

Food, Fuel, & Forests
IPC Bogor, May 12th 2008
HS Dillon Address

**Excellencies, distinguished colleagues, ladies and gentlemen,
Good morning.**

It is most propitious that we are convened in the agricultural capital of a country facing major threats to its poor population and fragile forests. This august assembly of policy-makers, captains of industry, and leading academics as well as CSOs with heart, dictate that we dispense with niceties and face up to the grim realities confronting mankind today

Let there be no mistake about this: the food, fuel and forests crisis we are facing is one where definite issues of justice, across the current generations, and between current and future generations, are on the table. Allow me to elaborate:

- 1) 1% of the world's population controls 40% of its wealth, and this is the group whose consumption is expanding at the most rapid pace, depleting resources, and leaving a pittance for the bottom half of the world's population who, amongst other things, destroys forests and turns their land from food-crops to fuel-crops just to survive. The unregulated free market has apparently failed to reproduce the noncommercial institutions and relations—of cohesion, trust, custom, restraint, obligation, morality, and authority—that are so vital to a sustainable civilization.
- 2) Much of our attention has been focused on what I would describe as the poor practices of the "victims". Let us, for a moment, take a look at the behavior of those who are driving demand---that exalted (untouchable) 1%. Three aspects of their behavior merit particular attention:

1) Desires are being created all the time. With global media and the penetration of markets to all spheres of life, we're living in a world in which disposable products rule. In order to keep commerce flowing, the shelf-life of goods and services is falling

constantly. The message markets are promulgating is that happiness is purchasing this or that new thing.

2) The global fossil fuel market is non-competitive, and at this point in time, we have a US and a Russian administration that sides with OPEC to push prices to four or five times exploration costs. The petroleum industry is able to opt out of the global system of rules aimed at encouraging fair trade, be it through WTO, the multilateral banks, or the national authorities. Need we ask who stands to benefit from this?

3) It is well established that for each unit of GDP, the US is the most resource intensive and wasteful nation in the world, with China close on its heels. But should China and India converge to US output levels, and the US, Russia and Europe keep ticking along, then we would probably need more than four worlds to satisfy these market-created "wants". Will markets adjust and encourage more resources to be found, or will we destroy what we have, drive prices through the roof, and consign ourselves to living on a wasteland?

Excellencies, let us adopt a more realistic position and look into three major shortcomings of the market:

1) Environmental destruction: the price of goods and services does not reflect the destruction of the forests, loss of habitat, or the global consequences of that in terms of its contribution to global warming and climate change.

2) Reduced options for future generations: the price of goods and services does not reflect the implications that our present choices have on the options of those who shall (hopefully) inherit this earth, and

3) Most importantly, market prices do not reflect social preferences for fairness, a reasonable measure of equity and for the eradication of absolute poverty. If the exchange

of goods and services leaves wealth and income more concentrated, leaves the poor worse off, then so be it, as long as an efficient transaction takes place.

All of the above indicate failure of the market; no one is apparently looking after the broader public interest. Reich has warned us that although investment values have gone through the roof, but "the institutions that used to aggregate citizen values have declined." This obviously requires new forms of democratization to ensure that market transactions lead to outcomes that are socially desirable---i.e. that involve more sustainable use of natural resources---and particularly those which ensure that our forests are used rationally; that lead to a more equitable distribution of wealth and power; and that promote patterns of consumption more in line with a carrying capacity of a world which we global citizens want our children to inherit.

At the same time, it is undeniable that there is government failure, and as concerned citizens, we could certainly recommend that renewed emphasis be placed upon at least the following five roles:

- I. **Role of government as steward of natural resources**; covering formulation of socially-correct pricing of forest concession licenses, plantation licenses, land use taxes and incentives, etc.
- II. **Role of government as market maker**, which would entail adoption of environmental taxes and incentives and promotion of green certification/labeling (carbon footprint, RSPO certification, etc) in the market;
- III. **Role of government as market regulator**, demanding promulgation of enlightened industrial policies to mitigate monopolistic market practices;
- IV. **Role of government as a major market player**, dictating pro-green and pro-poor guidelines in fiscal expenditures; and finally,
- V. **Role of government in public education**, such as campaigning to fight wasteful expenditure and promoting moderation (spiritual growth, traditional values).

Excellencies, the problems are clear – and they all call for public action! Let me remind you that a civilized society requires more than self-interest, whether deluded or enlightened, for its shared narrative of purpose. Paraphrasing Mills: "The greatest asset of public action is its ability to satisfy vaguely felt needs for higher purpose in the lives of men and women."

Even as I speak, millions of children are being placed at greater risk of suffering irreversible brain damage on account of skyrocketing food prices. It is entirely up to us whether we join the chorus expressing feigned surprise, and wring our hands in despair at the 'silent tsunami'. Or, we identify with those closer to nature who had heard the rumblings at a distance and tried to warn others of the impending crisis, and together push for better public and corporate governance at all levels. Governance that places mankind and nature above all pecuniary interests, which recognizes that all of us, rich and poor, strong and weak, young and old, are fellow travelers on the spaceship Earth.

I trust that we will rise to the challenge, and from Bogor issue a call to like-minded citizens of the world to endeavor such that we'll be remembered as a generation that reset the course of civilization and placed it onto a more equitable and hence, sustainable path.

Ladies and gentlemen, I thank you.