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ORIGINAL PAPER

The governance models vs. the development courses of the mining sector: cases of Indonesia and the Philippines

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Abstract
Indonesia and the Philippines have shared similar history, geological condition, and economic structure. Located in Southeast Asia, both countries have rich reserves of metallic minerals. They have also experienced changes of political system in the post-WWII era, from an authoritarian regime to a democracy, and have both pursued a neoliberal economic policy since the 1980s. However, the shared commonalities have not led to a similar development path of the mining industry in the two countries. Our research was aimed to reveal the key factors that caused the divergence of the mining development in Indonesia and the Philippines, from three main aspects: the evolution of the political system, the economic and mining policies adopted by the two governments, and the role of the mining regulations. The main question asked was that "Why did the similar political systems and economic policy fail to create a convergent path for mining development in the two neighbors?" The research has proved the validity of our hypothesis: the distinct political objectives and economic circumstances have impacted the implementation of the Neoliberal economic policy in the two countries. To a less extent, the scale of the mining industry in their respective economies and the different features of their respective colonial past were partially responsible as well.

Keywords Indonesia · The Philippines · Neoliberalism · Mineral industry · Political system · Economic policy

Introduction

As two countries located in Southeast Asia, Indonesia and the Philippines had similar colonial history, shared geological conditions and economic structure. Both countries possess abundant metallic minerals reserves as well. While Indonesia has the world's largest nickel reserves at 62.8 million metric tons (mts) and is the world's top nickel producer with 1.8 mts produced in 2023 (CGS 2023; Pistilli 2023a, b), the Philippines owns 31.4 mts of nickel resources (ranking the 3rd of the world) and mined 400,000 tons of nickel in 2023 (CGS 2023, Statista 2024a). The two countries also hold large reserves of copper, with Indonesia ranking the 13th in the world with 37.7 mts, and the Philippines ranking the 12th with 39.7 mts (USGS 2024). Indonesia has other metallic mineral resources as well: its proven cobalt reserves are at 500,000 tons (No 3 of the world) and the production in 2022 was 10,000 tons, ranking the second of the world (USGS 2024, Pistilli 2023a). The country's 78.57 tons of gold reserves (World Bank 2024), the second largest producer of tin, and among the top in output of copper, bauxite and gold (Xie et al. 2022). Likewise, the Philippines has the fifth largest cobalt reserves at 260,000 tons (USGS 2024), 164.77 tons of gold resources and is among the top 20 produces of gold worldwide (World Bank 2024). A recent government report has reiterated that the Philippines is a mineralized country, with nine million-hectare, out the 30 million in total, land area identified as having high mineral potential (Rivera 2022).

Even though they both enjoy rich metal reserves, the scale of the mining sector in Indonesia and the Philippines varies greatly, and the contribution by the mining industry to

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their GDP also differs considerably. Looking at the Indonesian case, its GDP was US$1,318 bn in 2021 with the mining sector contributing 12.22% to the economy, while the Philippine economy was much smaller at US$394 bn in the same year (IMF 2023), and the mining industry accounted for only 0.5% of its GDP (Mina 2021, IMF 2023). Such a contrast might not be able to explain the whole picture, but could at least set the ground of our discussions below.

The two countries have also experienced changes of their political system in the post-WWII era, from an authoritarian regime to a democracy, and have both pursued a neoliberal economic policy since the 1980s. However, the shared commonalities have not resulted in a similar development path of the mining industry in the two countries, and their economic growth has also varied greatly in general. According to Reichl and Schatz (2021, 46–47), Indonesia has become a main supplier of the metallic mineral products by 2019, ranking the sixth in the world, while the Philippines remained a minor actor in the world mining industry ranked as 53rd. The latest figure has also shown that the total mineral production value (except oil and gas) in 2020 in Indonesia was $51.96 billion (bn), but that of the Philippines was only $5.41 bn, accounting for 4.1% and 0.43% of the world total, respectively (see Table 1).

Our research is aimed to reveal the key factors that caused the divergence of the mining development in the two countries, from three main aspects: (1) the role played by their political system, especially by the top leadership and the policy advisors. (2) the economic and mining policies adopted by the two governments under the Neoliberalism framework. (3) the interactions between the economic strategy and the mining regulations of the two countries and the consequences. The question raised is that "why did the similar political systems and economic policy fail to create a convergent path for mining development in the two neighbors?" Our hypothesis is that the distinct political objectives and economic circumstances have impacted the implementation of the Neoliberal Economics in the two countries, which not only caused diversified development of the mining sector in Indonesia and the Philippines but have also affected their economic potential in the world. We will apply the Neoliberal Economics model as the theoretical framework as a part of methodology to help examine the interplay between the politics and economics because it is a policy model that encompasses both perspectives.

The article consists of five sections. After the Introduction, Section 2 will have a brief review of the literature to demonstrate the existing scholarly research on the mining development in Indonesia and the Philippines, to identify the research gaps from the literature. It will also introduce the Neoliberal Economics model which will be employed as a conceptual framework for our analysis. Section 3

Table 1 Minerals production value and share of Indonesia & the Philippines, 1995–2020

		1995		2000		2005		2010		2015		2020	
		PV ($B)	SoW (%)	PV ($B)	SoW (%)	PV ($B)	SoW (%)	PV ($B)	SoW (%)	PV ($B)	SoW (%)	PV ($B)	SoW (%)
Indonesia	Non-fuel Mineral	2.81	1.39	3.59	2.17	7.07	2.47	15.12	2.95	8.13	3.63	16.30	4.10
	Coal	1.64		2.53		9.75		25.78		29.22		35.66	
Philippines	Non-fuel Mineral	0.57	0.19	0.30	0.12	0.75	0.14	4.67	0.38	4.78	0.51	4.59	0.43
	Coal	0.05		0.04		0.18		0.62		0.47		0.82	

Sources RMG Consulting 2021, *Notes* PV = Production Value; SoW = Share of World examines the postwar to pre-1980s mining industry in the two countries. Section 4 explores the political reform and mining development in Indonesia and the Philippines under the Neoliberal policy since the 1980s, to help reveal how the NE model has affected the two countries politics and economics differently. The final part is the conclusion, which will summarise the discussion and specify the key findings of the research.

Literature review and the neoliberal economics model

The review of literature

Due to their rich mineral reserves and productions in Asia-Pacific, the mining sector of Indonesia and the Philippines has attracted considerable scholarly attention over the past few decades. Applying different approaches, the existing scholarship offered different explanations for the two countries' economic development in the post WWII era.

The first group of scholars have focused on the role of the mining industry in the national economic development (McKay et al. 2001; Rovillos and Tauli-Corpuz 2012; Van 2014), or the impact of national strategy on the mining development of the two countries (Israel 2010; O'Callaghan 2010; Winter 1996; Camba 2021). Warburton (2017), for instance, analysed the role of resource nationalism in post-Suharto Indonesia and found that, contrasting to the arguments by market cycle theories that resource-rich countries would roll back nationalist interventions when commodity prices fell, resource nationalism had become a permanent feature of Indonesia's political economy due to an expanding domestic capitalist class and the imperatives of popular politics after the Asian Financial Crisis. Yet as Indonesia's policy regime was not radically nationalist, the pressing challenge for investors and policymakers was the regulatory and institutional ambiguity, rather than nationalism.

