Introduction

Indonesia is truly at a crossroads. Decades of Soeharto's autocratic rule under the New Order[1] regime have left the country crippled. Existing institutions are brittle with little capacity to deal with any fluidity of power—a prerequisite for a functioning democracy. Collusion, corruption, and nepotism (a phrase that became a rallying cry, also referred to as KKN—*kolusi, korupsi, dan nepotisme)* are deeply engrained practices that continue to hinder fair and transparent conduct of business and government. On the positive side, there is a vibrant, nascent civil society, led by students, nongovernmental organizations, and intellectuals, passionately committed to creating a fairer, better Indonesia. Their work is strengthened and supported by a newly free press. They in turn have helped to strengthen communities across the land who have begun to claim rights that were routinely usurped by central governments for centuries.

This crossroads at which Indonesia finds itself became obvious in 1998 after three dramatic crises had struck the nation.

- A devastating, El Niño–induced drought decimated food production in a number of provinces, and vast areas of Sumatra and Kalimantan were consumed by forest fires.[2]

- The Asian "tiger economies" were reduced to shambles, with Indonesia hit the hardest. The value of Indonesia's national currency dropped from Rp 2,500 to the U.S. dollar in July 1997 to Rp 17,000 in April 1998, and urban unemployment ran amok (ELSAM [Lembaga Studi dan Avokasi Masyarakat–The Institute for Policy Research and Advocacy]/CIEL [Center for International Environmental Law] 2001b estimates 8 million people lost their jobs).
- The 30-year regime of President Soeharto came under serious attack, with riots in Jakarta's streets and growing complaints by the citizenry about the special privileges of Soeharto's relatives and friends and the inequitable and corrupt distribution of the nation's resources.[3]

The growing discontent among the populace resulted in President Soeharto's handing the reins of power to his controversial and somewhat unpopular vice president, B.J. Habibie on May 21, 1998. The next few months brought dramatic changes in Indonesia:

- the first relatively democratic national election in decades,
- changed proportional representation by various groups—most notably, the military—within the parliament,
- a proliferation of opposition parties (48 parties total including Soeharto's party, Golkar),
- a significantly freer press,
- a referendum in East Timor that resulted in its independence from Indonesia,
- a rise in separatist movements in various parts of the country, and
- a rush to develop new policies to address the perceived shortcomings of Soeharto's New Order.

The most noticeable change has been the upsurge in free expression and action from all members of civil society—viewed with suspicion by some who see such freedom as bordering on anarchy. This near-anarchy, which is discussed in the next section, is particularly evident in Indonesia's forest areas.

Introduction to Indonesia

For readers unfamiliar with its history and human geography, it is important to provide a brief introduction to Indonesia as a nation. Indonesia, a nation of 13,677 islands covering 1,919,440 km^2 (Donner 1987; Factbook 2001), has the fourth largest population in the world (203,456,005), of which 38.4 million adults (older than 15 years of age) were employed in agriculture, forestry, hunting, and fishing in 1999 (BPS 2001). Situated directly on the equator between Australia to the south and Malaysia and the Philippines to the north, the country has always been a major pathway for maritime traffic between the Indian and Pacific Oceans. Its coastline spans 54,716 km (Factbook 2001).

On a macro level, Indonesia has seen many waves of cultural influence, from the arrival of Hinduism in the 4th Century, followed by Buddhism in the 5th Century, and then Islam via traders from the Northwest in the 13th Century (Miksic 1996). Eighty-eight percent of the country is Muslim at this stage (Factbook 2001). These various "great traditions" (Redfield 1956) have combined in a rich syncretic mix (Geertz 1960) with local animist beliefs, forming Indonesia's unique and complex cultural tradition. For more than 300 years, until August 17, 1945, the Dutch ruled most of Indonesia, leaving their footprint as well (Furnivall 1948).

On a micro level, the nation is characterized by one of the most ethnically diverse populations on earth, each segment having its own language and culture—though 45% of the population is Javanese with another 14% Sudanese (the two dominant ethnic groups on the island of Java). The national language, Bahasa Indonesia, is still not spoken by everyone, though great strides have been made since Independence through attempts at universal education (84% of the population is reported to be literate by Factbook 2001, although rates are lower in the Outer Islands, on which this book focuses). Multilingualism is the rule rather than the exception, and cultural diversity is taken in stride by Indonesians. Indeed, the national motto is "Unity in Diversity." Holding this insular nation together for the past 50 years has been a momentous accomplishment.

