

6th Annual AfD / EUDN Conference

Demand pressure on natural resources: what public policies?

Growing pressure on natural resources (agricultural lands, forests, water spaces, pastures, fossil fuels, etc.) occurs as a result of population growth and increasing demand accompanying improvements in standards of living in various parts of the world. The following questions inevitably arise in this context. Is such a pressure sustainable in the long run and, if it can be somehow managed by human intervention, what is the role played by behaviour responses on the part of private agents acting in a decentralised manner, and what is the part to be played by public policies? Which is the nature of the desirable public policies, not only on the level of technologies but also of institutions (property rights, in particular)? In addition, to the extent that scarcity of resources generates considerable rents in the hands of those who own a large chunk of them (oil states, for example), the question also arises as to how these rents could be managed in a manner that is both efficient and compatible with the interests of the many? In attempting to provide answers to these difficult and topical questions, the speakers will illustrate their statements by referring to case studies of particular resources and areas.

(1) *Jared Diamond (Professor, University of California, Los Angeles)*

“Coping with change”

(2) *Jean-Marie Baland (Professor, University of Namur)*

“Forest degradation and the role of public authorities: the case of the Indian Himalaya”

(3) *Michael Carter (Professor, University of Wisconsin)*

“Crowding-in the investment for induced innovation: financial market policies for sustainable technological change in agriculture”

Abstract: The theory of induced agricultural innovation (put forward some thirty years ago by Hayami and Ruttan in their classic analysis of agricultural development) suggests that there is a path of appropriate technological change even for economies characterized by rapid population growth and increasing land scarcity. While some have given a quietistic interpretation to this theory—market signals alone are adequate to spur needed agricultural growth—recent experience suggests otherwise. This paper first considers the evidence on rural financial markets: how and why they tend to constrain the accumulation and investment needed for agricultural productivity growth, especially in economies in which small farms predominate. The paper will then consider a new generation of risk management interventions designed to alter the conditions that lead to dysfunctional rural financial markets and ultimately crowd in both the institutions and the innovations needed for sustainable technological change in agriculture.

(4) *Alan Gelb (World Bank, Research Department)*

“The second time around: Have oil exporters learned from the last oil boom?”

Abstract: Oil exporters need to confront two main problems in seeking to harness resources for development. First the extreme volatility of revenues; second the severity of the principal agent problems between oil companies, producer governments and the (current and future) citizens of producing countries. Citizens may be the ultimate “owners” of the resources, but it is not clear how ownership is to be effectively exercised, especially in countries with weak institutions. Moreover, it is not clear that electoral competition alone will solve the problem because of the incentives for it to turn into competition for rents. The paper will present lessons from past experience, provide a comparative analysis of exporters' trajectories through the start of the current oil boom, and consider approaches towards creating “agents of restraint” that can help to support better policies.