



## DISCOURSE ON NATURAL RESOURCE MANAGEMENT POLICY FROM ECONOMIC AND LOCAL WISDOM PERSPECTIVE IN INDONESIA

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**Abstract:** This study aims to examine the policy on natural resource management from the perspectives of economic principles and local wisdom. It adopts a normative juridical method with a descriptive-analytical approach to explore how state policies should balance economic development with environmental sustainability. The findings reveal that the exploitation of natural resources cannot be justified solely by free-market economic logic, as this may overlook the constitutional mandate to ensure the greatest benefit for the people. Local wisdom, rooted in the traditions and knowledge of indigenous communities, plays a vital role in sustainable resource governance and environmental protection. Article 18B paragraph (2) of the 1945 Constitution of the Republic of Indonesia guarantees the recognition and respect of customary law communities and their local wisdom. This research underscores the importance of policies that integrate legal norms, economic considerations, and sociocultural values.

**Keywords:** Policy, natural resource management, local wisdom, economics.

### INTRODUCTION

Various policy formulations related to natural resource management, which are subsequently outlined in legislation or other forms of policy, are inevitably linked to the recognition and respect for indigenous law communities and their traditional rights, which play a vital role in upholding local wisdom. This is explicitly stated in Article 18B paragraph (2) of the 1945 Constitution of the Republic of Indonesia, which affirms that the state recognizes and respects customary law communities and their traditional rights as long as they are still alive and in accordance with the development of society and the principles of the Unitary State of the Republic of Indonesia, as regulated by law. This provision

implies that any governmental action or policy must respect and acknowledge the rights of customary law communities, including their local wisdom. Local wisdom itself can be understood as a way of life, knowledge system, and various survival strategies manifested in the activities of local communities in addressing problems and meeting their needs (Njatrijani, 2018)

Furthermore, Article 28H paragraph (1) of the 1945 Constitution guarantees every citizen the right to a good and healthy environment. The inclusion of environmental rights in the Constitution affirms that the right to a healthy environment is a fundamental and constitutional right inherent to every Indonesian citizen. Consequently, the state bears responsibility for the protection and

management of the environment, including human resources, natural resources, and cultural resources (Pustaha Halomoan, 2021).

On one hand, the government faces ongoing challenges both domestically and globally to remain competitive in achieving sustainable economic development. From an economic perspective, the state is expected to formulate policies that can ensure stability and foster economic growth across various sectors, including natural resource management. Economic stability is the foundation for societal welfare, which can be achieved through sustained economic growth. One of the strategies to maintain this stability is by taking concrete steps to strengthen economic resilience (Na'ima et al., 2022).

On the other hand, every policy formulation, particularly in the economic sector, must still consider environmental concerns. Environmental degradation is a complex issue that demands serious attention in policymaking (Nency Dela Oktora, Raha Bahari, 2023). The preservation of the environment is often championed by customary law communities as part of their constitutional rights. Therefore, it is imperative for the government to pursue economic development without compromising environmental management and the sustainability of natural resources. The ongoing debate marked by the exchange of ideas and arguments within the context of legal discourse regarding the most appropriate economic policies in relation to environmental issues remains a significant and unavoidable topic across various societal spheres.

## **RESEARCH QUESTIONS**

Based on the above perspectives, this study seeks to examine the "Discourse on natural resource management policy from an economic and local wisdom perspective" by focusing on two main research questions: (i) How are natural resource management policies formulated from an economic perspective? and (ii) How are natural resource management policies viewed from the perspective of local wisdom? The purpose of this paper is to explore and analyze the discourse on natural resource management policy through both economic and local wisdom perspectives.

## **RESEARCH METHOD**

This study adopts a normative juridical approach, which focuses on examining legal issues through the lens of statutory regulations, legal doctrines, and principles of law relevant to the research problem. The normative juridical method is deemed appropriate because the research aims to analyze the discourse on natural resource management policies within the framework of legal norms, economic logic, and local wisdom, all of which are rooted in constitutional and statutory provisions.

The research is descriptive-analytical in nature, aiming to provide a detailed description and critical analysis of existing legal policies and frameworks. The data used in this study are secondary in nature, consisting of primary legal materials (such as laws and regulations), secondary legal materials, and tertiary materials.

Data collection is conducted through a literature review and documentation analysis, enabling a

comprehensive examination of legal texts and academic perspectives. The data are processed and analyzed using a qualitative method, emphasizing the interpretation and systematic classification of legal materials. This approach allows the researcher to critically evaluate the coherence, consistency, and implications of natural resource policy from both legal and socio-economic perspectives. By employing this method, the study ensures analytical depth and enhances the validity and reliability of the legal arguments presented.