We focus on the Outer Islands in this book because of their comparative importance in recent decades as generators of foreign exchange; as sources of livelihood for a rich potpourri of ethnic groups, management styles, and cultural traditions; and because of the genetic diversity and ecological importance of the Outer Island forests. The Outer Islands are defined as those islands other than Java and Bali (Geertz 1963).[4] Java and Bali are densely populated (946/km^2 in Java); they are home to about 60% of Indonesia's population (BPS 2001) on 7% of its land mass (the most fertile regions of the nation).

From a forestry perspective, Indonesia technically has 120 million ha of forestland (Departemen Kehutanan 2001). It must be noted, however, that forestland is not identical to forests or forested land. In fact, in 1999 it was estimated that there were only about 90 million ha of forests (The World Bank 2001). This official "forest estate" covers more than 60% of the country and has been under state control for centuries. Peluso (1990) documents the European (primarily Dutch) influence and rule first under the East India Company (Verenigde Oost-Indische Compagnie) from the mid-17th Century to 1799 and by the Dutch colonial state from 1814 to 1940 (ELSAM/CIEL 2001; Harwell 2000; Wadley 2000).[5] For centuries, Dutch control of the forests was minimal, with their primary intent to keep the peace so that they could reap the benefits of trade. Indeed, the Indonesian government's presence was not seriously felt in remote forested areas until the last three decades, when the Outer Islands were opened to commercial timber extraction.

Barr (1999) describes how Soeharto's New Order played an active role in developing Indonesia as a world leader in timber: the *Hak Pengusahaan Hutan* concession system (discussed in later chapters) was introduced in 1967, and it allowed companies to log vast areas of Outer Island forests with almost no regulatory oversight. Then during the 1980s, a log ban was instituted and companies were pressured to develop downstream wood-processing plants. Plywood factories multiplied, resulting in an industry capable of producing 12.6 million m^3 per year by 1990. Meanwhile, senior government officials micromanaged the development of the plywood industry through approval and lending processes, ultimately concentrating capital ownership and control within the industry in the hands of large timber conglomerates, typically with strong ties to state elites. At the same time, the New Order leadership gave APKINDO (the Indonesian Wood Panel Association, under Mohamad "Bob" Hasan's leadership) far-reaching regulatory controls over the export of Indonesian plywood, resulting in an effective marketing cartel. During the 1990s, the country's panel producers were able to capture 70% of the world hardwood plywood exports (Barr 1999).

One clear result of this process was the highly centralized nature of forest management under the New Order, in pursuit of improved gross national product and the patronage of state elites and their business partners. Another result was the adverse effects of the Basic Forestry Law of 1967 and its associated *Hak Pengusahaan Hutan* system on the communities located within the forest estate (comprising 74% of the nation's area), who basically lost their traditional rights to local resources.

ELSAM/CIEL (2001) documents the legal history of local government from the Dutch arrival to the present and shows the state's increasing involvement in community affairs. One issue was the definition of a village as an administrative unit below the subdistrict. This hierarchical formulation was not an entirely appropriate concept outside Java and Madura. Following on this, one of the most significant legal changes for forest communities since Independence was the 1979 Village Governance law (*Undang-Undang* [UU] 5/1979). This law attempted to institute a uniform, bureaucratic structure across the nation, and it specified considerably more control over village governance than had been the case previously. The village headman was appointed by the subdistrict or district leader. The headman was to be literate, familiar with *Pancasila* philosophy,[6] and a member of the Golkar political party.

The law had three fundamental effects on local communities (ELSAM/CIEL 2001):

- loss of village rights to choose leaders, thus eroding traditional forms of authority and reformulating the characteristics required of a leader;

- centralization of authority in the village headman, not balanced by either the formal *Lembaga Musyawarah Desa* (the village consensus-reaching institution) or popular participation via indigenous institutions; and
- erosion of existing village institutions and replacement by an institution incapable of settling disputes and in some cases exacerbating them.

Besides their function as sources of timber, Indonesia's forests are the best remaining forests in Southeast Asia. They are, however, being cut at an ever-increasing rate (see Brookfield et al. 1995; Sunderlin and Resosudarmo 1996; and The World Bank 2001 for a thorough discussion of related losses in Borneo or the eastern Malay Peninsula). Sumatra, once rich in forest resources, has largely been converted to plantations (which in fact have a long history in Sumatra, cf. Pelzer 1982), with Kalimantan following a similar path. MacKinnon et al. (1996, 635) noted that 60% of Borneo was still under forest cover, but this figure has dropped significantly because of a series of trends that have already denuded vast areas of Sumatra.

The wealth of Indonesian forests in terms of biodiversity is also noteworthy. Borneo alone, covering 0.2% of the earth's land surface, has 1 in 25 of all known plants and 1 in 20 of all known birds and mammals (MacKinnon et al. 1996, 632). Its timber resources have been the draw to exploitation, particularly the valuable Dipterocarps.

