

Palm Oil and the Global Green Deal

Contributed by Ross Spencer

The most recent (March 2009) policy brief of the United Nations Environment Programme on Global Green New Deal is about the 'worst financial and economic crisis' and raises the question whether the response of financial stimulus of \$3 trillion globally is sustainable. UNEP recommends a green stimulus of 1 per cent of global GDP (approximately \$750 billion) — one-fourth of the total proposed fiscal stimulus could provide a critical mass of green infrastructure 'needed to seed a significant greening of the global economy.

The focus of the green stimulus is on growth, jobs and tackling poverty. Also, the policy document says, the objective is to reduce carbon dependency and ecosystem degradation.

The present global financial crisis began in the developed countries, particularly in the United States and spilled over to most parts of the world encompassing the banking sector, securities and currency market, and institutional and individual investors.

From 2008, it has been the breaking news in the international media and also helped to bring down the Bush era in the US. This financial crisis is similar to that of the Great Depression in the 1929-30 and many researches show a strong conviction of the leaders of the Bretton Woods conference in 1944 that the World War II in one way or the other was the result of the Depression.

That means the Great Depression caused the war and the war led to the creation of the Bretton Woods Institutions such as the World Bank, the International Monetary Fund, etc with the guarantee for future world peace.

There was also the conviction that the Depression was the product of the frenzied speculative activities by the big financial institutions in a climate of easy money and the absence of strong regulations and capital controls. There was thus a strong determination to re-establish a new financial architecture which would regulate financial markets to avoid such crises and prevent another war in the future.

In the New Deal legislation of President Roosevelt, it was made clear that there must be strict supervision of all banking, credits and investments.

The New Deal was a deal among rich and industrialised countries competing with each other to dominate the world market and dividing the world between themselves. Interestingly, 'war' among the industrialised countries is known as 'world war' while war against non-western weak countries is marginalised and considered as having no 'world' significance despite the fact that the war in the Middle East is fundamental to the survival of the fossil-fuel based industrial societies.

War, militarization and violence have always been the part of us since the establishment of Bretton Woods institutions. War against Afghanistan and Iraq removed the veil of un-sustainability of the industrial fossil-fuel based societies and there is hardly any option left to ensure energy security for their survival through military means and, therefore, construction of new kind of 'enemies' to perpetuate war and violence to keep up with the over-consumption and oil-based lifestyle of the rich in the western countries.

The example of fossil fuels indicates clearly that the issue is no more economy as such, creation of wealth in the form of money, commodity and technology, but the way we relate to nature in generating our life, lifestyles and the future. It implies that we can no more talk about any 'deal' without fundamentally reviewing our conception of economy, ecology and lifestyle and putting our efforts to construct a vision and science that starts to link these already obsolete sciences that claim independence from each other, while they indeed are integral to the very activity of human beings that build civilisation. The new deal must be the deal for post-industrial, post-capitalist green civilisation.

Since nature, or the natural value of commodities, remains outside the consideration of the economic science; in other words, ecology and biodiversity are considered de-linked and lifestyles and value of local cultures and knowledge has never been the part of the paradigm of 'development', so the Bretton Woods Institutions have been active

in financing projects that are destructive to environment and people's livelihood.

In the early sixties of the 20th century, the World Bank made conditional loans to the developing countries to adopt 'modern agriculture' – a package of chemical fertilisers, pesticides, irrigation system with diesel or power in the name of achieving higher yields and thereby attaining food self-sufficiency.

By 'food' the World Bank meant cereals and the focus was on the staples. As a result, while cereal production increased in some cases in countries like Bangladesh, oil seeds, lentils, forest products and in general the biomass – a major source of energy in the rural areas – have decreased. Misconception of 'agriculture' is scandalously obvious here. Agriculture does not only produce food, but also fuel woods, fibres, medicines, construction materials, etc.

