

EVOLUTION OF POLITICAL ECONOMY AND FOREST MANAGEMENT IN BHUTAN

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Abstract

The sustainable management of forests and forest resources are recognized as essential at global, regional national and local levels for environmental, social, and economic services. Forest resources and their management systems are extensively studied for the reason of finding suitable strategies to manage them in a sustainable, efficient and equitable manner. In countries where majority of the population are subsistence farmers, providing access to forests is a necessity for the welfare of the rural poor. However, forests are becoming increasingly scarce in the face of pressures emanating from human craze for economic development. The unlimited wants of vested interest groups in utilizing the scarce forest resources make reconciliation not only an economic problem but it is a problem decided in the arena of political economy. It is argued that governments limit ownership and use right of local communities over forest resources. On the other hand, communities are believed to have successfully managed forests for decades.

This paper attempts to trace the evolution of resource management institutions in Bhutan. Three eras were identified as associated with the evolution of resource management institutions. The study portrays the circumstances under which local level people-forest interactions were influenced under the evolving religio-political regimes in Bhutan. It discusses the circumstances under which religion influenced charitable attitudes in rural farmers, which in turn served as a basis for religious figures to assume and strengthen political and administrative roles. Paralleling the evolution of political system that was characterized by religio-politico leaders was the evolution of local resource management institutions. During the time when religio-politico and petty rulers (desids) were constantly engaged in internal strife for power, the rural poor were subjected to burdening in-kind taxation and obligatory services that led to peasant classification. The heavy taxation provided no incentives for fostering economic welfare. Nonetheless, it later served as a basis for legitimacy of *de-facto* claims over forest resources. The paper also highlights that the origin of resources boundaries at village as well as district levels had their roots in the evolution of political economy.

The study deduces that local resource management institutions evolved prior to 1950s. The livelihoods of peasant farmers were characterized by increased dependency on the

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agricultural lands and surrounding forest resources for wood, fodder, water, and other forest products; poverty was bound to be inherent with layers of peasant classes under the burdening taxes and oppression; and the uncertainty about being spared the oppressive taxation amidst the uncertain situation of peasants in matching annual harvest (subject to environmental uncertainty) with state demands and family needs. With poverty, dependence on agriculture and natural resources, and uncertainty, villagers evolved ways of working together for common benefits that are based on mutual trust and reciprocity, which are important rural livelihood contributions to forest conservation in Bhutan.

Introduction

Concerns over the deteriorating quality of our environment in general and the degradation of forests resources in particular have been widely raised at local, regional and international levels. The interaction of social, economic and political factors determine the way in which resources at the local level are utilized, resulting in sustainable or unsustainable use (Sharma 1992). According to Nadkarni et al. (1989), the situation under which forests are becoming increasingly scarce appears to fit within the framework of neoclassical definition of economic problem concerning human decision about meeting ends using scarce resources that have alternative uses. However, in practical situations where scarce means have alternative uses to different sets of users, who compete for the dominance of the scarce resource, the problem is no longer purely economic and is hardly amenable to neat neoclassical economics. Referring to Arrow's (1951) 'Social choice and individual values'³, Nadkarni et al. (1989) stated that the reconciliation between ends and scarce means is decided in the arena of political economy. He distinguished between the feasibility of solving an economic problem and a problem in the economics of resource use by saying that the capability of distinguishing ends in order of importance makes it feasible to solve an economic problem while the problem in the economics of resource use is characterized by conflict of interests between groups that make it an issue related to political economy of resource use.

Political economists have extensively explored the conditions under which institutional arrangements will evolve or change. Various social, cultural, political, economic and environmental factors have been described as responsible for the evolution and change of institutions. Such changes in institutional arrangements influence the attitude and behavior of humans towards utilizing and managing resources. While resource utilization and management are determined by socio-economic, political and physical factors, institutions evolve with changes in these factors. Based on the type and level of operation, Madhu Sarin (1996) noted three types of community institutions engaged in forest protection and management. They include institutions that emerged out of local initiatives in response to scarcity hardships emanating from degradation of forests; community organizations promoted by state forest departments; and local government or NGO sponsored rural development programmes that promote forest management. Various reasons that lead to evolution of institutions include: policy shift and devolution of authority over forests to villagers; salience and scarcity (Gibson 1999); external political and economic pressures. Therefore the continued existence and/ or evolution of institutions is seen by Cleaver (2001) as attributed to the legitimacy bestowed by tradition and by Ostrom (1990, 1992) as a process of crafting mechanisms for collective action necessitated by economic rationality of human beings in appropriating resources.

In Bhutan, the study of local institutions is in its primary stage. Information pertaining to use of resources and the institutional arrangements in governing those resources lie in the form of oral tradition and a few research studies (Wangchuk 2000, Wangchuk 2001, Giesch 2000, Allison 2002). Historical literatures (Education Department, RGOB 1997;

³ Nadkarni et al. (1989) referred to K.J. Arrow's *Social choice and individual values*. New York: Wiley, 1951, quoted in G.R. Feiwel (Ed.), *Arrow and the ascent of modern economic theory*. London: macmillan, 1987, p. 22.

Hasrat 1980; Sinha 1991) barely touch on forest governance that it is difficult to trace the evolution of forest related institutions in the country. We have extensively referred to limited secondary information especially Ura (1995), Tashi Wangchuck (2000), Sangay Wangchuk (2001) and greatly relied on the village elders in the study area in deducing the evolution of the political economy and resource governance in the country. The objective of this paper is to trace the evolution of resource management institutions in Bhutan and to relate how changing institutional arrangements influenced resource use over time. In doing so, attempt has been made to explore the origin and evolution of resource governance. Primary information for this study has been generated mainly through the application of International Forestry Resources and Institutions (IFRI) research strategy and instruments (Ostrom and Wertime 2000) and through the use of secondary data. Primary data collection was conducted at the central, district and local levels. At the local level, twelve villages across middle Himalayas of the kingdom of Bhutan were randomly selected for the study.