Here we aim to examine the recent and ongoing political ferment against the backdrop of Indonesia's forest management during the Soeharto regime. Indonesia's forests, seen as "empty" from the perspective of overpopulated Java, were defined as part of a permanent forest estate whose management was ceded to Indonesia's powerful Ministry of Forestry (see Chapters 1 and 8). Logging and other concessions were handed out as favors to the politically or militarily well connected. Little attention was paid to the sustainability of management, and even less attention was paid to the communities that in fact had inhabited those forests—in most cases, sustainably—for generations.

There has been a predictable trajectory for Indonesian forests over the past three decades. A forest rich in timber was identified and given out by the government to a logging company to manage. That forest was typically home to one or more local communities whose traditional claims were not noted. The logging company logged the forest, with short-term negative effects on the environment and a somewhat ambivalent relationship with local people who appreciated the roads, improved transportation, and occasional work, and who did not suffer egregious losses by sharing their forest with others. The forest was then relabeled as "degraded." Degraded forest was eligible for use as an industrial timber or oil palm plantation or as a transmigration site.[7] All of these three options were considerably less compatible with continued customary use by local people (Barber et al. 1994; Colfer and Dudley 1993; Gonner 1999).

The cultural diversity that characterizes Indonesia may be unparalleled in the world. In the attempt to make one nation of these many ethnic and language groups, a potent taboo evolved on the use of the term *suku* (ethnic group). Indonesia's forests are home to hundreds of ethnic groups, each with its own ways of relating to the forest. The way in which these ethnic differences have been incorporated into public discourse has involved extensive use of the concept of *adat* (usually translated as tradition or custom). There is clear ambivalence in the nation about *adat*. In some cases, it can symbolize primitiveness and destruction; in other cases, it can symbolize cultural integrity and homegrown values. It served as a basis for agrarian law, but the stipulation that it applies only if it does not interfere with national interests has consistently resulted in interpretations that disadvantage forest dwellers, superseding the force of *adat* law in most forest contexts. *Adat* is recognized from the community level on up, and it has recently become something of a tool for environmentalists who have argued that traditional systems, reflected in *adat* law, serve conservation functions (Kemf 1993; Banuri and Marglin 1993; Zerner 1994 critiques this view). Local people typically value their own *adat* (though in varying degrees), and it remains a highly charged concept about which there has been and will continue to be considerable debate.

The low levels of population density, combined with an ongoing cultural onslaught against the "primitive" forest dwellers and supplemented by occasional repressive measures, effectively silenced, or at least muted, rebellion. Many forest dwellers were able to continue their own forest management practices by making minor compromises. But as the years and decades passed, and as more "favors" were allocated to outsiders, the required compromises became more serious. In recent years, forest dwellers' patience began to be tested, and the number of violent incidents surrounding logging, plantations, and transmigration sites increased dramatically. The condition and extent of Indonesia's beautiful and valuable forests—with their world-class levels of biodiversity and abundant supplies of timber and other forest products—deteriorated equally dramatically.

Recent History of Events

To return to the question of near-anarchy mentioned earlier, and to further orient the reader, we describe some of the political events of recent years. After Indonesia gained independence in the late 1940s, the charismatic and popular Soekarno came to power. He led Indonesia with a strong and vociferous international presence but with increasing chaos at home. In 1966 he was overthrown by Soeharto, in cooperation with the Indonesian military, ostensibly to rid the country of the godless Communists whom Soekarno was seen to favor (see Schwarz 1999 for a retrospective and skeptical view of this version of Indonesian history).

Soeharto instituted a much more low-key style of leadership, abandoning many democratic principles in favor of a strong center, which he felt was required to bring the nation back into some semblance of order and stability. Membership in his party, Golkar, was required of all civil servants, and elections bore little resemblance to a true democratic process. He was consistently backed by the military, and he developed a cadre of family and friends whose unswerving loyalty he required and rewarded generously with business concessions, tax exemptions, and bank loans. The Indonesian system evolved in such a way that corrupt practices became the norm. He called himself the "Father of Development," and indeed many parts of Indonesia prospered under his rule.

An informal philosophy characterized Indonesian bureaucracy during this period: *bapakism*. *Bapak* is the Indonesian term for father, but it is also used more widely, rather like "Mr." Bosses are called *bapak* (or *pak*, for short), and obedience to one's *bapak* is expected. Certain familial qualities, like caretaking, defending, and working together amicably, are expected in dealing with one's boss. Although there are important positive features to these kinds of relationships, they can also contribute to cronyism, corruption, and collusion. It is often difficult for someone lower in the bureaucracy, for instance, to give bad news to a superior (so problems may not be addressed), payments or shares of work-related benefits may be expected by a boss from a subordinate, and useful or profitable information may be kept "within the family" rather than shared for wider benefit. Soeharto was a quintessential *bapak*.

