

# **The Role of Macro-Political Economic Systems in CPR**

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## **Abstract**

This paper focuses on the role of macro political-economic influences on common property regimes (CPR), with specific reference to Indonesia. The thesis of this paper is that macro political economic structures shape property rights patterns of common pool resources. Accordingly, structural changes in the political system - as has recently occurred in Indonesia - are bound to significantly impact on a country's CPR dynamics. The discussion will be approached by looking at Indonesia's Outer Island forest management history, from the colonial era to New Order and post New Order governments.<sup>1</sup> In each historical period two interrelated trends are highlighted: 1) the state's economic development orientation, with particular attention to forestry and 2) policy making processes that shape property systems' legal frameworks. First, the linkage between CPR and the broader political economy structure, from which the paper's argument is predicated, will be presented.

## **Introduction**

This paper's primary argument is that forest management rights and access patterns are a function of the broader political economy; structural changes in the political system will directly affect the forest and its institutions, including CPR. Two elements are highlighted: 1) the state's stake and perceptions of the forest's political economic role in general and CPR in particular, and 2) policy making processes which are shaped by state-society relational patterns. The former reflects a general (usually more abstract) state economic development orientation, while the latter provides more an empirical picture of how the state and societal interests are negotiated (with conflicts and/or collaboration) in the formulation of legal property rights frameworks. Both condition forestry legal institutional codes which in turn shape CPR (un) sustainability;

Moreover, it is widely acknowledged that CPR sustainability depends on its ability to adapt

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<sup>1</sup> Outer Islands refer to the areas outside Java and Bali (Inner Islands). As will be described in subsequent sections, the Inner and Outer Islands' forest management history have taken different paths, so it is important to distinguish the two. For Java's forest management, see Barber (1989) and Peluso (1992).

to changing environments. Accordingly, my subsequent (and preliminary) argument is that, in comparison to closed political systems, a more open polity is likely to create a more favourable socio-political environment for CPR development. This is since democratic political systems allow a more balanced power distribution between the state and society; empowered CPRs practitioners are in a better position to manoeuvre and adapt to changing internal and external conditions.

I will use Indonesia's experience in Outer Island's forestry management as the basis for my argument. The first section discusses the colonial origins of the New Order's Outer Islands' state forestry regime. This is followed by a description of the New Order's political framework and forest management policy, and how they undermined local institutional arrangements in favour of state property rights and management regime. Finally, the impact of Indonesia's recently changed government will be analysed in terms of its impact on formal forest institutional arrangements. In each historical phase, general political economic trends which shape CPR patterns are highlighted.

### **Pre-New Order Period ( - 1966) Philosophical Origins of the State Forestry System**

Prior to the colonial government arrivals, the archipelago was divided into self-governed principalities which favoured local customary, or *adat*, law-based resource rights and usage. *Adats* are unique - different from place to place, from community to another, and very likely from time to time - and have traditionally been the prime indigenous socio-political institutions shaping local human ecology. Recent research has demonstrated that *adat*-based forest CPRs are often practised sustainably and, despite external and internal pressures, remain important in regulating Outer Islands' local forest use practises. The Dutch colonial intervention altered the configuration of the *adat* based property rights' system, especially in Java..

#### ***Political Economy of Forestry***

During nearly two centuries of VOC (Dutch East India Company) imperialism, Java's teak was exploited for the purpose of the shipbuilding industry's monopoly. After the VOC bankruptcy in the end of 18th century, the Dutch government took control over the archipelago, brought with them the entire ideological package of the modern state - its imagined role and function, its power base, its political economic strategies, and its source of control.<sup>2</sup> As other colonial governments, the Dutch organized its territory according to complex political and economic categorizations whose functions were administered by various sectoral bureaucracies with territorial and functional jurisdictions (Vandeergeest and Peluso 1995). While agricultural land was historically owned by individuals or groups, colonial ruler strengthened territorial control by unilaterally designating large tracts of "unused " land as forest zones and by proclaiming its exclusive management rights (Peluso 1992). The underlying ideology behind this state management system was the concept of scientific forestry which centred on the state as resource developer and custodian (Peluso 1992). Predicated on

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<sup>2</sup> The VOC was mainly interested in trade monopoly, and did not directly rule villagers. Instead it entrenched its power over local rulers who, in turn, extracted produce from villagers (Robinson 1986).

its European-based value, scientific forestry was designed to promote long-term commercial timber production - as a transition from pre-industrial forests to industrial tree plantations - with strong ecological elements (Bryant and Bailey 1997).