## **RESULTS AND DISCUSSION**

### **1. Natural Resource Management Policy in The Economic Perspective**

Indonesia as an archipelagic country has abundant natural resources that can be managed wisely, although it is not easy to implement. The government has an important role in determining the most appropriate policy direction and has a direct impact on natural resource management and the determination of national development priorities (Siti Khadijah Hidayat, Sri Sundari, 2024). In the context of its application to environmental law, the theory of the economic approach is strongly influenced by the basic opinions of

economics which consider that environmental problems originate from two things, namely the scarcity of natural resources and market failure. Man relies on natural resources to be able to meet his needs, while natural resources are not able to sustain all these infinite things. Therefore, a policy from the government is needed on the allocation of good natural resource utilization so that natural resource management can improve the welfare of a number of people without worsening the welfare of other groups. The policy of allocating good use of natural resources can be in the form of a government decision to grant permits for the establishment of industrial estates that can improve the welfare of the population, namely in the form of labor absorption and tax payments, without causing a decrease in the amount of income of the population as a result of environmental pollution from waste from industrial activities (Rahmadi, 2023).

Natural resource management in Indonesia cannot be seen from one field of study, so it requires a comprehensive and careful evaluation to support decision-making (Nugroho, 2022). The economic perspective has several different orientations regarding the view of human correlation to environmental use, namely the views of the ecocentric group and the technocentric group

| # | Groups            | Key Characteristics                                                                                                                                                                                                                      |
|---|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Ecocentric Groups | Seeing oneself as part of nature;<br>Believing in the right to life in every creature;<br>Every human being has an obligation to protect and care for the environment;<br>Placing nature or the environment as the center of development |

| # | Groups               | Key Characteristics                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Technocentric Groups | <p>Refers to the principle of benefits;<br/>         Seeing the environment as a resource for the greatest benefit to everyone;<br/>         Believe that knowledge and technology will be able to overcome the environmental dilemmas caused by humans;<br/>         Refers to humans, so that the available environment is for human needs;<br/>         Tend to be orthodox and adopt managerial positions in the use of the environment.</p> |

Economics examines how societies decide what goods to produce and for whom, given limited resources. The environment comprises the space and conditions that support human welfare and other forms of life. Environmental economics therefore concerns the allocation of limited resources to meet human needs while maintaining environmental sustainability (Ria Armayani et al., 2022).

The Constitution of the Republic of Indonesia mandates that the Earth and water and the natural resources contained therein are controlled by the State and used for the greatest possible prosperity of the people. This is as stipulated in Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia which is one of the constitutional foundations for the national economy and social welfare in Indonesia. Thus, the management of natural resources must be controlled by the state and used for the greatest possible prosperity of the people. This has the consequence that the exploitation of natural resources cannot necessarily be carried out based on the principles of free market economics. Success that comes from the exploitation of natural resources that is lacking or even does not pay attention to the principle of use for the greatest prosperity of the people is contrary to the Constitution. Both local and international entrepreneurs who obtain wealth from the exploitation of

natural resources but neglect the people as a result of their inability to provide results in local natural resource management are certainly not in accordance with the mandate of Article 33 of the 1945 Constitution of the Republic of Indonesia (Agustine, 2014). When a government policy is not in line with the constitution, there will be rejections or conflicts from the community or the government which will clearly not provide good benefits for all parties.

One of the environmental issues related to policies in the economic sector that had become a hot topic in various circles of society was the establishment of the PT Semen Indonesia Factory in Rembang, Central Java. Logically, the establishment of a company will have an impact on job creation, economic progress and improved welfare, especially for local residents. However, in reality, the plan to establish the factory actually received strong rejection from the community and environmental activists which was triggered by the impact of environmental damage and the natural resources contained in it if the establishment of the factory was continued. This is an important point for the follow-up to the issuance of permits as a form of government policy related to the pros and cons of these legal issues.

In various countries, the integration of indigenous and local knowledge into

environmental policy has yielded promising outcomes and made significant contributions to ecosystem sustainability. For instance, New Zealand legally recognized the Whanganui River as a “living entity” through the Te Awa Tupua Act (2017), reflecting the Māori worldview that nature possesses legal rights. This legal acknowledgment not only embeds indigenous wisdom into the framework of natural resource governance but also ensures the active participation of indigenous communities in decision-making processes, thereby harmonizing cultural respect with ecological protection. Similarly, Canada and several Latin American countries such as Bolivia and Ecuador have constitutionally recognized the rights of nature and the role of indigenous peoples in ecosystem management, facilitating cross-sector collaboration between governments, indigenous communities, and private actors.

These legal instruments often establish co-management mechanisms for protected areas, integrating Traditional Ecological Knowledge (TEK) within formal governance structures that emphasize social justice and environmental sustainability. These international examples demonstrate that local wisdom is not merely cultural heritage to be preserved but can function as a pragmatic and sustainable framework for public policy formulation, responsive to climate change and environmental degradation. In the Indonesian context, which boasts immense cultural and ecological diversity, such comparative experiences can serve as strategic references to elevate the status of indigenous knowledge beyond

symbolism to a concrete and integrated role in decision-making and public policy based in ecological and social justice. Strengthening the position of indigenous peoples and recognizing their rights in natural resource governance is believed to be a crucial step toward enhancing conservation and sustainable utilization of Indonesia’s natural resources. Consequently, lessons drawn from global practices can inspire the Indonesian government to institutionalize local wisdom more systematically within its national environmental governance framework balancing economic interests, cultural values, and ecological imperatives while reinforcing Indonesia’s role in the global sustainable development agenda.

