

Tropical Forests: Who Wants Them?

In a long article written in 1962, Jack Westoby – already well-known as a forest economic thinker – put down on paper what was then the conventional approach to forestry, based on the prevailing theory of economic development of the time. Poor nations should emulate already rich nations, by accelerating their industrialization, and putting their natural resource capital to work in service of this objective, as quickly as possible. Forest industries – based on abundant natural forest resources in many developing countries – were a good way to do this: they had strong forward and backward linkages to other parts of the economy – promoting their role as “multipliers”.

Later in his career, a time when most eminent men are content to rest upon their laurels, Westoby did something unusual – although typical of him. He recanted on his conventional views on forestry development, and his attack on his own former position was fierce and broad ranging. In a ringing renunciation he gave, at the World Forestry Congress, in 1978, he berated the developed world, and argued that poor countries are underdeveloped as a consequence of the development of the rich nations: the success of the former is founded on the underdevelopment of the latter, and is sustained by it. Later, he focused specifically on the forest industries, to make sure no-one took away any illusions that he somehow wanted to exempt these from his wrath. Here is what he had to say about them:

“..very, very few of the forest industries which have been established in the underdeveloped countries have made any contribution whatever to raising the welfare of the urban and rural masses, have in any way promoted socio-economic development. The fundamental reason is that those industries have been set up to earn a certain rate of profit, not to satisfy a range of basic, popular needs.”

Westoby’s turnaround was a bombshell. This was a prominent man; a man who had written and thought about this sector, and its relationship to the rest of the world, for a long time. It almost doesn’t matter whether you favour his earlier view, or his later one – or even if you don’t much like either. What he achieved was a quantum leap in intellectual questioning of the basic beliefs and mores which had directed development policy – in this sector, and elsewhere. Westoby, I feel, was not a natural skeptic. His instincts were humanitarian, and, in general, humanitarians make poor skeptics. His legacy, therefore, is that he made us all think, and take notice of issues outside the conventional set of concerns prevalent in the sector at the time. He was part – an important part – of the process of walking away from a model of development that was clearly not working.

The intention of doing that, clearly, is that eventually we will converge upon something that works better. And, even if we have not reached that point yet, we have at least been forced to think about people, and values, and other fundamentals which we earlier might not have considered. And that cannot be a bad thing.

You can stand on a hillside in Sumatra and look across a low valley at the forest cover on the other side. In the foreground, and to the left, you do not need your binoculars to see that this part is a ruined forest. The big logs have been dragged off to the dumps and trucked away, the smaller ones knocked over or snapped off as the heavy bulldozers have clanked by. A few bedraggled spires or whole trees are left standing, but around them is a funeral pyre of branches, leaves and other detritus. Soon enough, that pyre will be lit, leaving only the livid red of the roads and eroding gullies as contrast to the blackened site.

Across to the right, you see what looks from this distance like intact forest. The variegated green crowns form a dense carpet over the earth; some of the hooting of gibbons seems to emanate from this spot; and the hornbills whirring overhead seem to be headed in that direction. You will need your binoculars, or maybe even to take a walk over into that area, to see that it is not a pristine forest, but has been logged over, a few years back. Some of the roading is still visible, and big stumps appear through the vines and undergrowth here and there. But, it is still forest.

Last, and farthest up the hill, is the remaining virgin forest. Or, at least, it is unlogged forest – it may have been under other forms of use and extraction by local people for many years. You will probably want to take a walk to see inside this one: the high primary canopy lofted like a cathedral roof over the layers of understorey; the dense shade of the forest floor. Sit down somewhere in here for an extended period, and you will see most of the larger creatures that live here. Many of the smaller ones are living under the litter beneath you, or in that brilliant green canopy high above. Wherever they are, you will know that sitting here, you are in close proximity to more varieties of your fellow living creatures than you are likely to be at any other place on the planet.

