Bayu Mandiri Pratama, and PT Kranji Jaya Utama. The other 41 were issued to CV Donna Kembara Jaya.\(^{57}\)

With these licenses, local tin mining companies now were legally entitled to take tin sand out of Bangka for smelting. The reason for sending tin out was that the prices of smelted tin outside of Bangka were better, gaining larger profits for the regency of Bangka. Indeed, the Regency of Bangka obtained a remission of 2 billion rupiah per month, an extraordinary large amount for a district income source which could not be matched by PT.Timah Tbk. \(^{58}\) However, such strategies were only camouflage. The licenses issued by the Regent not only provided local companies with a chance to do business legally but also illegally, as will be explained in the case of Tin King 1 in the following section.

The district government was not unaware of this matter, and even witnessed the loading tin sand in the harbor every day to be exported. They were without power to report it to the police. It is interesting to follow the comments of the Vice Regent of Bangka: “Outside they look legal, but in the back they are illegal. The government actually knows those smuggling traders, but have no authority to arrest them. Arresting is the task of the police. Entering the police station, all matters become difficult. I do not dare to voice my ideas in this matter.”\(^{59}\)

The Inter-Regional trade license issued by the Regent of Bangka did not solve the problem of smuggling of tin sand, and the environmental damages as the result of greedy informal of mining exploitation. The Governor, his allies and PT. Timah Tbk criticized these conditions. To solve this problem and to gain profit from mining business, the Regent and Mayor as local government came up with the idea of setting up a smelting company. Their arguments were based on the local autonomy, through which local government has right to regulate their own region. Local government assumed that smelting process was part of industrial processing of raw material from tin sand to tin bars. Therefore, the industrial and trade service at the regency and municipality level has right to issue all permits to businessmen. The regulation was absolutely contrary to what Department of Mining and Energy issued, that smelting was part of the process of mining production. Department of Mineral Resources and Energy based its argument on the Mining Law no.11, 1967. Differentiation in interpreting the meaning of smelting, whether as part of industrial process or part of mining process, was not discussed. Even the Department of Mineral Resources and Energy was unable to warn local government who gave permits to investors to establish smelting companies in the regency and in the town of Pangkal Pinang since 2002. From 2002 to 2006, the local government has given permits to 33 smelting companies. They bought tin sand from informal mining at a very competitive price. Its payment system was very efficient, cash and carry. For instance, in May 2005, smelting companies bought 57,000 rupiah for one kilogram tin sand, while at the same time, PT.Timah Tbk was only able to buy tin sand from 30,000 to 37,000 rupiah.

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\(^{57}\) CV. Bayu Mandiri Pratama is led by H. Eling Sutikno, a native of Bangka and a former journalist in the capital with strong ties to the bureaucratic and political elites in Bangka and Jakarta. CV.Donna KembaraJaya is owned by Ernawati Rebuin, sister of the Mayor of Pangkal Pinang, Syofyan Rebuin. *Bangka Pos*, 28 September 28, 2003

\(^{58}\) *Bisnis Indonesia*, 1 March, 2003.

\(^{59}\) Interviews with the Vice Regent of Bangka, 12, 13 August 2004.
for one kilogram. PT.Timah Tbk faced strong competition from newly established smelting companies. Its condition became worse because legally and illegally PT.Timah Tbk’s sub-contractors and informal miners who previously sold their tin sand to PT.Timah Tbk moved to newly established smelting companies at a better price. PT.Timah Tbk also faced new competition from its joint-venture, PT Koba Tin. Although it had a smelting company, to evade tax this company colluded with one of newly established smelting companies, whose manager was detained by police early October 2006, to smelt their tin sand. PT.Koba Tin has illegally sent tin sand to this new smelting company. The tin sand was bought from informal mining enterprises that had no legal permits. Without reporting the total amount of the smelted tin sand to PT.Timah Tbk, PT.Koba Tin has enjoyed huge profit from their illegal business. By doing so, PT.Koba Tin does not need to pay tax. This company only pays remission to city government. Therefore, PT.Timah Tbk, with support of Governor and the Department of Mineral Resources and Energy, called the new smelting operations illegal companies based on Mining Regulation no.11 in 1967. A tug of power developed between PT.Timah Tbk, Governor, Department of Mineral Resources and Energy with smelting companies, the Regent and the Major.

The explanation above shows that the plurality of regulation and illegal economy have emerged from regional autonomy followed by decentralization of power from center to region. In the mining sector, one regulation emerged and was countered by another regulation from central government or local government, reflecting the half-hearted process of decentralization. It is due to the fact that the process of decentralization was the problem of competition for money between state actors. Competition for tax remissions between central and regional government hindered the process decentralization.

At the level of province itself, there was contention over regulations issued by governor and his allies and the Regent/Mayor with his allies. The issuing of regulations by different actors in state institutions reflected the conflict between actors from different sectors of state institutions, and between the regent/major and his allies and governor with his allies. Each actor tried to legitimate their underlying motives by grounding them on different regulations. By doing so, they created differing definitions of legal and illegal economy. The following explanation will try to explain contest of power between the Regent and the Governor.

**Contest of Power**

The contest of power between the Regent and the Governor actually started before the formation of the province of Bangka-Belitung islands and continued afterwards. Before the formation of the new province on 21 November 2000, the regency of Bangka and the town of Pangkal Pinang were part of the province of South Sumatra, and were the largest contributors to the province’s tin production. With the introduction of regional law no.22, 1999, the regency of Bangka obtained greater authority from the central government to manage their region, including the mining sector, and at the same time to release Bangka from domination of the people from South Sumatra.