The colonial 1865 Basic Forestry Law along with the 1870 Basic Agrarian Law - which asserted colonial state's *domeinverklaring* doctrine (i.e. where all "waste" and "unused" land would be declared as state-owned land) - laid the foundation of scientific forestry which is still practised today (Peluso 1992: 50). Guided by its forest management ideals, the Dutch controlled the trees according to scientific principles of silviculture, demarcated the forest zone according to its designated utilizations, and prosecuted those who disobeyed the rule. These state forestry principles, along with *domein* doctrine, have pushed away local customary forest use and tenure arrangement from legal forestry discourse. Local communities - whose access and rights to forest utilization was now undermined by the Laws - were not always receptive, and rural protests were reported to occur, passively and actively, in different parts of Java (Peluso 1992).

Barber (1989: 112) argued that 19th century Java forestry policy should be viewed as a consequence of three broad political economic trends. First was the extension of colonial state sovereignty and administration by means of territorial and political control, as administered by an efficient modern bureaucracy. Secondly, colonial economic policies were aimed at agricultural export commodities and thus required large tracts of agricultural land. Finally, concern over Java's steady population increase led to accelerating forest land clearing for settlement. In addition, another major trend came from Java's increasing state of forest degradation - mainly due to careless exploitation in the VOC era - which, through shortages of timber supply, directly endangered the Dutch shipbuilding industry. Thus, both internal and external forces helped to shape Java's forestry legal institutional reforms.

Preoccupied with Java's invaluable teak, the Dutch formerly paid scant attention to Outer Islands' forests. The *domeinverklaring* was mainly in effect in Dutch "directly governed area" such as the Banjarmasin sultanate (Potter 1988). The many "self-governing" local rulers - whilst recognizing Dutch authority - maintained their traditional control over forest use, extraction and disposal. It was not until the 1920s that the government's desire to directly govern Outer Island forests - probably triggered by need for export-oriented agricultural lands - and apply uniform forestry laws took action.<sup>3</sup> Yet, this proved difficult for policy makers who were split between those who advocated state control and those who favoured local customary control.

### ***Policy Making Processes<sup>4</sup>***

The first colonial forestry law was proposed in 1924, but immediately declined for technical reasons as well as the failure to incorporate the Outer Islands' administrative governing system. In

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<sup>3</sup> Some parts of the Outer Islands had different forms of colonial forestry regulations - either dealing with logging procedures, forest protection, shifting cultivation, or general agrarian affairs - but they were generally weak, and neither consistent nor affected all "directly-governed" colony (Departemen Kehutanan RI 1986a: 84).

<sup>4</sup> This section is compiled from Departemen Kehutanan RI (1986a,b).

1927, the Agricultural Department (in which the Forest Service belonged to), submitted another proposal, which was strongly challenged by the *domein* opponents who believed that state uniform land laws would undermine diverse local *adat* law based livelihood strategies. To deal with this issue, the government sought advice from the Agrarian Commission (established in 1928) which, three years later, came up with the recommendation that the government should respect local customary forest tenure rights or *hak ulayat* (based on the *adat* law) and that existing state regulations did not conform to local agrarian systems.

Foresters were unhappy with these recommendations and asserted *domein* legitimacy - the state's right to "unused" land was believed self-evident. They argued that the Outer Islands were in urgent need of centralised legal mechanisms to base state forest territorial claims and management plans.<sup>5</sup> Attempt to reformulate the ordinance was resumed in 1933 with the government giving "guidelines" that *domeinverklaring* debate should be avoided, and that *adat* law should be respected but not explicitly promoted. In 1934, the new ordinance draft was submitted to the Indonesian-controlled Peoples Council (*Volksraad*); *domeinverklaring* debate occurred in the beginning, but the Council finally approved the bill with some amendments. The government, however, objected to amendments that obliged them to confer all levies from forest exploitation to the *adat* communities living in the designated logging zones - this undecided situation remained until the war erupted in 1942.