The new, green economy would provide a new engine of growth, putting the world on the road to prosperity again. This is about growing the world economy in a more intelligent, sustainable way. The 20th-century economy, now in such crisis, was driven by financial capital. The 21st-century one is going to have to be based on developing the world's natural capital to provide the lasting jobs and wealth that are needed, particularly for the poorest people on the planet.

Pragmatically, the 'Green New Deal' would like to take advantage of the unique opportunity presented by the multiple crises and the ensuing global recession with multilateral and national efforts, simultaneously addressing the interconnected global climate, food, fuel and water challenges that threaten society over the medium term.

There is a widespread acceptance that neo-liberal model has collapsed and the so-called 'free market' cannot work any more. The unregulated market can not resurrect itself on its own from the historic collapse and without significant and co-ordinated government interventions.

Nevertheless, the premise of profit-based competitive capitalist global architecture is not under question, although there is more willingness to listen to new solution. It is assumed that the enormous fiscal resources being released can potentially be used to achieve 'critical mass' of investment and employment in order to kick-start the new sustainable paradigm. In a way this is again 'development' from the top and essentially a proposition to improve the quality of the development financing to achieve the millennium goals. It is also assumed that the initiatives for global financial restructuring may be corrected in a way to address global emission governance as well.

The global financial crisis has global consequences. It will exacerbate poverty and will accentuate social risks and costs. This is where poor countries may hope to get some benefits from the Global Green New Deal since the suggestion is to invest in securing freshwater, providing sanitation, and optimising agricultural productivity through sustainable methods. The determination to ensure that 'post-crisis' economy follows a sustainable model and does not continue to add to the two most significant risks faced by society: ecological scarcity and climate instability is obviously directly related to the concerns of the people of the world.

However, there is a necessary trade-off between economic development and environmental stewardship. This view is exacerbated at times of economic difficulty. Environment, ecology and biological foundation of life can not be eroded in the name of development, since these are also economic assets. Consequently, a responsible framework is necessary for using environmental assets. This is particularly true about the poorest populations as they depend disproportionately on the ecological commons both for livelihoods and for consumption.

The Global Green New Deal is an approach to revive global economy, saving and creating jobs and protecting vulnerable groups. It aims to reduce carbon dependency and ecosystem degradation and a wish to put the global capitalist economy on a path to clean and stable development. However, this is not a shift from the 'growth' paradigm and does not fundamentally question the main drive of the capitalist economy – profit and greed. The deal is within the economic paradigm and creation of implementing agencies that are mainly global. Although the necessity of the national efforts is recognised, the initiative is coming from industrial societies as response to solve their own national crisis.

However, says Malaysian Palm Oil Council chief executive Tan Sri Dr Yusof Basiron at the close of the 6th International Planters Conference (IPC 2009) held here early this week:

'Sharing global resources should mean sharing responsibility to sustain these resources'

Dr Yusof observed: 'Right now, one part of the planet consumes and pollutes in its lavish lifestyle, while another part is forced to remain undeveloped and to preserve their forests for future generations.'

Yusof says oil palm planters cannot succumb to the NGOs' demands because palm oil has become an important revenue earner to the developing nations.

“What is so wrong about cutting some of our forests to develop industrial areas, cities and township, and to make way for agriculture and infrastructure, given that we are developing countries?” he asks.

He warns that if planters in Malaysia and Indonesia continue to listen to NGOs such as Greenpeace, Friends of Earth and other anti-palm oil campaigners that oppose development involving deforestation, this will completely hinder the socio-economic development of the poorer nations.

“Malaysia only needs 4.5 million ha to produce 20 million tonnes of palm oil, compared with 50 million ha to produce the same amount of soybean oil,” adds Dr. Yusof.

Be that as it may, for this reason, it is the view of Deforestation Watch that responsible political stewardship requires that the needs of developing countries are not subsumed beneath the blatant over-consumption of the developed world whilst the economic needs of the developing world are ridden roughshod over and ignored. The solution must come from ecological and livelihood perspective for the majority of the poorest people of the world. THE END