

Book Review

Resource Nationalism, Elite Power, and Developmental Statecraft in Indonesia

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Abstract

This article reviews *Resource Nationalism in Indonesia: Booms, Big Business, and the State* by Eve Warburton, situating its central arguments within Indonesia's evolving political economy. The book challenges conventional state-centric interpretations by demonstrating that resource nationalism is deeply embedded in patronage democracy and shaped by coalitions between political actors and domestic business elites. It introduces the concept of "private resource nationalism," in which nationalist policies often redistribute economic opportunities toward politically connected actors rather than broadly advancing public welfare. This review contextualizes these dynamics historically, tracing the evolution of resource nationalism from the ideological orientation of the Soekarno era, through the pragmatic and patronage-based system of the Suharto period, to the regulatory and developmental approaches under Susilo Bambang Yudhoyono and Joko Widodo. Particular attention is given to the nickel sector, where export bans and downstream industrialization policies illustrate a shift toward assertive state-led transformation, albeit accompanied by new forms of dependency on foreign capital. While acknowledging the book's analytical strengths, the review identifies limitations, including its limited treatment of environmental, social, and institutional capacity dimensions. Building on these insights, the article offers forward-looking reflections on the future of resource nationalism in Indonesia, emphasizing the need for more inclusive, sustainable, and strategically integrated approaches in the context of Indonesia Emas 2045.

I. Introduction: Rethinking Resource Nationalism in Indonesia

In *Resource Nationalism in Indonesia: Booms, Big Business, and the State*, Eve Warburton offers a compelling reinterpretation of one of the most enduring themes in Indonesia's political economy: the struggle over control of natural resources (Warburton, 2023). At a time when Indonesia is reasserting its position in global commodity markets—particularly through policies such as mineral export bans and downstream industrialization—the book provides an essential framework for understanding the deeper forces shaping these developments.

Rather than treating resource nationalism as a purely ideological or state-driven project, Warburton situates it within a broader configuration of power relations involving the state, domestic business elites, and global capital. This perspective aligns with broader political economy literature emphasizing how resource governance outcomes are shaped by institutional and elite dynamics rather than purely national interests (Auty, 2001).

This essay reviews the book by examining its central arguments, situating them within Indonesia's historical trajectory, and reflecting on their implications for the country's future development. In doing so, it also highlights both the strengths and limitations of Warburton's analysis, while offering forward-looking considerations for Indonesia's resource governance in the context of Indonesia Emas 2045.

II. Conceptualizing Resource Nationalism: Beyond State-Centric Narratives

A key contribution of Warburton's work lies in its reconceptualization of resource nationalism. Traditional approaches tend to frame nationalism as a state-led effort to reclaim control over natural resources from foreign actors. In contrast, Warburton demonstrates that in Indonesia, resource nationalism is better understood as a politically mediated strategy shaped by interactions between state institutions and powerful domestic business actors (Warburton, 2023).

Central to this argument is the notion of "private resource nationalism," in which policies ostensibly designed to promote national interests are, in practice, shaped by domestic elites. These dynamics align with analyses of oligarchic power in Indonesia, where economic and political authority are deeply intertwined (Winters, 2011).

This perspective also helps explain the persistence of nationalist policies in Indonesia even after the commodity boom ended. Conventional economic logic would suggest that governments relax restrictive policies during downturns to attract foreign investment. However, Indonesia has instead maintained, and in some cases intensified, such policies. Warburton attributes this to the growing capacity and confidence of domestic capital, which reduces dependence on foreign investors and enables a more assertive stance.

In this sense, the book shifts the analytical focus from ideology to coalition-building, emphasizing how resource policies emerge from negotiated alignments between political leaders and economic elites.

III. Historical Trajectories: From Independence to the Contemporary Era

To fully appreciate Warburton's argument, it is essential to situate resource nationalism within Indonesia's historical evolution. The trajectory of resource governance reflects changing political regimes, economic conditions, and institutional capacities.

In the early post-independence period under Soekarno, resource nationalism was deeply rooted in anti-colonial ideology. The nationalization of foreign assets, particularly those owned by Dutch companies, symbolized a broader effort to assert sovereignty and dismantle colonial economic structures. This form of nationalism was highly ideological and confrontational, reflecting the political climate of the time. However, it was also constrained by limited domestic capacity, as the state lacked the technical, human, and financial resources to effectively manage nationalized industries.

The transition to the New Order under Suharto marked a significant shift. Faced with economic instability, the government adopted a more pragmatic approach, opening the resource sector to foreign investment through legal frameworks such as the 1967 Foreign Investment Law. While the state retained formal control, foreign companies were granted substantial operational autonomy under long-term contracts. At the same time, the regime cultivated a system of patronage in which domestic elites benefited from resource extraction through political connections. Resource nationalism during this period was thus reconfigured into a hybrid model combining foreign capital, state oversight, and elite patronage.