Soon after the Dutch handed over control to the newly created Indonesian government (in 1949), the previously aborted attempts to formulate Outer Islands' forest regulations was resumed. The process, however, was interrupted by years of social and political instability and only completed in the late 1960s (soon after the New Order took power) with the enactment of the 1967 Basic Forestry Law. The *domein* doctrine, strongly challenged during the 1920s-50s for its potential to undermine peasants' customary forest access, was readily adopted as the 1967 BFL foundation.

The late 1960s forestry policies (including the 1967 BFL), which shaped the following three decades of Outer Islands' forestry, should be viewed within the context of national political economy trends. The 1967 BFL was born amidst social, political and economic turbulence which culminated in the 1965 Communist Party (PKI) abortive coup and the subsequent emergence of Soeharto's New Order government. The years prior to the coup (the final years of Soekarno's "Old Order guided democracy") saw a worsening economy and fierce ideological polarization between communist (advocated by PKI and its affiliated mass organizations) and anti-communist (favoured by the Military, especially the Army, and Islamic-based parties) camps.<sup>6</sup> The political climate was

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<sup>5</sup> By 1939 the colonial government claimed territorial control over 8 percent of approx. 122 million ha Outer Islands forest. This comprised of 7,726, 800 ha forest of the "directly governed areas" and 2,591,600 ha of "self-governing regions". If the forestry law was accepted, it would mainly affect "self governing areas" forests which made up approx. 50% of the Outer Islands' total forest (Departemen Kehutanan RI 1986a: 104).

<sup>6</sup> Soekarno was in power from 1945-1967, during which three political periods can be distinguished: 1) revolution (1945- 49), 2) liberal democracy (1950-58), and 3) guided democracy (1959-65). During guided democracy, in which democratic rights were weaker than previous eras, the national economy deteriorated with inflation reached 650%. Communist and non-communist distinctions was merely to simplify the political situation at the time; detailed accounts of the situation are provided by van der Kroef (1971), Mortimer (1974), Wertheim

particularly bad at the time that PKI backed peasants launched a radical land reform movement or "unilateral action" (*aksi sepihak*), through which all landlord lands would be appropriated and redistributed to poor peasants without Land National Agency approval.

In the forestry sector, competing political parties adopted increasingly polarized ideological orientations, with some advocating state forest control and others supporting peasants' rights. Prior to New Order rule, the Forest Service had been grappling with these same views, with one side dominating the other at any particular point in time. Frictions surfaced soon after the post-war Forest Service was established (1949), but turned open and vicious only in the 1960s. In the early years, the competing views were reconcilable (at least keeping conflicts moderate) and united in the non-partisan Forestry Workers Union (*Sarekat Buruh Kehutanan* or SBK) (Departemen Kehutanan RI 1986b: 39). But as the Communist Party grew larger, more powerful, and more daring in its political offensive, the union split in 1964 into SBK/BM (*Buruh Marhaenis* or Marhaenis Workers), SBKI (*Sarekat Buruh Kehutanan Islam* or Muslim Forestry Workers Union) and SARBUKSI (*Sarekat Buruh Kehutanan Seluruh Indonesia* or All Indonesia Forestry Workers Union), each of which was affiliated with opposing political factions.

The bloody revolt, triggered by the killings of seven army generals, changed the national political configuration. Thousands of peasant activists and other PKI sympathizer were jailed or executed without trial, and for the years to come the communism remained taboo as it was effectively manipulated by the state to get rid of its dissidents. Thus, the 1967 BFL was formulated when anti-communist feeling was ascending, when the military and its supporters were perceived as "national saviours", when peasants' interests were equalised by the fear of communism, and when economic growth was perceived to be the only way out from national bankruptcy. The 1967 BFL was in tune with these trends; it emphasized forest economic and ecological roles according to "old" philosophy of state controlled forest production and conservation.

## **New Order Period (1967-1998)**

### ***Political Economy of Forestry***

Like many other post-colonial states, the New Order was determined to emulate developed countries' economic development path by means of extracting its natural resources and transforming its indigenous resource institutions. The New Order viewed forests as an abundant source of state revenue which should be exploited efficiently and rationally to fuel national economic growth and the modernization process. The means was through large-scale commercial exploitation, whereas villagers' customary forest practises were considered inefficient and illegitimate.