Evolution of religio-politico rulers

The political and socio-economic circumstances under which Bhutanese lived, interacted with and managed natural resources, especially forests, evolved since the eighth century. Tibetan Buddhism was introduced to Bhutan with the visit of the Guru Padmasambhava in 747 A.D. Some form of government then existed with the presence of Sindhu Gyap as the King of Bumthang and petty rulers or *Debs* who ruled other eastern parts of the country. The ninth to eleventh centuries were known to be the period in which the influx of Tibetan Lamas (saints) resulted in the establishment of Tibetan religious and cultural dominance in western and central Bhutan (Hasrat 1980: 26; Sinha 1991). Sinha (1991) described that the system that prevailed till the beginning of the seventeenth century was clan based and tribal in nature. In 1616 Zhabdrung Ngawang Namgyel (1594-1651) arrived in Bhutan and as a highly revered saint, he emerged as the religio-political ruler (Sinha 1991). He was the most prominent of all as he was not only a religious figure but also a political ruler who initiated the dual system of government and built many dzongs (fortresses that served as administrative center and as residences of the monk body). However, following the rule of Zhabdrung, *desid* or temporal rulers who exercised full civil, military, judicial, and revenue administration powers ruled the country (Hasrat 1980). The rule of as many as fifty-six *desids* during the period 1651 – 1907, was marked by internal strife and struggle for power among different factions (Das 1974).

The emergence of Jigme Namgyel towards the end of seventeenth century led to the final consolidation of the country in 1907 by Ugyen Wangchuck who was appointed the first hereditary monarch in the country. Although Bhutan's religious and commercial interactions with Tibet, Assam, and Bihar dates back to the twelfth century (Pommaret 2000), the country widely remained in self imposed isolation for long. It was not until the reign of the third king Jigme Dorji Wangchuk that the country began to open up to the outside world (Hasrat 1980; RGOB 2002).

Political economy and past livelihoods

Modern lifestyles demand more goods and services that require use of more natural resources than subsistence lifestyles led by rural farmers in many parts of the developing

world. Perhaps, the rate at which change from mere subsistence to modern materialistic lifestyles occurs may also determine the amounts and ways in which resources are appropriated. Such changes in lifestyles may be influenced by enhancing or obstructing factors of socio-economic, political, technological and environmental nature.

Other than the tales of political accomplishments of the petty rulers (*debs*) and their subordinates in their war encounters amidst difficult terrains and thick forests, descriptions on aspects of resource management barely exist in historical documents of Bhutan (see Hasrat 1980; Sinha 1981). According to information from study villages, the time when political and religious movement occurred in isolated valleys, the peasant farmers' were required not only to fulfill economic needs of their families, but were constantly involved in serving religious and political leaders. What seemed important to the authorities at such a time was that there were people engaged in various tasks (primarily agriculture) that ensured constant supply of agricultural, dairy and other essentials products without much concern over how resources were managed or sustained. Sinha (1991) stated that the livelihoods of the people during such a time were built around serving a number of clan chiefs who propagated small monastic estates and engaged in sectarian conflicts amongst themselves (Sinha 1991).

Elders in the study villages recollect of difficult times in the past when requirements to serve authorities meant that economic welfare of families had to be sacrificed. The incentive to accumulate wealth was near impossible as farmers tried to meet state (local government) demands for tax and services with harvest timings and outputs. Some say that even fine ash from the oven had to be deposited to the dzongs as tax. Solutions known as *thheykhu* were made from the fine ash and used as detergents for washing clothes (as in the case of Paro district).

In addition, local elders also describe the events under which ancestors were subjected to oppression during the visits of a bangchen to a household. Bangchens, literally translated as 'domineering' or 'despotic' (RGOB 2002), were individuals deputed by authorities to certain households that were not in favor of them. Bangchens demanded whatever they desired. Ura (1995) described the extent to which the people suffered oppression under the bangchen missions. He noted that those families, particularly wealthy ones, who either breached customary law, had trodden 'royal sentiments' or went against the authorities were levied penalty and fines at the whim of the bangchens, who visited the victim's house with 'purposeful conceit and frightful vanity' and that 'the untrammelled display of power by the bangchen mission made it humiliatingly clear to the hosts that no one is lord in their own house' (Ura 1995: 36-37).

Taxation, peasantry and land tenure

An early system of land tenure and resource governance throughout the middle Himalayas of Bhutan can be characterized as complex. While there are no records of formal legislation or rules related to the management of natural resources in the past, the forms of taxation and classification of peasantry portray a great deal about land tenure and resource governance prior to 1950s.

The origin and forms of taxation

The essence of the burdening taxation system stemmed from the basic need for local religio-political regimes and ruling individuals that depended entirely on in-kind taxes for their sustenance. This dependence of the ruling class on in-kind taxes led to excessive imposition of various types of taxes that varied geographically and in quantity. This meant that certain number of villages had to, through their in-kind taxes, support the local regimes and powerful individuals. This probably evolved from the time of advent of Buddhism in the eighth century through the rule of Zhabdrung, his reincarnations and *desids* who promulgated Buddhism. Local people feel that the origin of taxation could be traced back to the time when Zhabdrung Ngawang Namgyel and his reincarnates gained much public support and loyalty and received tributes from individuals and communities. After Zhabdrung, the *Desids* (temporal rulers) continued to promote Buddhism through construction of monasteries, dzongs, stupas and established religious institutions (Hasrat 1980). During such a time when Buddhism was spreading, the people made offerings to the religious entities (monasteries, monk body etc.) in the form of land and agricultural products to support various religious rites and blessings. According to local elders, the onetime offering of grains made by the religious peasant ancestors were recorded and then enforced as regular taxes. The increased religio-political responsibilities amidst ceasing contributions from the peasants could have led to the imposition of the past one-time offerings on an annual basis as *wangyon*. Presumably, the imposition of '*wangyon*' could have led religio-political leaders to diversify the type of taxes under the growing need to sustain a number of officials and staff over time. According to Pain and Pema (2002), contract drawn in the 17th century between Zhabdrung Ngawang Namgyel and those who provided offerings was the basis upon which taxation was built.

