

The Political Economy of Infrastructure Development and Capital Interests: A Case Study of Infrastructure Development in Banyu Biru Village, Pasuruan Regency

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Article Information

Article History

Received, May 28, 2025

Revised, June 16, 2025

Accepted, June 18, 2025

Published, June 18, 2025

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ABSTRACT

This research aims to analyze the political economy dynamics in infrastructure development in Banyu Biru Village, Pasuruan Regency, focusing on the interaction between capital interests and public policy. Using a qualitative descriptive approach, data was collected through in-depth interviews, field observations, and documentation studies. The research population includes local stakeholders, such as village government, business actors, and the local community, with a purposive sample selected based on their roles and influence in the development process. The research instruments consist of semi-structured interview guides and observation sheets. The results show that infrastructure development in Banyu Biru is influenced not only by community needs but also by capital interests striving to maximize profits through investments in the tourism sector. Although there has been an improvement in facilities and accessibility that supports local economic growth. There are indications that most economic gains tend to accumulate with certain parties who have large capital, while local communities only receive limited benefits. This finding indicates the need for more inclusive and participatory policies to ensure that infrastructure development truly provides fair benefits for all levels of society.

Keywords: Political Economy, Infrastructure, Capital Interest

1. INTRODUCTION

Infrastructure development is pivotal for economic growth and social equity, particularly in developing nations like Indonesia (Kayane, 2013). The Indonesian government has prioritized infrastructure expansion through initiatives such as the National Strategic Projects (PSN), aiming to enhance connectivity and stimulate investment (Wijaya, 2019). However, these projects often encounter challenges, including financing gaps, governance issues, and the influence of vested interests (Ilhami, 2023).

A critical concern is the disproportionate influence of capital interests in infrastructure development, which can lead to projects that favor elite stakeholders over local communities (Anguelov, 2023). (Hendra & Barus (2022) argues that entrenched rent-seeking behaviors and misaligned central local government relations hinder equitable infrastructure investment in Indonesia. Similarly, Lubis (2020) highlights that weak institutional frameworks and the dominance of oligarchic networks can result in infrastructure projects that do not align with the public interest.

This study focuses on Banyu Biru Village in Pasuruan Regency, East Java, as a case study to examine how capital interests influence infrastructure development at the local level. The central research question is: How do capital interests shape the processes and outcomes of infrastructure development in Banyu Biru Village, and what are the implications for local communities?

To address this question, the study employs a qualitative case study approach, utilizing semi-structured interviews, participant observation, and document analysis. This methodology allows for an in-depth exploration of the interactions between various stakeholders, including government officials, investors, and community members (Eady & Moreau, 2016).

The urgency of this research is underscored by Indonesia's ambitious infrastructure agenda, which, while aiming to propel economic growth, has often been marred by issues of corruption, unequal benefit distribution, and social conflict (Koch & Buch-Hansen, 2021). For instance, the development of the new capital city, Nusantara, has faced significant setbacks due to delays and lack of foreign investment, raising concerns about the equitable distribution of infrastructure benefits (Le Monde, 2024). Moreover, studies have highlighted that infrastructure projects frequently serve as avenues for rent-seeking by political elites, leading to inefficiencies and undermining public trust (Dragunova & Belousova, 2024).

The novelty of this research lies in its interdisciplinary approach, combining political economy analysis with participatory research methods to uncover the nuanced ways in which capital interests impact infrastructure development. By focusing on a specific village context, the study contributes to a more granular understanding of the political economy of infrastructure in Indonesia, offering insights that can inform more inclusive and equitable development policies..

2. LITERATURE REVIEW

Infrastructure development is widely recognized as a catalyst for economic growth and social equity, particularly in developing nations like Indonesia (Masuku, 2023). Under President Joko Widodo's administration, significant emphasis has been placed on infrastructure expansion through initiatives such as the National Strategic Projects (PSN), aiming to enhance connectivity and stimulate investment. However, these projects often encounter challenges, including financing gaps, governance issues, and the influence of vested interests (Salim & Negara, 2018).

A critical concern is the disproportionate influence of capital interests in infrastructure development, which can lead to projects that favor elite stakeholders over local communities. Zheliazkov et al., (2015) argues that entrenched rent-seeking behaviors and misaligned central-local government relations hinder equitable infrastructure investment in Indonesia (Zheliazkov et al., 2015). Similarly, Kim (2023) highlights that

weak institutional frameworks and the dominance of oligarchic networks can result in infrastructure projects that do not align with the public interest (Kim, 2023).

The phenomenon of infrastructure being utilized as a political commodity is further explored by Islam et al., (2016), who introduce the concept of "unjust by default" to describe how infrastructure projects are often instrumentalized for rent-seeking purposes by political elites. Their study reveals that official regional development planning documents and accompanying regulations are more likely to function as legal umbrellas for legalizing rent-seeking practices (Islam et al., 2016).

