



The Development of Lhokseumawe City during the New Order Period

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ABSTRACT

This article discusses Lhokseumawe City during the New Order era using historical research methods consisting of heuristics, verification, interpretation and historiography. The research results show that Lhokseumawe City tends to have good geographical conditions as an industrial location. This is also supported by Lhokseumawe's long history as an indicator that this region has long been important to rulers at all times. During the New Order government, Lhokseumawe was then turned into an industrial city with all the natural resources it had. The success of the New Order in turning Lhokseumawe into an industrial city was carried out by enacting Regional Laws and Regulations as legitimacy in the management of all commodities owned by the region. Even though development was promoted in Lhokseumawe, it was only physical, while the people still experienced social inequality, until the end of the New Order's rule for more than 30 years.

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INTRODUCTION

The evolution of a city typically begins with a village undergoing continuous changes until it becomes an urban area. Therefore, all regions worldwide are in a state of perpetual transformation. Villages evolve into small towns, which then grow into medium-sized cities, eventually becoming large cities, metropolises, and megacities. The characteristics of these changes vary from place to place, whether in rural or urban areas (Amin, [2013](#)).

Lhokseumawe is one of the cities in Aceh Province, situated between Banda Aceh and Medan, making it a crucial distribution and trade route for residents in Aceh. The name Lhokseumawe derives from "Lhok" which in Acehnese means a deep-sea trench, and "Sheumawe" meaning swirling water or the center of a spring along the coast of Lhokseumawe. Thus, Lhokseumawe can be interpreted as a city located in a bay with springs (Said, [2007](#)).

Lhokseumawe is known for its heterogeneous population due to the migration of people from villages to the city. Initially, the native inhabitants of Lhokseumawe were Acehnese, but over time, migrants from various ethnic groups, such as Javanese, Minangkabau, Toba, and Chinese, settled in the area. The residents of Lhokseumawe predominantly work as fishermen, as many industrial jobs in Lhokseumawe employ labor from outside the region. Only a few locals can secure positions in private industrial companies, often in security roles, due to the skill gap that prevents them from competing with the broader industrial sector (Huda & Heryansyah, [2019](#)).

Before the 20th century, Lhokseumawe was governed by an *Ulee Balang* (regional head) during the Aceh Sultanate. The Kutablang system allowed a local traditional leader to govern independently, enforcing religious and customary norms. The small population at that time made it easier to manage people according to Islamic norms. This governance system persisted through various foreign occupations, including the Portuguese, Dutch, and Japanese, each bringing changes to local administration (Ricklefs, [2017](#)).

Following Indonesia's independence in 1956, through Emergency Law No. 7 of 1956, autonomous regions within North Sumatra Province were established, including Aceh Utara with its capital, Lhokseumawe. In 1964, Governor's Decree No. 34/G.A./1964 elevated Banda Sakti in Muara Dua District to a separate sub-district named Banda Sakti. Based on Law No. 5 of 1974 on the Principles of Regional Government, Lhokseumawe's status was poised to be upgraded to an Administrative City. On August 14, 1986, Regional Regulation No. 32 of 1986 officially established Lhokseumawe as an Administrative City, endorsed by President Soeharto and inaugurated by Minister of Home Affairs



Soeparjo Roestam on August 31, 1987. This administrative decision underpinned the New Order's governance in Lhokseumawe (Buku Pusat Sanitasi Aceh Utara, [2015](#)).

The New Order's governance in Lhokseumawe included: (1) a stable period with high policy continuity and military-technocratic personnel; (2) impressive economic changes through extensive oil and mineral exploitation, enhanced transportation and telecommunications infrastructure, rapid innovations in manufacturing, and significant urban construction; (3) close cooperation with dominant capitalist countries and their corporations, often described as neocolonialism. Broadly, Lhokseumawe under the New Order experienced economic, political, infrastructural, and other changes (MR, [2011](#)).

The New Order's approach transformed North Aceh into the largest industrial area in Aceh Province and one of the largest outside Java, marked by the establishment of PT. Arun LNG in Lhokseumawe in 1974. Other notable industries included Kraft Paper Mill in Aceh, ASEAN Fertilizer (AAF), and Iskandar Muda Fertilizer Plant. However, over 30 years, national figures initially focused on national interests gradually shifted towards personal and group interests, often involving economic benefits through corruption and collusion. This led to stagnation in various aspects such as the economy, society, and politics in Lhokseumawe (Patji, [1998](#)).