The type of in-kind taxes imposed on the people of an area depended on what they produced and their resource base (Ura 1995). In general, the in-kind taxes levied varied through out the country and mainly consisted of:

1) *Wangyon*

Because of the immense respects and loyalty garnered by the Zhabdrung, his reincarnates and stand-ins, people voluntarily offered grains, cattle, property, land, etc. to show their respects. Through history, this trend became inherent in the society whereby people continued to make offerings to religious entities. The monasteries and monk bodies gained ownership to large amount of lands offered by devotees. These offered lands were registered in respective monk body and monastery names (as in the case of contemporary charitable organizations) and were again leased out to interested farmers (especially the landless) on share cropping basis whereby certain portion of the annual harvest had to be contributed to the monastery or monk body. This explains why religious institutions such as monk bodies and monasteries today own large amounts of agricultural lands and assets in different places and receive substantial amount of the cereals or equivalent monetary contribution pertaining to their leased lands/ assets.

Literally *wang* means 'blessing' and *yon* means 'offering'. *Wangyon*, as a taxation term, refers to the in-kind taxes levied on households as a legacy of their past one time offering made to reciprocate for the blessings by Zhabdrung, his reincarnates and stand-ins. It

appears that religious authorities maintained records of who offered how much so that it served as a basis for levying the same amounts as taxes on an annual basis. This could broadly be generalized to have originated prior to the birth of monarchy in Bhutan but persisted in the period before 1950s. While *Wangyon* could be considered to represent the undesired results of the then religio-political regimes that took undue advantage of the charitable aspects of ancestors, it could also be looked upon as one of the limited options in the preliminary building of the nation.

2) *Thojab*

While '*wangyon*' was one form of taxation that was based entirely on the offerings made in the past by ancestors and not on the wealth or land holdings of a family, the other form of tax was known as '*thojab*'. *Thojab* was a form of tax that was based on the agricultural land holdings of a household. In case of *thojab*, tax payers paid taxes commensurate with the area of the farm owned, i.e., households with large land holdings paid more tax. According to Ura (1995), a plot of land capable of producing twenty *dres* (1 *dre* = 1.67 kg) was liable for 3 *dres* of *thojab* tax. Annually, at different times of the year, tax-paying households (*threlpa*) had to deposit prescribed amounts of agricultural products to the dzongs. These tax items differed from one place to another depending on the availability of resources in different places.

3) Labor taxes

Taxes were levied not only in the form of materials or in kind but households were required to provide labor services as tax. As in the case of material taxes, labor taxes also varied geographically. However, they are discussed under three types of labor taxes:

- a. Portage taxes: Each tax paying households was required to provide labor for transport of consignments from one point to another. Upon intimation of arrival of consignments, villages were required to provide '*dhoepa*' or porters to transport the consignments. Consignments generally consisted of materials collected as taxes.
- b. Construction/ repair and maintenance taxes: Households were also required to provide labor for tasks that included renovation of dzongs, construction of roads and trails, and other activities as and when commanded. Such labor contributions termed as '*wulah*' were of different types and imposed by the local governments. Mandatory dzong renovation/ maintenance tasks (*dzongsel wulah*) and road/ trail construction tasks (*lamsel wulah*) were also imposed.
- c. Besides being subjected to the above types of taxes, Ura (1995) noted that households were required to provide labor for tilling of land belonging to monasteries and local authorities, husking of rice, cooking, herding etc. for local authorities.

4) Other taxes

Apart from grain taxes, there were also numerous other taxes that were levied. Basically, all necessary items required by the ruling regimes came from the local people who produced one or the other product. Some of the other types of taxes included butter, meat, animal skins, fodder for horses, fine ash and a wide range of edible and non-edible forest products.

In general, taxation was characterized by inconsistency and oppressiveness with farmers in the lowland paddy areas taxed huge amounts of paddy and associated range of products while highland nomadic tribes had to provide butter, cheese and meat as taxes (personal communication with elders in the study area; Ura 1995). This irregularity and extremely oppressive taxation is evident from Ura's (1995) estimate of annual in-kind taxes paid by a typical tax paying household and from the reports of village elders in Taksha-Sili-Tsara. Tax paying households in study village of Taksha-Sili-Tsara community were liable for various kinds of taxes paid to Punakha and Wangdiphodrang dzongs (Table 1).

Table 1 A non-comprehensive list of in-kind taxes paid per year by households in community of Taksha-Sili-Tsara prior to 1950s.

Type of tax	Particulars	Amount per year	Collector
Grain tax (<i>Wangyon</i>)	Grains (Rice, wheat etc.)	According to initial offer	Punakha Dzong
Grain tax (<i>Thojab</i>)	Rice	According to land holding	<i>Nyerchen</i> (Chief Steward), Wangdi Dzong
	Wheat	According to land holding	
Land tax	Bundles of cotton textile (then known as Keray)	Applied to only those who owned land at Ngaba and Babche ⁴	Daga Dzong
Butter Tax	Butter	2 Sang (1 kg) per cow	<i>Zimpon Nangm</i> (Chaimberlain)
	Additional for every female calf	1 sang (0.5 kg) per female calf.	
Meat and skin tax	Beef cattle	?	<i>Gorab</i> (Gate controller)
	Cattle skins	?	
Ropes	Ropes	?	<i>Tapon</i> (Chief of stable)
Paper material	Dry Daphne skins	?	?
Porterage tax	Labor for transporting consignments.	As and when consignments arrived	-
Obligatory contributions	A certain number of cows but not fixed.	Every time a new head came to Daga Dzong, a certain number of cows were sent from Taksha and Sili as gesture.	The head of Daga Dzong

? = information not available.