Education and income levels rose as Soeharto's immediate family grew in size and greed, as did the families of his cronies. People began to question the KKN that characterized his rule, and in May 1998 thousands of students took to the streets, demanding his resignation. When he resigned on May 21, 1998, his vice president, B.J. Habibie, was sworn in as president and ruled the country until the reasonably fair elections referred to earlier could take place in June 1999. The chapters in this book were almost all initially written during the time of Habibie's rule.

Habibie was an intellectual who was trained in Germany and lived there many years before returning home to lead Indonesia's aerospace program in 1974. As a longtime friend of Soeharto's and a recent political appointee (minister of research and technology), his credibility within the country was seriously compromised. He did, however, make apparent efforts to appoint more honest people to his cabinet. He successfully organized and carried off a comparatively fair national election, and he held things together through a touch-and-go period. From a forestry perspective, he appointed an agriculture specialist as the minister of forestry and changed the name to Ministry of Forestry and Estate Crops. The new Ministry of Forestry and Estate Crops minister, Muslimin Nasution, had long experience in the Ministry of Cooperatives and had been a deputy in the national planning agency. He was

personally committed to the cooperatives concept (despite decades of comparatively unsuccessful efforts to organize *koperasi unit desa* (village unit cooperatives)—throughout the country).[8] Habibie's regime maintained freedom of the press, which has continued to date (June 2001). Legislation granting greater regional autonomy by January 1, 2001, was also promulgated at this time (UU 22/1999 on Regional Governance and UU 25/1999 on Fiscal Balance; Down to Earth 2001; ELSAM/CIEL 2001; Chapter 15 of this book).[9]

In the June 1999 election, the party of Megawati Soekarnoputri (daughter of the late Soekarno) won the largest number of votes, but she was not selected as president by the *Majelis Permusyawaratan Rakyat* (MPR). Instead, Abdurrahman Wahid (known informally as Gus Dur), a Muslim cleric who had headed Indonesia's largest Muslim organization (Nahdlatul Ulama) and was considered an honest moderate by most, was selected, with Megawati Soekarnoputri as his vice president.

Meanwhile Indonesia consistently made the nightly news based on events in East Timor, where an election resulted in East Timor's decision to separate from Indonesia, prompting weeks of bloodshed in which Indonesian troops as well as local militia were implicated. Indonesia came under a great deal of international criticism for human rights violations. In the same year, Wahid signed the National Human Rights Law 39, with specific recognition of governmental responsibilities to local people (including community land rights, in accordance with their development over time—Article 6, Sections 1, 2). This is in line with MPR's Act on Human Rights issued in the preceding year, Act of Parliament MPR XVII/MPR/1998, Article 41.

In response to events at a National Congress on Indigenous Peoples (the first of its kind), the minister of agrarian affairs (which includes the Bureau of Lands, charged with land titling) issued a ministerial decree on the Resolution of Traditional Rights Conflicts (Decree of State Minister of Agrarian Affairs 5), allowing for delineation and titling of *adat* lands and for communal and nontransferable private ownership (ELSAM/CIEL 2001).

There is no question that Abdurrahman Wahid took office during a difficult time. The financial crisis was not yet resolved, several other provinces (most dramatically, Aceh and Irian Jaya) were violently expressing interest in independence, and the role of the military remained in question. Indeed, the whole country was unsure about how to implement the situation it wanted: political freedom, an equitable economy, free expression, a functioning democracy, and an end to KKN.

Wahid's tenure has not been easy, nor were many of the problems resolved. Separatist movements continue to plague the central government, with continued accusations of unjust military actions in these areas. Attempts to prosecute cronies and family members have borne no fruit to date, despite continual discussion about the issue in the press. The infamous and well-connected

timber baron, Bob Hasan, was under house arrest for 10 months, but he was sentenced in January 2001 to two years in jail for his role in the misuse of US$75 million of government funds in a mapping project (*The Jakarta Post* 2001a). The court decided to count his eight months under house arrest toward his sentence and let him serve the rest of his term under house arrest, without a jail term. Public outcry was sufficient to reverse this decision, and he is now in jail (as of mid-June 2001). Tommy Soeharto, son of the ex-president, was alleged to be involved in a scam with Bulog (the Logistical Bureau, which deals with such issues as ensuring the nation's rice supply, among other things) and Goro, one of Tommy's companies. He was on the verge of coming to trial when he went into hiding. The police have not succeeded in locating him.