Winanti and Diprose (2020) also noted that resource nationalism in Indonesian was growing despite the risks of reduced foreign investment, which meant that domestic extractive settlements could be aligned with the interests of transnational capital and influenced by transnational actors to the extent of shaping the preferences and incentives for powerholders to strike win-win bargains. Camba (2015), on the other hand, analysed Philippines' mineral regimes from the early 20th century to present, taking "cheap natures" as a central concept. Challenging the perspectives focusing on institutional capacity and a narrow conception of growth based on foreign investment and material income, Camba argued that the "cheap natures" were the key in helping reduce sunken investments and operational costs of capitalist enterprises and neocolonial powers, who seized expansive land, under-priced labour and inexpensive food to subsidize their mineral operations. As the latter comers were unable to enjoy such privileges, Camba held, mining development in the Philippines was undermined as a result.

Taking a different angle, Verbrugge (2015) investigated the mineral resources governance in the Philippines focusing on its efforts of decentralization from 1991, which witnessed twists and turns under different leaderships. While the intension of the policy was to enable a wider range of actors to compete for redistribution of mineral wealth, it also caused increased conflicts due to the lack of coordination among the interest groups. This could be partially responsible for frequent policy changes in Philippines' mining sector.

The second group of literature has linked the Neoliberalism either with the analysis of the two countries' political and economic policy (Bello 2009; Sindre 2017; Ramos 2021; Mullen 2022; Lindio-McGovern 2024), or with the policy implications on the mining industry in Indonesia and the Philippines (Kaup and Gellert 2017; Gellert 2019; Singh and Camba 2016).

Mullen (2022), for example, made a detailed review of the formation of the "Berkeley Mafia"– a group of Indonesian economists who were trained in Berkeley in the 1950s-60 under the sponsorship of the Ford Foundation, and became power elites to promote Neoliberal policy in Indonesia for 40 years until the early 21st century. He claimed that the "New Order" under President Sukarno was facilitated by the Berkeley Mafia and benefited American mining companies as "the pay-off of Ford's 20-year-long strategy in Indonesia."

Focusing on the impact of Neoliberalism on Indonesia's economic development, Chandra (2011) claimed that the neoliberal ideology focused on the importance of the open market system and trade liberalization to achieve prosperity, which run counter to the basic principle of Indonesia's economic ideology as contained in the country's constitution. Therefore, the neoliberal ideology had never featured much in Indonesia's foreign economic policy. Gellert (2019), on the other hand, linked neoliberalism and the "deep marketization" with resource extraction in Indonesia. He argued that it was important to recognize that the uneven spread of neoliberalism was not simply due to the degree of traction of ideas of neoliberalism among elites and policy-makers, but was rather the outcome of political struggles and material and ideological conflicts over the global spread of capitalism.

Taking the Philippines as a case study, Lindio-McGovern (2024) explored several salient moments in the making of the country as a neoliberal nation-state from the colonial era to the supranational structures that exert external control on the Philippine political economy. She negated the argument that the nation-state diminished its role in regulating the economy under the neoliberal globalization, but acknowledged the global inequalities caused by neoliberalism, which produced the pre-conditions as well as for resistance and change, demonstrating the contradictions of the neoliberal project. Her research had little relevance to the mining industry but her unique insights of the Philippine political economy were very useful.

In addition to the country-focused analyses, some comparative studies examined mining governance in resource rich countries. Kaup and Gellert (2017) compared the cycles of resource nationalism in Bolivia and Indonesia. They saw a dynamic power relationship in resource nationalism and defined it as “a cyclical process shaped by the strategies of hegemons and their challengers”. Camba (2021) explored the large-scale and small-scale mining (ASM) in Indonesia and Philippine and the role of national regulations. He concluded that different design of national regulations in the two nations had resulted in a set of outcomes that worsened the ASM relationship: while those regulations in the Philippines were aimed to protect local communities, they were designed to enhance the country’s macro-economic development in Indonesia.

It is obvious that while the existing research has made invaluable contribution to the governance of mining industries in Indonesia and the Philippines, few of them has applied the Neoliberal Economics model to explore the features of the two countries mining development, and/or to explain the reasons behind their diversified courses of mining development. They have also failed to link the evolution of the political systems in the two countries and the resulted impact on their mining sectors. Our research intends to fill up both gaps by linking the interactions between the politics and the mining development in the two ASEAN countries.

The neoliberal economics model

Having its intellectual origins in 1920s and 1930s debates about the nature of liberalism and its antagonistic relationship with socialism, Neoliberalism has been regarded as a distinct political project that reshaped Western and global political economy from the 1970s onwards (Phelan and Dawes 2018). Neoliberal policy could be said born in Chile with Pinochet’s dictatorship regime established in 1973, after the coup of the Salvador Allende’s socialist government (Niemietz 2019; Madariaga 2020), though many saw the elections of Margaret Thatcher in 1979 and Ronald Reagan in 1980 as the “defining moments in the political emergence of Neoliberalism” (Harvey 2005; Konczal et al. 2020).

In terms of the theory, neoliberalism is often closely associated with Adam Smith and the classical liberal economics (Phelan and Dawes 2018). According to Friedman (1951) who is viewed as the father for neoliberal thinking, neoliberalism would accept the 19th century liberal emphasis on the fundamental importance of the individual, “but it would substitute for the goal of laissez-faire as a means to this end, the goal of the competitive order.” Friedman further elaborated that,

> It would seek to use competition among producers to protect consumers from exploitation, competition among employers to protect workers and owners of property, and competition among consumers to protect the enterprises themselves. The state would police the system, establish conditions favorable to competition and prevent monopoly, provide a stable monetary framework, and relieve acute misery and distress. The citizens would be protected against the state by the existence of a free private market; and against one another by the preservation of competition (Friedman 1951; p. 92).

Based on its distrust in government regulations, the Neoliberals proposed some key principles, including privatization, limiting government spending and regulation, globalization, and free trade, etc., to ensure the efficient functioning of free market capitalism (Phelan and Dawes 2018; Ross 2022). It rests on two main planks. Firstly, by increased competition that is achieved through deregulation and the opening up of domestic markets and, secondly, through privatization and limits on the ability of government to run fiscal deficits and accumulate debt (Srivastava 2016). Anderson (2000) argued that neoliberalism had found a new point of stabilization in the “Third Way” to help reconcile antagonisms between market and state. Anderson (2000, 11) as well believed that “The winning formula to seal the victory of the market is not to attack, but to preserve, the placebo of a compassionate public authority, extolling the compatibility of competition with solidarity. The hard core of government policies remains further pursuit of the Reagan–Thatcher legacy, on occasion with measures their predecessors did not dare enact: welfare reform in the US, student fees in the UK.”

Over the past half a century, Neoliberalism has become such an influential theory that it was called by Anderson (2000, 17) as “the most successful ideology in world history” despite its limitations, as its principles have ruled “undivided across the globe.” Yet it seems difficult to even find a coherent definition for the term, because it has proliferated well beyond its conceptual crib in political economy and has “become stretched to the point where widespread concerns have been raised about its viability and relevance" (Venugopal 2015).