⁴ Ngaba and Babche are wheat growing areas owned by households in Taksha and Sili. In the past the land was under the jurisdiction of Daga district. However, due to inconvenience of the households having had to pay taxes to two districts, it was brought under Wangdi district after negotiation (personal communication with village elders, 2001).

Classification of peasantry

Taxation in Bhutan prior to 1950s was no doubt oppressive but in a way progressive in nature. Although, all households were purely based on subsistence agriculture, there were differences in their property and landholdings, number of livestock, family members etc. which served as a basis for levying in-kind taxes. While no set formula or standard seems to have been adopted in levying the taxes, the logic followed was more of a progressive taxation, wherein the rich and wealthy were targeted as main sources of in-kind revenue. Taxes were levied based on the capability of households, which led to the emergence of various classes of households. Based on the extent to which households were liable for taxes and the entity to which taxes were paid and or services rendered, peasant classes known by the name of *Threlpa*, *Zurpa*, *Draba*, *Zab-Zasen*, and *Suma* emerged. *Threlpas* were households that owned land and paid commensurate taxes; *Zurpa* were not liable for taxes to the extent *Threlpas* paid; *Drabas* were landless and they worked on other's land in return for their services; *Zab-zasen* were landless serfs whose livelihoods were hinged to serving their masters who only had the obligation to provide them with food and clothes; and *Suma* households emerged by simply declaring that they would like to pay taxes directly to the aristocratic families and existed mainly in Trashigang and Zhemgang (Kheng) districts of Bhutan (Ura 1995).

Resource governance, land tenure and use pattern

Information on land tenure and resource use prior to 1950s is very limited and therefore it is inevitable to rely on limited information to deduce land tenure and resource use rules that existed. It may be derived from the above forms of taxation and associated peasant classes that taxation was a major factor that determined how land and resources were utilized. Until 1946, when the second King Jigme Wangchuck expressed his concern over the burden of tax (Ura 1995), a one-way peasant-government relationship existed, whereby government interest revolved around ensuring their sustenance through in-kind taxes collected from the peasants. Prior to the birth of monarchy in the country, reciprocal assistance by the government in the form of programs to enhance welfare of the people was virtually absent or negligible. Rules and regulations in regulating forest resources were non-existent as far as the local authorities were concerned. However, it can be deduced that the burdening taxation system determined the land tenure and use patterns.

Land tenure represented a pseudo-slavery system, where large landowners kept a cohort of serfs who had no tenurial claim over any land. The land titling seemed to have been focused on tax paying *threlpa* households who in turn kept track of *Drabas* and *Zab zasen* who worked on their lands. There were no specific rules, regulations or legislation to direct or guide land tenure. As long as a household could meet the commensurate in-kind taxes, there were no restrictions on how much land a household could own or how large landowners governed, used or exploited the serfs to fulfill tax and subsistence requirements. However, the varying taxes collected from various types of households suggest that ruling authorities had precise information and records on individual households. This probably served to legitimize land ownership on the part of households and simultaneously helped authorities to impose commensurate taxes irrespective of whether the concerned household had the capacity to work the entire land or not.

Because taxes were levied in the form of both edible and non-edible products as well as labor that were variable across regions and among households, a standard rule for taxation did not exist. Precise details of in-kind taxes according to region would require in depth study of each place. However, on a broader term, it could be described that villages located in the different agro-ecological zones were levied a wide range of in-kind taxes in the form of products associated with the areas. For example people in dry land zones paid cereals such as wheat, buck wheat, barley, mustard etc. and people in lower rice growing areas were liable to pay rice, wheat, buckwheat, barley etc while pastoral households in the higher altitudes were taxed in the form of meat and dairy products (see Wangchuk 2000). In Taksha-Sili-Tsara, the villagers report that cotton used to be grown earlier and that they had to pay textile taxes to Dagana district (Ref. table 1).

Village elders do not recollect of specific legislations, rules, or regulations to direct or guide land tenure and use patterns. With no agricultural development programmes having existed at that time, land tenure and use pattern seem to have been guided by:

- 1) the natural conditions of the agro-ecological zones in which people-resource interaction occurred. Resource for tax purposes and for home consumption were met through agricultural and forest products that depended on the local indigenous practices and natural conditions.
- 2) the fixed type and amount of in-kind taxes that household had to pay on an annual basis. In kind taxes included a wide range of edible and non-edible products, the sources of which were not only the agricultural farms and livestock but also the forests. In-kind taxes pertaining to products such as timber, shingles, fuel wood, peeled Daphne barks, baskets etc. had their sources in the forests. However, there isn't enough existing information on how access and withdrawal of resources from the forest were regulated by the state. Local residents in the study area could not recollect experiencing or having heard from ancestors, any form of assistance or guidance provided by the state in managing resources such as forests from which they appropriated goods and services. Pertaining to agricultural products, authorities having fixed what in-kind tax, how much of it to be paid, and at what time, could have probably resulted in tax paying regions to maintain a consistency in their land use pattern. It appears that peasants had little option to deviate from the usual agricultural land use pattern. The risk of not meeting the tax requirements appears to have been high if a peasant opted to diversify or change cropping patterns. For example, a household required to pay certain amount of wheat as taxes had no option but to grow wheat or else the tax requirements could not be met, the consequences of which are unknown.