The democratic era following the fall of Suharto introduced new dynamics. Under Susilo Bambang Yudhoyono, rising commodity prices during the 2000s created favorable conditions for the reassertion of nationalist policies. The enactment of the 2009 Mining Law marked a turning point, introducing measures such as mandatory divestment and restrictions on raw mineral exports. However, implementation remained uneven, reflecting tensions between nationalist aspirations and concerns about the investment climate.

A more decisive shift occurred under Joko Widodo, whose administration embraced a more assertive and developmental form of resource nationalism. Policies such as the nickel export ban and downstream industrialization initiatives represent an effort to restructure Indonesia's position in global value chains. Unlike previous periods, these policies have persisted despite fluctuations in commodity prices, suggesting a deeper transformation in the underlying political economy.

IV. Big Business and the Political Economy of Policy-Making

One of the most significant insights of Warburton's book is the central role of domestic business elites in shaping resource nationalism. These actors—often referred to as “Big Business”—are not merely passive beneficiaries of policy decisions but active participants in their formulation.

In the Indonesian context, the relationship between business and politics is characterized by mutual dependence. Political actors rely on financial support from business elites, while these elites depend on political connections to secure access to resources, licenses, and markets. Resource nationalism thus becomes a mechanism through which economic opportunities are redistributed among politically connected actors.

Importantly, Warburton challenges simplistic distinctions between different categories of business actors. While historical narratives often emphasize the divide between *pribumi* and Chinese-Indonesian conglomerates, the book shows that these distinctions have become less relevant in contemporary Indonesia. Instead, what matters is the alignment of interests among elites, regardless of ethnic background.

This analysis also sheds light on the paradox of nationalist policies that, while framed in terms of sovereignty, may ultimately reinforce oligarchic structures. By restricting foreign competition or reshaping market conditions, such policies can create opportunities for domestic elites to expand their influence and consolidate control.

V. Sectoral Dynamics and the Case of Nickel Industrialization

Warburton's analysis is particularly strong in its examination of sectoral variation. Resource nationalism is not applied uniformly across sectors but varies depending on ownership structures and political incentives.

The mining sector, historically dominated by foreign firms, has been the primary target of aggressive nationalist policies. Measures such as export bans and divestment requirements aim to increase domestic control and capture greater value from resource extraction. In contrast, sectors such as palm oil, where domestic and foreign capital are already deeply integrated, have seen less assertive forms of nationalism.

The nickel sector provides a particularly illustrative case. The export ban on raw nickel ore, coupled with policies promoting domestic processing, represents a shift toward what Warburton describes as “offensive” or developmental nationalism. Rather than merely increasing state revenues, these policies seek to transform Indonesia's role in global value chains by fostering domestic industrial capacity.

However, this transformation has produced complex and sometimes unintended outcomes. One notable development is the significant influx of foreign investment, particularly from Chinese firms, into Indonesia's nickel processing industry. This has created new forms of dependency, even as the state seeks to reduce reliance on traditional Western investors. At the same time, domestic elites have positioned themselves as key intermediaries in these partnerships, further consolidating their influence.

Recent analyses of Indonesia's nickel industry highlight how this transformation is both strategic and constrained. While downstreaming has strengthened domestic industrial capacity, it has also increased dependence on external inputs, foreign capital, and global market dynamics (Nugroho & Al-Wafiy, 2026). At the same time, global demand for critical minerals driven by the energy transition further intensifies competition and geopolitical complexity (International Energy Agency, 2023).

The nickel case thus exemplifies the dual nature of contemporary resource nationalism: it is both a tool for industrial development and a mechanism for restructuring power relations within the economy.

VI. Limitations and Critical Reflections

While Warburton's book offers a nuanced and insightful analysis, several areas merit further reflection.

One limitation concerns the relative lack of attention to the social and environmental dimensions of resource nationalism. The expansion of extractive industries and downstream processing has significant implications for local communities, including environmental degradation, land-use conflicts, and social inequality. A more detailed examination of these impacts would enrich the analysis and provide a more comprehensive understanding of the costs and benefits of nationalist policies.

Another area for further exploration is state capacity. While the book effectively highlights the role of elites, it pays less attention to the institutional capabilities required to implement and regulate complex policies. The success of resource nationalism ultimately depends not only on political will but also on the effectiveness of state institutions in managing resources, enforcing regulations, and ensuring accountability.

Finally, the book could engage more deeply with the global geopolitical context, particularly the increasing importance of critical minerals in the energy transition. Indonesia's resource policies are not only shaped by domestic factors but also by its position within evolving global supply chains.

VII. Future Directions: Resource Nationalism and Indonesia Emas 2045

Looking ahead, Warburton's analysis invites deeper reflection on the future trajectory of resource nationalism in Indonesia. As the country aspires to attain advanced economic status by 2045, it faces the complex task of leveraging its natural resource endowment in ways that are not only economically transformative but also socially inclusive and environmentally sustainable.

A central priority is to move beyond elite-driven models of resource governance toward more broadly shared development outcomes. This entails ensuring that the gains from resource extraction and downstream industrialization are distributed more equitably across regions and social groups, thereby reducing spatial disparities and strengthening social cohesion.

