

RELU: RISING TO THE LAND-USE CHALLENGE: ISSUES FOR POLICY-MAKERS

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This discussion paper appears curiously, but perhaps understandably inward looking – to the RELU programme at the expense of a more complete review of the science and social science knowledge base. While a complete review of the literature is clearly outside the scope of such a discussion paper, some recognition of the knowledge base would help.

The general structure of the paper appears to take it for granted that the critical problem of current land use decisions is ‘market failure’ (1.1), compounded by a failure of planning (1.2). However, even a superficial examination of the key questions reveals that the particular problems of market failure and planning control are very different depending on the focus.

Since climate change is the greatest issue facing land use at the global, and thus also at the local level, problems and issues facing the appropriate choices for land use need to start (not finish) with this problem.

Here, it should be clear from the fiasco of the race to biofuels that the market does not fail – rather the market is very quick to point out the consequences of ill-considered ‘planning’ to replace fossil fuels with biofuels from crop land. The clear failure here is a political failure at the global level – needed to ensure that carbon emissions are properly taxed as pollution, with a carbon-trading (market) system is widely regarded as being the only practical and effective action to ameliorate carbon emissions. Failing this action, it is hard to see any local alleviation being of any consequence whatsoever. With a global carbon tax/emissions trading system in place or in prospect, the only sensible way of examining the potential consequences of alternative land uses under different prices of carbon emission is to model the actual global systems and their local counterparts, not simply ‘scenarios’. The only alternative is to experiment with the actual systems – exactly as the rush to biofuels did, and as our present systems seem determined to continue to do.

However, given that climate is already changing and will continue to change, there are then questions about appropriate coping strategies. Here, we do run into the more local problems that land has multiple uses and values, some competitive and some complementary, some reasonably well reflected in current market transactions and some not. This problem has been addressed in the literature (e.g. Harvey, “Agri-environmental relationships and multi-functionality”, *The World Economy*, **26** (5), May, 2003, 705 – 725). The present RELU programme is not apparently making any substantive additions of this general literature or understanding, and nor does the discussion paper.

Our present systems (economic, political, administrative etc.) already combine to produce answers to the fundamental questions about how land is used. If “we” do not like the answers, then “we” need to examine these present systems and their parameters (and perimeters) to understand why and how present decisions are not ‘optimal’. The discussion paper apparently presumes that we already know the answers to these fundamental questions. It asks:

1. How do we achieve multiple objectives from land and water?

Consultation questions:

- a. *How do we get the balance of services right?*
 - b. *What more do we need to understand about behaviours?*
 - c. *How should we value and trade-off different ecosystem services?*
 - d. *Who decides what ecosystem services we need and where?*
 - e. *What mix of mechanisms do we need to tackle market failure?*
 - f. *What supporting models and indicators are needed?*
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What, exactly, do “we” mean by “right”? What, furthermore, do we mean by “we”? Start with question d of this list: “*Who decides what ecosystem services we need and where?*” The present systems answer this question on the basis of individual and household/firm decisions (market decisions) being made in the context of government ‘intervention’ of various forms (subsidy, public payment, regulation, planning statements, taxation provisions etc.). Are these decisions “right” or “wrong”? Who is to say? The answer is not provided in the discussion paper, but the strong implication is that there is an ‘objective’ answer already, known to a group of cogniscenti, against which present allocations and management practices can be judged. But this benevolent paternalist assumption is totally unwarranted, besides being patently impractical. Even if we could rely on such a judgment, in each and every case of land use (which is irredeemably and massively heterogeneous, and therefore practically impossible), we have no means of implementing this judgment without fear of failure, since we would then be trying to impose an external solution on extremely complex (and thus effectively unmanageable) systems. As the paper notes: “*policy mechanisms can have unexpected outcomes*” (1.23). The only way to manage with these systems is to attempt to cultivate and civilise them, which needs a reliable understanding of how they work. It is not simply a question of “understanding behaviours” – implying that understanding individual and household decisions is sufficient. We need to understand the *systemic interactions* between people and their governors – the *processes of governance*.

Here, a proper understanding of ‘public goods’ (and associated ‘externalities’) is helpful. The so-called public good market failure is fundamentally a ‘demand side’ rather than a ‘supply side’ problem. It arises because the effective costs (including individual time and effort) of organizing all the beneficiaries (or victims, in the case of public bads) so as to reflect the total needs (demands) reliably to the possible suppliers. In this sense, this so-called market failure is not a market failure at all, but a failure of collective (i.e. political as opposed to Political) action. There is no reason to suppose that suppliers and providers will not be able or willing to provide public goods so long as their effort and input in so doing is reasonably rewarded (where reasonable here simply means at least as much as these providers could earn doing something else instead). As and when the benefits of solving the ‘public good problem’ become sufficient to offset the costs of solving them, then society does solve them – witness the RSPB, and the ‘Carbon Reduction and investment Techniques for Yorkshire and the Humber’ (CREDIT) initiative noted in the paper. So, the question becomes: why are there not more of these? The answer is: because the transactions costs do not presently outweigh the benefits. So, we need to reduce these transactions costs (including the personal ‘costs’ associated with participation).

The critical problem is, therefore: “how do we achieve more democratic and accountable decisions” i.e. better governance? However, the ‘consultation questions’ under this heading seem barely relevant.

Consultation questions:

- a. *Who should we engage in new conversations and how?*
 - b. *What can we learn from international perspectives?*
 - c. *How do we learn from local stakeholders and help them to learn?*
 - d. *How do we build confidence and capacity in stakeholder engagement?*
 - e. *Are long-standing assumptions about land managers still appropriate?*
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Ask these same questions about any other set of decisions currently made by our socio-economic systems about the use of scarce resources. Do the answers make any sense, or add to the understanding of the issues? The answers are general –through the market place and through the present government and governance systems. Again, the fundamental question is about governance systems. As the paper recognizes: “*Although participation is increasingly*

becoming embedded in policy, the requirements of participatory processes do not always fit well with the organisational structures charged with implementing these policies. Administrative costs and time may also frustrate engagement. Policy-makers may also fear a loss of control: will involving local people in designing local solutions lead to costly proposals that do not fit within national frameworks? Decision-makers may feel uncomfortable committing themselves to implement and resource the as-yet unknown outcome of a participatory process. In many cases, to do so would represent a radical shift in the organisational culture of government agencies and other institutions.” (# 2.20).

Our present institutions (rules and codes of behaviour) emphasise either exchange (the market) or coercion (government). We need to be far more inclusive (e.g. Harvey, “A Conjecture on the Nature of Social Systems”, *21st Century Society*, 3 (1), Feb. 2008, 87 – 108). We need new and different transactions systems, based on voluntary cooperation (otherwise the democratic requirement cannot be met), and supplemented by public support (to offset the free-rider problem and to take account of the fact that the market balances competing and conflicting interests on the basis of money votes). In short, we need to encourage, support and assist voluntary collaboration and mutual aid, recognizing that these actions require scarce resources and must therefore compete with all the other things that people like to do and like their governments to do. Call it a third way, if you like, but it is much deeper than that – (see Harvey, 2008, *op. cit.*). Otherwise, any answers to your questions are simply re-inventing existing wheels or loosing them because they are disconnected from the rest of the complex systems. In short, without a commonly accepted understanding of the nature and interaction of these complex systems, further discussion or research is largely irrelevant.