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60 Interviews with Apik Rasyidi, 4 July 2005

61 Interviews with Hongky Listiadi, 24 November 2006.
From the Dutch colonial government to New Order Regime, tin contributions from Bangka in the form of royalty and various kinds of taxes went mostly to central and provincial governments. The Regent of Bangka, Eko Maulana Ali was one of the important and strong persons in struggle for the formation of the Bangka-Belitund province. He was a former member of Golkar, but in the run-up to the 1999 election, he switched to PDI-P and served as Regent for the two periods:1. 2000-2004, and from 2005-2008. When candidates for governor of the new province of Bangka-Belitung started to be nominated in early 2001, the Regent was nominated by his party. He was a strong candidate; but he later seemed reluctant to give up his position as Regent and withdrew. But since January 2004 he began gathering support to run for Governor in February 2007. Since then, there has been an undercover struggle between the Regent and the Governor. Whenever there is a demonstration against the regent by the public and NGOs, there is a counter-demonstration against the Governor and his clique. In October 2006, the Regent stepped down from his position. At the present time he is struggling to win in the election for Governor in February 2007.

The Governor of the province of Bangka-Belitung islands is Hudarni Rani. He worked at PT.Timah Tbk, and his last position was as one of the Directors of the company. He was also the head of Golkar Party, a party of centralized and authoritarian Order Regime. He was nominated by his party and supported by The Development United Party (PPP) to be the candidate for the governorship in 2001. He contested and won in the election. Since February 2001 he occupies the position of Governor for the province of Bangka-Belitung islands. He is still regarded as a ‘new player’ without experience in regional government by local officials. As ‘new player’ in regional level, his power is also limited, because control over regency and city is subsequently held by the Regent and the Major.

So, the overlapping conflicts between the Regent and Governor were reflected by competing political parties and the conflict between central government and regional government and PT.Timah Tbk and local mining companies. PDI-P and Golkar parties have been the two big parties since the New Order regime. The two parties compete with each other for supporters. PDI-P, which nominated the Regent, was the second biggest party in the island of Bangka. Most of its members were Chinese people who have been running tin businesses since the VOC. In the Reform era, they got licenses for tin mining businesses from the Regent or Major of Pangkal Pinang. The Golkar party, which nominated Hudarni Rani, was the strongest political party in the island and the winner of the two latest General Elections in 1994 and 1999. Most of PT.Timah Tbk’s workers were the members of the Golkar party. The Golkar party would maintain its power through the power of the Governor. Furthermore, PT.Timah Tbk and also its joint-venture, PT.Koba Tin were supported and protected by central government and by the Department of Mining and Energy, especially the sub-Directorate of General of Mineral Resources and Energy. Most of the top officials in the Directorate of General of Mineral Resources and Energy were former staff of the PT.Timah Tbk.

When the Governor and his allies were successful in lobbying the Minister of Trade and Industry to withdraw the deregulation of the tin sand trade, the Regent’s allies in the PDI-P dug in their heels. They argued that the Regional Ordinance was important to the local economy. Supporters of the Regent including gangs, groups known as the “alliance of the misled” (perkeliruan), and some NGOs, as well as PDI-P members in the local House of Representatives (DPRD I and II), again questioned PT.Timah Tbk’s miniscule contributions
to the development of Bangka’s economy, and mobilized masses of the miners to demonstrate.\textsuperscript{62}

Conflicts between the Regent and the Governor over regulation went on until finally the Governor took it to the provincial level, arguing that the problems of tin mining business reached across regencies. The regencies involved were incompetent in tackling it. The partitioning of the regency, effective from February 2003, and the debates over regulation of the tin industry never yielded any decision. The problem actually became even more complex, as there was now the added issue of regionally-generated revenue for each of the regencies, and a struggle between them for their economic interests. After long debates among members of the Golkar party and the PPP, the Governor’s supporters and his opponents, in October 2003 a decision was made. Mustadja Santoso from Golkar was chosen to head the Special Committee on the Drafts Regional Ordinance on Management of General Mining.\textsuperscript{63} The Draft Regional Ordinance was agreed upon by the majority of members of the regional assembly in early 2004. In doing so, the Governor took over duties from the Regent and regulated the tin industry in greater detail, but in reality, the stricter the regulations resulted in more smuggling.

From January 2004 to October 2006 the Governor tried to control informal miners exploiting tin in prohibited areas, and to prevent the smuggling of tin in the waters of Bangka. His government seemed incapable of preventing illegal tin mining and trade. In fact, the stricter the control, the stronger local smelting companies and informal miners protested the Governor’s control. In addition to absent coordination between departments, lack of human resources and a limited budget for these activities, there were other reasons for failure of control by state actors at the provincial level. Informal miners, tin collectors, local businessmen, politicians and state actors at the regency level responded to strict control with protests. The strict control would not succeed unless the local community was given other economic alternatives to fulfill their basic needs. In fact, there was a positive correlation between strict control by military and the high intensity of tin robberies by pirates in the waters between Bangka and Malaysia or between Bangka and Singapore. Ships of tin of PT.Timah Tbk and PT. Koba Tin were robbed by pirates. According to my informant who knew the tin mafia’s strategy, pirates collaborated with the tin mafia to execute these robberies.\textsuperscript{64}

Seeing the governor’s inability to prevent tin sand smuggling, the environmental impacts of the greedy exploitation of informal tin mining, and the decline of PT.Timah Tbk, the central government tried to intervene in this problem by sending central police from Jakarta in October 2006. The October event briefly described in the introduction of this paper is a ‘productive moment’ that showed wider contending relations of power. Contending powers were not only the Regent of Chief Bangka and the Major of Pangkal Pinang with the Governor, between center and region, between PT. Timah Tbk and local mining and smelting companies, but also between Indonesia and neighboring countries as well. The central government intervened to solve the problems of the tin mining industry because Indonesia has seen huge losses in its tin production, compared to neighboring countries such as Thailand and Malaysia, two Southeast Asian countries that no longer produce but collected

\textsuperscript{62} Interview with member of the Local House of Representatives (DPRD), 12 February 2004.

