

Governance, multifunctional forestry and economic literacy

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The core message

- In the headlong pursuit of new forms of forestry governance, we may have lost sight of the need for economic literacy
- In some situations (Nordic countries and North America), economic literacy and new governance go hand in hand
- That may not be the case in the UK, where self-interested rent-seeking by local elites may be insufficiently connected to economic imperatives
- Enhanced multi-level governance mechanisms may be needed to avoid chaotic multifunctionality.
- As Tim Rollinson clearly said, we must get value for money in what is done

Four questions

- Does an ecosystem services lens provide a useful starting point?
- What challenges does multifunctionality create for policy makers and managers
- Does an Ostromian perspective help- viewing forests as common pool resources?
- Just how do we estimate the real economic value of forests to society?

The ecosystem approach

Four types of service

- Supporting
- Regulating
- Provisioning
- Cultural

Principles

- Manage within natural limits
- **Manage for the long term**
- **Manage at multiple scales**
- **Account for true value**
- **Make trade-offs clear**
- Involve stakeholders in decisions

Source: UNEP/GRID

Ecosystem services

- The principle of ecosystem services and ecosystem assessment is firmly embedded in UK institutional structures
- The holistic vision is appealing and coherent
- But
 - We can easily confuse supporting and regulating services
 - The stated principles are routinely ignored esp 'long-term' 'true value' & 'trade-offs' measured,

Multifunctionality

The principle

- Land use delivers more than the core goods/service
- Often markets are imperfect because of public good character of some benefits
- Policy can ease way to delivery of optimal mix

The theory

- We can measure non-market values using widely accepted methods
- Benefit(s) transfer allows us to give spatial dimension to these

Multifunctionality 2

- *In practice, multiple use has all too often meant a little of everything everywhere including timber on economic sites'* Clawson, M., quoted in Loomis 1980
- Evidence from Scotland of uneconomic planting of trees over a large proportion of state forestry sites (Macmillan, 1993)
- Evidence of no real economic rationale applied to recreation services in state forests (Gelan et al 2008)

Multifunctionality – making it work

- We need to think about scale issues
 - Locally demanded functions may differ from national demands
 - New forms of governance may over-empower local actors at expense of non-local concerns
- We need to think about temporal issues
 - Do current preferences accurately indicate long run preferences?
- We need to use the data we have much better
- Compelling evidence that more could be done
- BUT can new governance mechanisms help us on the way?

Common pool resources or not?

Principles

- Clearly defined boundaries
- Congruence
- Collective choice arrangements
- Monitoring
- Graduated sanctions
- Conflict resolution systems
- Recognition of rights to organise
- For nested enterprises, rules exist at appropriate levels

Scottish practice

- Boundaries yes, but rights?
- Broadly so
- Partly true
- Partly true
- Up to a point
- Up to a point
- Not true

- Partly true

Some economic realities

- Externalities are really important (the Non-market benefit study by Willis et al tells us this very clearly- c £1 billion per year for UK)
- There are enormous spatial differences in values of market and non-market Ecosystem Services
- The halo effect is really important. Forest- related economic benefit is big business
- The sacred dualism of market-non-market benefits/ecosystem services is very unhelpful

The local governance approach requires careful scrutiny

Community-based governance may inhibit rather than enhance local economic development. We may be promoting a multifunctional model built around local governance that serves no one well, apart from local elites.

'Institutions...may, over time, come to direct their efforts primarily at protecting the vested interests of some of their members by maintaining the status quo and thus become obstacles to further economic development.'

V Ruttan

'Too endogenous', self-reliant development, which ignores external effects and global economic processes, can be highly damaging for the regional economy and society.'

Brugger

The trade off challenge remains



...and it must be addressed in a spatially explicit manner

The case of climate change and forestry

The scale issue, the long term issue, the issue of true values and that of trade offs come together

- The greatest economic externality ever to confront mankind
- A role for trees in addressing the issue
 - Carbon sequestration
 - Wood products
- Does a focus on localist governance help here?
- Is there a case for green authoritarianism and higher level edict?
- Have we lost sight of the bigger issue?

The gaps to fill

- Can we reconnect governance and economics (or will the new forest elites ignore wider economic imperatives and gather their preferred amenity benefits for themselves)?
- Can we get a handle on the scale (and beneficiaries) of the different ecosystem service benefits?
- Can we decide what is public good and what is local club good and design policy accordingly?

Conclusions (1)

- Local 'rent' capture a big risk when bigger issues are at stake
- Localism may appear cosy, cuddly and appealing, but it can lead to neglect of larger-scale issues
- Where there is genuine market failure we need sharper and better directed policies
- The absence of economic salience in traditional jobs does not mean that forests are unimportant in economic terms

Conclusions (2)

- We have begun a journey with new approaches to governance and it has yielded new insights.....BUT
- We must remain critically reflexive as social scientists and not just morph into activists for a new localism
- We need the evidence base to inform policy
- We need a qual-quant partnership in building that evidence base
- Where both forms of evidence agree, a compelling case can be made
- In a time of economic crisis, there is a moral obligation to use resources wisely and evaluate carefully