At this basic, emotional level, we are all drawn to these forests, if we encounter them. We compare the last site to the first, and we react against the violence, the finality, of that clearing operation. We look at that middle site, and we find ourselves hoping that what remains, at least, can be kept, and the form and many of the functions of a living forest can survive. Is this reaction because, at some instinctive level, we feel ourselves in the presence of our origins? We are, after

all, a tropical species. Is it the enormous life energy that we sense in that living system that draws us?

I hope it is not this - or, at least, not just this. I hope we are basing our concern on more than some sort of ecological gnosticism - because if we are not, then we are going to lose. The reason for that is that there are other eyes watching our little hillside: some of them belonging to very rich and powerful people, and others belonging to the most marginalized and ignored people in this country. What they see is profit, or basic livelihood. The transformations they envision are in lifestyle, or basic opportunity - not what ends up on that particular hillside. And they are not going to be swayed by moral or feel-good arguments.

The tropical forests are one of the last great natural resource frontiers left on Earth: the boreal forests, and the oceans, are the others. Under present circumstances, the tropical forests are the least likely of these three to survive as a great natural resource well over the next generation or two.

Can we do anything about this? Are we misguided to even try? These are interesting questions, but we need more focus:

- What do we lose, in aggregate, if we lose these forests?
- What would it really cost us, in aggregate, to keep them?

I wish we could spend a lot more time than we have here tonight talking about the answers to these questions: there are massive issues of judgement and basic belief involved in these questions.

But, all we can do is characterize the broad arguments in the most superficial manner. The fact is that many of the arguments in favour of keeping large areas of tropical rainforest intact can sound emotional, and even speculative. It does no great service to this side of the argument that we often find its banner being carried by rather irritating, pantheistic whackos, who seem to be basing their case on a revival of pagan Earth-worship. That approach may have served some of our very distant ancestors well, but I do assure you that if you find yourself in the business of trying to argue the rationalist case for better management and protection of the tropical forest, with friends like these, you don't need enemies.

Here, in highly truncated form, are the basic arguments in favour of retaining these tropical forests:

- The rainforests are the repository of major biological, cultural and even spiritual treasures of the planet. We have no more right to deprive future generations of these treasures than we would to set fire to the Louvre;
- Even at a national level, these forests serve vital, but often undervalued and even unrecognized, roles in protecting watersheds, supplying a huge range of non-wood goods and services. They can also supply valuable wood to local and international markets alike, in perpetuity, if

we choose to use them carefully for this purpose;

- When these forests are exploited heavily, and then destroyed, most benefit in the real world from doing so accrues to wealthy privileged elites. And who wants to help them?
- When these people are through with the forest, they leave an impoverished and damaged site to the local inhabitants: some of whom may previously have lived in a long term harmonious relationship with the forests; others of with whom may have arrived more recently, have their own demons of basic survival to deal with. Either way, there is little chance, now, that the remains of the forest will be left to recover to that middle stand we saw on our Sumatran hillside. The land that is under that forest has now become more valuable to those urgently in need of its sustenance, than is the forest itself.

Now, let us move to the other side of the argument. We don't actually hear much from the other side - those doing the removing of the forest - firstly because we are not really inclined to listen to their case anyway, and secondly because they are out there doing what they do, not in here talking or listening to us. But, their actions speak louder than our words, most of the time.

There is a case to be made for rapid utilization of forest areas, with subsequent conversion of large amounts of it. We saw much of the case for it in the earlier writings of Westoby:

- Forest exploitation generates capital with relatively little investment, and then offers a second dip, in the sense that the land opened and cleared by heavy logging is then available for others to use for growing things to eat, or sell, without having to wait for more trees to grow back on the site;
- History illustrates that most rich countries that once had extensive forests did exactly this with their resource. They did it for very extended periods of time, and they did very well out of it.

The tragedy of the tropical forests, in my view, is that we have lost about half of what existed on earth when I was born, and yet we still cannot really decide upon those basic questions: can we afford to lose these forests? Can we afford to keep them? Either we decide soon - and act effectively upon that decision - or events will decide for us.

