

occur. Touwen uses the terms “Pax Neederlandica” and “liberal period” without explanation (although in fairness these sorts of terms are used throughout the literature). Although the Ethical Policy may have been a departure from the time when Dutch governors like J. P. Coen used force and serfdom to construct an empire, in spite of notable reforms it was still a failure in many respects. For example, the majority of Indonesians still failed to gain access to education, which was reserved for a tiny élite. Indonesia may well still be suffering as a direct result of this outcome. Touwen explains that: “The Ethical Policy was an unprecedented phenomenon in the annals of the colonial administration” (p. 275), and prefers to see its failure to bring about economic development in the Outer Islands as due to “lack of funds rather than by a lack of good intentions” (p. 281). One has to concede that the Dutch empire was largely bankrupt during the “liberal” period, particularly after several decades of bitter warfare to subdue Aceh had drained the coffers. Therefore *Pax Neederlandica* was indeed much like *Pax Romana* — accept imperial law or else.

Extremes in the Archipelago is a rich text, and well worth reading and retaining as a source book. It is not light reading, but this is precisely because it is gleaned from a mountain of archival material and other research — buttressed by a large number of useful graphs and tables. Touwen pens a value book about a difficult topic, and is ultimately convincing in his interpretation of the importance of the Outer Islands in late colonial Indonesia.

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***Timber Booms and Institutional Breakdown in Southeast Asia.* By Michael L. Ross.** Cambridge: Cambridge University Press, 2001. Pp. xvi + 237.

A concern for tropical deforestation in three Southeast Asian countries: the Philippines, Indonesia, and Malaysia (Sabah and Sarawak) has

led Ross to chronicle the policy failures of governments in these countries, drawing from new institutional economics and the theory of rent seeking to explain the paradox of resource booms and accompanying institutional breakdown.

According to Ross, post-boom failures have arisen because politicians have engaged in a form of rent-seeking behaviour, introduced and appropriately termed by Ross as “rent seizing”. Rent seizing is defined as effort by public officials to seek the right to allocate rents to others (p. 33). In seeking this right, institutions are reconfigured to favour and safeguard the interests of such rent-seizing officials and politicians.

In what may seem to be a complex intermingling of political economy issues involving corruption, cronyism, over-exploitation of natural resources, and weak governance, Ross’s strength lies in linking timber windfall gains with rent-seizing activity and subsequent policy failures (systemic abuses of natural resource management in these countries). Ross argues that changes in the independent variable — windfall timber revenues due to a boom — have led to the causal mechanism of rent seizing by officials which in turn produced negative changes in the dependent variable (breakdown of forestry institutions and policies).

Eight chapters set out the problem of natural resource mismanagement in a political economy context, to investigate this interesting and challenging topic in a detailed and very methodical manner.

Chapter 1 introduces the issues pertinent for understanding timber booms and the attendant breakdown of forestry institutions and policies. The next chapter then lays out the scope of the problem of resource booms in a very general manner by examining resource booms in countries within and outside Southeast Asia. A workable definition of resource booms, and measurement of institutional performance are provided in this chapter. A resource boom is defined as a sharp financial gain arising from the export of an unprocessed commodity, while institutional performance is measured by the ability of the state to protect resource windfalls from pressures of overharvesting. The theory of rent seizing is

discussed in detail in Chapter 3. The methodological approach used for examining resource booms and policy failures is also laid out in this chapter, ending with a discussion of the case study format to be used in Chapters 4 to 7.

The next four chapters focus on four areas separately: the Philippines (Chapter 4), Sabah (Chapter 5), Sarawak (Chapter 6), and Indonesia (Chapter 7). Each chapter begins with a discussion of the history and politics of the country (in the case of Malaysia, Ross focuses specifically on the state of Sabah and Sarawak). The period in which the timber boom began, the subsequent manifestations of rent-seizing activity, and the differing intensities of these activities depending on the historicity of the country or state, and the breakdown in institutions which ensued (for example, breakdown in sustained-yield forestry policies, and dilution in the influence of forest departments) is discussed in exacting clarity. Chapter 8 then concludes with a general discussion of the results derived from the previous four chapters, a reiteration of the hypotheses, practical policy implications for protecting tropical forests, and suggestions of areas for further research.

Ross's theory of rent seizing cannot be said to be an iron-clad causal mechanism for explaining how resource booms have led to institutional deterioration. Indeed, there are other factors that can lead to institutional dismantling. Ross accedes to this when discussing the Philippines, and also Indonesia, where rent seeking by private action groups, and pressure from foreign governments have also played a part in influencing the direction of forest policies. Hence, more attention should be devoted as to how rent seeking (demand) interacts with rent seizing (supply) to influence policies. In this respect, a demand and supply framework may be more appropriate. This is certainly applicable to Sarawak, where the various native communal asso-

ciations, the Sahabat Alam Malaysia (Friends of the Earth Malaysia), the World Wide Fund for Nature Malaysia, and Sarawak Timber Association were active rent-seeking interest groups that played significant roles in influencing the subsequent stance taken in forest policies and institutions.

The set of countries chosen by Ross may also present some difficulties for analyses. Remember that the four case studies draw from two countries (the Philippines, and Indonesia) and two states in Malaysia (Sabah and Sarawak). Clustering country and state analyses together, and drawing results from such a sample may be slightly problematic. Remember that Sabah and Sarawak, in spite of their relative autonomy in managing timber resources, are still to some extent subject to directives from the Federal Government in Peninsular Malaysia. This Federal-State relationship affects the stance taken on forest institutions and its implementation, and has to be taken into account in the analyses. To be fair, Ross does cover this anomaly in the chapter discussing Sarawak.

Studies examining the evolution of institutions (property rights) along the lines of new institutional economics and rent seeking are few and far between. In this respect, Ross's study makes an important contribution by providing a novel approach for understanding how resource booms can lead to negative institutional changes. The framework set out by Ross early in the book is very clear, and gives the reader a sense of coherence when wading through the materials in the subsequent case study chapters. Overall, an excellent book with original insights that helps to make much sense of what is happening in terms of the excessive rates of tropical deforestation in Southeast Asia.

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