

Ecological Debt – Balancing the Environmental Budget and Compensating Developing Countries

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This July, Genoa will witness the annual hand-wringing of the G7 heads of state over the seemingly intractable poor country debt crisis. But at the 10th anniversary of the Earth Summit in 2002 they may be trapped in negotiations over a different and more dangerous kind of debt, a debt that they carry themselves.

A Copernican revolution is taking place in our understanding of who owes whom in the international community, and what should be done to correct the problem. It is being driven by factors beyond the ability of any individual nation to control. Ten years from now, an embattled G7 could be sitting down to account for the new and enormous carbon debt they owe the developing world for the consequences of climate change, and to discuss how they intend to settle their arrears.

This is not an abstract theoretical exercise. The economic costs of global warming are rising dramatically. According to the reinsurance giant Munich Re, the number of great climate-related and flood disasters quadrupled during the 1990s compared to the 1960s, while resulting economic losses increased eight-fold over the same period. If that trend continued we would arrive at the bizarre situation by about 2065 where the costs of natural disasters driven by global warming would overtake the value of gross world product.

The problem is that the damage to human life is very unevenly distributed. Poor people in poor countries suffer first and worst from extreme weather conditions linked to climate change. Today, 96% of all deaths from natural disasters occur in developing countries. By 2025, over half

of all people living in developing countries will be 'highly vulnerable' to floods and storms. Ironically, these are also the people likely to be most affected by the results of conventional foreign debt.

Ecological debt

In March 2000 a woman who gave birth while clinging to a tree to escape Mozambique's floods diverted attention from the country's real tragedy. The large but unknown number of deaths, the estimated 1 million people displaced, the loss of countless livestock and crops, and the immeasurable damage to infrastructure added to the existing burden of un-payable foreign debt.

Servicing foreign debt has drained Mozambique of precious resources for many years. Even after relief, Mozambique could still have to spend US\$ 45 million a year on debt servicing – more than it spends on either primary health care or basic education. What happened in Mozambique is mirrored with variations from Venezuela to Bangladesh.

But now industrialised countries are responsible for a larger and potentially more damaging ecological debt – a debt for which no accounting system yet exists to force repayment. Reckless human use of fossil fuels has created the spectre of climate change.

KEY CHALLENGES FOR THE EU:

- **Accept the existence and the scale of the EU's ecological debt, develop accounting systems to measure it, and use WSSD as the starting point for dialogue on appropriate compensation for developing countries**
- **Start thinking about how to overcome the social, political and technological barriers to achieving necessary cuts in CO₂ emissions in EU States**
- **Current economic goals will lead to massive global destabilisation and continuing environmental catastrophe; new strategies need to be developed to raise public awareness and change expectations**
- **Provide global leadership in developing new models of economic adjustment to tackle carbon debt and balance our environmental budget**

Research presented by the Intergovernmental Panel on Climate Change in early 2001 suggests the atmosphere may warm by as much as 6°C over land areas by 2100 – more rapidly than previously expected. A letter co-signed by the under secretary of the US National Oceanic and Atmospheric Administration and the chief executive of the UK Meteorological Office concluded, “the rapid rate of warming since 1976 ... is consistent with the projected rate of warming based on human-induced effects. We continue to see confirmation of the long-term warming trend.”

A typical US citizen, for example, uses fossil fuels at a rate twelve times above the threshold for sustainable per capita consumption. As every day passes without a radical shift in consumption, the carbon debt to the global community grows larger.

So, as the European Commission and the Member States prepare for the tenth anniversary of Rio and contemplate how to repay their debt to the world's poor, what should they consider?

The logic of what is needed should not be difficult to grasp. In the face of conventional foreign debts the poorest countries were told, and expected, to radically restructure their economies.

Conventional structural adjustment – the inescapable reality for poor – indebted countries, however dressed-up, demands austerity measures. A reverse form of economic adjustment is now needed for the wealthy carbon debtors to set them on a path to sustainability – we can call them sustainability adjustment programmes.

Klaus Töpfer, executive director of the UN Environment Programme, called for a 90% cut in consumption in rich countries to meet the challenge, adding that, “a series of looming crises and ultimate catastrophe can only be averted by a massive increase in political will”. Many would claim such cuts are impossible and the stuff of fantasy. But history suggests otherwise.

A new environmental war economy

Under very specific circumstances and using a combination of special government powers and a massive public education programme, during World War II Britain achieved dramatic cuts in resource consumption in a very short space of time.

Between 1938–44 there was a 95% drop in the use of motor vehicles in the UK. This exceeds even the deepest cuts in consumption that the most pessimistic climate watchers say is needed in wealthy countries today. From 1938–43, the use of public transport increased by 13%. Across all goods and services consumption fell 16% but with much higher drops at the household level. In just six years from 1938 British homes cut their coal use by 11 million tonnes, a reduction of 25%.

It is possible to argue that these two situations are not sufficiently similar, but the populations of Bangladesh, Mozambique and Nicaragua, to name only a few affected countries might disagree. To many in the EU it will seem a sacrifice too far. Most decision-makers live far removed

from the murderous reality of climate change.

But the situation in the global environmental war economy is not so different from the dilemma that faced individuals in Britain's war economy. As it was expressed in 1943, “There can be no equality of sacrifice in this war. Some must lose their lives and limbs, others only the turn-ups on their trousers.”

The world's very poor often live with austerity measures imposed under the aegis of dubious conventional external debts. They lose their loves, lives and limbs, and their farms and families when climate change strikes. These are things to keep in mind as EU governments worry about how forcefully they persuade people to switch from their cars to travel by train instead.

To get even close to the necessary cuts in fossil fuel consumption requires governments first to make and then win the argument for action in public. But then change needs to happen within an orderly and logical framework.

Any solution will need to be based on real cuts in overall carbon emissions, otherwise known as contraction. We will also have to move towards equally sharing the atmosphere, known as convergence. The contraction and convergence approach has been endorsed by developing countries and everyone from the insurance industry to the UK's Royal Commission on Environmental Pollution.

What is to be done?

The fact of ecological debt suggests two things.

First, a fundamental realignment of who owes whom in the international economy. Third world debt pales into insignificance in the face of the ecological debts of industrialised countries. Second, a challenge to EU States and others to balance their domestic environmental budgets. Each should have clear plans on how 60–80% domestic CO₂ cuts can be achieved over given periods of time.

A new mood of humility on the part of rich countries needs to characterise their negotiations with less developed countries. Even the old, largely unmet UN aid target of 0.7% of GNP, becomes irrelevant against the scale of appropriate resources that poor countries will need to mitigate the impact of climate change.

Bangladesh's environment minister suggests that climate change may create 20 million new refugees. Unless there is new action commensurate with the scale of the global warming problem, we may be experiencing the end of development.

Taking climate change into account, each Member State should arrive at the Johannesburg Summit knowing what their new and additional contribution to developing countries should be, to make the international development targets for 2015 a reality.

It may well take the equivalent of an environmental war economy to balance the books. Frustration among developing countries could even force them, through lack of alternatives, to seek damages for climate change in the international courts. But one thing is clear, unless the carbon debt is tackled, we will all be left environmentally bankrupt. ●