The reason we have not managed so far to do so is not because we have **no** answers, but because we have too many answers. The tropical forests - whether because of the primeval attachments I spoke of, or other reasons - attract the attention of a wide variety of academic, professional and civil society groupings, every one of which seems to end up convinced that it has the central answer to the dilemma (that is, when they have finally finished arguing among themselves about what the actual dilemma is).

We could spend an entertaining couple of hours here just thinking up ways to characterize these groupings, but we will have to content ourselves with a few simple examples, to get the point across:

- There is the “forestry is like agriculture, only taller” crowd. They think that the only forests and forestry we should be concerned with is that part of it we can treat just like a farm, populated by large and rather slow-witted plants that ultimately must be trained either to work for the greater good of the agronomic class, or get out of its way. In fact, very large areas of land cleared of forests have not gone to efficient and profitable productive use, for the simple reason that that sort of use usually requires heavy up-front capital investment of the type that is rarely available in developing countries at the frontier of the development zone – which is where the forests usually are.
- *Economists* are often the handmaidens of the agronomic push, because of their tendency, when dealing with complex natural systems, to believe that if you have at least one piece of information on a price, or a response, then you generalize that to cover the whole system, and if you don't have even that one datum point, then you assume the value of whatever the offending item is to be zero.
- We have the “*four legs good, two legs bad*” set, which came to prominence at the Rio Conference in 1992. These people basically never saw an item of biodiversity they thought had a value less than the GDP of a medium sized economy; they never saw a protected area that was large enough; and they never encountered a forest production operation they liked;
- “*Forests are us*”. This group seems to believe that if we could only find a way to vest all ownership and authority for the forests in the hands of traditional forest dwellers (sometimes simple sons of the soil living nearby are also included), then everything will turn out alright. This idea seems to be based on the notion that because the people who are to receive this largesse have no money now, no amount of temptation to make some fast will sway them from their impecunious morality;
- And, I almost forgot: the *foresters*. Well, the fact is, almost everyone involved in the high international councils on tropical forests forgets them, when deciding what is to be done with the forests. Economists, if they remember foresters at all, tend to think of them as a gaggle of befuddled rustics; the conservation crowd write them off as being the apparatchiks of the logging monster. And so it goes...

I know this is caricature, and unfair at that. In fact, each of these groupings has something to offer, and at least some part of their diagnoses of what is wrong has to be listened to. But, keeping the tropical rainforest intact, in the real world, is the business of

dealing with a problem that is immense, complex, diffuse, and variable. Because of the paradigm wars that beset the sector, we have almost become used to failure, to erecting partial solutions that sit on such narrow bases, they topple almost from the moment of implementation. We fire one magic bullet at the problem after another: internally contradictory, under-financed, and wide of the mark. Nothing we do competes effectively with greed, and survival: the two great motivators of what is really going on in the forests.

Let me give you one example of what I mean:

At the present time, although you may not have noticed, a fierce debate is raging among international development assistance agencies, NGOs, academics and others involved, on the issue of sustainable management of natural forests in the tropics. Sustainable forest management has become a mantra for development assistance agencies, in particular, but now also for many of the mainstream environmental NGOs who have had to recognize that no-one is going to pay for large swathes of commercial forest to be set aside.

We have the “four legs good, two legs bad” set, which came to prominence at the Rio Conference in 1992. These people basically never saw an item of biodiversity they thought had a value less than the GDP of a medium sized economy; they never saw a protected area that was large enough; and they never encountered a forest production operation they liked; “Forests are us” failure - paradigm envy takes over: one group ‘traditionalists’ run off into ever more technical experimentation and pilot studies, proving and re-proving that sustainable forest management can work. Since there is in fact little doubt that *technically*, and in a highly controlled environment, sustainable forest management can work, the persistence of donor agencies in supporting continued trials can be characterized more as occupational therapy for donors, than a serious attempt to deal with the problem of forest loss at global scale.