Through the 1967 BFL, large tracts of forest lands - most of them controlled by customary CPR - were nationalised and turned into state property. Before the war, the Dutch declared approximately 10 million ha Outer Island's forest as state forest. Under the New Order, this size increased to 114 m ha or about 75% of the country's total territory, all under the direct control of the

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(1966, 1979), and Crouch (1973).

Ministry of Forestry (MoF). The 1967 BFL provided the state (i.e. the MoF) with the legal authority to plan and regulate all forest tenure and use arrangements within its jurisdiction. The Law only recognized two types of forest tenure: those under private ownership and those with no ownership claim (Article 2). The latter included traditional forest lands (private and common property) since adat-based ownership was typically not officially registered, and thus became subject to direct government control.<sup>7</sup>

Based on the 1920s Dutch map - whose inaccuracies are evident - the Outer Islands' forest boundaries were delineated, divided, and then granted to concessionaries (Potter 1988). The number of timber concessions skyrocketed from only 25 in the late 1960s to 574 units in 1990s, with a total concession area of more than 58 million ha. During the same period, the country's forest products-based foreign exchange earning jumped from 2 million US\$ in the 1960s to some 3 billion in the 1990s - ranking second only to oil and natural gas. In the 1990s the forest industry accounted for 20 percent of non-oil exports and 7 percent of national GDP. Aside from timber industries, forests provided lands for other development activities such as urbanization, mining operations, transmigration projects, plantation estates, and various forms of physical infrastructures (e.g. roads, dams).

Forest not only provided the New Order state with financial benefit, but also served the regime's political purposes. Much of the forest-generated capital was channelled to small circles of elites, with the purpose of procuring civilians, bureaucratic, and military loyalty. Concession rights were allocated without clear and transparent bidding procedures, and access for such rights depended on one's proximity to the power centre (especially president). Many of the concessionaries' licenses were granted to corporations affiliated with bureaucratic military power holders, and nearly all current big timber industry concession holders have personal and/ or economic connections with members of the ex-president Soeharto family.

Local forest access and property systems were largely perceived as a threat to state economic development interests. At first, under the HPHH (*Hak Pengusahaan Hasil Hutan* or Forest Products' Collection Rights) system, some 20-30 percent of 64 million ha total production forest was allocated for local customary use under provincial government supervision (Departemen Kehutanan 1986). It was intended for small manual logging operations and non-timber forest products collection. This policy resulted in numerous small logging parcels (mostly funded by urban rich) which made it impossible for the understaffed and underfunded provincial government to police and effectively tax them. In the 1980s the government completely revoked the HPHH for reasons that it was neither economically nor ecologically feasible, nor easily controlled, and the central government monopolized concession rights issuance ever since. Those with the capital to continue tree cutting were engaged in what the government called illegal logging or *tebangan liar*, the product of which remained important to local sawmills.

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<sup>7</sup> The 1960s Basic Agrarian Law required all lands to be registered. Traditional lands can have land titling if their status is converted into the BAL's modern land tenure category (e.g. private rights, user rights). Yet, this had almost no effect on forest dwellers and other rural people who had little idea of what was occurring in the central capital (Moniaga 1993). As a result, the legal status of "unregistered" land under adat law remained largely unclear and vulnerable to be predated by other claims, especially the state.

Despite official government policies to nationalize forest resources, many communities retain claim over their surrounding forest and continue their customary forestry practices. This often created conflicts between state and villagers' interests over forest use and tenurial rights.<sup>8</sup> Where there is no secure user tenure, there is no incentive for the players to utilize resources wisely, and this often resulted in a situation where forests become "open access" system. Resource depletion ensued as the commons become a free for all in which each tried to harvest as much as possible before others (Bromley 1993). Estimated deforestation rates range from 600,000 to 1,3 million ha annually, depending on whose numbers are used.<sup>9</sup> The government, however, always believed that resource degradation was caused by villagers' destructive forest use and farming methods. Accordingly, forestry officials have tried hard to keep villagers away from the forests, either by outlawing access, resettlement out of the forests and/or "education" of the virtues of sedentary farming over shifting cultivation.<sup>10</sup>

In the 1980s, the spread of democratization and globalization in many Southern countries, including Indonesia, allowed many non-governmental organizations to flourish. These groups began to criticise the massive state sponsored forest exploitation and unequal distribution of forest benefits. They also challenge the government's strict policies towards forest communities. With the spreading influence of certain values - such as environmental sustainability, human rights, self-determination, grassroots democracy, cultural identity - national and international NGOs were often the loudest advocates of granting indigenous forest management and common property rights. In the early 1990s, several environmental and human rights related NGOs established a nation-wide network, called the Consortium for Supporting Community-Based Forest Management (*Konsorsium Pendukung Sistem Hutan Kerakyatan, KPSHK*), with the primary objective to promote sustainable local forestry and property rights systems as well as advocating relevant policy change.