The incentives and disincentives of heavy taxation

The burden of taxation has been well elaborated by Ura (1995) and Wangchuk (2000). Whereas the early system of land governance produced substantial incentives to claim tenure over large areas of cultivated land, the taxation system served to reduce the incentive for large-scale land ownership, since the burden of tax was viewed as excessive especially to manpower constrained households with large areas of cultivable land. As a result, large landowners, in order to lessen the burden of paying high taxes, often reduced their level of land ownership by essentially finding a replacement and giving up land to

landless households.

It is clear that taxation served to legitimize property ownership. However, the dependency of ruling regimes on the in-kind taxes made it difficult for households to disown land if they wished to opt out of the burdening taxation. It was not possible for a landowner to avoid taxation unless a new owner or replacements that would fulfill tax obligations had been identified. Considering that local households had to sustain themselves under the burdening taxation system, the rational options available to them in meeting both family and tax obligations were:

- a. to find a willing family or household as a replacement to perform all tax obligations, which according to local people was very difficult. Village elders of Taksha and Jagarlingchu in Wangdiphodrang and Trong in Zhemgang reported that households could evade tax only if they could find others to work on their land and pay taxes on their behalf and that it was difficult to find such people. If they did, it was necessary to provide incentives such as a pair of bullocks in addition to the land and house. This basically meant that a *threlpa* had to give up all wealth in order to get away from tax.
- b. to abandon the land and house to escape the burden of tax. Although, it meant sacrificing family welfare, there were households that abandoned the land and houses and escaped to other areas. Views of local people in Rangzhikhar and Tshogoenpa in eastern Bhutan also relate stories consistency with that of Ura (1995) and Wangchuk (2000) regarding top-heavy taxation that led some families to flee to neighboring Arunachal Pradesh in India.
- c. to enhance the productivity of their land. Doing the best to provide for taxes as well as for family requirements seemed to have been the most viable alternative. As acquiring more land meant more taxes payable, the need to enhance productivity of the land seemed inevitable. Three main activities identified in increasing land productivity were:
 - i. keeping a cohort of workers (serfs) to maximize use of the land and to increase production.
 - ii. enhancing or maintaining the fertility of land by adopting ways to deliver nutrients into the soil. While there is not enough justification to suggest that the generation of organic manure (through integration of leaf litter with animal waste) was linked to the heavy taxation, it is appropriate to say that the process probably evolved in response to the need to maintain soil fertility and in turn agricultural productivity.
 - iii. engaging in collective action. Because there was the tax pressure coupled with the need for individual households to sustain themselves economically, some form of collective action and local management seemed inevitable. In the present context, villagers report that it is advantageous when households help each other in agricultural and other farm works. In a relatively non-monetary village economy, it is perceived impossible for any one family to lead independent livelihood. Regular household activities such as collection of fuel wood and timber, cultivation and harvest of crops, construction works etc. are all seen to be accomplished efficiently through reciprocal labor exchange

traditions than through independent efforts to accomplish them. This collective action was probably felt even more necessary in the past when poverty at the village level seemed more prominent under the heavy taxation system and *bangchen* missions.

Villagers in the study area stated that their ancestors chose not to acquire cultivated land since the burden of taxation was viewed as a reduction in 'freedom', or 'happiness'. Therefore some households followed a logic stating that having little or no land resulted in a higher standard of living than households with a large landholding with greater tax burden.

Therefore, the history of tenure and management of agricultural land in the villages exhibit:

- a trend that prevented *threlpa* from becoming economically well off as taxation, which appear to have been progressive in nature, imposed limits to acquisition of wealth or assets (especially land).
- a historical trend that promoted economic equality within the social system arising from the disincentives of owning land and generating the philosophy that material gain was not necessarily a primary objective of each inhabitant. Tax pressures created avenues for the landless to take up tax responsibility by sharing the land as *threlpas* could neither surrender land to the government nor leave land unutilized to relieve themselves from tax without finding a replacements to fulfill the obligations for them. It appears that the adaptive strategy of households to forfeit a portion of their landholdings could have resulted in a more equitable distribution of arable land throughout the communities. For example, arrangements between large landowners and *drabas* seem to have been mutually beneficial.
- the probability of total impoverishment of large landowners in the process of working their land to fulfill tax obligations or in finding a replacement.

This self-imposed divestment of productive land was an interesting solution by landowners to avoid the perceived burden of taxation, and highlights a philosophical framework in which wealth or standard of living does not necessarily exhibit a linear unbounded relationship to area of landholding or potential net income. Therefore, the tax burden in a way served as incentives for the landless households to acquire land while at the same time, it was a disincentive for the households to own excessive lands.

Evolution of institutional arrangements

Paralleling the evolution of agricultural land tenure in the country was the evolution of how access to forest resources was regulated. While land tenure was characterized by some form of arrangements that enabled authorities to trace types and amounts of taxes owed by landowners, and landowners to find ways to fulfill tax requirements, no formal arrangement existed in regulating access, withdrawal and management of the forest resources either for household use or for tax purposes. Authorities only stipulated what was required of taxpayers to provide in terms of specific forest products. This implies that resources were withdrawn from open access forests for both household use and tax purposes. The question then is what led to the evolution of boundaries when resources

were open access? The evolution of resource governance in Bhutan has much to do with the political circumstances under which the resource boundaries originated.