While neoliberal policy has been fruitful on promoting global trade and poverty lifting, on facilitating technology transfer via FDIs, and on boosting efficiency of provision of services via privatization (Ostry et al. 2016, p. 38), it was also believed to have failed to deliver increased growth in a broad group of countries, and had led to increased inequality, which would in turn hurt the level and sustainability of growth (Ostry et al. 2016, p. 39; Konczal et al. 2020 1). Even in Chile where the policy scheme was pursued among the first, neoliberalism was abandoned in December 2022 with the election of a new president, Gabriel Boric. As a matter of fact, neoliberal policy had brought "economic miracle" to Chile (Ostry et al. 2016) since President Pinochet's dictatorship era (1973–1990) and the leaderships aftermath, which had helped enhance the country's GDP, labour productivity, life expectancy and human development index, etc. (Niemietz 2019). However, the policy scheme remained unpopular forty years later, as the "imposed" free market system "has benefitted the economic elites whilst creating inequality and suffering for the majority. *The state was shrunk to the* minimum, relinquishing to profit-driven businesses the provision of rights through the privatisation of public services" (Niemietz 2019; Dattari 2022; emphasis original).

Despite the controversies and incoherence associated with the term, Madariaga (2020, 309) has proposed "three pillars of neoliberalism"– ideas, interest and institutions– to help understand the surprising resilience of neoliberalism, and as "a methodological strategy for studying the contribution of each of the three pillars to the continuity of neoliberalism." After reviewing the case of Chile and several other developing countries, Madariaga (2020, 323) concluded that "ideas, institutions and interests constitute the three pillars upon which neoliberalism rests. Each of them entails a specific mechanism that can complement the others in different ways, so as to strengthen each other's weaknesses. While business interests provide the basic drive for the continuity of neoliberal policies, ideas offer specific policy preferences as well as institutional legitimization, and institutions help crystalize those ideas and bias the distribution of power resources among supporters and opponents of neoliberalism."

Since neoliberal economics model was in favour of liberalization, privatization and globalization, which could be beneficial to certain countries under specific circumstances but might not be useful at all times, as suggested by Chile's experiences, our analysis aims to examine how neoliberalism has been pursued in Indonesia and the Philippines since the 1980s, focusing on the political and economic strategies and their impact on the development of the mining industry. The analysis is designed to help test the validity of our hypothesis before drawing a conclusion.

The mining industry in Indonesia and the Philippines before the 1980s

The mining industry in Indonesia and the Philippines until the WWII

Indonesia is rich in copper, tin, nickel, coal and other mineral resources, and its mining history can be traced back to centuries ago. Although these were small operations, its mining activities increased since the 19th century, making Indonesia the world's leading tin producer by the mid-19th century. The Dutch began its colonial rule in Indonesia from the early 17th century and controlled all mining rights and banned private mining to maximize their profits until 1850. In 1872, the Dutch colonial authority began the modernization process of mining management with the establishment of the Mining Service Agency (MSA) (van der Eng 2015). The MSA not only managed state-owned mining companies and the trading of mineral products, but also administered mining concessions of the private companies. The MSA further hired experts to scientifically assess Indonesia's mineral potential, which stimulated enthusiasm in mining investment and promoted rapid development of its mining industry.

In 1899, the Dutch authority introduced a Mining Law (amended in 1904 and 1918) to Indies (present day Indonesia), stipulating that concessions could only be granted to Dutch citizens, residents or companies of the Netherlands East Indies. Only after the amendments made in 1918, did it become possible for non-Dutch foreign investors to obtain concessions (Devi and Prayogo 2013). As a result, Indonesia witnessed rapid development of the mining sector: by 1938, there were 1,412 active exploration permits and 347 mining sites, a growth of 13 and 18 times, respectively, compared to1890. During this period, large-scale mining (LSM) was started on coal, precious metals, copper, manganese, lead, bauxite, tungsten, nickel, phosphorus, diamonds, oil and natural gas and other mineral resources. By the 1940s, minerals (excluding oil and gas) accounted for 20% of Indonesia's exports (van der Eng 2015).

Like Indonesia, the Philippines is also rich in copper, gold and nickel minerals, and its mining industry experienced a long history of colonialism as well until the end of the World War II. In 1837, the Spanish colonial authority established the first government agency to administer the mining sector, and it also created the Remigio copper mining company in Carawisan. But until the arrival of Americans at the end of the 19th century, mining in the Philippines did not reach an industrial scale (Holden and Jacobson 2007; Razote 2022). In 1903, The US colonial regime enacted a mining legislation, which attracted over 500 foreign investors with the interest to explore, extract, and export minerals to the world market (Camba 2016). The Jones Act launched in 1916 had further granted foreign companies the right to acquire more land and extract minerals within the Philippines. This enabled explosive growth of the mining industry in the Philippines, with the foreign companies either expanding their operations or setting new mining companies. Due to the high interest Americans shown in gold mining, the Philippines became a major gold exporter of the world market by the 1920s (Camba 2015, 2016). The side-effects, though, were soil erosion and deforestation that damaged the environment considerably, and the people affected started protesting and rallying in the hopes of stopping mineral-related activities (Camba 2015).

Not until 1935 when the Philippines Autonomous Government was established, did the country issue the first mining act– the Commonwealth Act 137– in 1936, which stated that the mining companies operating in the Philippines must have 60% of the stakes owned by Filipino citizens. At the end of 1930s, there were more than 1000 mines operated by about 500 mining companies (Camba 2016), and the Philippines became the world's fifth largest gold producer by 1941 (Oliveros 2002).

Mining industry in Indonesia and the Philippines in post-WWII Era

Indonesia's independence in 1945 was followed by President Sukarno's two decades of ruling marked by nationalist and anti-imperialist sentiment (Gellert 2019). The first step taken by Sukarno was to nationalize the country's mineral resources. Based on the Basic Constitution of Indonesia of Indonesia (1945), the land, the waters and the natural resources within the territory shall be under the powers of the State and shall be used to the greatest benefit of the people (Article 33.3). Resource nationalism had since become the backbone of Indonesia's mining policy. The Sukarno government enacted various laws (Law 10/1959, Law 37/1960, and Law 5/1960) to nationalize the Dutch mining infrastructure and assets, and a large number of foreign enterprises that had not resumed production were converted either to state-owned enterprises (SOEs), or to public-private joint ventures. As the Suharto government refused all the aid and investment from Western countries at the time, the mining sector suffered heavily due to the lack of capital and foreign investment, especially given that fact that a lot of mining facilities were damaged during the Japanese occupation and the war of independence. Unsurprisingly, Indonesia's mining industry entered a slump, and production of most minerals had not even recovered to pre-war levels by the mid-1960s (Devi and Prayogo 2013; van der Eng 2015).

After the establishment of his "New Order" regime in 1968, President Suharto adopted a completely different model of mining development from his predecessor Sukarno and resumed ties with the West. In order to allow foreign capital to enter the mining sector in Indonesia, Suharto enacted two laws in 1967. One was Law 1/1967 on Foreign Investment, which introduced the Contract of Work (CoW) model between the Indonesian government and foreign investors, with specific rules on rights and obligations relating to taxation, royalty production, and localization (Gandataruna and Haymon 2011). The other was Law 11/1967 on Basic Provisions of Mining (Devi and Prayogo 2013).