The government, to a limited extent, tried to accommodate these demands by coopting them into its policy framework,<sup>11</sup> but categorically refusing to recognize customary CPR. The difficulty influencing government policy had a lot to do with the closeness of the New Order policy making structure. The New Order polity was characterised by highly asymmetrical state-society power

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<sup>8</sup> Local people ownership claims are estimated to cover 10-65 percent of total forest lands (State Ministry of Environment and UNDP 1997: 365). Some prominent examples of locals-state sanctioned logging companies conflicts are in Yamdena Island (Maluku Province), Sugapa (North Sumatra), Bentian (East Kalimantan), Benakat (South Sumatra). For a detailed analysis of the relationship between environmental conflicts and forest degradation, see Barber (1998).

<sup>9</sup> For different data on deforestation, see Sunderlin and Reksosudarmo (1995).

<sup>10</sup> Since colonial times, the government has blamed shifting cultivation as the sole cause of first degradation. This farming method was perceived to be backward and inefficient as well as a nuisance to the *domein* doctrine. More seriously, the method was allegedly to involve massive tree removal, resulting in expanded *imperata* grasslands.

<sup>11</sup> Since the early 1990s, several social forestry programs (e.g. Forest Village Community Development, Community Forestry) were launched with the objective of involving local people in state forest management. However, implementation has been disappointing since these programs do not address overriding issue of peasants land tenure.

relations. Formal mechanisms for public participation in decision making did not work and the government had full control over policy formulation. As will be described in the following sections, one major target of Indonesia's recent social revolution was this undemocratic political structure in favour of more transparent and accountable decision making processes. Recent (post-New Order) forestry policy changes, including greater recognition of local forest management and CPR, can arguably be attributed as a result of this changed political economy.

### ***Policy Making Process***

The 1945 National Constitution distinguishes between different levels of formal policies, with each level involving several different players. The highest state institution, the People's Consultative Assembly, has the mandate to amend the Constitution and formulate general state policy guidelines. The Constitution also assigns three other state agencies which (supposedly) play crucial roles in policy decisions: the government, the House of Representatives, and the Supreme Court. While state policy guidelines (i.e. general direction for national development) are very broad, it is the government and House of Representative's Laws and legislations which have the greatest sectoral impacts. The Supreme Court's authority is to conduct judicial review, both on policy procedure and content, even though this is restricted to lower level regulations such as Government Regulations, Presidential Decrees, Ministerial Decrees, and other subordinate rules.

While the Constitution sets the legal framework with regards to "who" has decision making authority and "how" the political process should operate, the more salient question is "how" this authoritative power is interpreted and exerted in everyday politics. In this context, analysing the legal text is far from sufficient. Society's rules of conduct are also governed by a complex set of informal codes - stemming from social customs, cultural traditions, and historical experiences - which often provide the interpretive framework for how the legal precepts are exercised. A complex blend of these formal and informal codes shapes the political reality of state-society relations and power distributions, as well as reflecting "whose decisions count".

Even though the constitution allocates policy making authority to state agencies, other subordinate Laws and informal political measures have systematically weakened the legislative and judicial bodies. The House's administrative and political rules were created in such a way that the government could dismiss House members who dared to criticise government policies, not to mention proposing legislation that the government disliked.<sup>12</sup> During the New Order's three decades of reign, nearly all laws were created by the Executive, with the House being nothing more than a 'rubber stamp'. Similarly the Supreme Court, responsible for regulatory judicial review, did not have the political power nor expertise to exercise its authority. The judiciary branch was coopted by the bureaucratic system which had the authority to appoint judicial personnel and control their career development. The whole enterprise of legislative procedure and process lay entirely in the government's, especially the bureaucracy's hands.

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<sup>12</sup> Political parties had to request government approval for proposed legislative candidates, and through the "recall" mechanism, the government (through the political party) could dismiss a disliked House member without legal cause.