Now; back to the other side of this sustainable forest management argument. Let's call them the ‘iconoclasts’. Their argument is that sustainable forest management is financially unattractive, and will never be supported by the private sector in tropical forest countries. Therefore, they have concluded, the only way to protect the rainforest is to allow the accessible parts of it to be logged - fast and rough, if that is the way industry wants it – and then closed down, so that the biodiversity and other assets can recover, with no further production to be permitted on that area.

The irony is that both groups engaged in this now-furious exchange want basically the same thing: the retention and protection of as much of the tropical forest as can be obtained. While they tear away at each other the forests continue to go, and both sides are diverted from what they both know, (or should know) is the real problem: political vested interest and corruption, distorted incentives and policies in the sector, and systematic exclusion of large groups of

marginalized people from any real stake in the forests. These are the real factors that make the sustainable forest management approach fail now, and the same group of factors will make the alternative approach fail, if they are not dealt with directly. I am reminded here of the Aristotelean anomaly, where philosophers and thinkers debated for an extended period how many teeth a horse has - or should have, according to theory - until it was decided that someone might actually have to go out and count them. It is about time this sort of thing came to a halt.

Perhaps the only thing that will be effective in bringing us to focus on real strategy will be the spectre of some real threat to *us* - not just them out there - from forest loss and destruction. One thing we have to worry about more today than we did in the past is that, at a global level, the *process* by which forest removal takes place seems more and more to be a costly and risky one. In the most immediate term, we are all aware of the health and economic costs of the massive fires that have burned in forest (and ex-forest) areas in Indonesia and the Amazon. Whether the costs are even higher than those rests largely on what you think is happening to our climate. What this is, and how far it will go, I am certainly not equipped to say. But if there is something going on, in this area, then what is happening to the tropical forests has a lot to do with it: it is estimated that around 30% of release of carbon into the atmosphere results from tropical forest destruction, and I have been told that the fires in Indonesia in 1997-98 actually released more carbon than came from all man-originated activities in the United States: usually, the undisputed champion of such emissions.

In my darker moments, I sometimes wonder which will turn out to be worse for global warming: all those forest fires, or the hot air emanating from the international tropical forests debate and talkfest on what to do about it all.

SO: WHAT ARE WE TO DO?

I have had my fun with the priesthood of the international forests debate. Now, it is time to put up or shut up:

There are three things that are going to be fundamental in changing outcomes in the tropical forests:

- money
- political leverage/influence
- reform by stealth: coalitions and consultations

Money

Is money the problem? Sometimes, when people hear that the donor agencies are spending around \$1500 million per year on forests in developing countries - and disbursements from the Global Environment Facility will be additional to that - they are prone to ask: isn't that enough to make some difference? Or, if they have been around the development assistance business themselves, they might even ask: can the recipients really absorb even that amount - let alone more - effectively into the forests sector?

However, if we compare the flow of actual aid money (even including loans from development Banks) into

the developing country forest sector, to the value of output from that sector, then the input figure is minuscule: perhaps in the order of 1% of total value of output. If we were able to include the value of agriculture (intensive and extensive, sustainable and non-sustainable) which occurs on land cleared of forest for that purpose, then the ratio between donor inputs and value of output would be even more tiny. Taken alone (i.e. with no strong linkage to larger sources of political and financial leverage) there is little chance that this amount of funding can produce significant change, in this particular sector, with its major governance and vested interest problems.

If we could add the flow of capital from developed country private sector sources (or other developing country sources) into the mix, we would obtain a much healthier ratio, since that flow is probably around ten times as much as the flow from donor agencies (among which I modestly include the World Bank, even though we are primarily a lender, not a donor). But we then have to ask ourselves the question: how much of *that* money is likely to produce any salutary improvement upon the status quo of forest management, sustainability and protection? And what have we - the donors, or more broadly, the concerned group in the international community - really done so far to influence the results of these private sector flows into forestry? Our working theory is that, with a great deal more money to bring to bear - correctly focused, of course, and equipped with the appropriate delivery instruments and levers - *and* meaningful coordination of the sources of donor finance around that money, *and* an enhanced capacity to actually negotiate the package of proposed intervention with client governments and a broad group of other stakeholders, the money instrument would improve matters considerably.