In the meantime, Indonesia's mining SOEs had merged into four enterprises in 1968: PN Pertamina, PN Aneka Tambang, PN Tambang Timah and PN Tambang Batu Bara. Each of them was responsible for producing different minerals, and they controlled more than 90% of mining activities in the country. They were all allowed to cooperate with foreign companies under CoWs to explore and mining in new and existing deposits. This was a more effective way of cooperation to overcome the shortage of capital and technology, with foreign companies providing technology and capital to SOEs and recouping investment from mineral exports, while the SOEs could use foreign capital to build various production facilities. Under such an arrangement, the production of bauxite, tin, nickel, copper and gold in Indonesia showed healthy growth and expansion (van der Eng 2015). However, as there was a lack of diversification in Indonesia's mining sector at the time, the oil and gas sector was far more developed than other minerals. As shown in Fig. 1 below, the gross value added (GVA) of the mining sector accounted for 25.9% of the GDP, and for 73.3% of the total exports in 1980 (see Fig. 2); amongst oil and gas was in dominance accounting for 95% GVA (van der Eng 2015). This was why Indonesia's economy was depressed in the 1980s when oil prices fell following the second oil crisis.

Similar to the case in Indonesia, the mining industry and infrastructure in the Philippines endured serious damage as well under the Japanese occupation during WWII (Brimo 1953), and were not well restored for a long while after the Second World War. Together with the strong nationalism in post-independence Philippines, the regimes controlled by indigenous elites vigorously pursued policies of parity rights, citizen requirements, and state support for nationalization, including legislation to support development of local enterprises and foreign exchange controls (Holden 2005; Lopez 1992). Constrained by the lack of infrastructure, high costs on land and labor, and shrinking foreign investment, the mining industry in the Philippines had only

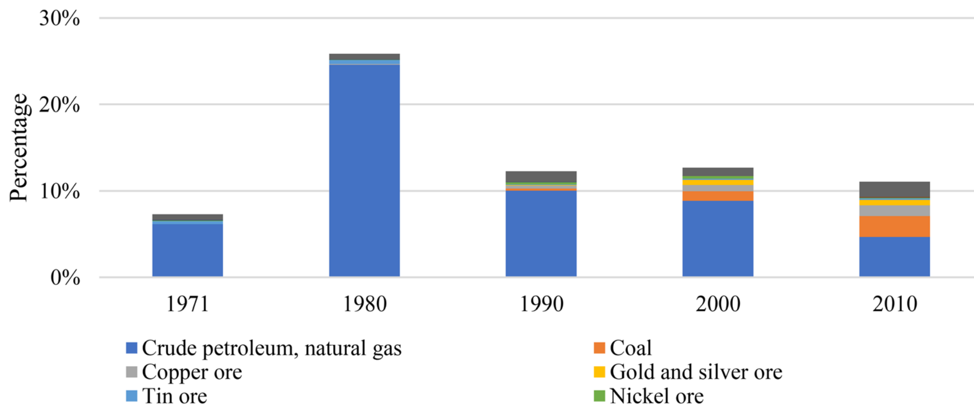

Fig. 1 Shares of mining gross value added in GDP of in Indonesia, 1971–2010. (sources: van der Eng 2015)

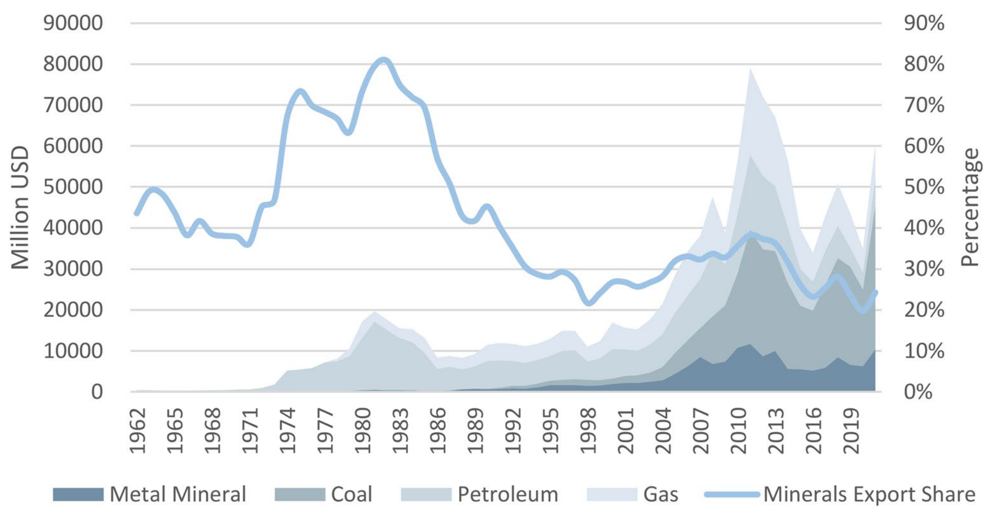

Fig. 2 Values and Share of minerals exports of Indonesia, 1962–2021. (sources: Harvard's Growth Lab 2023)

recovered to a limited extent in the first two decades after the war and was thwarted by the agricultural sector which was more profitable at the international market and gained more attention from the government (Camba 2015).

Before Ferdinand Marcos became president in 1965, the Philippines was already talking about developing mining sector into a pillar industry, and the Marcos administration turned it into a reality (Camba 2015). The government, on the one hand, launched a "state-led" regime to promote the mining sector, and sought loans from the international market and banks to support the infrastructure construction and expansion of the mining industry (Lopez 1992). On the other hand, Manila encouraged large scale domestic enterprises to explore and exploit minerals through national financial support and tax exemption. The main driver of the mining sector had shifted from foreign investment to state financial support, and the ownership of foreign companies was limited to less than 40% (Lopez 1992; Bowie and Unger 1997; Camba 2015). Those measures enabled a rapid development of the Philippines' mining industry in the following 10 years, especially with the discovery of the new copper deposit in Cebu and nickel deposits in Surigao and Palawan (Lopez 1992; Bowie and Unger 1997; Marzan et al. 2010). In 1980, the GVA of the Philippine minerals reached US$480 million, a three-fold increase from that in 1965 (Israel 2010).

Against the encouraging development, the Philippine government set up various plans to promote integrated resources development in 1978, as a part of the national industrialization strategy. Those plans called for vertical integration of mining extraction operations with processing requirements of the metal-based manufacturing industries. However, due to the lack of knowledge base needed to pursue such an industrialization, and to the weak organizational, legal, monitoring and enforcement functions of the government agencies, the scheme ended as a failure (Israel 2010). Even worse, the failure had prevented the Philippine economy from benefiting from the mining boom at the time. While the Philippines served as a significant supplier of raw materials for neighboring Asian countries, with mineral exports accounting for more than 15% in the market (see Fig. 3), the income only contributed 1.5% of the country's GDP (see Fig. 4) (Israel 2010, 2011; Camba 2015). A lot of minerals exported to Japan and South Korea, such as copper, zinc, nickel, ferrochrome, etc., were at a price lower than the historical average, which facilitated industrialization of the