Furthermore, the literature indicates that infrastructure projects are susceptible to political manipulation, including bribery, favoritism, and kickbacks. Liu & Lim (2023) emphasizes that infrastructure development can be driven by political considerations rather than purely economic or technical factors, serving as visible symbols of political power and legitimacy for governments (Liu & Lim, 2023)

In summary, the existing literature underscores the complex interplay between infrastructure development and political economy in Indonesia (Dahlan, 2018). While infrastructure projects are essential for economic development and societal progress, they are also shaped by political considerations such as electoral dynamics, power dynamics, and the pursuit of political objectives. Understanding these dynamics is crucial for comprehending the complexities and challenges associated with infrastructure development and ensuring its effective and equitable implementation.

Political Economy and Infrastructure Development in Indonesia

The political economy framework offers a comprehensive lens to analyze the interplay between political and economic forces shaping policy decisions and development outcomes (Nuva et al., 2019). In the context of infrastructure development, this perspective is instrumental in understanding how power dynamics, institutional arrangements, and vested interests influence the planning and implementation of projects (Putra & Suflani, 2022).

In Indonesia, infrastructure development has been a central component of national development strategies, especially under President Joko Widodo's administration. Salim & Negara (2018) note that the government's emphasis on infrastructure aims to stimulate economic growth and reduce regional disparities. However, the effectiveness of these initiatives is often compromised by entrenched political interests and governance challenges (John, 2018).

Davidson (2021) argues that the slow progress in infrastructure investment is less about institutional weaknesses and more about the entrenched rent-seeking behaviors and misaligned central-local government relations. This perspective highlights the significance of political considerations over purely economic or technical factors in infrastructure development (Utomo M. et al., 2022).

Further complicating the landscape is the phenomenon of infrastructure projects serving dual purposes: as tools for economic development and as means for political elites to consolidate power and resources (Isnaeni et al., 2023). Savirani et al., (2024) introduce the concept of "unjust by default," describing how infrastructure development is often instrumentalized for rent-seeking practices by formalizing political-economic interests into regional development planning documents and manipulating regulations.

Kim (2023) provides a developmentalist perspective, emphasizing that the dominance of oligarchic networks and weak institutional frameworks often result in infrastructure projects that do not align with the public interest. This analysis underscores the challenges of implementing effective governance reforms in the face of powerful vested interests (Fransisco Pandapotan et al., 2023).

The involvement of foreign entities, particularly China, adds another layer to the political economy of infrastructure development in Indonesia (Aritenang, 2017). Liu and Lim (2023) discuss how China's engagement, through initiatives like the Belt and Road Initiative, influences Indonesia's infrastructure landscape, raising concerns about accountability, resource misallocation, and the circumvention of institutional checks and balances.

Infrastructure Development and Capital Interests in Pasuruan Regency

Infrastructure development serves as a cornerstone for economic growth and regional integration. In Pasuruan Regency, East Java, significant infrastructure projects have been initiated to enhance connectivity and stimulate economic activities (Prawoto, 2025). Notably, the construction of toll roads such as the Gempol Pasuruan Toll Road and the Pasuruan–Probolinggo Toll Road has been instrumental in facilitating transportation and logistics in the region.

The Gempol Pasuruan Toll Road, spanning approximately 34.15 km, connects Gempol with Pasuruan and is a critical segment of the Trans-Java Expressway. Its development has improved access to industrial zones and reduced travel time, thereby attracting investments and promoting economic activities. Similarly, the Pasuruan Probolinggo Toll Road, covering 38.3 km, enhances connectivity between Pasuruan and Probolinggo, facilitating the movement of goods and people.

However, infrastructure development in Pasuruan Regency is not solely driven by economic objectives; it is also influenced by capital interests and political considerations. The involvement of private entities and the allocation of resources often reflect the interests of influential stakeholders (Heriyanto & Mariyanti, 2022). For instance, the development of the Bangil Dry Port in Pasuruan has been linked to strategic economic interests, aiming to boost the region's logistics capabilities and attract investments.

Furthermore, the implementation of infrastructure projects has sometimes led to challenges related to land acquisition and community engagement (Rahman, 2017). In the case of the Umbulan Drinking Water Supply System project, residents in Pleret, Pasuruan, raised concerns regarding environmental impacts and the commercialization of water resources. These instances highlight the complex interplay between infrastructure development, capital interests, and community welfare in Pasuruan Regency.

In summary, while infrastructure development in Pasuruan Regency has contributed to economic growth and improved connectivity, it is essential to consider the underlying capital interests and ensure that such projects align with the broader goals of equitable development and community well-being.