Can we get it?

It is unlikely the regular donor agencies are going to ratchet up assistance to the forests sector any time soon (the EU is a possible exception: it appears to have large and growing funds available for forests investment in our client group of countries). The same can probably be said of the foundations and other private and civil society sources of grant funds, although it would be worth exploring newer sources, such as the Turner Fund, some of the Japanese private sector foundations, and so on.

A more promising source might be some of the multilateral Banks which have concessional lending options: Japanese Bank EXXIM; KFW; the Nordic Development Bank; ADB and the other regionals, to the extent they can soften lending, and so on. Our initial impression is that these agencies often encounter problems in disbursing effectively to the forests sector - or have hardly even considered doing so, in some cases.

An even more promising source of money, eventually, might be the carbon market: the basic idea of protecting forests as a way of retaining carbon in biomass, instead of allowing it to go up in smoke. At the moment, we are a long way from that, but it is certainly worth watching in future. Let's hope the forests can wait long enough for the international

negotiators on the Kyoto Protocol to make up their minds on this one.

Political leverage/influence

I have already made the observation that when sector markets and policies are distorted heavily by the persistent ability of industry and political elites to engage in lucrative rent-seeking behaviour, then no amount of technical assistance, nor of external boosting of the ideals of sustainable management and forest protection, will have much influence. In effect, under these circumstances, the decision makers who would have to initiate and then implement reform are the very people who benefit most from not doing so.

This is never an easy subject to discuss: taken the wrong way, it can look like self-appointed experts representing the values of a lot of spoilt-brat Western nations, applying pressure to sovereign nations to adapt themselves to their whims. But, if we agree that vested interest and political interference in the proper management of the sector and the resource really do matter, then we must address it in some way, or admit that we cannot make a difference. If you will allow me to become a little bit centred on my own organization – the World Bank – for a few moments, then I will note that there are means available to the Bank to raise the political profile of the sector, in a way that makes some of the issues which are creating the worst problems more obvious. For example, structural adjustment lending is potentially powerful. This is a form of lending whereby the Bank negotiates with a government a series of policy and institutional reforms, aimed at distortions and malpractices that are believed to be interfering with good governance and economic management. It links required policy change to important levels of loan financing (rather than having policy dialogue locked up inside smaller sector based investment loans, which may have limited leverage). It can be used to carry the dialogue on forests and natural resources to areas of government and civil society where these subjects usually do not receive much attention: to Ministers of Finance, for example, who usually matter a whole lot more than Ministers of Forestry. Especially in countries where the official forestry agency has purposely been kept weak and ineffectual.

To some people in this room, structural adjustment lending by the Bank will be anathema: and we can have that particular argument later, if you like. I will certainly admit now that, to date, use of this instrument by the Bank has only marginally involved forests and natural resources issues: the tradition of adjustment lending has been to focus on the macroeconomic ailments of an economy – the exchange rate; the finance sector; civil service reform in aggregate; trade and fiscal policy; and so on. This is something we could improve upon – we would certainly need a lot of help from other stakeholders in the sector at both international and national level to make it work.

Reform by stealth: coalitions and consultations

I hope you will have taken, from the situation I described surrounding the debate over sustainable forest management earlier, the message that those of us engaged in this subject are not particularly good at

talking with each other. We are excellent at talking at each other. We are like a group of people standing around an elephant, in a dark room. Each of us reaches out, and touches a part of it. Each of us comes away with a very clear idea of what we have encountered: but it will be a very different idea from someone at the other end, who has grasped something quite different.

Let us come directly to the point here: the international community is lousy at coordinating effectively around the tropical forests issue. In some cases, this is exactly the way national government forest agencies and Ministries want it. They will want to keep the donor and international effort confined to fairly narrow technical inputs, along lines they can control. To some extent their attitude is justified, in that they are (or should be) most aware of their own technical needs, and are right to be wary of the vested interest involved in some donor offerings. But they also know that if donors and others begin to exchange views and information in a highly organized way, sooner or later, much more difficult policy and incentive issues will rise to the top of the agenda: issues the line agencies either cannot or do not wish to deal with.