In exploring the writing of this article, several literature reviews were used as follows: Muhajir (2016) entitled "*Industrialization in Langsa City in the Colonial Era (from State to Private Capitalism) 1907-1942*". This work explains the existence of Langsa as a colonial city in the early 20th century which focuses on the development of capitalism in the industrial sector and its relationship with the development of the city. In its description, the colonial government encouraged the development of capitalism through industrialization to accommodate private interests. Previously, the population of East Aceh had a traditional economic base in pepper farming, but this was destroyed by war and later replaced by Dutch colonial capitalism. This paper can provide an overview of the conflict and tug of state interests in the interests of urban development.

Later, Lubis (2021) with research entitled *Kota madya Lhokseumawe Provinsi Nanggroe Aceh Darussalam (2001-2014)*, (2021). This work is a thesis that explains the history of Lhokseumawe City in the period after the reformation, especially after the formation of Lhokseumawe as a madya city. The explanation in this thesis shows the development of the city in the fields of education, socio-economics, infrastructure and government of Lhokseumawe City. This work can help the author in providing an overview of the development of Lhokseumawe after the reformation.

Basundoro (2016) in, "*Introduction to City History*", (2016). The explanations and descriptions are very helpful in understanding the concepts and definitions of cities in Indonesia. In detail, this book explains the development of cities in Indonesia, which began with the influence of European colonialism as a seed in the emergence of the character of colonial cities in Indonesia. The colonial city continued to develop into a center of government and economy by becoming a trading city that became the destination of international traders. Western colonial intervention in city development was accompanied by the fulfillment of the needs of facilities and infrastructure in running life in the colonial city. There is access to main roads that connect the city center, facilities such as government buildings, companies, schools, mosques, monuments and transportation facilities such as rail ports, and trams in carrying out social and economic life.

Thus, this article specifically examines Lhokseumawe City under the New Order Government, which is known for being centralized and authoritarian. Several things are the subject of this article, namely: general description of Lhokseumawe City (geography, demography, social, and economy), a brief history of Lhokseumawe City in various governments from Dutch colonialism to independence, and finally the core of this article, namely Lhokseumawe City under the New Order rule.

METHODS

This article employs historical research methods comprising four stages: heuristics (source collection), verification, interpretation, and historiography. Primary sources include archives and documents such as the KIT Aceh Archive Inventory, Emergency Law No. 7 of 1956 on the Formation of Autonomous Regions within North Sumatra Province, Law No. 5 of 1974 on the Principles of Regional Government, and Regional Regulation No. 32 of 1986 on the Establishment of Lhokseumawe as an Administrative City. In-depth interviews with historical actors like Hermawan Amrawan and Asranur were also conducted. Additionally, contemporary photographs and newspaper articles enriched the data. Secondary sources include books, journals, and other scholarly works relevant to the topic.

The sources that have been collected are then verified by studying the font, paper type, *style*, writing idea, and writing orientation of each historical source to produce the authenticity and credibility of the source so that historical sources can be used and are relevant to the study. The third stage is interpretation (interpretation) of sources that have been verified both analytically and synthetically as an effort to build a historical narrative. The last stage of this method is historiography or writing. The writing stage is carried out so that the facts that have been interpreted both thematically and chronologically can be written down. Historiography is a process of synthesizing facts, a process of telling a series of facts in a form of writing that is critically analytical and scientific in nature so that the final stage in this writing can be poured into scientific work. Historiography is an activity of writing the results of historical research in a descriptive-narrative manner based on systematics and chronology. Writing history is an intellectual activity is a major way to understand history. Historical writing is also an imaginative reconstruction of the past based on the sources obtained. The final result in the form of historiography is certainly determined by the ability of imagination and skills possessed by historians. Historical writing must also use standardized, good and refined language and spelling so that it is easily understood by readers and does not cause misunderstanding of interpretation (Kuntowijoyo, [2013](#)).