Origin of resource boundaries

Although the state authorities did not regulate forest resources, boundaries within which *de facto* access, withdrawal, and management activities occurred, gradually emerged. While no precise information is available, local people agree that in olden times, forest products were appropriated for home use and tax purposes from forests around their settlements unless required otherwise by the authorities. Over time, use of forest resources became more prominent and confined within certain boundaries defined mainly but not limited to facilitating tax and administrative needs of the local governments. Based on field interactions with local people and personal communication (with Zhung Kalyon⁵ Rinzin Gyaltsen, 2002) the following were deduced as the basis upon which village and associated resource boundaries evolved:

Movement of consignments

Under the burdening taxation system, every village had the responsibility of transporting government consignments from one place to another. Depending on the direction in which the consignments were to be transported, there were fixed places at which delivery and taking over took place. A series of villages were involved before consignments reach the final destination. The places where consignment were received and/or delivered became very significant and such places have generally been observed as landmark boundaries between villages and have been observed for generations.

Taking care of government officials

Local government representatives or individuals representing authorities/ aristocratic families often visited villages for purposes related to tax and tasks assigned by their superiors. During such visits, it was also obligatory for villagers or their representatives to ensure proper reception at certain places, render hospitality and care during their stay in the village and escort them to see off at a place or point from where the representatives of the adjacent village would receive and continue to render similar services. The process would go on till the official reached the final destination. Such reception and see off points also served as boundary references between villages.

Physical features and landscapes

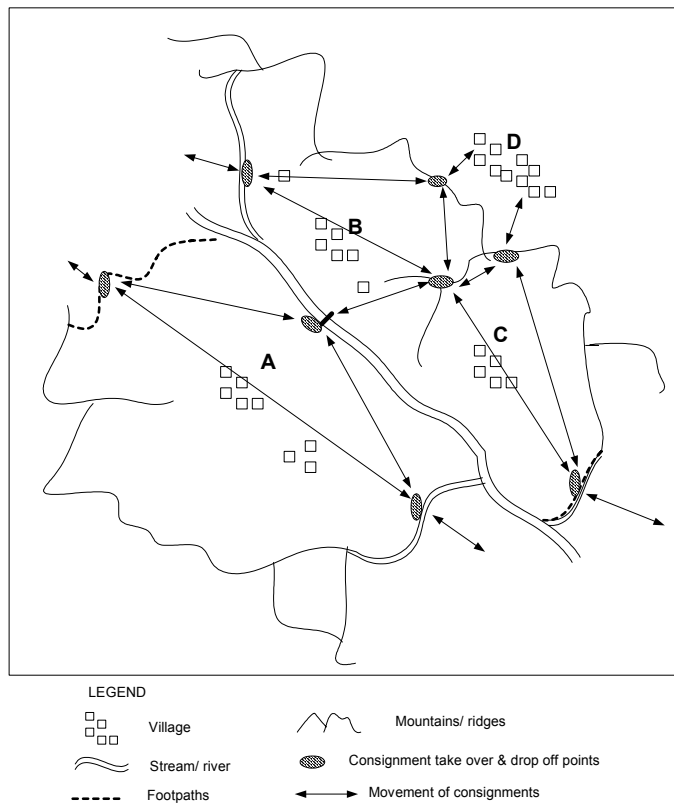
While consignment pick up and delivery and government official reception and see off points served as reference points for boundary demarcations between villages, such points needed to be supplemented with line features for clarity of boundary demarcation. Physical features such as streams or rivers, gullies, ridges, cliffs, footpaths etc. served as lines that connected important landmarks along which villagers could fairly point out their village and resource boundaries.

Figure 1 demonstrates the concept of the origin of village boundaries pertaining to consignment delivery and pick up points. This concept could also be applied to reception

⁵ Zhung Kalyon means Executive Minister and is appointed by the King as the Chairman of the Royal Advisory Council (CAPSS, Education Division 1997).

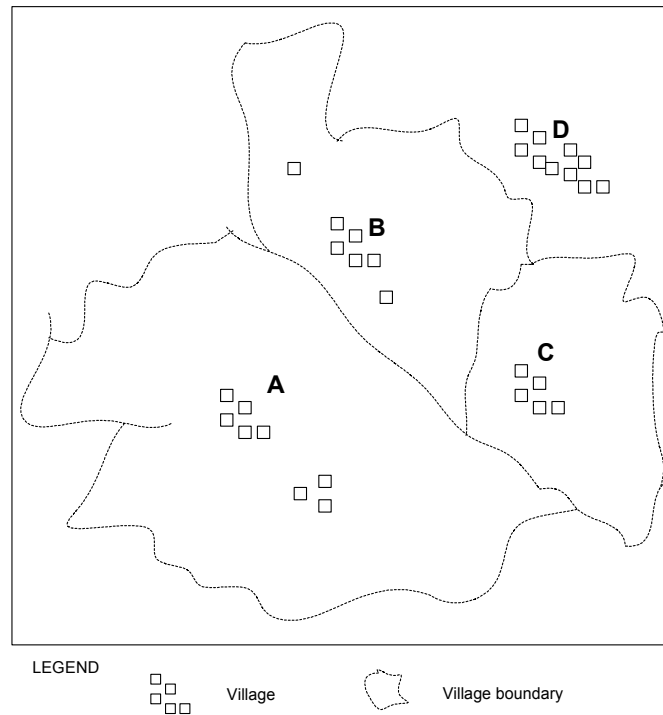
and see off points pertaining to care of governments officials that visited villages for administrative purposes. Such important places along with line physical features provide villagers with a fairly good idea about their traditional village boundaries as shown in Figure 2. Village elders also remind that ‘consignments take over and drop off points’ as practiced earlier may not coincide with the village boundaries in all cases. This could probably be due to mutual arrangements between villages about an alternative take over and drop off place other than the initial one for the sake of mutual benefit and convenience. However, this concept needs further investigation and therefore has been titled ‘a concept on the origin of traditional village boundaries’.