This political framework resulted in the general populace having limited political rights and policy making role. Through the 'floating mass' doctrine, citizen's political participation was systematically crippled. People were disconnected from their political parties, which were more accountable to the government than to the people they were supposed to represent. The result was a political system characterised by a highly asymmetrical state-society power dispersion, in which power was concentrated in the presidential institution. This mode of political structure, as Robinson (1990) argues, resembles Weber's patrimonial state where the ruler (ie. President) is the centre of power and the central government is essentially an extension of the ruler's personal household and staff. Officials acquire office positions more at the ruler's whim than their professional competence. Reward and promotion were based less on professional achievement than personal loyalty to the ruler. The system created a hierarchial power configuration in which the president - as the highest executive and military leader - was at the core, followed by the president's closest state and non-state benefactors (e.g. families, friends), the bureaucracy and military, other political parties, and lastly ordinary citizens (Sanit, 1998). While the line of command was from the core to the far end, the line of accountability was the reverse.

Since political relationships were highly personalised, legal mechanisms for making political demands (e.g. through political parties, House of Representatives, pressure groups) were virtually nonexistent. Instead, the patron-client relationship based on personal reciprocities - cutting across lines of family connection, economic dependency, ethnic and religious bonds, alumni affiliations, etc. - proliferated and became the primary institution through which to channel such demands. "Whose voice counts" was less dependent on the person's official rank than his/her proximity to the power centre.

The centralistic power philosophy is an inherent political norm which guides state-society relations. The "central power" is at the core of state polity and symbolizes society's unity, so that power dispersion is conceived as a threat to the state's existence (Robinson 1990). This prevailing ideology dictates the nature of state intervention, rendering legitimacy (or illegitimacy) to proposed policy alternatives. For most government policy makers, local-based forest management and tenurial rights' policies were conceivable as long as they came under state control and did not overly devolve power.

Government monopoly over policy making did not entail that non-state actors be completely passive in public decisions. Within every layer of legislative process, non-state (local, national, international based) stakeholders often tried to divert policy processes and outcomes to meet their own ends. Yet, with the absence of institutionalised legal mechanisms, this kind of 'public participation' only succeeded for a few privileged individuals/ groups who had access to the decision makers. With no political decision making leverage, villagers were merely engaged in policy implementation stage, either by participating or by defying and sabotaging the process.

In designing social forestry policies (i.e. addressing villagers' forest management participation), the MoF sometimes held workshops involving government and non-government experts to discuss the subject matter, but this mechanism was largely ad hoc, and depended on such factors as government will, funding, time availability, and sometimes, international donor initiatives. Many even suspect that such fora were superficial, intended mainly to 'show off' that the government was 'participatory', whereas in actual fact it never even bothered to consider anything

contrary to its predetermined position. In many of these occasions (have been taking place since mid 1990s), the government highly restricted which NGOs, institutions or individuals would be invited to such meetings. Those who were deemed to be too critical were dropped from the invitation list.

In addition, social forestry policy issues (e.g. objectives, problems, instruments), supposedly the topic of future debate, were prepared beforehand and the invitees only asked to comment on this blue print. Any form of criticism was quickly discarded. The government inclination towards policy problems and solutions was obvious - 'external' advice was adopted as long as it was in line with the government's beliefs and, not surprisingly, usually only touched secondary policy aspects (e.g. implementation procedures) rather than the core ones (e.g. policy objectives). Yet, this long ingrained policy stance was somewhat altered along with the country's changing political structure and regime.

### *Post-New Order (1998 - )*

Following Thai baht devaluation in July 1997, Indonesia's currency began to depreciate and within a year decreased 70 percent from its original value.<sup>13</sup> While other neighbouring countries such as Thailand, Malaysia and the Philippines began to recover, Indonesia went deeper into economic crises, eventually triggering bloody political upheavals. This situation finally forced the three decades ruler, Soeharto, to resign in May 1998. It soon became apparent that the country's on-going financial disaster was closely linked to a weak political economy structure and poor governance systems.

The end of three decades of centralised authoritarian government coincided with struggles to break the elites' economic and political power base<sup>14</sup> and restore popular political authority. Pressures for democratic public decision making also soared. As economic growth - the basis of the New Order's strength and 'legitimacy' - reversed, political doors began to open to previously excluded social groups. Many formerly powerless non-government interest groups now presume they are better able to influence government policies. In response, many "oppressive" statutory laws and government regulations have been altered, mostly during the former Habibie government (mid 1998- mid 1999), although the extent to which these reforms coherently advocate such democratic exigencies is still questionable.