HASIL DAN PEMBAHASAN

Overview of Lhokseumawe City

Lhokseumawe is a city in Aceh Province on the eastern Sumatra route. It is located between Banda Aceh and Medan, making it a very important distribution and trade route for Aceh. Lhokseumawe comes from the Acehnese word *Lhokyang* which means deep, sea trough and the word *Sheumawe* means swirling water or the center of a spring in the sea along the coast on the edge of Lhokseumawe City. Lhokseumawe City can be interpreted as a city located in a bay where there are springs. Lhokseumawe City was originally surrounded by small islands with an area of about 11 km² separated by the Krueng Cunda River. The small island with villages (*gampong*) namely Kampung Keude Aceh, Kampung Jawa, Kampung Kutablang, Kampung Mon Geudong, Kampung Teumpok Teungoh, Kampung Hagu, Kampung Uteuen Bayi, and Kampung Ujong Blang which at that time had a population of 5,500 people (Anggriani et al., [2024](#)).

The area of Lhokseumawe City is 181.06 km², about 60% of Lhokseumawe City land is used for settlements, which is 10,877 ha. The most land needs are shown for mixed garden businesses, which is about 25.35% of the city area or 4,590 ha. In addition, it is intended for rice fields, which is 3,747 or 21%. Then for the needs of smallholder plantations, 794 ha of land or about 4% is utilized. Geographically, it is located in the position of 04° 54' -05° 18' North latitude and 96° 20' -97° 21' East longitude (Patji, Lhokseumawe Industrial Zone (ZILS): A Study of Socio-Cultural Disparities in North Aceh, [1998](#)). The boundaries of Lhokseumawe City are as follows:

- The north borders the Malacca Strait.
- The south is bordered by North Aceh Regency (Kuta Makmur District).
- The west is bordered by North Aceh Regency (Dewantara District).
- The east is bordered by North Aceh Regency (Syamtalira Bayu District) (*Masterplan of Lhokseumawe Special Economic Zone*, [2015](#)).

Lhokseumawe City is known as a city with a heterogeneous population, due to the migration of villagers to the city. The original ethnic population that settled in Lhokseumawe was originally Acehnese, then developed many ethnic migrants who settled in this region namely Javanese, Minangkabau, Toba and Chinese so that in 1971 there were around 468,527 people. Population growth from 1992-2012 amounted to 0.8% with an average gross population density of 60.34 people / ha to support the growth and development of Lhokseumawe City and existing activities, adequate urban accessibility and facilities are needed. Although the Lhokseumawe area is predominantly Muslim, there are also people who are Catholic, Protestant, Buddhist and Hindu. The residents of Lhokseumawe City settle or reside separately based on their respective religions. This is done in order to create order in each adherent in big cities. Non-Muslim residents in terms of dress culture tend to follow or adjust to other residents as a form of mutual respect (Ibrahim, [1991](#)).

The livelihoods of the Lhokseumawe community tend to be those that provide direct income to residents as private employees or fishermen. Most people who have finished or graduated from school or college decide to become fishermen. This work is not necessarily carried out alone, but their catch or sea products or income are divided based on the duties and roles of each who participates as a fisherman, boat provider, skipper, market trader, and so on. This is known in the community as *rakan*. Many people work as fishermen because the industry in Lhokseumawe uses a lot of outside labor. Only a few groups of people are able to fill or work in industry-based private companies in

Lhokseumawe, for example as security guards. Regional sons or natives are very rarely accepted as employees or private employees in companies due to differences in abilities so that they cannot compete with industries in Lhokseumawe City (Laely, [2018](#)).

From a socio-economic point of view, Lhokseumawe, before the discovery of natural gas, the economic activities of the people of this area were based on the agricultural sector in general. In addition, Lhokseumawe is one of the regions in Aceh that has agricultural land covering 56,364 ha. The way of farming in the early 1970s was still traditional, in addition, the people of this region also made a living in the fishing economy, trade and various other economic activities. In terms of regional income, the government also relies on this sector as a mainstay source of regional own-source revenue (PAD) (Muhyi, [2016](#)).

