

Black Swans, Ghosts, and Aging Academics: The Missing Chapters of the WDR

By David Kaimowitz

Introduction

Good morning. I'm really happy to have the chance to be here with you and am grateful to the organizers for inviting me. This is the fourth or fifth time I have attended Rural Week and I've always been impressed by the high quality.

When they asked me to talk about "agriculture in a changing world", I tried to think what to say that wasn't in last year's WDR. Three things came to mind. I've called them black swans, ghosts, and aging academics.

To some extent they relate to three themes that are coming back in fashion: government, science, and regulation. That is what I'm going to talk about

Black Swans

It is hard to imagine anyone talking about this topic these days leaving out the financial crisis and the ups and downs in the price of fuel and food. Two years ago a barrel of oil cost \$57 dollars. Then it jumped all the way to \$137 and now it is down to \$35. Grain, meat, and dairy prices were two to five times higher last year than in 2005, but they've started coming down again.

All that has huge effects on rural economies, natural resources, poverty, and migration; and those effects are often hard to follow. By the time you think you know what is going on and try to plan accordingly everything has changed again.

Food price hikes were pretty un-expected. IFPRI had predicted prices would stay stable or fall until 2020; and just as prices were about to go through the roof, the WDR predicted they'd only go up a bit over the next few decades.

Nassim Taleb calls those things Black Swans. They don't seem likely and we don't expect them, but when they come they have big impacts and the experts make it seem they knew it all along.

The financial crisis is a *big* black swan. Who imagined it would all melt down and we'd have to nationalize the banks? It sure wasn't in World Bank reports.

Black swans are nothing new. Life's full of surprises. But we're seeing more and more of them.

Globalization, innovation, and liberalization may bring growth but they also bring risks and uncertainties. Global processes make global problems. When everything moves so fast it is hard to adjust. Making it easier to move money, goods, and people can be more efficient, but it sweeps away many safety nets.

It's like putting your foot on the gas pedal while stripping away the brakes. You go a lot faster, but I wouldn't recommend it.

You won't find bubbles or speculation in the WDR, but they are at the heart of these new Black Swans. Dot.coms, real estate, stocks, and commodities all lost sight of fundamentals. And while all those trillions floating around cyberspace may be hard to follow, they are not just fantasies. The effects are very real and reach the farthest farms and deepest jungles.

Before leaving black swans, let me just say a word about climate change: which may be the biggest black swan of all. Anyone who thinks climate change will be slow and predictable has

got to read Fred Pearce. Fred's the environmental editor at the New Scientist and has a book called *With Speed and Violence*. It shows past climate change was pretty abrupt and there are dozens of potential disasters out there could well hit us head on but they're practically impossible to predict. This is one more case where fast global growth could mean global catastrophe unless we install some brakes and bumpers.

Ghosts

With all those Black Swans out there, we really have to be prepared. We need institutions that can regulate, respond, and understand.

But in many places all we have are ghosts. Most agricultural agencies in developing countries have lost resources and influence and are barely shadows of their former selves.

The WDR shows that agriculture got only half as much aid in 2004 as in 1980 and a smaller share of public funds. What it doesn't say though is what that has meant for the institutions: loss of morale and confidence, brain drain and restructuring; high-paid consultants advising low-paid staff, with no capacity for follow-up.

Less money is part of that, but definitely not all. You can't build institutions by writing checks. As Don Rumsfeld found out the hard way in Iraq, you can destroy institutions in few hours, but re-building takes years and hard work. Carl Eicher has a piece that shows it took 40 to 60 years to build effective agricultural research, extension, and education institutions in the U.S., Japan, and Brazil. There are no easy short cuts.

Without strong institutions there are a lot of things you simply can't do. Some years back WRI did a study of World Bank conditionality in forestry and found some success with "stroke of the pen" reforms – things you could change overnight by decree – but little luck when it came to things like promoting sustainable management and fighting illegal logging that required functioning institutions on the ground – and there were a lot of those.

One of the clearest cases right now is Reduced Emissions from Deforestation and Degradation – what they call "REDD". The Bank has bet a lot on REDD and the idea sounds pretty good. The problem is most governments don't have the capacity to implement it; and unless they get lots of support people are going to be very disappointed.

Aging Academics

The trend towards DPLs and budget support implies all you need is cash. I wish it were true. Now that good government is back in fashion it is going to fresh thinking to make it work.

Unfortunately there isn't much of that. All we've got are aging academics.

My main reaction when I read the WDR was "this is ok, but what is new?" There wasn't much.

That is not surprising when you think about it. Less funding and interest in rural issues meant less new research and data and fewer bright young people building careers. Agricultural universities around the world have been in decline, and the problem is worse where the need is greatest.

When I first got into agriculture thirty years ago it was an exciting field, with all sorts of hot debates. I still remember the first time I came to Rural Week fifteen years ago and was blown away by the rigor and freshness of people like Hans Binswanger, Kevin Cleaver, Gershen Feder, Bob Schneider, and Alberto Valdez. I didn't always agree with them, but they clearly had intellectual firepower.

These days there are few new thinkers and bright stars out there. If you couldn't find anyone better than me to give this talk the world is in pretty big trouble! The main author of last year's WDR was my undergraduate advisor 35 years ago and it is getting increasingly hard to recruit good senior people for policy, funding, and research positions.

Agricultural education has been declining everywhere but things are worst in Africa. Budget cuts, war, donor neglect, and HIV have decimated African universities and it will be a long time before they come back. And there are also fewer opportunities to study abroad. We have lost an entire generation.

The WDR had a couple of paragraphs about this, but it barely touched the surface. Without good African economists, agronomists, and foresters all the money in the world won't make things work.

Between 1996 and 2006 the Bank lent less than \$10 million dollars for agricultural education and most PRSPs and CAS hardly mentioned it. Nor did other donors fill the gap. For years the Bank said "prioritize primary schools" and most donors did. But you can't do agriculture in this changing world without professionals.

Conclusion

In summary, with so many big black swans out there we need institutions and intellectuals and that takes time and effort. With Barack Obama in the White House good government, science, and regulation are no longer dirty words, but we still don't know how to do them.

Wolfensohn talked about a knowledge bank and it sounded pretty good. But in the end knowledge always seemed more like a cost than an investment, and it barely got beyond sound bites.

Now the issue is more urgent than ever. We need new thinking but budgets are tight. The bank's main business is making loans but money alone is not enough and no one else will easily fill the gaps.

I'd like to say I have the answer, but I'm just an aging academic who is scared of ghosts.