

## **Economic Crisis, Small Farmer Wellbeing, and Forest Cover Change in Indonesia?**

William Sunderlin<sup>(1)</sup>, Arild Angelsen, Daju P. Resosudarmo<sup>(1)</sup>, Ahmad Dermawan<sup>(1)</sup> & Edy Rianto<sup>(2)</sup>

Department of Economics & Social Sciences Agricultural University of Norway

(1) William Sunderlin, Daju P. Resosudarmo & Ahmad Dermawan, Center for International Forestry Research; (2) Edy Rianto, Bogor Agricultural Institute

Sunderlin, W., A. Angelsen, D.P. Resosudarmo, A. Dermawan & E. Rianto (2001): "Economic Crisis, Small Farmer Wellbeing, and Forest Cover Change in Indonesia?", *World Development*, **29**(5):762-782

### **Abstract**

Field research was conducted on 1,050 Indonesian households to understand the effects of the Asian economic crisis on the wellbeing of small farmers outside of Java and on their forest-clearing practices. The main findings are: (1) most farmers perceived themselves as worse off during the crisis than before, challenging the assumption that farmers with export income would be better off; and (2) forest clearing by farmers increased significantly during the crisis to expand rubber holdings and other tree crops, with the aim of increasing future income security. Among the policy lessons are that crop diversification and targeted aid can minimize impoverishment and avert increased forest clearing following macroeconomic destabilization.

**Key words:** Economic crisis, poverty, forest, farmer.