Lhokseumawe City in Three Periods of Power (Dutch, Japanese, and Indonesian)

Lhokseumawe City before the 20th century was ruled by an *Ulee Balang* (regional head) during the Aceh Sultanate Government (Batubara, [2020](#)). Around 1904 the Dutch were able to control Aceh after conquering the last stronghold of Acehnese fighters Kuta Glee at Batee Iliak in Samalanga. With the Decree of the *Gouvernement General van Nederland Indie* dated September 7, 1934. (Laely, 2018). The Dutch colonial government then divided the Aceh region into 6 *Afdeeling* led by Assistant Residents, one of which was *Afdeeling Noordkust van Aceh* (North Aceh Regency). This North Aceh *Afdeeling* was divided into 3 *Onderafdeeling* headed by *Contreluer*, namely: (1) Bireun *Onderafdeeling*; (2) Lhokseumawe *Onderafdeeling*; (3) Lhoksukon *Onderafdeeling* (KIT Aceh No. 0362/002, n.d.).

During the Dutch colonial period, the government system was centralized, bureaucratic and feudalistic for colonial purposes. The Dutch established a hierarchy of natives and foreigners who were subject to the Governor-General. The Dutch colonial government established regions to manage their own households while dividing the autonomous regions controlled by the Dutch into *Gewest* (Province), *Regentschap* (Regency), *Staatgemeente* (Municipality) and *Mukim* (Village) (Fatianda & Badrun, [2022](#)).

Later, the Dutch East Indies reformed the administrative system by dividing administrative regions into *onderafdeeling* areas. Disguising titles of office and giving officials government duties. Not only taking care of trade and production but security justice. Colonial bureaucracy as a step towards a more modern process. Important changes that refer to modern values (Muhajir, [2018](#)). In terms of appointing members of the bureaucracy, it was no longer based on genealogical ties as was done by the traditional royal bureaucratic system but based on rational criteria. In 1901, the Dutch adopted what they called ethical politics, in which the colonial government had a duty to improve people's welfare in health and education. Other new measures under the policy included irrigation programs, transmigration, communications, flood mitigation, industrialization and protection of indigenous industries (KIT Aceh No. 0093/022, n.d.).



Figure 1. Two railroads over the river in Lhokseumawe built by the Dutch in 1930
(Source: ANRI, KIT Aceh No. 0093/022)

On March 8, 1942, the Dutch in Java surrendered and the Governor General of the Dutch East Indies, Tjarda Van Starckenborgh Stachouwer, was taken prisoner by the Japanese. Thus, not only *de facto*, but *de jure*, the entire territory of the former Dutch East Indies was under Japanese rule and administration. Thus ended the rule of the Dutch East Indies in Indonesia, including the *Onderafdeling* (Lhokseumawe) (Kahin, [2013](#)).

The Japanese government system focused more on maintaining its territory by attracting public sympathy. The Japanese government reopened schools, Malay was made the language of instruction in schools or government and the release of political prisoners to help them in the political, economic and social fields of government. Another policy pursued by Japan was to mobilize people's labor on a large scale known as *romusha*. Then the formation of semi-military and military organizations consisting of Indonesian youths, such as *Seinendan*, *Keibodan* and *Heiho*. They were trained in warfare skills and the use of military equipment and strategies in warfare (Evers, [2011](#)).

In addition to establishing semi-military organizations to support its war effort. Japan did not change the colonial model of government, it just changed some of the terms. The term *Afdeeling* was replaced with *Bun*, *Onderafdeeling* with *Gun*, *Zelfbestuur* with *Sun*, *Mukim* with *Kun* and *Gampong* with *Kumi*. However, the Japanese reign was not too long because they lost the Second World War and the Proclamation of Indonesian Independence was then declared on August 17, 1945, marking the end of Japanese rule and the succession of power rolled back (Muhajir, [2018](#)).

Since the era of independence, Aceh is one of the regions or parts of the Republic of Indonesia as a Prefecture of Sumatra Province. Along with the establishment of the Aceh Prefecture based on the Decree of the Governor of North Sumatra Number 1/X on October 3, 1945, Teuku Nyak Arief was appointed as Resident (Reid, [2012](#)). The delay in the implementation of the wheels of government in this area can be realized because the state of the country at that time was still in the development phase and in the atmosphere of struggle against Japan and the allies who were accompanied by the *Netherland Indies Civil Administration* (NICA) to regain control of the Indonesian government, especially in Aceh. History has recorded that Aceh was really the only region of the Republic of Indonesia that could not be reoccupied by the Dutch during the war of independence.