## **2. Natural Resource Management Policy in the Local Wisdom Perspective**

Local wisdom is one of the important principles in the implementation of environmental protection and management activities which is accommodated in Law Number 32 of 2009 concerning Environmental Protection and Management (UUPPLH) as noble values that apply in the community life to, among other things, protect and manage the environment in a sustainable manner (Safitri, 2020). Local wisdom is a form of environmental wisdom that exists in the life of the community in a place or region that refers to a certain locality and community. All forms of local wisdom are lived, implemented, taught and passed down from one generation to the next while shaping patterns of human behavior towards fellow humans and nature (Jupri, 2019).

Some of the main characteristics of local wisdom include the following (Halik, W., Drajat, U. D., Salmawati, Maqfirah, A., and Rais, 2025).

### **Experience-based**

Local wisdom often develops from communities' practical experience of adapting to their environment.

### **Embedded in tradition**

The practices and values of local wisdom are usually passed down from generation to generation through stories, rituals and even informal education;

### **Spiritual and Philosophical**

Local wisdom often reflects a community's worldview, beliefs, and spiritual values.

### **Adaptive**

Local wisdom is able to adapt to social and environmental changes while maintaining its essence;

### **Contextual**

Local wisdom is shaped by particular geographical and cultural conditions and reflects local ways of life.

Local wisdom in utilizing natural resources is a hereditary habit from one generation to the next that becomes a tradition, binds the community and then becomes a living norm that is obeyed by the Indonesian people. This is the embodiment of cultural values that become guidelines for people in behaving, acting in utilizing the surrounding nature (Marhaeni Ria Siombo, Valerei Selvie Sinaga, 2022). This local wisdom is an important guideline in the daily practice of customary law communities in a region. However, ironically, over

time, national policies are considered to often override the practice of local wisdom and prioritize modern approaches based on the exploitation of natural resources for economic interests (Faristya, L. G. I., and Sarjan, 2024).

Some forms of neglect of local wisdom for the sake of natural resource exploitation that have occurred to date can be studied through various cases that we can encounter in the development of various companies or industrial estates which then become a dilemma for each related party. Returning to the example of conflict related to the construction of a cement factory by PT Semen Indonesia located in Rembang, Central Java. The case occurred as a consequence of the rejection of the residents of Rembang for the construction of the factory because the proposed mining location is in the Groundwater Basin (CAT) area which is considered important to store water reserves by local residents (Zaenal M, 2025). Although the case had received a decision from the Supreme Court that won the lawsuit of Rembang Residents and the Wahana Lingkungan Hidup Foundation by canceling the environmental permit issued by the Governor of Central Java at that time, the case is still a reflection and should be an introspection of the government on various policies issued. This problem has also become an issue that was discussed again during a series of activities for the 2024 Presidential Election of the Republic of Indonesia.

More than just the cancellation or revocation of permits for the establishment of industrial estates that do have a direct impact on the environment and the natural resources

contained in it, from various conflicts similar to the case of the establishment of PT Semen Indonesia, the Government is expected to be able to formulate and determine the most appropriate policy in the form of issuing permits in accordance with the conditions of the community and the applicable laws and regulations as efforts to prevent environmental damage without the need to make the trial an effort to resolve the case between the relevant parties. The conflict has made it a lesson for the parties and all Indonesian people that the Constitutional Rights to be recognized and respected as customary law community units that uphold local wisdom are still part of the implementation of the mandate of Article 18 B Paragraph (2) of the Constitution of the Republic of Indonesia. Natural resource management efforts with a modern approach often rely on various technologies that do not pay attention to the local context and provide space for the community. Meanwhile, local wisdom is adaptive and community-based, so it is more relevant to the socio-ecological conditions of the local community, which therefore, efforts are needed to approach local wisdom in the sustainable management of Natural Resources (Galuh Raudhatul Waqi'ah and Muhammad Sarjan, 2025).

## CONCLUSION

The Constitution of the Republic of Indonesia requires state control of land, water, and natural resources for the greatest benefit of the people. Natural resource exploitation therefore cannot be guided solely by free-market

principles. Although industrial development may generate employment and improve welfare, projects that threaten the environment can provoke opposition from residents and environmental organizations. Licensing policy must address these competing concerns and ensure that economic gains contribute to public welfare rather than undermine it.

Local wisdom is an important principle of environmental protection and management under Law Number 32 of 2009. Conflicts surrounding industrial development show the consequences of overlooking community practices and ecological knowledge. The government should formulate licensing policies that reflect local conditions and applicable laws, preventing environmental harm before disputes reach the courts. These efforts should also uphold the constitutional recognition and respect afforded to customary law communities and their traditional rights under Article 18B paragraph (2) of the 1945 Constitution.

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