\textsuperscript{63} \textit{Bangka Pos}, 23 October 2003.

\textsuperscript{64} Interview with Tubagus Budi Permani, 24, 25, December 2005.
tin sand illegally from informal mining of Bangka. So they exported tin bars and tin sand from Bangka in large quantities. Singapore does the same thing; a country that has no tin deposits at all, has established a smelting company, Singapore Tin Industry. There is no doubt that the neighboring countries of Indonesia have received tin sand smuggled from Bangka. The role of mining companies in Thailand, Malaysia and Singapore is very important as they became competitors for PT.Timah Tbk. Among them are Malaysia Mining Company, a Malaysian state-owned company; Malaysia Smelter Company; and Thaisar company, Thailand’s state-owned mining company; they are the main players in the shadows who have invested capital to local smelting companies. In Bangka itself, PT. Koba Tin, whose major shareholder is the Malaysian Mining Company, has an important role behind the success of the local tin smelting companies. So, the Indonesian government is now contending with mining companies from neighboring countries to gain profit from tin resources.

Whether the intervention of central government influences the revival of its power in the region is a question outside of this article. What is most important to be seen here is that the central government has used Article 31 of the Mining Law 1967 to outlaw local tin mining business. President Susilo Bambang Yudoyono ordered the Head of Central Police from Jakarta to forcibly close tin mining businesses in Bangka, arguing that all smelting companies were illegal because they violated regulations in the Mining Law 1967. The violent police responses to the October protests were based on these regulations. The central government and the Head of Central Police regarded the local smelting companies illegal because they collected tin sand from illegal miners, they did not pay tax and had no mining authority.

‘You say illegal, we say legal,’ said the Regent, the Major of Pangkal Pinang and the managers of local smelting companies to central government. The regional government officials regarded local smelting industries as legal, based on Regional Ordinances no.6, 2001, and no.3 2004. Regional Ordinances were issued by regional government on the basis of Regional Autonomy Law no. 22 1999. In the Regional Ordinances, the regional government includes the smelting of tin sand as part of the industrial process that can be given permits without having mining authority as regulated in the Mining Law 1967. Because the local smelting companies had no mining authority, the Regent or the Major only required remittance of 1,100 rupiah for each kilogram of tin sand bought by the smelting companies from tin collectors and 75 rupiah for each tin bar exported. Most of the local smelting companies are located in the town of Pangkal Pinang. This town has obtained a great revenue from this business. On the other hand, the central government did not profit from this business and held that all mining activities should be regulated under Mining Law no.11.1967, beginning with exploration, exploitation, smelting, transportation and continuing to marketing. All processes were regarded as a unit which cannot be separated from each other. Therefore, from the central government’s perspective, each smelting company should have mining authority from permits issued by the Department of Mineral Resources and Energy.

Designating legal and illegal tin mining businesses in Bangka seems not only a process of labeling registered or unregistered, but at the same time it is a problem of contested power between central and region, between Indonesia and neighboring countries. Regulations and counter regulations were issued to legalize illegal activities, but the stricter they were, the

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65 Interview with Sutedjo Suyitno, 28 November 2006.
66 Interview with Major of Pangkal Pinang, 16 August 2006.
more smuggling resulted. Plurality of regulation in the management of tin mining businesses was marked by the involvement of different state actors at central, provincial, and regency levels to control it. In the contest of power between them, the relationship between state actors changed, new alliances were formed and loyalties shifted, and all this can be seen in the management of tin mining. The following section will trace the ways in which the legal and illegal economy is blurred in the tin mining industry.


On May 5, 2000 Indonesian Navy patrols detained 16 tons of tin sand being brought to Singapore by the ship Andika Jaya from the coast of Tanjung Pesona, Sungailiat.\(^{67}\) On April 6, 2001, the Navy patrols captured 150.717 tons of tin sand being brought by the ship Jaya Bahari II to Singapore.\(^{68}\) Before this case was brought to the court, the Governor got a phone call from the cellular phone of an unknown person, proposing that if ship could be ‘conditioned’, then he would get 500 hundred million rupiah. On June 11, 2001 police of Bangka caught 1,000 tons tin sand on the coast of Tanjung Kelam which was to be shipped to Singapore. On December 5, 2001, police again detained a smuggler from Sungai Daeng of Mentok sub-district who was attempting to smuggle 6,000 tons tin sand to Singapore.

Many examples can be given of the police capturing smuggled tin. There is little information about the success of the smuggling of tin sand (known as ‘Bangka Coffee’) to the harbor of Singapore. Until 2006, the smuggling of tin sand never stopped and the government had difficulty preventing it. This section tries to describe practices of the legal and illegal economy and actors involved in the activities, including ways the tin industry functions in the legal and illegal economy and how people translate their illegal activities. Two cases are chosen to illustrate legal and illegal practices of the tin industry, involving people known in Bangka as the Tin Kings (Raja Timah); here I refer to them as Tin King 1 and Tin King 2. We will see how their business practices involve bureaucrats, the police, the military, preman, and NGOs. Government actors and formal actors are involved in the issue of permits, providing protection and manipulating data.