Figure 1 Flow of consignments: a concept on origin of village and resource boundaries



While the above concept of village and associated resource boundaries are related to local or village level, boundaries at the district level evolved from the basic need of local governments to be fully dependent on in-kind tax returns from the villages under that local administration. Since taxes from these areas had to support the operation of district governments, the random distribution of these villages under each district meant unfair amounts of taxes collected to support local administrative setups that consisted of several officials and staff who were paid in-kind as well (Ura 1995). This meant that each local

Figure 2 Village and associated resource boundaries derived from figure 1



government had to be sustained by tax returns that were based in the resources available within its jurisdiction. As noted by Runge (1992) villages critically dependent on agriculture and natural resources are characterized by random distribution of resources, such as water, soil, etc. over time and space. In order to ensure that a local government did not suffer the inadequacies of tax returns, the resourceful areas and non-resourceful (then called *Marwa* and *Charwa* respectively) areas and villages located in them were identified and their in-kind taxes were directed accordingly. This was particularly true in the western part of the country. For example, places like Lobesa and Thinleygang are currently under Thimphu district as a legacy of their having been resourceful (rice growing areas) although it is geographically appropriate to be placed under Punakha or Wangdi districts. Similarly Tshaluna, which was considered to be non-resourceful in the past, is currently under Paro district although it seems geographically appropriate to place it under Thimphu district.

Forest boundaries currently defined by local people are based on past history when boundary demarcations between villages evolved on the above-mentioned bases. There are two main reasons locals generally quote to legitimize their current claim over certain resource boundary.

- 1) Reference to past taxation or services rendered to the state: Local villagers make reference to landmarks or boundaries within which they had met government tax obligations and served the officials.
- 2) History of prolonged or traditional use: Local people also refer to the history or traditional use of resources within certain boundary in which they emphasize past

prolonged usage as a basis for current claim. Often implied in such claims is that they have nurtured and rendered care of the resources within the boundary.

Local resources and management institutions prior to 1950s

While village boundaries were important in terms of political, administrative and tax purposes, there is no indication of any sort to suggest that such boundaries were defined with a management objective. Even the *Thrimzhung Chenmo* (Supreme law) of 1957 did not impose any restriction on felling of trees although it did regulate hunting of wild animals including tigers, elephants and musk deer (Wangchuk 2001). Before 1961, common resources in Bhutan were locally governed. It was noted by the Planning Commission that ‘even before the advent of modernization in 1961, the country consisted of self reliant and self subsistent communities, possessing well defined community based rules and institutions to facilitate the use of common resources.’ (Planning Commission, RGOB 2002: 5-6). Forest boundaries defined by local people comprise of huge areas, some parts of which are rarely accessed even today. Because of this extensiveness coupled with the then absence of state policies or directives to regulate the forest resources, some form of local arrangements evolved to intentionally or incidentally regulate use of certain resources. However, since such arrangements were related particularly to resources in the vicinity of the villages, forest resources within village boundaries comprised broadly of two categories based on the presence or absence of regulated management. They were:

1) *Unregulated forests*

Unregulated forests here refer to those forest areas within villages boundaries in which no formal regulations pertaining to access, appropriation or management existed or exist. However, such areas were governed by the practice of Bon religion, local beliefs and myths about guardian deities residing in the elements of nature that may affect human behavior and interaction with them. Such practices are recorded even today (Allison 2002). With the passage of time, this provided the basis for collective management of forests as common-pool resources (CPRs), with access to the forest claimed only by village members. However, within the community, institutional arrangements regarding product extraction were minimal and limited to areas close to villages.

2) *Locally regulated forests*

Because of the large tracts of forests that existed around villages, use of forest products was concentrated in and around the settlements. Rural livelihoods that were based on subsistence agriculture required a number of products that were obtained from the forest. The dependence of people on the forests for products such as leaf litter, timber, fuelwood, tools and implements, grass, water etc. coupled with the strong local beliefs in protective deities became the basis for the evolution of institutional arrangement that were strictly adhered to. Customary rights to claim the resources within these boundaries evolved. The management of locally regulated forests includes areas in the forests that were utilized for cattle grazing (known as *Tsamdrogs*), worship of local deities, collection of fuelwood, timber, leaf litter (*sokshings*) and other important products. Local people broadly identify forest products as ‘*Tsa*’ (grass), *Chhu* (Water) and *Shing* (Wood). *Tsa* and *Shing* encompass a wide range of species necessary for livestock rearing, fuelwood, timber, and

non-timber requirements. Because of the significant role of the three types of products in the agriculture and livestock based rural economy, the need to regulate these products have evolved. *Chhu* as a very important resource for drinking, washing and irrigation purposes were also locally regulated.

In managing the various forest products, Sangay Wangchuk (2001) documented the existence of the institutions of *Reesup*, *Meesup*, *Chusup*, *zhingsungpa* and *Reedhum* prior to 1969. Similar institutions are reported to have existed in the study villages. The most commonly noted institution for regulating forest resources were the institutions of *Reesup* and *Meesup*. Villagers in the study area reported that mechanisms to regulate not only forest resources but also to foster common interests of protecting agricultural crops, coordinating irrigation, organizing religious rites existed in the past. In regulating forest resources, individuals appointed as *Reesup* and *Meesup*. The *Reesup* had the task of ensuring fair allocation of forest resources especially timber and at the same time took on the role of forest guard in ensuring that community individuals did not abuse forest resources by appropriating without his/ her knowledge. *Meesup* on the other hand were also individuals appointed with the sole responsibility of watching out for forest fires. In the event of forest fires, it was the duty of *Meesup* to mobilize community people to fight the fire and to identify the culprit for legal action. According to the local people in the study villages, these institutions existed but are no longer relevant with Forest Department having taken up the task of regulating forests. While these were more structured in terms of definition of roles and appointment processes emanating from the members of the community, there were also the unstructured norms, traditions and cultural etiquettes practiced at individual levels that have positive bearing on the forest resources. The influence of Buddhist religion instilled in the people the sense of respect for all living beings while local beliefs and associated practices of worshipping spirits and guardian deities residing in the natural surroundings kept people away from unnecessary exploitation of resources. Such local level beliefs and customary practices, for example *Reedhum*, are noted to have existed in the past and are still important aspects of forest conservation in Bhutan (Allison 2001; Wangchuk 2000; Wangchuk 2001).