Meanwhile, the planned decentralization of authority—long called for by many, because of the extreme centralization that characterized Indonesian politics and policies throughout the New Order regime—is proceeding, with mixed results. The number of provinces has risen from 27 to 32 (*The Jakarta Post* 2001b), and new regencies are proliferating. Some suspect that these new administrative units are designed to provide new opportunities for local bureaucrats to reap financial benefit. Although it is too early to be sure, some lower-level functionaries appear to be taking on the corrupt practices and habits previously reserved for those at the center.[10] Rates of illegal logging, though difficult to measure, are widely reported to have skyrocketed (cf. Curry and Ruwindrijarto 2000; McCarthy 2000; Obidzinski and Suramenggala 2000; Wadley 2001; Chapter 16 of this book).

There is a tug-of-war between the center and the regions, focusing on timber concessions and revenues. Although there appear to be many local interpretations, Down to Earth (2001, 4) summarizes a common view of recent events succinctly:

> Last year (2000), forestry minister Nur Mahmudi attempted to put all logging concessions in the hands of state forestry companies and suggested a division of resource revenue that differed from the ratios set out in the 1999 law (no. 25) on fiscal balance between centre and regions. This provoked anger among local authorities and pro-autonomy central government officials who saw the proposals as evidence of the forestry ministry's reluctance to relinquish control…Mahmudi later proposed a new state forestry agency to oversee the allocation of logging concessions and reforestation. In November, just two months before the start of regional autonomy, the forestry department dropped another bombshell: it announced it would issue 70 logging concessions. Most of these were extensions of expired concessions, but twenty-one were new. This was regarded as another slap in the face for the regions.
>
> A decree issued the same month then set out the new rules for timber concession management, still retaining a high level of central government control. The decree says provincial administrations may issue concessions of up to 100,000 hect-

> ares, and district administrations up to 50,000 hectares[11]…. It is not clear whether central government or local governments will be able to decide the location of concessions…. The payment of royalties will continue to be regulated by central government—a move that is bound to further displease local officials.

This practice has dwarfed the 1999 and early 2000 cooperatives fad among timber companies and entrepreneurs, some of whom helped communities establish a cooperative, in such a way as to ensure continuing outsider access to timber in the community territory (Colfer's observations in East Kalimantan in August 1999; Wadley 2001, on West Kalimantan practices in May 2000).

In June 2001, Abdurrahman Wahid was under serious pressure. The *Dewan Perwakilan Rakyat* has issued a statement implicating him in a series of recent corruption cases, which led to his impeachment in July. There were demonstrations in the streets of Jakarta and elsewhere, both in favor of Wahid and against him. Megawati Soekarnoputri was sworn in as Indonesia's fifth president on July 23, 2001. Although many specifics have changed since the chapters in this book were written, the essence remains the same: uncertainty about Indonesia's future.

Organization of the Book

In this collection we have three principal purposes: first, we document what is happening to the people and forests of Indonesia. The changes under way are making history with important parallels in other forest-rich countries. Issues of land reform and the formalization of the traditional rights of forest communities have been much discussed since Soeharto's fall, in marked distinction to previous times. Changes mandated by the World Bank as part of a structural adjustment program (resembling such programs in a number of other countries) have had a series of good and bad effects on Indonesia's people and natural resources. The effectiveness of governance in remote areas has diminished dramatically, from what most considered a rather low standard.

Second, we provide insights to policymakers, policy researchers, and concerned citizens who are interested in the development of policies that will benefit the nation. On the one hand, many people want to create a system marked by a more equitable distribution of the wealth from Indonesia's forests; on the other hand, many are calling for improved, more sustainable management of the nation's resources, which have in many cases been plundered without much thought for future use. One important hindrance to improving both distribution and management has been the pervasiveness of the KKN that marked the New Order. This issue must be understood and addressed in the Indonesian context, which is still marked by wealthy and powerful "special interests" and a formidable inertia characteristic of any vast and bloated bureaucracy. Transparency International (2000)[12] ranks Indonesia as the world's fourth most corrupt

nation. Insights from Indonesia may well prove useful in the many other nations where corruption is a problem. There is some evidence that countries rich in natural resources may be more prone to corruption than are nations with other bases for their wealth (Gupta et al. 1998).

Finally, Indonesia's experience is of wider interest, particularly in the region.[13] Soeharto's regime was not alone in the pervasive granting of special privileges to family and friends in its autocratic exercise of centralized authority; in the lack of transparency in legal, military, political, and economic matters; and in its failure to provide mechanisms for citizen input into the policymaking process. Students of policy, policymakers, project managers, and researchers in other countries may be able to benefit from these analyses of Indonesia's rather dramatic and disastrous experience—both in helping to identify potential problems and in structuring new solutions to old ones.