The position of Aceh as part of the territory of the Republic of Indonesia has changed several times. During the independence revolution, the Aceh Prefecture in early 1947 was under the administrative region of North Sumatra. In connection with the Dutch military aggression against the Republic of Indonesia (First Military Aggression 1947 and Second 1948), the Presidency of Aceh, Langkat and Tanah Karo and Lhokseumawe were designated as military areas based in Kutaradja (Banda Aceh today) with the Military Governor Teungku Muhammad Daud Beureueh (Wheatley, [1986](#)).

Initially, the legislation governing regional government after independence was regulated in Law No. 1 of 1945. The legislation then enacted was still focused on the ideals of popular sovereignty through the formation of representative bodies for each region. This law stipulated three types of autonomous regions, namely the prefecture, regency and municipality. The period of validity of this law was so limited that within three years there was no clear government regulation governing the transfer of affairs (decentralization) to the regions. (Ibrahim, 1991). Thus, until the end of Soekarno's reign in 1970 there was no clear picture of Lhokseumawe City. This was not surprising, because the Soekarno administration was hit by many upheavals, such as the 1948 Madiun Incident, PRRI/Permesta, DI/TII until it culminated in the 1965 September 30 Movement. The unstable political atmosphere certainly had an impact on other regions outside Java (Ricklefs, [2017](#)).

Lhokseumawe City under New Order Rule

Initially, the legal basis used by the New Order to build Lhokseumawe was Emergency Law No. 7 of 1956 concerning the Establishment of Autonomous Regencies within the Environment of the North Sumatra Province, so the Central Government decided that North Aceh Regency was formed with the capital city of Lhokseumawe where executive, legislative, and judicial powers were located in running the government in Lhokseumawe City (1956). This government was given authority, among others, in the affairs of: (1) Public Works; (2) Health; (3) Animal; (4) Agriculture; (5) Inland Fisheries; (6) Social; (7) Small Industry; (8) Agrarian; (9) Labor; (10) Information; (11) Education and Culture (Amini, [2023](#)).

Furthermore, in 1964, followed by the Decree of the Governor of the Special Region of Aceh Number 34/G.A/1964 dated November 30, 1964, it was determined that the Banda Sakti settlement in Muara Dua Sub-district was made into a separate Sub-district with the name Banda Sakti Sub-district. Based on Law Number 5 of 1974

concerning the Principles of Government in the Region, Lhokseumawe's status had the opportunity to be upgraded to an Administrative City. On August 14, 1986, with Regional Regulation Number 32 of 1986, the Establishment of Lhokseumawe Administrative City was signed by President Soeharto and inaugurated by the Minister of Home Affairs Soeparjo Roestampada August 31, 1987.

Law No. 5 of 1974 on the Principles of Regional Government had the opportunity to improve Lhokseumawe's status as an administrative city with the Memorandum of Office of the Regent Head of North Aceh Region, No. 125/50/80 Dated May 12, 1980. At that time, Drs. Mahyidin HR was appointed as the Head of Planning for Lhokseumawe City to become an administrative city. At the time of the inauguration and inauguration of the Administrative Mayor, *de jure* and *de facto*, Lhokseumawe had become an Administrative City with an area of 253.87 km². The areas included in the Lhokseumawe Administrative City are Muara Dua, Dewantara, Muara Batu and Blang Mangat, including Parupuk in Dewantara. On October 31, 1992, the acting mayor Drs. Mahyidin HR passed away, so it was continued by the Secretary of Kotip as Acting, namely, H. Suib Nursyah SH. Then on June 29, 1994, the position of Defenitive Mayor was held by Drs. Muhammad Usman. The government structure is under the Regent of the Regional Head Level II, which was held at that time by H. Kalimudin Hasbullah SE. Furthermore, until 1996 it was held by Drs. Rahmadsyah. Since 1988, the regent H. Kalimudin Hasbullah, initiated an increase in the status of Lhokseumawe to become a municipality (Patji, [1998](#)).