For regulating agricultural resources and related activities, Wangchuk (2001) also documented existence of *chhusup* and *zhingsungpa* institutions in regulating irrigation water and to protect crops from damage by cattle respectively (Wangchuk 2001). Similar institutions existed and still exist in Paro and Wangdiphodrang districts. In Taksha-silitara, the institution of *chhupon* or water coordinators existed while *zhingsungpa* (known as *thangsungpa* in Paro) existed in Khankhu, Chang Namkar, and Jagarlingchu. The *chhupon* had the role of ensuring that there was enough water in the irrigation canal and that they were equitably distributed if there was scarcity. A *zhingsungpa* or *thangsungpa* mainly had the responsibility of watching out for livestock especially cattle foraging in cropped fields belonging to any village member and to sanction fines (in terms of grains) on those households who let their livestock astray in the agricultural fields.

Through such mechanism for collective action, people have not only been successful in ensuring an equitable distribution of resources, but have also reflected successful and effective management. In 1953, in the village of Chang Namkar, eight out of twenty tax

paying *threlpa* households resolved to equally allocate the village forest (lying close to the village) to themselves as *sokshings* on the grounds that they were tax payers. It implied 1) that non-tax paying households had lesser or no claims to resources close to the village 2) the idea of compensating for the tax burden borne by the eight households did not attract any objection from other non-tax payer. In other study villages, individual *sokshings* were inherited from their ancestors, who nurtured certain parts of the forest specifically for the production of leaf litter. In villages with collectively owned *sokshings*, certain rules in use exist to facilitate equal access, appropriation and management. In general, villagers reported that many of the above arrangements have dwindled over the last ten years.

Towards equity, freedom and formal institutions

The early 1950s marked the birth of formal institutions and modern economic development in Bhutan. The far-reaching political, social and economic reforms of the third King Jigme Dorji Wangchuck (1952-1972) brought about drastic change in land tenure. Official recording of agricultural land and the distinction between private and public property became more prominent with the passage of the *Thrimshung Chenmo* or the supreme law in 1959 and a number of other laws enacted by the National Assemblies in the 1950s. Strategies for equal treatment of all citizens started with the abolition of the slavery and serfdom, fixation of land ownership ceiling, and initiation of land grant or *kidu*⁶ system. The King granted all serfs the opportunity to leave their masters and set up their own households elsewhere with the help of the government without having to disturb the traditional property rights of the masters. Since then, the use of the terms *khue*, *jhou*, *jham* etc. to differentiate people became liable to be sued although they are still used as an abusive language to denounce others during conflicts. Land ceiling was fixed at a maximum of 30 acres and the resulting surplus were distributed to the landless (Education Department, RGOB 1997). Further, taxes were finally collected in monetary terms through out the country in 1968 (Ura 1995).

The reduction and abolition of certain in-kind taxes have been of immense relief for the rural poor. The older generation of the current population has seen and experienced the processes of change in the political economy of Bhutan. The statement '*The lifting of the sha thray was the kindest kidu (welfare) granted to us bjops (yak herders) by the government*' (Wangchuk 2000) reflects the immense benefits accrued to the rural people as a result of the new policies of the 1950s. Village elders in the study area who have experienced this transformation state similar views that not having to fulfill the earlier tax obligations was the greatest welfare brought to them. Many rural citizens describe the extent of progress made in the political economy of Bhutan to have gone beyond their imagination. Local people describe life under the leadership of the third King and present King His Majesty Jigme Singye Wangchuk as far more enriching and prospering than they ever imagined prior to 1950s. In addition to the numerous development programs, the relatively reduced tax has resulted in the greatest comfort and happiness, a difference described to be '*Nam me sam me*' (beyond the earth and the sky) compared to earlier times. It may therefore be concluded that the early 1950s marked the beginning of the era

⁶ Precise date of initiation of *kidu* system is unknown. Ura (1995) provided an account of abolition of serfdom for which a land grant system was initiated at Dechencholing, Thimphu in 1950s.

in which locals could individually or collectively employ their resources, time and energy to derive spiritual and economic benefits individually or collectively. On the other hand, the changing political economy of Bhutan also brought about new perspectives with the government viewed forests. With the initiation of modern economic development in the 1960s, forest resources were viewed with a management perspective that led to nationalization of forests in 1969.

Conclusion

The study shows that the evolution of resource management institutions in Bhutan is closely intertwined with the evolution of political economy. The political economy and forest management in Bhutan evolved during three eras. Prior to 1950s, the evolution of local resource management institutions in Bhutan was highly influenced by the evolving religio politico regimes. The pre monarchy era represented by the emergence of religio-political leaders and petty rulers (before 1907) under whom burdening taxation and associated social settings reduced incentives for acquisition of wealth. The era beginning with the establishment of monarchy in 1907 till the 1950s represents a transition period during which the burdening in-kind taxation persisted as a limited option to nation building. The third era from 1950s onwards marked increasing government interest in social reform and resource management that became increasingly formalized and regulated leading to nationalization of forests in 1969. However, the institutional arrangements and traditions that evolved prior to 1950s provide the basis for *de facto* resource management systems by legitimizing local claims over resources.

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