

SIDEBAR: The Impact of Deforestation on People in Rainforest Nations

This paper focuses on the economic impacts of deforestation — and forest conservation — on the U.S. agriculture and timber industries. But what about the impact on people in the rainforest nations themselves?

Right now, many people in rainforest nations face a terrible choice. In the absence of incentives for their protection, forests are worth more dead than alive. A company or peasant is forced to weigh the very immediate financial proceeds of cutting down a forest for timber, agriculture, or ranching against the damage wrought by deforestation to their own communities, wildlife, water and the planet — as well as the lost potential future financial value of the land as a carbon sink. Even if clearing and burning a hectare of rainforest only produces ranchland worth \$200 per hectare, many people make the choice to cut it down anyway — because that deforestation can, at least in the short run, put food on the table or boost earnings for a quarterly report to investors. But that decision comes at a terrible long-term economic price. Based on recent prices in European carbon markets, the value of a hectare of rainforest as a carbon sink is approximately \$10,000 a hectare. Releasing that carbon into the atmosphere by clearing or burning the forest means sacrificing the opportunity to realize that value. As a recent World Bank report put it, “Farmers are destroying a \$10,000 asset to create one worth \$200.”*

So how will providing financial incentives for the conservation of forests affect those who are profiting from deforestation? In most cases, the people cutting down the forests have the most to gain from conserving forests. Because incentives to end deforestation are established to, in part, compensate those who lose money by bypassing an opportunity to deforest, the farmers, loggers, and landowners themselves tend to have the most to gain. They will be the ones compensated — they can gain income far exceeding

any profits from deforestation, and enjoy enormous benefits to their local communities and environments.

For instance, in Brazil, many of the ranchers and farmers most responsible for deforestation have become advocates of forest conservation programs. Pilot projects and an increasing recognition of the high costs of deforestation have convinced many that they and their communities will become richer — and also enjoy a better quality of life — through conserving forests rather than cutting them down. Perhaps the most prominent embodiment of these new conservationists is Blairo Maggi, Brazil’s “King of Soy” — the country’s biggest private landowner, personally responsible for tens of thousands of acres of forest destruction, and governor of Mato Grosso province, ground zero for deforestation. Maggi made his name throughout the world as an enemy of conservationists and a vocal ideological defender of deforestation as the path to riches for himself and the citizens of his state.

Maggi has changed, however. He has recently urged adoption of policies to conserve the forest — if the state can find developed country governments or private companies who will finance forest conservation, most likely as part of a mandatory carbon reduction system. Forest conservation incentives “will be much, much more profitable than soybeans,” he told *Forbes Magazine*.†

In addition, even a small carbon incentive can do a lot to bring production in rainforest nations up to the environmental and social standards of the United States and other developed countries.

Protecting forests will also create much needed, well-paying jobs in developing countries. Forest conservation requires people: park rangers to patrol the forest, foresters to measure carbon storage, and even satellite manufacturers and operators to provide deforestation monitoring. Reforestation activities

* Chomitz, Kenneth. *At Loggerheads?* Washington, DC: The World Bank, 2007.

† Perlroth, Nicole. “Tree Hugger.” *Forbes Asia Magazine*. December 14, 2009. <http://www.forbes.com/global/2009/1214/issues-blairo-maggi-jungle-conservation-tree-hugger.html>

that often accompany forest conservation can provide additional employment opportunities.

Protecting existing forests will also provide a more sustainable source of jobs in extractive industries themselves. In places without conservation incentives, forests are routinely stripped of all their value and the ground is left as a barren desert that can't support communities or jobs. For this reason, many producers in tropical countries have advocated establishing carbon incentives that would rapidly shift production to more sustainable sources.

In Indonesia, for example, clear cutting has drastically reduced the availability of trees to provide employment in forestry, including logging. According to the Indonesian forestry union, Kahutindo, employment in forest products has declined by more than 50 percent in the past decade, from 2 million workers to fewer than 1 million today. As a result, Kahutindo now advocates conserving existing rainforests and relying solely on reforestation to produce fiber. **

There is evidence that this strategy will work globally to create well-paying jobs in the forestry sector. The latest U.N. Food and Agriculture Organization State of the Forests report estimated that switching to sustainable forest management would create 10 million good jobs globally, which would create a major force against rural

unemployment, underemployment and poverty. †† Benefits in the agricultural and ranching sectors are likely to be significantly greater, given the greater economic values. Providing financial incentives for forest preservation will allow a wide array of people, from peasants to landowners, to preserve the forests we all need to fight climate change.

– *Glenn Hurowitz*



** Foster, David. "Indonesia's Forestry Workers – Another Endangered Species." December 11, 2007. <http://blog.afcio.org/2007/12/11/indonesias-forestry-workersanother-endangered-species/>

†† Food and Agriculture Organization of the United Nations. "Forests and the global economy" March 10, 2009. <http://www.fao.org/news/story/en/item/10442/icode/>