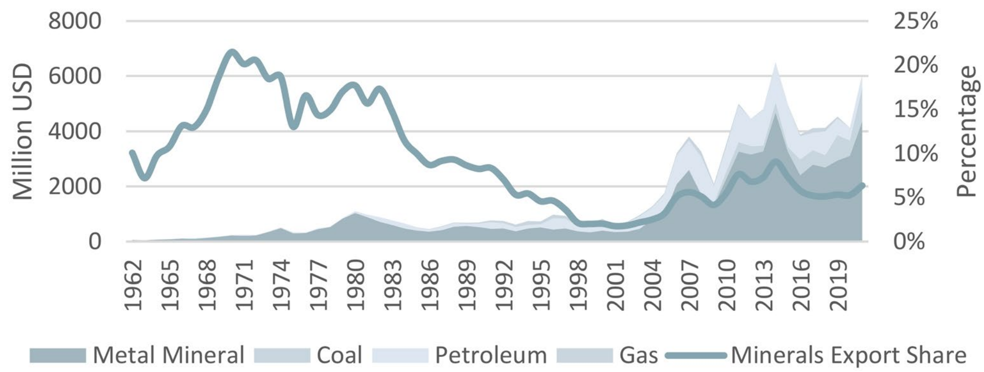

Fig. 3 Values and Share of minerals exports of the Philippines, 1962–2021. (sources: Harvard's Growth Lab 2023)

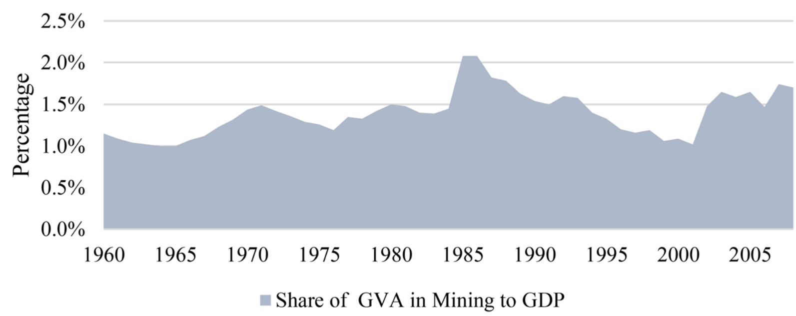

Fig. 4 Gross Value Added (GVA) in the Mining Sector to GDP of the Philippines, at constant 1985 prices, 1960–2008. (sources: Israel 2010)

importing countries (Gomez 2012; Marzan et al. 2010) but had little benefit to the suppliers, like the Philippines.

Another issue that destabilized the mining development in Philippines was the frequent environmental accidents occurred at the time. For instance, the tailings discharged by several large mining companies– the Marcopper Philippine Pyrite Corp., the Basay Mining Corp., and the Consolidated Mines– had caused serious water pollution and ecological disasters in the local areas (Lopez 1992; Thompson 1995; Celoza 1997; Marzan et al. 2010). These developments led to heated debates and formation of anti-mining forces in the Philippine society, and caused repeated setbacks in the development of the Philippines mining industry thereafter.

Political reform and the mining development under the neoliberal policy

The Neoliberal economics model has played an important role in many developing countries since the 1980s, including the two countries under our study, Indonesia and the Philippines. However, given their different political system and leadership transitions (institutions), the economic strategies (ideas) and business climate (Interest), the neoliberal economic policy has led to quite diversified policy outcomes and implications.

Indonesia politics and the neoliberal policy

Indonesia gained its independence in 1949 from the Netherlands, under the leadership of its first President Sukarno (serving from 1945 to 1967). After a chaotic period of parliamentary democracy, Sukarno established an autocratic regime called "Guided Democracy" in 1956 that successfully ended the instability and rebellions which were threatening the survival of the diverse and fractious country. On July 5, 1959, Sukarno further issued a presidential decree voiding the current Constitution and reinstating the 1945 Constitution, giving the president significantly broader powers (Szczepanski 2019). Economically, Sukarno proposed an "Eight-Year Development Plan", with the aim to enhance the independence of Indonesian economy, which saw an expansion of state-owned enterprises through confiscating foreign capitals. Nevertheless, as Sukarno's support and protection to the Indonesian Communist Party (PKI) was at the expense of the military and Islamists, the latter started a coup against Sukarno led by Major General Suharto. On March 11, 1966, Sukarno was forced to sign a Presidential Order to hand the power over to General Suharto (Sun 2022).

Although Sukarno remained nominal president for another three years as he still had support within the army as the founding father of the nation, Suharto acted quickly to ban the PKI, and to wipe out ethnic Chinese in Indonesia (probably due to the fear that they were potential allies with the PKI), to consolidate his control (Berger 2008). After resuming power formally in 1968, President Suharto took a series of measures to centralize his power. Politically, Suharto created a "Development Cabinet" in June 1968 and handed the power of policy-making on economic strategies to the "Berkeley Mafia", a group of Indonesian economists who were the strong advocators of neoliberal economic policy (Zhu 2007). Suharto also merged the political parties from nine into two, and replaced the power of policy making of cabinet ministers with that of policy implementation (IIR 2023). Economically, he started to open the country's economy to foreign investment, indicating the beginning of the "New Order". Contrast to the "Old Order" economic policy under Sukarno, featured as nationalistic, inward looking and protectionist and putting the country in a difficult situation economically (Chandra 2011, 3), Suharto put emphasis on economic development and on restoring ties with the West.

With the inflow of much needed foreign aid in the second half of the 1960s, Indonesia was reintegrated with the world economy by rejoining the International Monetary Fund (IMF), the United Nations and the world Bank (IIR 2023). Yet at the early stage of the New Order, President Suharto did not go for a full privatisation but, instead, promoted the resource nationalism that was aimed at state ownership and control of oil, tin and rubber (Robison 1986, Zuo 2020). The new policies and the implementation of the Foreign Investment Law (1967) and Domestic Investment Law (1968) did help attract foreign investments and enabled the government to invest in social development and infrastructure, but the problems associated with the policies, such as corruption, unfair distribution of wealth and nepotism, had triggered major riots in Indonesia in 1974. The government had then compelled to take restrictive measures on foreign investment and introduced more favourable policies to indigenous business (IIR 2023).

Entering the 1980s, the neoliberal policy began to take a lead in Indonesia's economic development, as Suharto's "New Order" was firmly established, and he was on the pinnacle of his power to pursue policies preferred (IIR 2023). Meanwhile, Indonesia began to face serious macroeconomic crisis and slower growth caused by declining commodity prices that engulfed commodity. Jakarta then introduced decisive and effective steps to further liberalize the country's economy. Between 1981 and 1985, more than 20 additional economic reforms took place, such as lowering the country's tariff ceiling, reducing the tariff levels, and converting several import licences, to boost economic competitiveness and encourage investments and non-oil exports (Basri and Hill 2020; DFAT, 2000). The rapid industrialization under Suharto's reign enabled Indonesia to become "East Asian Miracle" in the early 1990s, as labelled by the World Bank, which also helped justify the legitimacy for Suharto's authoritarian regime (IIR 2023).

Nevertheless, Suharto's tight political control and political patronage system over the years had created widely spread frustrations within Indonesia's political circle and business community. When the Asian Financial Crisis erupted in 1997–1998 that hit the country on all grounds, therefore, Indonesia was turned into a battlefield in which violent riots destroyed thousands of buildings and over a thousand of people were killed. Subsequently, Suharto had to resign from the presidency on 21 May 1998, after 32 years in office, succeeded by vice-president Bacharuddin J Habibie (IIR 2023).

Studied engineering in Germany in the 1950s and summoned back by Suharto in 1974 to join his "New Order" government, Habibie served as Minister of Research and Technology for 20 years from 1978, and was appointed as vice-president by Suharto only three months before taking over the role as president. Although Habibie's presidency lasted for just 17 months, he triggered the Reformation period by introducing a sweeping range of reforms, including liberalizing the press and political party laws, limiting the presidency to two terms of five years, and decentralizing power to regional governments (Mccawley 2019; IIR 2023).