The authors in this book represent a wide range of disciplines (anthropology, economics, fire, fisheries biology, forestry, geography, human ecology, natural resource management, policy analysis, sociology, and system dynamics). As such, the theoretical orientations and the perspectives differ markedly from chapter to chapter, as do the conventions of scholarship. We have tried to smooth over some of these differences, but we were torn because the differences in style sometimes reflect important and valuable differences in perspective. We realize that the chapters do not fit into a standard mold. The fact that people from many different disciplines share numerous conclusions, despite the different starting points of their respective studies, in our view, strengthens these conclusions.

We begin with a series of Chapters (1–6) that focuses on the links between the government's policies on forests and forest people. We present the chapters in a progression, beginning with analyses focused on abstract and conceptual matters (i.e., laws, bureaucratic norms of interaction, structures) and proceeding to more field-oriented implications of recent changes in the laws and policies for forest people and the forests. Our final section focuses on what has transpired between 1999, when most of these chapters were written, and June 2001.

In Chapter 1, Wrangham (an anthropologist) provides an overview of Indonesian laws and regulations that relate to communities and forests—drawing from bodies of law in various sectors. She focuses on competing discourses, one supporting the concentration of control over land in the hands of the state, further strengthened by a long-standing depiction of traditional communities as destroyers of the forest resource. The other discourse emphasizes the management capabilities and human rights of forest peoples in the practice of their *adat* institutions. In pursuing these themes, she provides a summary of the most important legislation and policy pertaining to these issues from the New Order and before.

In Chapter 2, Lindayati (an environmental and policy scientist) takes a more theoretical, political science perspective on policy, examining the history and process of forestry policy changes relating to communities in Indonesia's Outer Islands. She identifies three distinct stages in the evolution of policies on forest management in Indonesia, particularly as they relate to communities and their management: the late 1960s to the early 1980s, the mid-1980s to 1997, and 1998 to 1999. The bureaucratic decisionmaking process is put into context by examining the ideational and normative systems within which decisions have been made.

In Chapter 3, Bennett (an independent consultant who began as a plant pathologist and now calls himself a policy pathologist) examines the problems anticipated for Indonesia's decentralization process (which is now under way) and makes some concrete suggestions to address them. He specifically suggests involving communities directly in processes designed to ensure the accountability of local governments to their own areas. Bennett's suggestions are down-to-earth and practical and come at a time when Indonesian policymakers recognize the need for such mechanisms to prevent the simple devolution of KKN to lower levels of government.

Wollenberg (a social scientist) and Kartodihardjo (a forester) provide an analysis of the September 1999 forestry law and its implications for devolution of more authority to local communities in Chapter 4. This chapter focuses on the law's provisions relating to customary communities and cooperatives, concluding with some suggested actions to enhance the effect of this new legislation on devolution. Interestingly, although this law was published a year and a half ago, as of June 2001 we still know of no implementing regulations for it.

Chapter 5, by Campbell (a specialist in community-based natural resource management), presents two conflicting perspectives: one emphasizing local people's rights to their resources (based on traditional law) and one focusing on the people's economy. Campbell's discussion provides an analysis of some of the debate that has accompanied the law described in the previous chapter, as well as some other relevant legislation being considered in mid-1999. This discussion reflects ongoing philosophical disagreements within the country. Both the centrally determined emphasis on cooperatives and the push for decentralization have progressed along the trajectory described in this chapter.

Chapter 6, by Fay (a political scientist) and Sirait (a forester), covers some similar ground to Chapter 5 but deals with the process that has occurred in the development of legislation, again highlighting issues that relate to people living in forests. They report on the policy process, in which they were intimately involved, that resulted in *Kawasan dengan Tujuan Istimewa* (Zone with Special Purposes). These areas significantly represent the first formal recognition of customary rights to manage an area within the formal forestry estate of

the nation. There remains hope that these areas can serve as precedents for more such areas in the future or can stimulate a more serious attempt to deal with the conflicting claims that currently characterize Indonesia's forest landscapes.

The next set of chapters (7–12) turns to in-depth, sector-level analyses of what happened in Indonesia immediately following Soeharto's fall. This series begins with Kartodihardjo's formal look at the structures and institutions involved in forestry-related policy development, in Chapter 7, from a forestry perspective. He talks first about the economic losses from "illegal logging" and from various corrupt practices as causes of the destruction in Indonesia's production forest areas. He then analyzes aspects of the institutional arrangements and bureaucratic roles that maintain and reinforce adverse practices. Finally he looks at the new policy reforms, with some discussion of the future implementation of the new forestry law.