Tin King 1

At 2:00 a.m. on 13 February 2003, residents of Sadai village captured trucks carrying 42,750 tons of tin sand, packed in wooden crates which were covered with sacks of pepper. This tin sand was to be taken to Java on the passenger ship Tri Star via the port of Ciwandan, Cilegon, West Java.\(^ {69}\) The tin sand belonged to CV Tin King 1, a local tin company owned by Tin King 1, a Bangka Chinese in Jakarta who was looking for business opportunities in Bangka. CV Tin King 1 is located in Sungailiat, the area of his birth place, the capital of Bangka Induk Regency, and the turf of the regent who issued the Regional Ordinance on tin sand exports. The tin sand was to be sent to PT.Tambora Mandiri in Jakarta, and to a tin smelting company in Surabaya with an unclear address, to be smelted. The shipment was made after the Regent’s SIPAD permits were issued.

\(^{67}\) Bangka Pos, 6 May 2000.

\(^{68}\) Bangka Pos, 6 July 2001.

\(^{69}\) Bangka Pos, 13 February 2003.
Just as CV Tin King 1’s trucks were about to unload the tin sand at the port of Sadai, Toboali, they were stopped by PT. Timah Tbk’s Security Unit, and then the Non-Governmental Organization (NGO) Lintas 99 brought village residents to help impound the tin sand that was about to be shipped. Several in the crowd threatened the employees of CV Tin King 1 and tried to force CV Tin King 1 to pay a ransom of around Rp 500 million to the Sadai village community to release the tin. Bargaining between CV Tin King 1 and the local community ensued. At first, a number of people claiming to speak on behalf of the community demanded a contribution from CV Tin King 1 to the residents of Sadai village. After tough negotiations, CV Tin King 1 eventually donated Rp 30 million to Sadai village, and the sand was released. Even so, apparently some data were manipulated, as only five of the nine trucks that were carrying the tin sand were in fact exported to the destinations. According to an activist of NGO Lintas 99 in Toboali, the Regent’s Decree was legally flawed, as it conflicted with the ban on tin sand exports issued by the Minister of Trade and Industry. Following the interrogation of the PT.Timah Tbk security guards and three employees of CV Tin King 1, several NGOs in Toboali agreed to send letters to various Jakarta authorities to check whether the tin sand shipment was in line with the provisions of the Regional Ordinance on SIPAD. CV Tin King 1 had complied with all the formal requirements of the Regent’s Regional Ordinance on tin exports, such as holding a 200-hectare Mining Concession at Air Gegas village, South Bangka.

Tin King 1 was called a “strong man of Bangka” and a smuggling and gambling king, but he also helped many social activities, for both the ethnic Chinese and the Malays of Bangka. He had other businesses in the transport and plantation sectors, in Bangka and elsewhere. Together with his two younger brothers, he even had a new airline, Sriwijaya Air, of which the local government was very proud. Tin King 1 was at first close to the Governor of South Sumatra, and was known to be unenthusiastic about establishing a new province. But once the new province was established, he became close to the Regent. When the definitive Governor of Bangka-Belitung was appointed from Golkar, he again changed his clique to the Governor and contributed funds to support the Governor’s campaign in the 2004 election.

As soon as the Regent’s Regional Ordinance on tin sand export licenses came into force, CV Tin King 1 started business. We do not know how business operators may have influenced the Regent’s Ordinance. It is also not possible to obtain accurate figures on tin exports, as some of it is done legitimately and some through smuggling. But when tin sand exports were licensed, the data on official tin sand exports were as follows: from January to February 2002,

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70 Bangka Pos, 14 February 2003.
71 Bangka Pos, 16 February 2003.
72 Bangka Pos 19, 23 February 2003.
73 Bangka Pos, 20 February 2003.
74 According to one local source, after his success in tin sand smuggling, Tin King I established a consortium of Chinese tauke (bosses) for the legitimate business of Sriwijaya Air and arranged a strategy for the various losses and profits from their smuggling business. He was then able to persuade the bank to give him a loan, which was used to rent used aircraft, then named Sriwijaya Air, for Rp 300 million per month. The inauguration of the airline’s maiden flight was attended by all Bangka’s top officials. He has now become a respected citizen in Bangka and plans to add to Sriwijaya Air’s fleet in the near future. Interview with X, Pangkal Pinang, 19 February 2005.
the company exported 100 tons of tin sand abroad.\textsuperscript{75} After the ban on tin sand exports came into force on 1 June 2002, CV Tin King 1 still obtained a permit to export 135 tons of tin sand on 2 June 2002, complete with export license documents, although this shipment was the subject of much criticism from local government officials.\textsuperscript{76} PPP and Golkar members of the Regency DPRD therefore say that CV Tin King 1’s business is somewhere “between official and unofficial.” \textsuperscript{77}

Since the ban on tin sand exports came into force, nothing more has been heard of the company’s business activities. Nevertheless, from reports in both local and national newspapers and interviews with several informants in Bangka, it is known that Tin King 1 continues to export tin sand abroad, but now through smuggling. The local mass media carry reports on his smuggling trade, but the reporters are never transparent about this; they always refer to the company’s owner using initials. \textsuperscript{78} Furthermore, the cases of the tin sand that were impounded have never been taken to court for trial, and so the cases of captured tin sand exports to Jakarta and Surabaya quoted above have led to protracted debate in the DPR.