Let us come as directly to another point: despite their earnest protestations to the contrary, most donor agencies (the multilateral Banks very definitely included) have only fairly haphazard relationships with major opinion groups and elements of civil society in their host countries. Those of us who are in this business are all familiar with the rapid run around local NGOs which sometimes is called upon to suffice as “consultations with civil society” when a project is in the wings awaiting approval. We rarely take the time and put in the effort to engage the main elements of civil society in our deliberations on what should be done in a given place. If we did it together, around a fairly well-defined agenda, but with plenty of time and resources to allow the process to develop, two things would happen:

1. the donor and lending agencies themselves would become better informed about what the options and possibilities for sector development really are, and would also be working off a common view of what the real issues and problems in the sector are;
2. the relevant areas of government would increasingly be pulled into the discussion, and would need to adapt their own thinking to the realities of what is going on out there.

FINAL THOUGHTS

The theme I have taken from the example of Jack Westoby is intellectual honesty. Westoby moved from one very specific view of forests and development, across to another – one about as far from the original as it was possible to get. This attracted criticism – some of it well-meant, and some not. But he had been around for a long while, and no doubt he was well aware of the consequences of his actions before he took this road.

At the risk of sounding like a functionary from the Chinese Government, I would like to finish with a proposed list of the "four honesties" that we might all adopt, as a starting place for getting our efforts in the tropical forests to be more effective:

- instead of arguing endlessly over what the appropriate definition of sustainable forest management is, or whether it can be achieved in all tropical forest situations we encounter, we should agree to pursue significantly improved forest management (including forest protection) wherever that is possible. Given our achievements (or lack thereof) in this area so far, that ought to be enough for any of us.
- we should all promise not to come up with another magic bullet for achieving major reductions in deforestation and degradation in the tropics, for at least the next ten years. We know what needs to be done; we know that, in most cases, it is going to be difficult, and probably expensive to achieve. Let's not pretend otherwise, and get on with it.
- we should all admit that where vested interest, rent-seeking by political elites and exclusion of legitimate stakeholders from the process of forest use and management are prevalent in a forest sector, we must deal directly with those problems, not spend our time solving simpler, technical ones while waiting, Micawber-like, for something to turn up.
- even if we pool resources, ideas and skills, we may still not save the tropical forests. If we do not work together, we have no hope. Whoever you are, and whatever you may think of the Bank, and its ilk, if you have this goal, you need us. And, whatever I may have said about you tonight, we need you.

I am not an apocalyptic by nature, and I don't want to finish on a note of doom. It is always a temptation, in an address like this, to refer to a turning point, a critical decision between chaos and redemption. Otherwise, people listening might ask themselves - why is he here? Or, more embarrassingly, why am I here listening to him? But the currency of doomsaying is rather debased at the moment, as we approach the end of the millennium, and the wave of remorseless beat-ups of Nostrodamus or the Book of Revelations crests.

The tropical forests are not going to disappear on the 1st of January year 2000, or 2001 depending on when you think the new millennium starts. But, what can be said without risk of being accused a prophet of doom, is that they will disappear eventually, unless we change course significantly. One of the essentials in maintaining hope that we can do this is an awareness of the realities we face, so that we are ready to deal with the obstacles. What I have tried to do tonight is emphasize that we have plenty of those, and that if we continue make enemies of ourselves within the ranks of the concerned, we will never overcome them.

Pick a side, get on it, and bear in mind the warning of W.B. Yeats, in that great opening stanza to his long poem, *The Second Coming*:

**Turning and turning in the widening gyre
The falcon cannot hear the falconer;
Things fall apart; the centre cannot hold;
Mere anarchy is loosed upon the world,
The blood-dimmed tide is loosed, and everywhere
The ceremony of innocence is drowned;
The best lack all conviction, while the worst
Are full of passionate intensity.**