Resosudarmo (a policy analyst) provides an account of the nature and development of the overall forestry sector in recent years in Chapter 8. She highlights the most important issues that have plagued those who would see Indonesia's forests managed sustainably, setting the stage for the related analyses of specific subsectors that follow.

Barr's analysis in Chapter 9 of Indonesia's concession system focuses on five assumptions underpinning what he calls the "sustainable logging paradigm." As a sociologist and policy analyst, he critiques each assumption based on changes that have occurred in Indonesia's forests and in related industries in recent years, concluding that profitable, sustainable logging is no longer possible in Indonesia's natural forests. If his conclusions were true in 1999, they are doubly so now, with the increasing pressures from illegal logging and the manner in which decentralization is being implemented.

Casson (another specialist in policy) has done a thorough analysis, part of which is reproduced in Chapter 10, of oil palm development and its implications for Indonesia's forests. Besides documenting the recent history of oil palm production and related problems, Casson argues that without significant changes in Indonesian policy, oil palm expansion continues to pose a serious threat to the nation's forests.

Chapter 11, by Sunderlin (a sociologist), provides an analysis of the effects of Indonesia's economic crisis on smallholders and the forest. The chapter provides details of changes, with possible effects on forests and people, as the crisis progressed. He presents the results of a five-province survey looking at the effects of the crisis on small farmers, and he documents changes in a number of extrasectoral factors affecting forests (e.g., export commodity policy and management, mining, roads). The chapter also provides some insights into specific forestry-related policies and how they changed during the crisis (e.g., area limits on forest concessions and resource rents, the auction system and cooperatives, the new forestry law).

Chapter 12, by Barr, Brown (a political scientist), Casson, and Kaimowitz (economist and director general of Center for International Forestry Research [CIFOR]), is a macroeconomic analysis of how Indonesia's corporate debt has affected the forestry sector, with some worrying prognoses for the future. They provide an estimate of the magnitude of the debt, discussion on how debt write-offs are being used as subsidies, and some discussion of who will have to pay for these write-offs and rescheduling.

The next section of this book focuses on Indonesia's experience of the fires in 1997–1998. In Chapter 13, Applegate (a forester) and his coauthors—Smith (a specialist in fire management and environmental audits), Fox (a social anthropologist), Mitchell (a forester), Packham (a rural fire consultant), Tapper (a geographer), and Baines (a consultant in tropical natural resources and environmental management)—provide a national view, documenting the extent of the damage and suggesting some ways to address future fires more constructively. This is particularly important now, as we are predicted to be facing another El Niño. Colfer (an anthropologist) provides a field-based view of the causes of the fires in Chapter 14, based on research in six communities in East Kalimantan. Both these analyses represent early efforts to systematize and prioritize fire causes so that better policies can be created to deal more effectively with future El Niños.

The final section updates the reader, focusing on the two most important trends at work in the Outer Islands of Indonesia at this time: decentralization and illegal logging. In Chapter 15, Resosudarmo and Dermawan (a socioeconomist specializing in policy) first explain the meaning and history of decentralization efforts in Indonesia, with special reference to forestry. They then elaborate on the two most pertinent recent laws on regional autonomy (on regional governance and fiscal balance). Building on evidence from recent field research, they demonstrate the tug-of-war on forestry issues under way between the levels of government. They conclude with some reflections on the implications of decentralization for communities and forests and on possible avenues for Indonesia to go forward.

In Chapter 16, Dudley (a modeler and a fisheries biologist) provides a preliminary version of a system dynamics model being developed to portray the factors encouraging illegal logging. By extensive use of causal loop diagrams, he first shows the logging situation under Soeharto's regime and since. He then provides views of illegal logging, as seen by local players and then as seen from the business perspective. Besides serving as a partial update on illegal logging, the analysis brings in many of the issues discussed throughout this book, reminding us of the systemic and interconnected nature of topics we typically address in bits and pieces.

Most of the issues we raise relating to Outer Island forests, forest communities, and policies with implications for forests remain at the forefront of

Indonesian debate. What rights should local communities have? How should previous abridgement of their rights be dealt with now? How should forest management and use be structured? What kinds of land use are appropriate for forested and previously forested areas? What effects do macropolicy shifts have on specific forests? How should Indonesia deal with fires in and around forests? The issues that came to the forefront right after Soeharto's fall are complex enough that they have not yet been resolved; nor do we expect them to be resolved in any final manner in the near future. The fact that they are now being openly discussed in government (and other) circles is a huge step forward.

The way that Indonesia has dealt with these problems reveals lessons for other areas. Natural resource management, the policy–environment interface, devolution and decentralization, and policymaking processes and indigenous land claims are recurrent themes throughout this book—themes that have applicability and appeal far beyond Indonesia's borders.