There were manipulations of paperwork to allow the tin sand exports. CV Tin King 1 used its Regent’s SIPAD permit as justification for exporting tin sand outside Bangka. The case was examined in sessions of the DPRD-II. A special committee was then formed, with the task of investigating the case of tin sand exports by CV Tin King 1 to Jakarta and Surabaya involving PT.Timah Tbk. The investigation revealed that the companies receiving the tin sand in the destination locations did not in fact have smelting plants. The tin sand shipments were also not found in the records of the officers of the ports of Tanjung Priok and Merak.\textsuperscript{79} Tin King 1, when invited to give evidence about the smelter in Surabaya, did not attend the meeting of Commission B of the Regency DPRD; he sent a deputy instead. From this, it is evident that Tin King 1 has greater authority than the members of the DPRD.\textsuperscript{80} Furthermore, the PDI-P members of the DPRD, like the Regent, who was also being investigated, chose to remain silent during the sessions on the CV Tin King 1 case. In contrast, the representatives from Golkar, PPP, and PAN, the big parties in Bangka, continued to try to corner Tin King I and to make an issue of the Regent’s SIPAD.

The case of the tin sand exports by Tin King 1, which were protected by the Regional Police Chief and the Regent, were in fact an instance of business rivalry between PT.Timah Tbk and CV Tin King 1, and at the same time, of political rivalry between the Regent, from PDI-P, and his legislative opponents. In April 2003, the Regent had to present his accountability report to the DPRD, a critical time that provided an opportunity for the Regent’s political opponents to try to bring him down. Criticism of rampant smuggling of tin sand and informal mining came fast and furious to corner the Regent. This included the case of the impounded tin sand, heated discussions in the DPRD about CV Tin King 1’s tin sand exports, the strong

\textsuperscript{75} Bangka Pos, 13 February 2003.

\textsuperscript{76} Bangka Pos, 3 June 2002.

\textsuperscript{77} Interview with member of the Bangka Regency DPRD, 12 February 2004.

\textsuperscript{78} Interview with Bangka Pos journalist, 8 August 2002.

\textsuperscript{79} Bangka Pos, 7, 9 March 2003.

\textsuperscript{80} Bangka Pos, 9 March 2003.
reprimand from the Governor to the Regent of Bangka about the uncontrolled mining by informal miners, and counter demonstrations and letters to the editor both supporting and attacking the Regent and PT.Timah Tbk. It became clear that the interests of the leader of the DPRD, named Osfindinar, lay with those of PT.Timah Tbk and the Governor, while the Regent’s interests were in line with those of CV Tin King 1, which was protected by the Regional Police Chief.

Among the Regent’s other allies were the NGOs and preman in the “perkeliruan” group. They mobilized masses to demonstrate at the DPRD in support of tin sand exports by CV Tin King 1 and mining by informal miners. The preman, led by Johan Murod, found it easy to mobilize large numbers of people, because he had been the chairman of numerous associations—for karate and other sports, and fishermen’s associations—and was also close to the Regional Police Chief. Coffee shops became important venues for meetings between actors from state institutions and society, businessmen, preman, and NGOs to discuss the “projects” they planned to undertake. Close relationships were forged there, thus shaping a genuine local shadow state, a negara perkeliruan, to use a term that has been popular in Bangka since the start of regional autonomy.

The business and political opponents of the Regent and CV Tin King 1 also had allies. Demonstrations against the Regent and CV Tin King 1 began with the NGO 99 in South Tobaali. This NGO attacked CV Tin King 1, the Regent’s SIPAD permits, the behavior of the Regional Police Chief, and the informal miners who were destroying the environment. But counter-demonstrations in support of the Regent were just as strong. In March 2003, 200 residents of Tobaali, Mentok, and Kelapa districts, and former tin workers joined together in the Association of Bangka Small-Scale Tin Miners and Operators (Perhimpunan Pengelola dan Pekerja Tambang Timah Rakyat Bangka, P3TTRB) and came to the Bangka DPRD building. They demanded the mining concessions that PT.Timah had not yet granted to the local government. Threatening posters were displayed with slogans such as “Closing informal mines is murdering us,” and “Return tin mining concessions to the state to be managed by the people.” P3TTRB’s Deputy Chairman Tito Rahadi said that the mining community would protest if the Governor’s letter to the Regent to close the informal mines were implemented. Evidently the rhetoric of “the common people” was being used to maintain the informal tin industry, a common trend since the reformation era, especially in the sector of small-scale mining financed by shadowy cukong. At the same time, university students in the Indonesian National Student Movement (Gerakan Mahasiswa Nasional Indonesia) also demonstrated in front of the DPRD office, demanding that the DPRD reject the Regent’s Accountability

81 The word “perkeliruan” is derived from the word “keliru,” meaning “mistaken, confused, erroneous.” I have not been able to discover why they are called this. The term appeared with the start of reform (reformasi) in Bangka. This group consists of preman and NGO members, who are outsiders relative to the bureaucracy and the representative institutions. The members of the perkeliruan have been able to expose the corruption of government officials and lend their support to certain groups within the bureaucracy.

82 Interviews with JM, 8 October 2003, 12 February 2004.

83 It should be noted that the Regent was very firm in struggling for the demands of former tin employees against PT.Timah Tbk, the Minister of Finance, and the Minister of Mineral Resources and Energy for their severance payments that they had not received.

84 Bangka Pos, 30 March 2003.
Report for 2002. But then a number of housewives from the Al Mafiroh prayer group in Sungailiat, in which the Regent’s wife was active, also swarmed into the DPRD office courtyard and demanded that the members of the Bangka DPRD act fairly. Arguments broke out between the two groups of demonstrators.