The implementation of regional autonomy is actually implemented due to the dissatisfaction of people who live in areas that are rich in natural resources, but the lives of their people remain below the poverty line. Although the law has often been issued, in reality the management of natural wealth and regional natural resources is still regulated by the center. So that the people of regions that are rich in natural resources feel very disadvantaged. During the reformation period they demanded the implementation of regional autonomy. So that Law No. 22 of 1999 was born and the implementation of regional autonomy began to be realized since 2000 in stages. In article 2 of Law No. 22 of 1999, the territory of the Unitary State of the Republic of Indonesia is divided into Provincial Regions, Regency Regions, and Autonomous City Regions. Previously, North Aceh was made a Regency in 1974 and Lhokseumawe was established as an Administrative City. Furthermore, after the enactment of Law No. 22 of 1999 Lhokseumawe has the potential to become an autonomous madya city with several considerations stipulated in Law No.2 of 2001, namely:

- 1) Whereas with the development and progress of the Province of the Special Region of Aceh in general, and North Aceh District in particular, as well as the growing aspirations in the community to improve welfare by organizing and managing their own households, it is necessary to improve the administration of government, implementation of development, and community services in order to ensure future development and progress.
- 2) That with regard to the foregoing and the economic progress, regional potential, socio-cultural, socio-political, population, area, and other considerations in the Lhokseumawe Administrative Municipality of North Aceh Regency, as well as the increasing burden of tasks and volume of work in the field of governance, implementation of development and community services and providing the ability to utilize regional potential to carry out regional autonomy in North Aceh Regency, it is necessary to establish the Lhokseumawe Administrative Municipality as an autonomous region (Evers, [2011](#)).

Based on the considerations mentioned in Article 2 and Article 3 of Law No. 2 of 2001, Lhokseumawe Municipality was established as a municipality in the Special Region of Aceh within the Unitary State of the Republic of Indonesia and Lhokseumawe Municipality consisted of parts of North Aceh, namely: (1) Muara Dua sub-district; (1) Banda Sakti sub-district; and (3) Blang Mangat sub-district.

After the New Order's efforts to implement the regional autonomy policy, it was only implemented in 2001. It should be noted that in 1997 regional autonomy was a New Order project for regions in Indonesia including Lhokseumawe. The next stage of the New Order made Lhokseumawe an industrial zone city. The major industrial activity in Lhokseumawe City is the oil and gas processing industry (Arun LNG) (Amrizal, [2022](#)). This area is located in Blang Lancang, Muara Satu District. This area is part of the Lhokseumawe Industrial Estate (KIL) which covers the area of Lhokseumawe City and parts of North Aceh Regency. Other large industrial estates that are part of the Lhokseumawe Industrial Estate (KIL) located in North Aceh Regency are the Iskandar Muda Fertilizer (PIM), *Aceh Asean Fertilizer (AAF)*, and Aceh Kraft Paper (KKA) industries. The existence of KIL supports Lhokseumawe City and parts of North Aceh District as PKN. The land area designated for large industrial estates is the area of factory installations, excluding large industrial settlements and other facilities (Lubis, [2021](#)).

In 1971, the discovery of natural gas resources in Padang Arun, Lhokseumawe is referred to as the take-off period in North Aceh's industrialization program. The discovery of the gas reserves encouraged the Indonesian government "Pertamina" to build a gas processing company. The discovery resulted in the establishment of several large industrial companies including PT Arun NGL (*Natural Gas Liquid*) in the field of gas processing in 1974. The name was given to the village where the gas was discovered, Arun Village. In addition, several companies and factories were established, such as PT AAF (*Asean Aceh Fertilizer*) in the fertilizer sector in 1981, PT PIM (Pupuk Iskandar Muda) in 1982, and PT KKA (*Kraft Aceh Paper*) in 1985. All of these were established in an industrial area known as ZILS (Zona Industry Lhokseumawe) which relied on natural gas as one of the main raw industrial materials.

The development of the industry is very rapid and has also affected the development of the region and its people (Kompas 8. J.). Lhokseumawe, located in the North Aceh region, has developed into a basic chemical industry zone and has become a top three foreign exchange earner for Indonesia besides East Kalimantan and Riau. The existing natural gas refinery in Lhokseumawe since its operation in 1977 produces four main products, namely: (1) Condensate (crude oil), has been exported 1,679 vessels or 673,402,340 bbls; (2) LNG (Liquid Natural Gas) has been exported 3,135 vessels or 389,309,390 tons; (3) LPG Propane, has been exported 344 vessels or 7,225,442 tons; (4) LPG Butane, has been exported 348 vessels or 6,731,689 tons (Amrizal, [2022](#)).

