



OPINION

## A Planetary Crisis Is A Terrible Thing to Waste

*There are striking similarities between the current economic and ecological crises — both involve indulgent over-consumption and a failure to consider the impacts on future generations. But it's not too late to look to new economic and environmental models and to dramatically change course.*

BY CHRISTIAN SCHWÄGERL

While the economy and ecology are often pitted against each other, they share the same linguistic root: “Eco” is derived from the ancient Greek word, *oikos*, meaning house, or household. So both words refer to the art of managing or understanding the household — or environment — in which you live. These days, the linkage of the economy and ecology takes on new meaning.

The financial crisis that erupted in 2008 was driven by governments and consumers wildly over-spending, abetted by bankers and financiers who got rich doling out loans to people who often had little chance of repaying them. A bad loan is one where one or both sides don't expect repayment and design ways to pass on the risk to somebody else, for example the taxpayer or central banks.

Bad loans are characteristic of how we treat the planet, too. In our global house, our ultimate central bank is the natural environment, with its treasure troves of water, wood, food, and hospitable climate. We're taking out credits when we grow food, catch fish, or benefit

**The Ponzi scheme of hyper-consumerism is approaching the equivalent of the Lehmann collapse.**

from a climate system that meets our needs. Taking out sound loans would mean paying back interest in the form of sustainable management efforts, so the natural capital can regenerate. For example, it would mean catching only as many

fish as can grow back in the ocean, logging only as much rainforest as will regenerate naturally in a certain time, and adjusting consumption of fossil fuels so we stay within safe limits for CO<sub>2</sub> levels in the atmosphere. It would also mean investing heavily in green technologies.

But our current system of managing our environmental household is all about designing bad loan schemes to defraud nature's central bank and passing on the debt to future generations. In order to exploit the natural world, we have rigged accounting rules and ignored the financial and ecological value of intact ecosystems, biological diversity, clean water, and many other forms of the planet's natural capital. This has actually worked for some decades and created Western wealth as we know it.

But the Ponzi scheme of hyper-consumerism is approaching the equivalent of the Lehman collapse in 2008. Ecologists tell us that humans are consuming natural resources at a scale and speed that 1.3 planet Earths would be needed to sustain it, and that it would take four to five planets if all the Earth's 7 billion people wanted to live like the West. With more ecological problems building up, it's time to pay the bills ourselves, rather than fobbing them off on children.

One example is per capita CO<sub>2</sub> emissions. German Chancellor Angela Merkel, a conservative politician, has just publicly endorsed

**Living off money that does not exist and living off non-renewable resources are aspects of the same problem.**

calculations by the Potsdam Institute for Climate Impact Research that show how much we overdraw our global CO<sub>2</sub> budget. According to the institute, beginning today the average human being must not emit more than 2 tons of CO<sub>2</sub> per year

in order to avoid dangerous global climate change. But the average Chinese citizen is emitting 4 to 5 tons per year, the average German 11 tons, and the average American more than 20 tons. That means we're overdrawing our CO<sub>2</sub> budget by a factor of 2 to 10.

Living off money that ultimately does not exist and living off natural resources that are non-renewable are two aspects of the same problem. Shopping with money taken out on credit cards has long been a way of life in the U.S., which has led to a spendthrift attitude toward resources. Buying big SUVs or second cars that emit large quantities of CO<sub>2</sub> are telltale symbols of living beyond one's means.

In 2008, three renowned biologists, including Simon A. Levin from Princeton University, published an article in *Nature* entitled “[Ecology for Bankers](#).” They argued that “(t)here is common ground in analyzing financial systems and ecosystems, especially in the need to identify conditions that dispose a system to be knocked from seeming stability into another, less happy state.” The recent bailout programs have shown how difficult and expensive it is to push the economy back to a happier state. But natural ecosystems are much more complex and difficult to restore. For rainforests, oceans, and the global climate system, bailout programs will be much more costly – if they are possible at all.

A truly disheartening consequence of the current financial crises in the U.S. and Europe is how our profligacy is sucking up money needed to empower the younger generation. Schools, vocational training programs, universities, biomedical research institutions, green-tech companies, and environmental regeneration projects need their budgets to grow in order to keep up and finally get ahead of the

**People living beyond their means effectively force future generations to live below their means.**

wave of problems we face. Yet the opposite is occurring. People who have been living beyond their means by excessive consumerism and excessive profits now effectively force future generations to live below their means. Denying these young

people the necessary access to education, science, and green technologies will undermine the power of the U.S. and the European Union in tomorrow’s world. I keep wondering why the younger generation is not more vocal in the current crises, protesting against the attack that is currently being waged against their future.

So what might be a positive perspective for our planetary housing and banking crisis? I think the current situation could act as an eye-opener, forcing people to ask deeper questions and reject solutions designed to work just until the next election. The demand for an economic model beyond the boom-and-bust cycle of bad loans is growing. Such a model would have to value education and research much higher than today and put a price on carbon emissions and ecosystem services in order to make sound loans from nature’s central bank the new normal. It would need to create wealth through hard work and innovation, rather than speculation and credit cards.

You can see examples of positive developments in many places. Increasingly, people are seeking happiness and satisfaction from sources other than oversized cars and houses, overly sugared industrial food, and an overkill of new electronic gadgets. This is a very healthy reaction from individuals. But politicians and managers need to act, too.

In my home country, Germany, the federal and state parliaments have enacted legislation that will ultimately outlaw new government debt. At the same time, Germany is sharply increasing state spending on research and is [striving to cover half of its electricity needs from renewable sources by 2030](#).

#### MORE FROM YALE e360

##### [Germany’s Unlikely Champion Of a Radical Green Energy Path](#)



The Fukushima disaster convinced German Chancellor Angela Merkel that nuclear power would never again be a viable option for her country. Now, **Christian Schwägerl** reports,

Merkel has embarked on the world’s most ambitious plan to power an industrial economy on renewable sources of energy.

[READ MORE](#)

Many other nations, including South Korea and Costa Rica, are rethinking their economic models, too, in order to ensure that prosperity does not mean the impoverishment of natural richness and ecological capital. But in order for that to happen globally, the rules of how business is done, and how money flows through the financial system, need to be changed — and fast. Fusing the “eco” in economy and ecology so that capital flows into green, durable, innovative and resilient investments is one of the greatest tasks ahead.

The saying that a crisis is a terrible thing to waste has never been more true. The crisis that erupted in 2008 has so far been wasted. Bonuses and high-risk credit are bouncing back to old heights, while the stability of entire nations is threatened by the resulting cost of bailout programs. On an even larger scale, managing the whole planet with bad loan schemes will not work either. Who in his or her right mind would risk wasting the current planetary crisis?

POSTED ON 18 AUG 2011 IN



#### ABOUT THE AUTHOR

[Christian Schwägerl](#), who works for the German news weekly, *Der Spiegel*, is an environmental journalist who has reported on science and public policy for two decades and is author of the book *The Age of Men*, published in German under the title *Menschenzeit* by Riemann/Random House. In previous articles for *Yale Environment 360*, Schwägerl wrote about a unique nature reserve [being created along the spine of Germany’s former Iron Curtain](#) and about German Chancellor

Angela Merkel's [unlikely push for renewable energy](#).

[MORE BY THIS AUTHOR](#)

© 2010 [Yale Environment 360](#)