The case of CV Tin King 1 has never been resolved. While the CV Tin King 1 case was being debated in the DPRD, Tin King 1 was formulating a new strategy: to request a permit from the local government to build a tin ore smelting plant that could handle from 100 to 200 tons of tin sand. A permit was quickly obtained. This CV Tin King 1 tin smelting plant would be the second privately-owned plant in Bangka Belitung, as there was already one owned by PT.Koba Tin. Oddly, at the same time, a proposal from PT.Koba Tin to build an additional smelter did not receive a permit from the government. It remains unknown exactly what kind of lobbying Tin King 1 did with local government officials such that even while his company was being attacked by members of the legislature and he was clearly engaging in manipulation by using the Regent’s SIPAD permit, he was still able to obtain a permit from the government to build a smelting plant.

We can draw several conclusions. First, it is evident that the business was protected by the police, and that there was secret cooperation in the granting of the Regent’s SIPAD permit. Second, the way that the CV Tin King 1 case was taken up in the DPRD illustrates the concurrent business and political conflicts between Osfindinar and his allies against the Regent and his allies, and between PT.Timah Tbk and CV Tin King 1. In this conflict, the serving Regent came out the winner, because his accountability report in May 2003 was accepted by the DPRD.

**Tin King 2**

Tin King 2 is also well known in Bangka, although he is still relatively young. He was born in 1970 in Mentok, West Bangka, to an ordinary ethnic Chinese family. His father was a truck driver, and his mother a housewife and mother of nine. Because of the family’s difficult economic circumstances, he did not finish school; he only went as far as the second year of junior high school in Mentok. He then worked in the shop of a Bangka Chinese family in Jakarta that sold automotive equipment. Returning to Mentok, Tin King 2 tried many different types of business: he traded corn and livestock feed, was contractor for a pipe factory, and eventually went into the tin business. Tin King 2 now has a luxurious house in Mentok and spends his free time playing with his pet dogs.

He first became interested in tin mining in 1994, when he saw the tin panners in the rivers in Mentok. He learned the ins and outs of tin mining, from finding locations to assaying the tin content of the ore obtained. He then went into partnership with PT.Timah Tbk, using the name of a friend’s company. He claims that he succeeded in changing PT.Timah Tbk’s prohibition on keeping tin at home, something that was strictly prohibited by the New Order government, although he did this unofficially at first. His tin business grew swiftly, from eight employees at the start to 70 employees, and established his own company, called CV Tin King 2. The company has branches in many small towns throughout Bangka. In addition to the tin business, he also operates buses and a bottled gas business. Bangka people call him the “strong man of Mentok,” whose business interests are unshakable, even though his mining area encroaches on protected forest. The authorities can do nothing to stop this, nor

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85 *Bangka Pos*, 6 March 2003.
can the environmental NGOs. And the informal miners who are mining in the prohibited areas declare that their mines are legal or legitimate because they have paid “tribute” to government officials.

Tin King 2 did not actually have much capital when he entered the tin business. His main capital was the trust he received from many sectors, from businessmen in Jakarta to bureaucrats in Bangka. He is known to be close to the Regent. Two months before the Regent issued the Regional Ordinance on tin sand export, Tin King 2 terminated his contract as a partner of PT.Timah Tbk. When the Regional Ordinance was issued, he was the first person to export tin sand, officially recorded as 4,000 tons, and contributed Rp 4.8 billion in taxes to Bangka regency coffers. When the ban on tin sand exports was imposed, he joined with the Regent and the new Director of PT.Timah Tbk, a native of Bangka, to build a tin smelter at Sungailiat. According to an unconfirmed rumor, the capital for its construction was embezzled from the Regional Budget (APBD).

When PT.Timah Tbk and local and central government officials started to criticize the negative impact of the Regional Ordinance in the form of environmentally irresponsible mining activities, Tin King 2 was no longer exporting tin officially. In late 2001, he smuggled 600 tons of tin sand through Singapore, which was then seized by the police, together with another 500 tons of tin sand owned by two other businessmen. He and the other two smugglers were taken into custody. An interview with a Bangka Pos journalist revealed that before engaging in smuggling, he would first survey the safe and strategic locations from which to smuggle tin sand. He contacted the customs and excise service, obtained a recommendation, and “reported” to port officers and other related agencies, including the security forces. Apparently, smuggling was safer when it was witnessed by the security forces.

Was this arrest then processed in the courts? All three cases simply faded from public view. The tin that had been impounded was returned to Tin King 2’s warehouse for safekeeping, because the police could not afford the Rp 150 million warehouse bill, as was the tin belonging to the other two businessmen.

The arrest of Tin King 2 and the seizure of the tin sand he was smuggling had a strong impact on the price of tin sand, and therefore on informal miners. The price of tin fell sharply from Rp 18,000 to Rp 12,000 per kilogram, and marketing tin sand became difficult. The miners grew restless and held demonstrations against the local government. The miners depended heavily on Tin King 2, not only because he controlled the marketing of the tin sand from the miners in West Bangka, but also because of his social work for the poor. He donated to many social activities and provided scholarships to Bangka families that could not afford their children’s school fees, regardless of whether they were Chinese or Malay. Tin King 2’s arrest also led the perkeliruan group to exert pressure by issuing several statements that basically strengthened the position of Tin King 2 in the eyes of the public. There was a rumor that funds of Rp 1.5 billion were ready to ensure that Tin King 2’s case would not go to court. The impounded tin would remain “safe,” in the sense that Tin King 2 himself and other parties who guarded it would receive a “share” 86. Another rumor spread by the perkeliruan

86 Bangka Pos, 6 January 2002.
group was defiant: “Right after the raid at Pangkal Balam, the very next day we exported that
tin sand to Singapore”.  