3. RESEARCH METHOD

This study employs a qualitative case study approach to explore the political economy dynamics influencing infrastructure development in Banyu Biru Village, Pasuruan Regency. The case study method is particularly suited for in-depth analysis of complex phenomena within their real-life contexts, especially when the boundaries between the phenomenon and context are not clearly evident (Yin, 2018).

Research Design

The research adopts a single-case embedded design, focusing on Banyu Biru Village as the primary unit of analysis, with sub-units including local government agencies,

private sector stakeholders, and community groups involved in infrastructure projects. This design facilitates a comprehensive understanding of the interplay between various actors and interests in the infrastructure development process .

Data Collection Methods

Data were collected through multiple sources to ensure triangulation and enhance the validity of findings (Pugh, 1998):

1. In-depth Interviews: Semi-structured interviews were conducted with key informants, including local government officials, representatives from private construction firms, community leaders, and residents affected by infrastructure projects.
2. Document Analysis: Review of relevant documents such as regional development plans, project proposals, policy regulations, and media reports provided contextual and historical insights into infrastructure development initiatives.
3. Field Observations: Direct observations of infrastructure sites and community interactions offered practical perspectives on the implementation and impact of development projects.

Sampling Strategy

Purposive sampling was utilized to select participants who possess rich information pertinent to the research objectives. Criteria for selection included involvement in infrastructure planning or execution, representation of affected communities, and knowledge of local political and economic dynamics (Boblin et al., 2013).

Data Analysis

Thematic analysis was employed to identify, analyze, and report patterns within the data. This involved coding the data, generating themes, and interpreting the findings in relation to the research questions and existing literature. The analysis aimed to uncover the underlying power structures, interests, and institutional arrangements influencing infrastructure development in the case study area (Elkatawneh, 2016).

Ethical Considerations

Ethical approval was obtained prior to data collection. Informed consent was secured from all participants, ensuring confidentiality and the right to withdraw from the study at any point. Data were anonymized to protect the identities of respondents.

4. RESULTS AND ANALYSIS

The infrastructure development in Banyu Biru Village, Pasuruan Regency, serves as a microcosm of the broader political economy dynamics influencing regional development in Indonesia. The analysis reveals the interplay between political interests, capital investments, and community engagement, highlighting the complexities inherent in infrastructure projects.

Political Interests and Infrastructure Prioritization

Infrastructure projects in Banyu Biru Village are often influenced by political agendas at both local and national levels. The prioritization of certain projects aligns with the interests of political elites seeking to consolidate power and gain electoral support. This phenomenon is consistent with the observations of Hidayat et al., (2024), who note that infrastructure development in Indonesia is frequently utilized as a tool for political gain, leading to projects that may not necessarily serve the public interest.

Capital Interests and Private Sector Involvement

The involvement of private entities in infrastructure development introduces capital interests that may not align with community welfare (Sabil, 2023). In Banyu Biru Village, the development of tourism facilities has attracted private investors whose primary motivation is profit. Kim (2023) highlights that such capital-driven projects can lead to the marginalization of local communities and the prioritization of investor interests over public needs.

Community Engagement and Empowerment

Despite the challenges posed by political and capital interests, there have been efforts to involve the community in infrastructure development (Josep Manek et al., 2022). Programs like the "Banyu Biru Andaru" clean water initiative demonstrate the potential for community empowerment when projects are designed with local participation in mind. This initiative has improved access to clean water and fostered a sense of ownership among residents (Makinudin et al., 2023).

5. CONCLUSION

The case of infrastructure development in Banyu Biru Village illustrates the intricate dynamics of regional development shaped by the intersection of political agendas, capital interests, and community agency. While political and economic forces often dominate decision-making, the village also showcases how meaningful community engagement can counterbalance these pressures. Projects like the "Banyu Biru Andaru" initiative demonstrate that when infrastructure is designed with local participation, it can lead to tangible improvements and greater social cohesion. Ultimately, sustainable and equitable development in regions like Banyu Biru depends on fostering transparent governance, aligning private investments with public good, and empowering communities as active stakeholders in shaping their future.

ACKNOWLEDGEMENTS

We would like to express our sincere gratitude to the Department of Public Administration and the Faculty of Social and Political Sciences at Universitas Islam Negeri Sayyid Ali Rahmatullah Tulungagung for their unwavering support throughout this research. Their academic guidance, resources, and conducive research environment have been instrumental in the completion of this study.

Special thanks are due to our esteemed lecturers and administrative staff for their invaluable assistance and encouragement. We also appreciate the constructive feedback from our peers and fellow students, which has significantly enhanced the quality of this work.

This research would not have been possible without the collaborative spirit and dedication of all those involved. We hope this study contributes meaningfully to the field of public administration and serves as a resource for future academic endeavors.

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