Neoliberalism and the mining development in Indonesia

When Neoliberalism gained political traction in the 1980s, it triggered a "silent revolution" in many countries, including Indonesia and the Philippines, especially as their mining industry suffering from the world economic recessions. The IMF and the World Bank began to sell Southeast Asian countries their ideas of neoliberal reform as saviors and made comprehensive reforms as precondition for provision of loans and aids. Based on the norms of neoliberalism, such as the predominance of the market over the state, and pursuing development through privatisation and trade, etc. (Mueller 2011, 391), the proposed reforms included limiting the role of the government and promoting privatization of the SOEs. Moreover, a dominant role of the market in allocating resources, supporting the development of private banking, liberalizing the ExIm markets and easing restrictions on foreign investors, etc., were also under the agenda. Indonesia and the Philippines both embraced neoliberal reforms in the 1980–1990 s, which enabled certain success and led to high economic growth in the following decade; yet the reforms were not entirely good news for the mining industry, especially for the Philippines.

Indonesia's neoliberal reforms were carried out in the late years of Suharto's authoritarian regime, and the mining sector was not affected much by the reforms due to three main reasons. First, the Suharto government retained policy continuity of the mining industry. At the beginning of the reform, Indonesia's local mining companies were mainly SOEs or oligarch-controlled companies with close ties to Suharto (Winters 1996), and the government, military and mining companies formed a stable alliance of interests as well (Devi and Prayogo 2013). This meant that the mining companies were a part of the foundation for Suharto's power-base and were relevant to its personal interests and social stability as well. Therefore, it was essential for Jakarta to maintain firm control and support for these companies during the process of the reform (Camba et al. 2020).

Secondly, when the reform was started, Indonesia's mining sector was already partially liberalized. Immediately after Suharto resumed power in 1968, the mining industry was made opened to foreign investment, and foreign capital was allowed to play an important role in Indonesia's mining sector. The reform required by the World Bank and IMF for Indonesia was mainly to focus on manufacturing and service sectors (OCallaghan 2010). The mining sector was largely out of their attention and thus avoided disruptions of extreme reforms (Camba et al. 2020). Finally, as the large Western mining companies in Indonesia had strong financial capacity, they continued to make investment even during the crisis, and the government provided continuous infrastructure support as well (van der Eng 2014), so they were not crushed by the market downturn.

Until the end of the Suharto regime in 1998, Indonesia's economy maintained strong growth, including in the mining sector. As shown in Figure 0.1, the mining GVA share in Indonesia's GDP remained stable at 12% between 1990 and 2000. The share of minerals exports did show some decline from 45.3% in 1990 to 26.8% in 2000 due to the relatively slow growth of oil and gas exports (see Fig. 2). However, it is worth noting that the diversification of Indonesia's mining sector had taken place around this time, which led to an increase pf the share of non-oil mineral GVA from 18.3% in 1990 to 40.3% in 2000, with the share of coal, copper, precious metals and nickel increased by 3–8 times (van der Eng 2015).

The neoliberal policy and political reform in the Philippines

The Republic of the Philippines obtained independence from the United States in July 1946, and established a democratic system at the first place. When Ferdinand Marcos was elected as the tenth president in 1965, the Philippine economy was dominated by agricultural sector (with 75% of the population dependent on the sector) (Kaul 1978). There was an economic strategy of import substitution industrialization adopted in the Philippines in the late 1950s, based on the premise that a country should attempt to reduce its foreign dependency through the local production of industrialized products (Adriano 2021), which did promote the country's economic development for a short while. Until Marcos imposed martial law in 1972, the Philippine economy saw a "golden age" with annual GDP growing well above 5% and even hit 8.81% in 1976. However, under Marcos' debt-driven growth, cronyism and corruption, the latter years of Marcos' rule witnessed the worst recessions in the country. By the end of the Marcos' ruling in 1986, poverty incidence in the Philippines was estimated to have reached 44.2%, and the country's foreign debt "skyrocketed" from $0.36 billion in 1961, to $28.26 billion in 1986 (Peña 2021; Montesa 2022).

In order to strengthen the economic capacity to service its massive external debt, the World Bank and the International Monetary Fund imposed Neoliberalism on the Marcos administration in the early 1980s. Manila pursued various 'structural adjustment programs' since the Marcos era, stressing first trade liberalization, then debt repayment, and finally free-market transformation marked by rapid deregulation, privatization, and trade and investment liberalization (Quimpo 2008, p. 49). But it was during Corazon Aquino period (1986–1992) that the neoliberal economics started its rise to ideological ascendancy (Bello 2009). After being elected as the Philippine's 11th president and the first female president, Mrs Aquino (widow of former Senator Benigno S. Aquino Jr. who was assassinated in 1983) followed the advice of the World Bank and the IMF to implement structural adjustment programs. She gave special emphasis to the role of foreign companies in national recovery by issuing the National Economic Development Authority's Medium-Term Philippine Development Plan (1987–1992), which dismantled state monopolies. The Aquino Administration also adopted Executive Order (EO) 266 in 1987, that reneges the state's funding commitment to domestic mining companies and discontinued State assistance to mining companies (Camba et al. 2020, 1058).

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In 1992, Fidel Ramos won the general election to become the 12th president. By the time, neoliberalism had achieved a critical mass, as put by Bello (2009, 13–14) that, "It is the president, it's his chief economic advisers, both formal and informal; House of Representatives; the Senate—the mainstream. The mainstream is pushing for liberalization." As a result, the Romas Administration opened the country's economy to foreign investment through deregulation, radical tariff liberalization, and easing banking rules to allow more foreign banks to operating in the country. When the Asian Financial Crisis occurred in June 1997, however, some $4.6 billion in speculative funds left the Philippines, unhindered by capital controls, which was eliminated by the neoliberal administration (Bello 2009; p. 15).

Neoliberalism and the mining development in the Philippines

The Philippine mining industry suffered a triple whammy in the later years of the Marcos regime. First of all, the oversupply of minerals caused global mineral prices to plummet. The average price of copper at the international markets was US$0.93/lb in 1974, which fell to US$0.67/lb in 1982 and reached an all-time low of US$0.62/lb in 1986 (Camba et al. 2020). Secondly, as the government could no longer obtain cheap loans from the international market, it had to halt large-scale support for domestic mining expansion and infrastructure construction. The third issue was that in comparing the Philippines state-led mining model and the investment environment in Latin America, foreign investors found the latter more attractive and thus moved their investment away from the Philippines mining sector. As a result, the "state-led" model of mining in the Philippines ended with the fall of the Marcos regime (Camba 2015).

After President Aquino took over the government, she implemented neoliberal policy reforms of "liberalization, privatization, and marketization" in the Philippines. She not only rejected the bailout requests by the SOEs, but also issued the Executive Order (EO) 266 to privatize SOEs, in agreement with the World Bank and IMF (Camba et al. 2020; Singh and Camba 2016). As a result of such a policy, a number of large mines were closed in the mid-1980s. By 1993, only 16 out of 39 mining companies remained operating in the 1980s (Marzan et al. 2010; Israel 2010). The share of mineral exports fell to 8.7% in 1986 (see Fig. 3). In its place, the artisanal small-scale mining (ASM) industry expanded dramatically, creating a host of social problems, including mass unemployment, illegal mining, and smuggling (Lopez 1992).