These two cases illustrate the blurring of legality and illegality in practices of the tin mining
business under the authority of the Regent of Bangka. Actors from government agencies,
whether from the local government or the legal apparatus, are involved. Government actors
issue permits, provide protection and manipulate data, as in the tin sand export case of CV
Tin King 1. Unfortunately, I have had difficulty uncovering the actual transactions between
the actors from local-level state institutions and these two Bangka Tin Kings, such as what
rewards were received by bureaucrats, politicians, the military and police, and other state
actors involved in the business, whether directly or indirectly, and what these profits were
used for.

The level of protection provided by law enforcement officials seems to vary, in line with the
interests of the business operators. In the tin sand export case of CV Tin King 1, the
Territorial Police Chief (Kapolda) immediately claimed that the tin was legal, while in the
case of Tin King 2, the police arrested the owner and seized the tin sand that was being
smuggled. But this turned out to be a charade, since the impounded tin sand was later
returned and Tin King 2’s tin sand smuggling case has never gone to court.

Protection from law enforcement officials for tin smuggling is an open secret on this island of
tin. A smuggler who could be categorized as a mid-level Tin King related his experiences
when he needed protection. To him tin smuggling on land is not difficult, because he can get
through by handing out money to certain persons. Furthermore, he knows exactly what
locations along the coast are not monitored. For example, two kilometers from the pier, the
smuggled tin will slip through, because the security forces do not operate 24 hours a day. At
sea, smuggling is done in two ways. The first is to use boats owned by Buton fishermen who
are not connected to the onshore tin business network. These Butonese know the routes to
use to evade detection by Navy patrols. The second is to “entice the officials to play in the
open seas”. This method involves chartering a larger ship, but with a cargo of only two tons,
while also renting five smaller ships from Buton fishermen, with a total cargo of 50 tons of
tin sand. He knows that the Bangka navy patrol is very limited and can only catch one or two
smuggling ships. According to this smuggler, the security forces are pleased when they can
catch one or two ships. The capture of one big smuggling ship with a relatively small cargo is
not a problem for the smugglers, as they still make a good profit from the others. If a ship
with a large cargo is caught, then the smugglers ask the security forces to protect them and
not arrest them by offering them a “share”. If the security forces refuse to grant such
protection, there is an understanding that everyone involved in smuggling will remain silent
during interrogation. This is unlike the top ranks of smugglers, who require the protection of
the security forces, whether Army or Navy, who escort the smuggled tin from the port in
Bangka to the edge of Singapore waters. It is therefore not surprising that one often hears in
Bangka, “How can Bangka be safe and secure when even the security forces are involved in
the mafia with the Chinese cukong?”

87 Bangka Pos, 6 January 2002.

88 Interview with a smuggler, 4 June 2004.
The two cases of Tin Kings above show us how local legal mining companies smuggled tin sand and in many ways were protected by legal regulators. The protection and the collaboration by law enforcement officials cannot be separated from their low salaries that have caused them to seek additional income from such enterprises. The system of protection given varies, depending on time and condition agreed. At certain times, officials have to enforce discipline as shown in the case of Tin King 2. But the enforcement of discipline is the one of the ways in which officials want to show to the public that they have done their tasks very well. Nevertheless, there is friction within state officials, between those who really want to enforce discipline and those who want to violate discipline. In relation to this, it is interesting to note comments by the Territorial Police Chief in Bangka. He says that even before officers go into the force itself, ‘it is difficult to tell friend from foe’. The police fail to find evidence of illegal mining in prohibited areas; the equipment has already been removed and the place is deserted. But the miners swarm back once the team has left. The plans are leaked because the team members themselves own mining businesses. There is collusion between legal regulators and local businessmen, as the business practices of Tin Kings have shown, blurring the criteria of legal and illegal economy. There are shadow regulators between legal and illegal activities, between state and non-state actors. I call this ‘negara perkeliruan’ (‘wrong doing state’) referring to the local term for a Shadow State. In relation to the emergence of a local Shadow State, the power of money cannot be avoided. State and non-state actors follow the flow of money. It is useful here to quote comments of a local tin businessman and smuggler about who holds the power in the new province of Bangka-Belitung islands.

“The power in Bangka is not the Regent, not the Governor, not the members of the DPR, but money, money, money. Its exhilarating scent extends everywhere. The NGOs? They are the easiest—shouting in the morning, just give them some money and they’re quiet by the afternoon.” (Interview with a smuggler, 14, 15 July 2004)

The explanation above shows it is difficult to clearly differentiate between legal and illegal economy in the context of labels such as registered and unregistered, paying tax and not paying tax. If the cases of Tin Kings show the blurred economy of tin business, then the cases of PT.Timah Tbk and PT. Koba Tin do the same thing. Investigations after the protests of October 2006 reveal that these two large companies, protected by central government and very often accusing local mining companies of illegality, engaged in illegal activities themselves. PT.Timah Tbk mined in the protected forest areas, while PT.Koba Tin colluded with the local smelting enterprises to smelt their tin sand and sell them to out of Bangka.