Most of the chapters in this book were written during the second half of 1999. Now (June 2001) Indonesia remains in an unusually fluid state, with major changes occurring regularly in an apparently spontaneous fashion. Continual revision of the manuscript is impossible (this book would never be published!), but we do try to give snapshot coverage of what has happened since 1999. Where possible we have revised specific chapters to incorporate relevant changes; other times, we have had to footnote the change. We have added chapters on Indonesia's implementation of decentralization and on illegal logging, as partial, more systematic updates of the situation. We provide a timeline of major legislation (Appendix), a list of Indonesian acronyms, and a glossary of Indonesian terms. It is our intention that this book capture the combination of worry and hope that the current situation comprises.

Endnotes

1. New Order is a term used to describe the Soeharto government of Indonesia from 1967 to 1998.

2. See Chapter 13 of this book, Colfer Forthcoming, Colfer et al. 2000, Dennis et al. 2000, Guhardja et al. 2000, Harwell 2000, Schweithelm 1999, Stolle and Tomich 1999, Suyanto 2000, Suyanto and Ruchiat 2000, and Vayda 1999 for discussions of the extent and effects of the fires.

3. See Ascher 1993, Barber 1997, and Schwarz 1999.

4. Forestry has also had an important role in Java, with an impressive (and strife-ridden) history of teak plantations (Peluso 1990, 1992). Indeed, conflicts over teak forests under government control continue in Java to this day. Our emphasis in this book, however, is on natural forests, of which few remain intact on the densely populated Java of today.

5. More specifically, the Verenigde Oost-Indische Compagnie came to Indonesia in 1596 and occupied Indonesia until the end of 1799. The Dutch colonial state started to occupy Indonesia on January 1, 1800, continuing until 1811, followed by the British for three years

(the Raffles' era). Control returned to the Dutch from 1814 until May 1942, followed by the Japanese occupation for three years, ending in August 1945.

6. *Pancasila* is the official state philosophy and includes five components: belief in one God, humanitarianism, national unity, people's sovereignty, and social justice.

7. Since Dutch times, Indonesia has had a transmigration program. In the earliest days, transmigration was designed to move poor people from Java to other islands to supply cheap labor to plantations, especially in Sumatra (Swasono 1986). Later it was designed to reduce the population on Java by resettling poor people to the Outer Islands; in more recent years, the program has focused on "developing the Outer Islands" by the same means. The program has now shifted its focus to dealing with the large numbers of refugees being produced by Indonesia's internal conflicts.

8. ELSAM/CIEL (2001) critiques the cooperative idea by pointing out its strictly commercial, as opposed to sustainable management, orientation; its overly bureaucratic nature; and its creation of opportunities for abuse because anyone (including timber companies) can form cooperatives without mechanisms for accountability to local communities.

9. Down to Earth also reports that under the 1999 UU 22/1999 and 25/1999, forestry is supposed to be managed at the district level, and 80% of the revenues they earn are to be retained in the regions.

10. Down to Earth (2001), for instance, says "One of the main risks of this approach [the current version of decentralization] is that the newly empowered *bupatis* (regency heads) will orchestrate the plunder of natural resources in their areas, repeating at local level the get-rich-quick approach of the central government during the Soeharto years."

11. A ministerial decree, quite difficult to interpret, was issued on November 6, 2000, specifying regulations on this issue; however, governors and regents had already begun allocating lands prior to that time. Stepi Hakim, a researcher from CIFOR, recently learned an official interpretation of the regulations from Paser, East Kalimantan. He was told by local officials that both the governor and the regent can give 100-ha plots of land to cooperatives (technically outside of the forest estate, although in reality much of this land is forested); both the governor and the regent can give out 50,000-ha concessions within the forest estate to cooperatives, small- and medium-scale enterprises, state companies (Badan Usaha Milik Negara), local government companies (Badan Usaha Milik Daerah), and private companies (Hakim 2001). Jean-Marie Bompard and Tim Nolan, also researchers, who recently returned from Berau in East Kalimantan, found the view that governors could issue 100,000-ha concessions and regents could issue 50,000-ha concessions. The officials they interviewed also reported having officially granted villages their territories within existing concessions and developing a joint venture involving a benefit sharing system (30% for the state forest company [Inhutani I], 30% for the province, 30% for the regency; and 10% for local communities [Bompard and Nolan 2001]). Decentralization will inevitably result in increasing variation in policies from place to place.

12. Transparency International describes itself as "a civil society organization dedicated to curbing both international and national corruption."

13. Though distant, Cameroon has suffered from similar economic crises (cf. Russell and Tchamou 2000, 2) and structural adjustment programs of the World Bank (Kaimowitz et al. 1998; Sunderlin et al. forthcoming, 2000).

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