

The Next Step

Andy White, Hangzhou, 22 November 2012

Good morning everyone.

It is a pleasure for me to be here with all of you, and a particular pleasure to be with Vice Minister Zhang Jianlong and among many old friends and colleagues.

I first want to say thank you to the Vice Minister and to Mr Liu, the Director General of the Department of Policy and Legislation, to Mme Zhang Lei, Director of the Department of Rural Forest Reform and Development, and to my colleague Xu Jintao from Peking University, for inviting RRI to collaborate with you again on this conference, and the research leading up to this conference. Collaboration with you has been a great learning experience for RRI and our colleagues from around the world. So I am grateful to have this opportunity to be with you again.

I also want to say thank you to the Government of Zhejiang Province for hosting this meeting and for the wonderful field trip yesterday. I have never seen such big bamboo, or such beautiful bamboo furniture. And I also want to say thank you to my colleague Eva Muller and her team in FAO for collaborating with RRI on this meeting.

As Eva said, RRI has been working on forest tenure for a long time, and collaborating with SFA on tenure reform for over a decade. And I like to give long speeches, especially when I have an opportunity to talk about China's forest tenure reform. But I am the Chair of the next panel – so I will have to keep my comments short.

So I will try to be quick and give my perspectives on the subtitle of this conference: “Status and Review of Forest Tenure Reforms in China and a Global Perspective on the Way Forward.”

And I will start by saying that I think we all know that the tenure reform here in China has been a major success in many ways. It has recognized the land rights and unleashed the aspirations and entrepreneurial energies of hundreds of millions of Chinese farmers. The research from Peking University, the FEDRC and the SFA and FAO project that we will learn about this week – all shows conclusively that incomes have increased, there is more tree planting, more harvesting, many, many happy people – so an overall success so far. This recognition of rights is what I will call the first generation of tenure reforms.

And of course we all know that there is much more to be done for these “first generation” reforms to enable forest owners to benefit from their forests. We

will speak these next few days about many of these issues, like the need for forest credit, insurance, cooperatives, and extension services – government assistance to the millions of new forest owners so that they can fully benefit from the forest rights that they now have.

But what I would like to talk about is what I will call the “second generation” of reforms. And for me, this second generation of reforms, in all countries, is about the government respecting the rights that forest owners and communities now have and making sure that all citizens have equal access to those rights – like women, ethnic communities and other usually underprivileged groups. For me, this is what a “deepening” of reforms means.

And I have seen in many countries that this next step, of government respecting rights, is often the hardest step – harder than the first. The first step requires political courage and leadership for sure – some Minister or Parliament who is willing to take risks and give land back to households and communities – that is hard. But the next step requires even greater courage I think, and the support of even more ministries, a realignment of economic power, and often a change in government approach towards its citizens.

This second generation of reforms, for me, entails three components:

The first is that the government respects the rights of all individuals to freely choose their tenure and their forest use – without coercion from the government or from more powerful people, or particular parties. And as I mentioned earlier – this includes making sure that the rights of the historically marginalized groups like women or ethnic communities are fully respected;

The second component is that the government follows “due process” in taking back land or rights from people – a fair, transparent, consultative process AND FAIR compensation if it regulates harvesting or forest use, or takes land or forest rights back from forest or land owners;

And the third component is that the government establishes easily accessible redress mechanisms, or grievance mechanisms, that is – a fair and easy process whereby land owners can complain if the government or other powerful parties do not respect their rights, and they can take cases to an independent justice that they perceive will fairly hear and fairly adjudicate their concerns.

Some people would call these three components the pillars of justice: equal rights and freedom of choice; due process and compensation by the government when it limits rights, and reliable redress mechanisms.

So, now that I have named these components of the “second generation” of reforms, you know why I have said that this next step is hard, often harder than recognizing rights in the first place. These reforms often require the rethinking and reform of government agencies and shift a tremendous amount of power to the citizens and landowners.

So, if this second generation of reforms is so hard, why would governments want to take this next step? Many governments have shown that you can achieve economic growth and some stability without taking this second step. So, good question, why would any government want to do this? Fortunately, there is an excellent new book published this year by two leading economists from Harvard and MIT. It is entitled “Why Nations Fail” and I encourage you to read it. I am sure it will be available in Chinese soon.

After reviewing history these two professors conclude that governments who do not take this next step ultimately cannot sustain economic growth or democracy. And this is for two reasons: 1) unless governments respect these basic rights, due process and redress – there is not sufficient economic incentive and innovation to keep the economy growing – that is, the economy slows down or stalls unless all

citizens can be entrepreneurial and use their land and assets without too much government control.

And the second reason that growth and democracy cannot be sustained is that without this second generation of reforms land and resources remain effectively controlled by the government and the powerful parties and the people become unhappy and there is conflict, lots of conflict. So, increased conflict is a natural and predictable product of a failure to take this next step, the second generation of reforms.

Now, I think to all of us, this sounds like common sense. And I don't know why you have to be a professor at Harvard or MIT to become famous for saying something obvious. It is also important to note that history shows that no amount of government programs or subsidies can overcome the lack of these basic rights and ensure continued economic growth and development. So that is my global perspective.

But back to China, forest tenure reforms, and our conference this week. What I have always found exciting about China is the eagerness for change and the political courage for change. China amazed the world, and is still amazing the world when it took the first step – recognizing the forest rights of households, and

our discussions this week show that it is beginning to wrestle with the second step – establishing the mechanisms to make sure that the government itself and other powerful parties actually respect those rights, and ensuring that those rights are fully extended to women, ethnic minorities and other disenfranchised groups. The persistence of the forest harvesting quota and the taking of rights with the Natural Forest Protection Program (NFPP) and the public benefit, ecosystem forest program – are examples of old policies that preceded the tenure reforms and should be part of the next generation of reforms. There is obviously a lot of reconciliation yet to be done – updating the regulatory frameworks to be consistent with these new rights.

But I am confident that China will advance this second generation of reforms. This conference and the openness and willingness of the SFA to share their experience with all of us are good reasons for us to expect that they will take this next step: for the good of their citizens, for good of their country, and indeed for the good of the whole world.

I am honored to be with you all here today and I look forward to learning from you this week. Thank you.