4. Legal and Illegal Tin Business: A Discussion

There are a variety of imaginative names for illegal economy such as ‘informal’, ‘unofficial’, ‘underground’, ‘black’, ‘unrecorded’, ‘shadow’, ‘criminal’, ‘clandestine’, and ‘smuggling’, referring to the economy that has recently become the centre of attention for an increasing number of scholars. A precise definition of illegal economy seems quite difficult, because it

89 Bangka Pos, 2 July 2004.
90 Erwiza Erman, “Deregulation of Tin Trade…”, (forthcoming)
91 Bruno Dallago, The Irregular Economy; The ‘underground’ Economy and the ‘black’ labour market, Darmouth: Dartmouth Publishing Company, 1990: xv; Harding, Philip and Richard Jenkins,
develops all the time according to the ‘principle of running water’; it adjusts to changes in
taxes, to sanctions from the tax authorities and to general moral attitudes. Most societies
attempt to control illegal economy through various punitive measures rather than through
reforms of the tax and social security systems, which could improve the dynamics of the
official economy. Friedrich Schneider and Dominik H. Enste’s study shows that illegal
economy is regarded as an alternative to regular activities. At least two-thirds of the income
earned in the illegal economy is immediately spent in the official economy, thus having a
positive effect on the official economy. Some studies on illegal economy in Southeast Asia
can be mentioned here, such as illegal logging and mining in Indonesia by Obidzinski and
Erwiza Erman and illegal trade of guns, girls, and gambling in Thailand. The case of
illegal logging in Indonesia shows us the involvement of local and national actors of the state
agencies. The case of illegal economy in Thailand reveals the involvement of both
administrators and politicians. The flow of money obtained from illegal economy has a much
closer relation to the exchange of goods than to the exchange of money. Some bureaucrats pay superiors to acquire prime appointments.

The preliminary research findings in Bangka show that illegal economy is not a new
phenomenon, but is already embedded in the history of political economy of tin in Bangka
island from the 18th century to 21st century, crossing different regimes from pre-colonial, to
colonial and post-colonial. Illegal economic activities in the form of smuggling of tin can be
regarded as resistance against the system of monopoly imposed by the VOC and the Sultanate
of Palembang and continued by colonial regimes (British and Dutch colonial governments)
and Old and New Order regimes. Seen from a legal framework, in the pre-colonial period
the sale of tin was monopolized, but then from the British and Dutch colonial period to


Economy in Denmark 1994’ p.4 in Measurement and Result, study no.3. Rockwool Foundation
Research Unit, Copenhagen as quoted by Friedrich Schneider Friedrich and Dominik H.Enste,
(March 2000):77.

93 Friedrich Schneider and Dominik H.Enste, “Shadow Economies: Size, Causes, and Consequences”,

94 Krystof Obidzinski, ‘Illegal Extractions and Conflicts Illegal Logging in Indonesia: Myth and
Reality’, pp.193-205, in The Politics and Economics of Indonesia’s Natural Resources, edited by

Reksosudarmo, Singapore: ISEAS, 2004; ‘Legal and Illegal Mining Activities: Case Study in the Tin
Mines in Bangka Island’, paper presented at a conference on ‘Community and State Interests in Small
Scale Mining: Sharing Experiences from the Asia-Pacific Region’, 7-12 June 2005, Metro Manila,
Philippines.

96 Pasuk Phongpaichit, Sungsidh Piriyarangsan, Nualnoi Treeat, Guns, Girls, Gambling Ganja:
the New Order regime, state policy changed to monopolize all processes of the tin business, from exploitation to the marketing of tin. The New Order regime regarded local people involved in exploitation and marketing of tin to be criminals. In order to make this business secure, the state used military to control the island, and in the beginning 1970s and the 1980s, the centralized-authoritarian New Order regime had killed, sentenced and even imprisoned many people in jails for their illegal activities. Nevertheless, illegal economy of tin remained hard to prevent, and has increased in intensity especially during the political and economic transitions at the local and national levels. The flow of money obtained from illegal economy of tin has positively impacted local people and official economic activities.

The legal and illegal economy of tin trade increased in complexity since the era of decentralization. There are a plurality of regulations and regulators who themselves claim, ‘you say illegal, we say legal,’ expressing the contest of power between and within central and regional government. More than merely the labeling legal and illegal, registered and unregistered, there are multilayered factors that cause the competition between and within those actors. Half-hearted decentralization of the Ministry of Mineral Resources and Energy giving access of tin management to the region, individual competition between the Regent and the Governor, and political competition between PDIP and Golkar parties are multilayered factors underling the contest of power and the labels legal and illegal. These multilayered factors of competition go hand in hand with business competition between PT.Timah Tbk and PT.Koba Tin, two big and long established tin mining companies protected by central government and the Governor, with local mining and smelting enterprises protected by local government, the Regent and the Mayor. At the same time, in the context of tin business in Southeast Asian countries, there is regional competition between businessmen of Indonesia and Thailand, Malaysia and Singapore, who finance local mining businesses and collect illegal tin from Bangka in their own countries. The national police investigation in October 2006 has proved it.

Legal and illegal economy are blurred criteria because legal companies and legal regulators (state actors) engage in illegal activities and informal behaviors, borrowing a concept given by Barbara Harris White for regional economic practices in India.97 The blurred criteria can be seen in the use of formal institutions for private ends, protecting smugglers, corruption, collusion and manipulation of information for illegal activities. The concubine relationship between businessmen and formal regulators has placed the tin mining industry between two worlds, between shadows of ‘legal and illegal’. In certain times and in certain political economic developments, the illegal economy in Bangka is justified because of the inability of the central state to create ‘true economic practices’ and ‘welfare’ for local people. Therefore, the problem of legal and illegal economy should be rethought and reformulated not only merely in relation to the weak or strong state control discussed by William Reno and Janet Roitman in their own studies in Sierra Leone and in Central Africa,98 but also as a


complicated contest of power between and within state actors, politicians, mining companies, and local people.