Since FDI was the core of the government's neoliberal reforms, the Philippines eased limitations on foreign mining investment from the beginning of the democratic era. In 1989, President Aquino signed EO279 to ease the entry of foreign mining investors, and in 1995, the Mining Act was passed into law under President Fidel Ramos, to allow 100% foreign ownership of mining operations under a financial or technical assistance agreements (FTAAs). Those policy changes had helped attract increasing number of large-scale international mining companies to the Philippines, which grew fourfold between 1994 and 1996 (Holden and Ingelson 2007) and could indicate a new era of the country's mining development. However, by allowing transnational mining corporations to siphon out extracted minerals 100% out of the country, the 1995 Mining Act made mining merely extractive, instead of creating industries within the Philippines that could manufacture these minerals into other products (Lindio-McGovern 2024, p. 6). Consequently, when the Marcopper mining spill happened in 1996, the worst mining accident in the Philippine history, several organizations argued that the Mining Act's FTAA provision was unconstitutional, and they also filed proceedings with the Supreme Court seeking for nullification of the FTAA between the Philippines government and the Marcopper. The controversies over the constitutionality of the FTAA had then become a hindrance to large-scale foreign mining investment (Vivoda 2008), and until the conviction by the Supreme Court in 2004, the Mining Act had never been fully implemented.

At the turn of the new century, Indonesia and the Philippines have both become a democracy politically, and neoliberalism seems to have lost its momentum in their economy as well. The recent leaderships in the two countries tended to combine neoliberal thinking with the developmentalism, to better balance the role of the state and the market.

The political reform and the mining sector in Indonesia at the new century

The collapse of Suharto's 32-year autocracy in 1998 had indicated a new era of the Indonesian politics, which switched to a democratic system. After a brief presidency by Habibie (May 1998-October 1999) who resumed power following Suharto's resignation, Abdurrahman Wahid became Indonesia's first elected president in 1999. However, in 2001 only two years after taking power, President Wahid was impeached and dismissed from power, and succeeded by President Megawati Sukarnoputri, the daughter of former president Sukarno (BBC 2001). Under their leadership, Indonesia continued its policy of opening up to foreign investment. The World Bank's Ease of Doing Business Index, based on the neoliberal theoretical framework, ranked Indonesia as 115th in the world in 2006 for its business environment (World Bank 2006), which jumped to the 73rd in 2020 (World Bank 2020).

It is fair to say that Neoliberalism enabled Indonesia to achieve rapid economic growth for a decade from the 1980s, but its excessive dependence on foreign capital, wider gap between the rich and the poor, "crony capitalism" and other problems also laid hidden dangers for the subsequent Asian economic crisis. From the 2000s, Indonesia began to rethink and adjust its economic policy framework (Gellert 2019). While still desired to attract foreign mining investment, Jakarta seemed to not willing to adhere fully to market principles in managing such kind of investment and started to restrain exports of raw minerals. In 2009, the government under President Susilo B Yudhoyono (2004–2014) enacted a new mining Law (Law 4/2009), the first time since 1967, with several key changes, setting a milestone in its mining regulation. Firstly, the Contract of Work regime (CoW/CCoW) was changed to a licensing regime (Ijin Usaha Pertambangan or IUP), meaning that foreign mining companies would need to renegotiate the terms of the new contracts with the government. Secondly, foreign investors were required to divest their shareholding in the IUP gradually and to reach at least 51% by the tenth year of production (Devi and Prayogo 2013). In the 2020 amendments to the Mining Law, the time limit was removed but the key stipulations remained unchanged. Thirdly, the exports of raw mineral materials were banned to facilitate the development of higher value-added downstream industries, which had been implemented since 2014 (Laksana 2022).

After Joko Widodo (often called Jokowi) was elected as president in 2014, his government initiated a new approach of the "New Developmentalism", a development theory that recognizes the effectiveness of the market economy in allocating resources, but also emphasizes the positive role of the state in solving market failures and improving industrial competitiveness (Gellert 2019; Wade 2010). As Indonesia's national economy relied heavily on primary products and is highly vulnerable to the fluctuations of international commodity prices, Jokowi made industrial development as one of the priorities of his government, with the hope to enhance stability and competitiveness of the country's economy. The government also required foreign investors to build mineral refineries and processing facilities in Indonesia to help develop higher value-adding downstream industries. To provide incentives for foreign investors, the Jokowi Administration had encouraged mining enterprises to develop LSM and establish local industrial parks, while offer them favorable conditions, such as industrial operation license and tax relief (Camba et al. 2020).

Since the Jokowi era, Indonesia no longer allows nickel ores to be exported. Instead, they would be processed into stainless steel, battery materials and electroplating materials in the industrial parks before exported to the international markets. The benefits resulted from such a policy were obvious: the exports of Indonesia's metal products more than doubled between 2014 and 2021, from only 4.7% grew to 11.9% in 2021 (see Fig. 5). According to the latest plan, Indonesia will establish a completed battery industry chain, rather than just providing battery materials (Suherma 2021).

The Philippines: too late for the new leadership to save the mining industry?

The new century had witnessed a boom of the global commodity markets, largely due to China's rapid growing demand for mineral materials (Humphreys 2019) until the Covid-19 pandemic, which enabled President Gloria Macapagal-Arroyo, who took power in January 2001, to appreciate the importance of the mining sector in the Philippine economy. Arroyo inherited Ramos's neoliberal policy framework in her efforts to revive the mining industry. She issued EO 270 in 2004, which includes the implementation of a Mineral Action Plan (MAP) that aimed to bring back investors to the country (Marzan et al. 2010). The

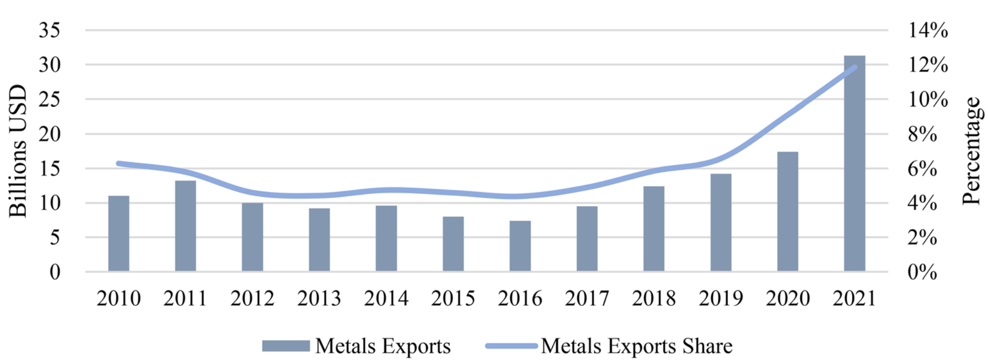

Fig. 5 Metal products exports value and share of Indonesia, 2010–2021. (sources: Harvard's Growth Lab 2023)

international mining companies responded warmly to the policy change by pouring into the Philippines. Only one year later in 2005, Manila had approved 180 Mineral Production Sharing Agreements and 70 Exploration Permits, and the share of mining investments increased from 2.58% in 2000 to 12.54% in 2008, against the total foreign investments (Camba 2015).

