This paper contributes to the debate on the links between poverty and forestry degradation; the view that due to poverty and the meeting of subsistence needs the poor use natural resources more intensively and hence cause them to degrade. Using the case of forest rich Swat district, Pakistan, the paper addresses the issue empirically, historically, and institutionally. We do not find empirical support for the “poverty-environment nexus,” in that the poor and other income groups are equally resource dependent and also show that resource degradation is not associated with poverty. Our historical and institutional analyses provide alternative explanations for resource degradation. Selective and rotating ownership patterns, starting with the 17th century, provided limited incentive for resource conservation. It also created tension between de jure and de facto owners, that has persisted, and is one source of forest degradation. Ill-defined resource rights have also exacerbated the impacts of several other factors contributing to forest degradation which is compounded by poor management, corruption, and perverse incentives.