Furthermore, attempts to overcome the central government's grip are occurring in virtually every province, either through calls for independence or for local government autonomy. This previously unimaginable social transformation has manifested itself in dramatic changes in the forest landscape. Villagers' demands for full forest ownership are escalating, as is local governments determination for decentralized resource management. Rapidly increasing societal

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<sup>13</sup> 1998 economic contraction is estimated to have been between 10-15 percent , with the total number of poor people rising from 25 to nearly 40 percent. The currency rate depreciated by approx. 70 percent, although has now (Year 2000) begin gradually to recover (Sunderlin 1999).

<sup>14</sup> Well known by the slogan KKN which stands for korupsi, kolusi, nepotisme, or corruption, collusion and nepotism.

pressures for democracy, together with long standing dissatisfaction over destructive state-sponsored forest exploitation and highly unequal distribution of forest benefits, have resulted in expressions of alternative forestry paradigms. 'Forests for People', instead of big business, has become a common slogan and is expected to become the guiding paradigm of any new policies. The Ministry itself has adjusted - at least on paper - its new development vision in favour of people-oriented forestry, democratic forest access and more just distribution of forest generated benefits. However, profound changes do not come easily. Those who support 'strong' state-controlled forest management remain powerful, and this is evident in their struggle to retain control of the policy process

In June 29 1998, only a month after Soeharto stepped down, the MoF (now the Ministry of Forestry and Estate Crops/ MoFEC) established a Reformation Committee whose members were drawn from the MoFEC itself, NGOs, academics and business. The Committee's primary task was to review and reformulate 'oppressive' forestry regulations, including the 1967 BFL which long guided the country's forestry development.<sup>15</sup> The MoFEC welcomed public opinions and criticisms to the new proposed BFL. Many welcomed this initiative as a positive gesture towards a more democratic policy process. Despite some conceptual inconsistencies (especially on property regimes), the Committee's BFL draft (BFL1) greatly differed from its predecessor, particularly in terms of providing a more favourable legal political climate to local community forest access rights. Adat customary forest practices were formally recognized, although adat lands are still under state tenurial control.

However, as time progressed, non-state stakeholders began to accuse the government of hypocrisy in decision making, exemplified by the BFL policy process. On the one hand, the MoFEC established the 'independent' Reformation Committee and was organizing a 'democratic forum' to gather public inputs for the new Law, while on the other, the Ministry was already drafting its own version of another BFL (BFL 2) behind closed doors. This was seen as symbolizing the persistence of the New Order policy process and political manoeuvring. Many suspected that the government's Reformation Committee was merely a democratic camouflage to gain badly needed political support. Some NGOs and individuals demanded a moratorium on the new BFL policy formulation, saying the process should have only resumed after the June 7th 1999 election. Several months later some NGOs and academics, part of a coalition network called the Community Forestry Communication Forum (or *Forum Komunikasi Kehutanan Masyarakat/ FKKM*), took the initiative to propose another BFL version (BFL 3) which promoted local forest management and greater state forestry accountability. Local people were assigned to be the prime forest players with adat communities granted full management and land ownership control at the expense of the government's forest management authority.

The BFL3 upset MoFEC officials as it proposed a substantial reduction in the MoFEC's authoritative control. By late 1999, despite protests by NGOs and other community forestry

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<sup>15</sup> In addition to this endeavour, other reform pressures came from the World Bank and IMF (International Monetary Funds) in the form of conditionalities to the financial bail out package. These agencies mainly focused on market oriented reforms with the primary objective to improve the efficiency and environmental sustainability of timber production and other forest industriwa. Seymour et al. (2000) provides a detailed account on this subject.

advocates, the House of Representative finally ratified the government version of BFL2 as the Forestry Law no 41/1999. Even though relinquishing forest property ownership to local people is still inconceivable, the government was in a weak position to totally ignore the swelling demands for resource management decentralization. During 1998-1999 oft violent street demonstrations to protest government decisions became an everyday occurrence. Under such pressures, the new Forestry Law tried to accommodate transparency and social justice values by, among others, limiting concession size and redistributing concession rights through an open bidding process. Decentralization was perceived to be attained by allowing local people, including adat communities, to manage forest areas and/ or to control timber concessions through government controlled cooperatives. Many perceived this to symbolize a shift in political orientation from favouring wealthy Chinese-Indonesian dominated conglomerates to control by government-sponsored cooperatives (Solomon in Seymour 2000).