Yet again, the massive influx of foreign capital into the Philippines had reignited old mining conflicts, such as land occupation, high consumer prices, environmental pollution and mining related corruptions, which had brewed a new round of anti-mining sentiment (Goodland and Wicks 2009). In January 2012, another accident occurred in the Compostela Valley mine: a landslide struck a mining village after continuous rain over two days, which killed at least 25 people and 150 more missing (BBC 2012). The disaster triggered further shift in the Philippine mining policy and indirectly prompted President Benigno Aquino III (2010–2016) to sign EO79 to ban new mining agreements. A subsequent audit of the biggest metallic mining companies made things even worse, and led to the shutdown or suspension of 28 mines including the country's lone iron ore miner (Serapio and Cruz 2016). Mining disasters were caused by a combination of factors, including poor governance and weak institutions (Lindon et al. 2014), irresponsible mining practices by mining companies, and rampant illegal mining, though the issue is not the focus of this article. Indonesia also experienced several mining disasters (Permana 2012), but they had no fundamental impact on the framework of its domestic mining regulatory policy.

Not until 2021 did President Rodrigo Duterte sign EO130 to lift the ban on open-pit mining and ended the audit of the mining sector, highlighting the contribution of the extractives sector in reviving the country's economy amid the Covid-19 pandemic (Chavez 2021). Former president Duterte and some current officials under president Marcos (June 2022– present) also wished to propose constitutional reform, which would change the provision that protects the national patrimony of the country by limiting further the restrictions on the power of foreign corporations, and their access to land and other resources (Lindio-McGovern 2024; p. 6). Such changes have been opposed by national liberation movements in the Philippines as they could undermine the development of the Philippine mining sector.

It was interesting to see the policy swings on Philippines' mining industry over the past two decades, through the U-Turns of the attitude towards foreign investment and on the LSM (Camba 2015). Manila had always wanted to bring the ASM into the formal economy, but the competition of interests over the global commodity boom has made the job particularly difficult. Currently, the legal and illegal ASMs coexist in the Philippines and accommodate many jobs (Camba et al. 2020), but their future status is yet unclear given the uncertainties of the government policy. Compared with neighbouring Indonesia, the Philippine mining sector has suffered more setbacks, and the frequent changes of government policy have caused the Philippine mining sector to miss several opportunities of development. In the 1970s, the mining development in the Philippines was more advanced than that of Indonesia, but this is no longer the case since the 1990s. In the past decade, Indonesia has firmly supported the LSM and built numerous industrial parks, which facilitated the development of higher value-adding downstream mining industries in the country. The Philippines can see the success achieved by its neighbour but has a long way to go before catching up.

Conclusion

Indonesia and the Philippines have shared a similar political history, with a long colonial governance pre-WWII, an authoritarian regime after the independence, and a democratic period from the late 20th century. They have also owned similar mineral resource endowments and mining industry bases, as well as the internal and external development environments. Yet the development course of their mining industry has varied considerably, making the two countries as interesting cases for our analysis.

Our research has focused on exploring the interplay of the neoliberal economics and the two countries' political systems, and the policy impact on their mining industry. The analysis has proved that our hypothesis is sensible: despite their shared features in many aspects, the varied level of implementation of the Neoliberal Economics has been the key factor behind diversified development course of the mining sector in Indonesia and the Philippines. After taking neoliberalism as the guiding principle for their economics in the 1980s, the two countries differred considerably in their policy implementation.

In case of the Philippines, the neoliberalism was formally pursued from the early 1980s due to a widening of the balance of payments deficit, led by its weak structural foundations of the economy and the debt-driven growth since the 1970s. It was imposed by the World Bank and the IMF who offered bail-out loans to the Marcos Administration, with the pre-conditions that Manila had to conduct macroeconomic and fiscal reforms (Ramos 2021), including the mining reform. Yet what made the Philippines "as a neoliberal nation-state" was its historical roots of the colonialism, as argued by Lindio-McGovern. The Spanish colonialism privatized the once communal land in the 16th century and reallocated the land to the 'encomienderos', starting the process of privatization and global capitalism. The entry of

American colonialism into the Philippines only reenforced such a system, "into which the current neoliberal policies find a place to embed itself" (Lindio-McGovern 2024, 5).

On the other hand, Jakarta pursued only a partial marketization and privatization in its economy as well as in the mining sector. In Indonesia, the neoliberal policy was promoted by the Berkeley trained Indonesian economists and pursued by president Suharto through his "New Order". Such policy strategies fit well with Suharto's economic priority and, by appointing these economists to senior technocratic positions had further ensured institutional capacity of policy implementation. But even during the Suharto era, there were constraints over the entry of foreign capital to Indonesia's domestic market. After Suharto stepped down from the power, developmentalism became the dominant ideology in the country until today. Looking from a historical perspective, Indonesia had less impact of privatization due to the colonialism, as the Dutch colonial government took a different approach from the Spanish in governing the country. Instead of privatizing the land for reallocation, the Dutch passed the Agrarian Laws in 1870, with an embedded principle of *domein verklaring* (free state domain). This was based on the assumption that any land unencumbered by specifically designated European or indigenous rights was automatically considered the property of the state. The spirit of the 1870 Law seems to have influenced the post-colonial Indonesia as well, as shown in Article 33 of the Indonesian Constitution: the earth, water and natural resources contained within the territory are to be controlled by the state (Neilson 2020).

Both Indonesia and the Philippines had experienced a rapid economic growth for more than 10 years since their embracement of the neoliberalism, but they had also faced a series of challenges, such as serious government deficits, excessive dependence on foreign capital, the widening gap between the rich and poor, industrial monopolies, and crony capitalism. After the Asian economic crisis in 1997-98, Indonesia reflected and adjusted its neoliberal policy framework, and began to implement the "new developmentalist" strategy. In other words, when the market was still expected to play a leading role in efficiency enhancement and resources allocation, the government would play a positive role in solving market failures and improving industrial competitiveness. The experiences Indonesia obtained over the past couple of decades on mining industrialization and localization policies have not only benefited its own economy, but could provide a model for other resources-rich countries as well.

The Philippine mining industry lagged behind its neighbour for several reasons. Firstly, faced with the economic crisis in the 1980s, Manila had followed the demands of the World Bank and IMF in full, and abandoned the state support for the mining industry completely, which greatly damaged the vitality of the country's mining industry. Secondly, despite the attempts made by the government to revive the mining industry under different leaderships, the repeated policy swings, often triggered by mining accidents and environmental concerns, had undermined the credibility of the government and the confidence of the investors. Over the past 20 years, Manila has not created many good opportunities for foreign investors although the latter remained enthusiastic to enter the country. Internally, there is a popular anti-mining sentiment in the Philippines, accumulated by frequent environmental pollution and mining accidents. In the meantime, the government has failed to formulate a sensible strategy for the development of the mining industry, either under the neoliberal era or in the aftermath, which could be the vital cause behind the country's tortuous development path of the mining industry.

Author contributions Both authors contributed to the study conception and design, as well as the material preparation, data collection and analysis in different parts of the article. Dr Weibo Zhang oversaw mineral industries of the two countries, while Dr Janet Xuanli Liao dealt with the introduction, literature review, the theoretical framework, and the evolution of the political systems of the two countries. The conclusion was done by both authors. The first draft of the manuscript was written by both authors, and proof-edited by Dr Liao, and both authors read and approved the final manuscript.

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