Equally important is the strengthening of state capacity. Effective resource governance requires institutions that are not only robust but also adaptive—capable of managing technologically complex industries, enforcing environmental regulations, and coordinating policies across multiple sectors and levels of government. Without such institutional depth, even well-designed nationalist policies risk underperformance or capture by vested interests.

At the same time, Indonesia must pursue a carefully calibrated strategy of global integration. While foreign investment remains essential for capital, technology transfer, and market access, it must be balanced against the imperative of maintaining national control and strategic autonomy. Diversifying international partnerships, while simultaneously fostering domestic technological capabilities, will be critical to reducing structural dependencies.

Environmental sustainability must be placed at the core of resource policy. The long-term viability of Indonesia's development model depends on its ability to manage natural resources responsibly, minimize ecological degradation, and align industrial expansion with climate and environmental commitments.

Finally, Indonesia should prioritize industrial deepening by moving beyond basic processing toward higher value-added activities, including advanced manufacturing, innovation, and technological development. Achieving this transition will require sustained investment in human capital, infrastructure, and research and development ecosystems.

In this context, Indonesia must also navigate its evolving role within global supply chains for critical minerals, which are increasingly shaped by geopolitical competition and the imperatives of the energy transition (International Energy Agency, 2023). This reinforces the importance of strategic diversification, resilience-building, and the development of endogenous capabilities as foundations for a more sovereign and sustainable resource-based development pathway.

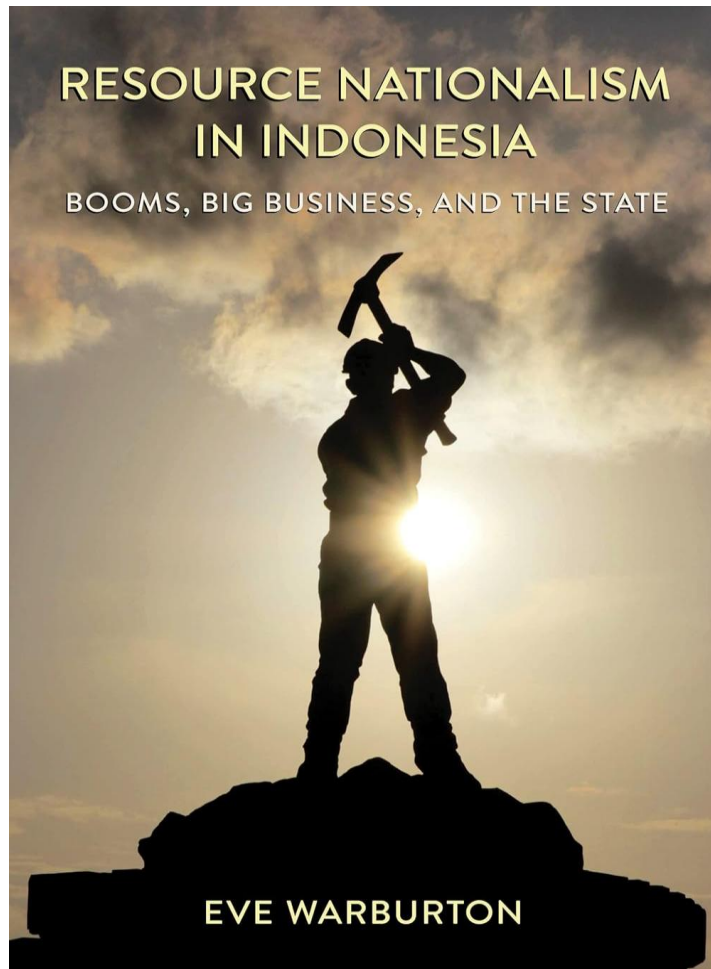
VIII. Conclusion: A Significant Contribution and a Widely Accessible Work

Resource Nationalism in Indonesia stands as a significant contribution to the study of political economy and resource governance. By illuminating the complex interplay between state, business, and global forces, Eve Warburton provides a more grounded and realistic understanding of Indonesia's development trajectory.

An interesting and somewhat symbolic aspect of the book lies in its presentation and accessibility. Published in Ithaca, New York, the book has the appearance of a high-quality academic volume—almost luxurious in its design. Yet, it is made available in Indonesia at a relatively affordable price. This accessibility is commendable and should be encouraged.

The broader the readership of this book among Indonesian society, the better. It is not only of importance to academics, but also to policymakers, students, and the wider public seeking to understand how Indonesia's natural resource wealth is governed and managed. In this sense, the book should be seen not merely as an academic work, but as a significant contribution to public discourse.

Ultimately, Warburton's work reminds us that resource nationalism is not merely about sovereignty or control. It is about power, distribution, and the ongoing negotiation between competing interests. As Indonesia moves toward 2045, the challenge will be to ensure that this nationalism serves not only the state or the elites, but the broader aspirations of its people.



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