It is yet early yet to assess how the new Law is being implemented. The Law itself is being challenged by community forestry supporters who keep demanding local (especially adat communities) full forest ownership control. Although the government is not willing to revoke its territorial claims, there is currently legal space for local people to practice their forestry system and, to a certain extent, common property regimes. This is a significant change from the government's position of the last three decades, something which would not have been possible without the recent political economy transformation.

### **Conclusion**

The above discussion suggests that forest condition and institutional arrangements are highly interlinked with the broader macro political economy system. The fate of CPR, as a form of forest institution, is no exception. In each historical period (Colonial, New Order, and post-New Order), a changed government and political configuration was followed by radical shifts in forest management policy, which in turn, affected overall forest usage and access rights patterns. Political scientists and practitioners know all too well that policy making is more about whose interests rule than putting the "best" policy proposal into public decision.

This should not be construed to mean that a state's economic development orientation solely determines policy outcomes. At every stage of policy deliberation there are often challenges to dominant stakes; policy outcomes are a function of how these competing interests, through conflicts and/ or collaboration, are resolved. In colonial times, decision makers were divided over the exertion of a state forest management regime. Policy disagreement could not be resolved and the Outer Islands' forests continued to be communally managed by numerous autonomous adat communities. At this time, communal property rights systems dominated.

During the New Order's three decades of rule, the ruling elites did not tolerate public dissent and any views favouring local communal property regimes were suppressed. The government unilaterally declared huge tracts of forest - including large amounts of community controlled forests - to be state land and granted exploitation rights to big business. The government's belief in scientifically-based centralised forest management caused it to reject non-state institutional resource

arrangements as was practised by many forest dependent communities. Villagers who did not have political leverage were only able to influence policy implementation, either by participating or diverting it. Hence, despite state pressures and threats of legal sanction, many local communities continued to practice their locally specific forest management traditions. As a result, overlapping and often conflicting forest uses, access rights, and ownership claims - resulting from the gap between *de jure* and *de facto* forest management regimes - are at the heart of most of Indonesia's current forestry problems. This, coupled with three decades of unjust distribution of forest generated wealth, continues to pose serious social and political burdens on the current government.

For the past decade, the state centralised ideology has been contested by those who advocate a more decentralised community-oriented approach. Their argument is that the state has failed to deal with continuing deforestation and forest-based social conflicts, whereas many socially and ecologically sensitive community-based systems have been proven more sustainable. The government has refused to consider these contesting views and alternative voices have remained, until recently, on the periphery of the public policy making stage. The recent political and economic turmoil has shifted the power distribution between the state and society, including within the forestry sector. Those whose policy ideology was previously marginalised have gained more political power, and have been able to boost their agenda onto the public policy sphere. Although the degree and direction of policy changes can not be easily predicted, the new, more open political system has at least provided previously marginalised CPR promoters more political power to better "defend" their position *vis a vis* other relevant state and societal pressures.

Indonesia's experience in formulating the Forestry Law no.41/99 suggests that the central bureaucracy remain reluctant to share power and resources with the periphery. Recent policy adoption of community forestry system is owed more to "unusual circumstances" than to government sincerity for power sharing; it is questionable whether the government will be willing to enforce these new policies. Non-state ability to influence decision making is also marginal as institutionalised public participation remains absent. Accordingly, community forestry and property rights supporters should focus as much on establishing political channels for public participation as on the creation of supportive community-based forest management policies. This would necessitate institutionalising democratic decision making processes - legalising and institutionalising procedures for public participation, as well as ensuring transparency and public accountability. Such would also involve correcting and controlling excesses of government power by empowering state bodies (e.g. the political parties, House of Representatives, Supreme Court) and local communities to recognize and effectively exercise their respective authorities. This does not automatically guarantee forestry policy changes, but it will at least equip non-state forestry stakeholders with a legitimate forum to challenge the government's predominant forestry philosophy, as well as provide the public with legal mechanisms to control irresponsible government conduct.

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