These four products have an average value of 2,600,000,000 US Dollars per year or if converted to rupiah value in December 1997 is Rp. 316 Trillion. This value does not include the value of other industries such as PT Pupuk Iskandar Muda (PIM), PT Aceh Asean Fertilizer (AAF), PT Kraft Aceh Paper (KKA). In 1991, the value of oil and gas export commodities (LPG, LNG, and Condensate) amounted to 3,480,318,213 US dollars. This amount was much higher than the export value of non-oil and gas commodities, which amounted to only US\$112,912,651. This shows that the ratio of the value of oil and gas exports is 30 times higher than the value of non-oil and gas exports (Amin, [2013](#)).

One such plant that provides large production is the Blang Lancang plant. The Blang Lancang LNG plant is located in the Aceh Special Region of North Sumatra, on the coast approximately 15 km from the city of Lhokseumawe and 32 km from the Arun gas field. Because it is located in a fairly remote area, it is necessary to provide supporting facilities as a complement to the LNG plant, such as: telecommunication systems, roads, ports for goods and LNG loading, airstrips and housing (Husen, [2018](#)).

The LNG plant was built following the discovery of the Arun gas field in 1971 by Mobil Oil Indonesia as part of a production sharing contract with Pertamina. The Arun gas field was developed and managed by Mobil Oil Indonesia, acting as Pertamina's production sharing contractor with the aim of making the gas source the main raw material for the LNG plant. In order to carry out the construction of the LNG plant, the choice fell on *Bechtel Inc.* given its experience both in the construction of LNG plants and other large projects spread around the world. For the gas liquefaction system, the choice fell on *Air Products and Chemicals Inc.* as it is a proven system (Patji, [1998](#)).

Large industry as a new thing that enters the lives of non-industrial communities such as farming communities, for these communities can be said to be a form of intervention. This can be interpreted as any form of industrial activity that manipulates the environment (natural and socio-cultural) of the community where the industrial activity is built. The form in industrial activities can be divided into two, namely direct, where industrial activities are deliberately held for the community around the industry, and indirect, where industrial activities are for the development of the industry and its employees, but the impact is also felt by the surrounding community. According to the industry, all types of interventions have the same urgency, meaning that all have the same principle of benefit and level of importance for the surrounding community. In contrast to this perception, the surrounding community did not see all types of industrial interventions as equal. Nonetheless, they can all be seen as impacts of the intervention (Ibrahim, [1991](#)).

The seeds of socio-cultural inequality as an effect of the presence of industry in Lhokseumawe among the community have existed since the beginning. The problem of land acquisition for industrial development purposes was carried out. At that time the industry had become a force that determined the fulfillment of the needs of local communities. The earliest portrait of inequality most likely began when the coastal villagers were moved to residential areas far from the coast. This not only moved them away from their source of livelihood, but also sacrificed their expertise as sea fishers (Hermawan, [2022](#)).

Another disparity that has occurred is the decline in income of pond farmers over the years due to the closure of seawater channels to their ponds by industry. Water pollution caused by industrial effluents and reaching other ponds greatly reduced their income levels. Respiratory problems caused by ammonia gas leaks have been experienced by

residents in Krueng Geukues and Tambon Baroh. Rising prices in shops and markets, influenced by the spending patterns of the industrial community, have also affected local residents of the Lhokseumawe Industrial Zone.

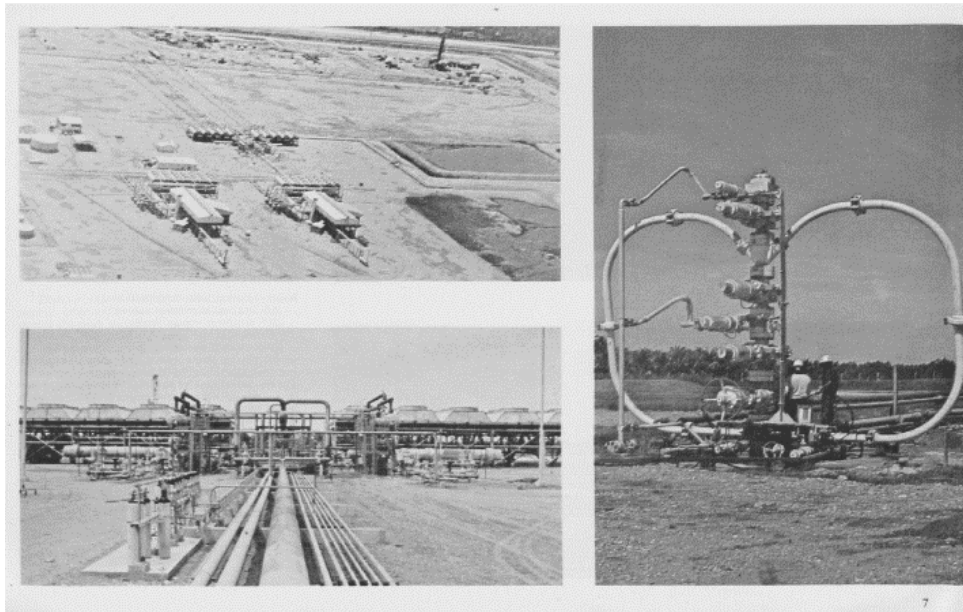


Figure 2. Blang Lancang LNG Plant in Lhokseumawe
(Source: Brochure of Pertamina Arun LNG Plant Lhokseumawe-Indonesia)

With the establishment of several industries in North Aceh, the region has become a modern petrochemical industry area, known as the Lhokseumawe Industrial Zone (ZILS). However, the establishment of this industrial zone left problems. Dissatisfaction began with land compensation: PT Arun in 1972 gave a price of between Rp. 100,- to 180,- per meter. While PT AAF gave a price of Rp. 300-350 per meter in 1980. PT PIM gave a price of between Rp. 800 and Rp. 1,200. Some communities were even frightened and terrorized into surrendering land, some were then placed in camps far from their original villages and far from their original livelihoods. As a result, these local communities felt that they had lost or disrupted their sources of livelihood and had to look for other jobs. In addition, the 30 years of New Order rule by corrupt bureaucrats was disastrous for its rule until the authoritarian rule collapsed in 1998 (Kahin, [2013](#)).

Indeed, people displaced by industrial projects are being resettled. This is actually quite a positive policy, but it is not the right solution. Starting from the process of relocation that is not smooth, housing that is not yet habitable, then changes in the type of work such as people who usually work as farmers or gardeners are then forced to work at sea which is the fruit of this relocation project. So that the wealth of natural resources owned by North Aceh is not proportional to the level of welfare of the surrounding community, it is actually ironic to understand that the low level of welfare of the people of North Aceh goes side by side with the abundant natural wealth owned by North Aceh which is even higher than the national average (Muhajir, [2016](#)).

The presence of large industries in North Aceh is indeed very supportive of the development of this region's income and also affects the increase in per capita income of its population. However, when considering the amount of income per month between employees of large industries and the local population, it still shows weaknesses in terms of equity. The existence of industry should be able to encourage an increase in the income of the surrounding population, but the opposite is true. Thus, the urgency of the existence of industry, especially for local communities, still needs to be questioned to this day.

CONCLUSION

Lhokseumawe City has a long history and has undergone various transformations, ranging from pre-colonial, Dutch colonial, Japanese, to the present. During the New Order era, Lhokseumawe developed as part of North Aceh Regency, with the peak of government and industrial development, especially the oil industry. Since the 1970s, economic development in the Lhokseumawe industrial area has had a significant impact on the surrounding community. The Greek philosopher, Parmenides, said that what remains is change, and this is seen in the New Order development goals in Lhokseumawe, which include economic growth, changes in economic and social structure, reduction of poverty,

inequality and unemployment. Economic and industrial development in Lhokseumawe requires government and community cooperation in managing resources to increase economic growth and employment.

However, in reality, these goals were not achieved. Lhokseumawe was transformed into an industrial city through the New Order government's bureaucratic system and laws that exploited local natural resources. Although Lhokseumawe has abundant natural resources, its management does not pay attention to the welfare of local people, the environment, and future generations. As a result, changes in Lhokseumawe only occur in its physical appearance, which changes from natural to capitalist industrial areas that only benefit certain groups.

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