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The root of the global economic crisis is the environmental crisis

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Since 1972, the World Environment Day designated by the United Nations has been celebrated on the 5th of June each year and the environment issues and problems that have cropped up during that year are highlighted on this day, subjected to discussion and worked on for possible short and long term solutions. With each passing year, we have seen an increased urgency and a heightened warning of life-threatening global dangers that have now reached almost hysterical proportions. While working on the relatively different themes from year to year is becoming increasingly important, it is significant to note that the issue of climate change has been the theme for three years running from 2007 – 2009.

Although scientific study indicated that by the 1960s mankind's impact on the regenerative ability of the earth was around 70%, by 1980 the massive destructive forces unleashed by us had ensured us that the planet had gone beyond its ability to heal itself. That was almost three decades ago. In a current context, the following statistics are important to note: in every minute 170 human beings are added to the world population; 100 acres of forests are lost; 45,000 tons of fertile soil is lost; about 42,500 tons of Carbon Dioxide is added to the atmosphere. Given these facts, if this earth were able to withstand human destruction and damage, it would need to be about 1 ½ times its present size. Since this, obviously is impossible, restoring the planet to its previous levels of health are impossible.

Global Warming

It is here and it is life threatening. The last decade was the hottest in recorded history. As is known to all, the increased emission of CO₂ is the chief contributor to this warming and it results in multiple and multi-faceted negative environmental impact. Disasters hitherto known as “natural” such as drought, famine, hurricane, melting of ice caps, increase in ocean levels, destruction of farmland, floods, landslides, forest fires and pandemics have all been redefined as being “man made”. Already, it is forecast that millions of human beings will be affected by these in the very near future. According to scientists, a 2 degrees Celsius rise in global temperature cannot be avoided and all the ice caps in the Arctic Ocean will be gone by the year 2013.

It is already too late. According to scientists, if we are to keep the increase in temperature to just the 2 degrees predicted, then we will have to reduce global carbon dioxide emissions to 50% of the 1990 levels by the year 2050. In order to achieve this, the emissions peak will have to be passed in the year 2015. To achieve 50% of the pre-1990 levels, the European Union states that developed world will have to reduce their carbon emissions by as much as

80%. Yet the developing world will also have to reduce their carbon emissions by at least 30%.

Burning of fossil fuels

The chief contribution to CO₂ in the atmosphere is the burning of fossil fuels and by burning these fuels over the last century, mankind has emitted more CO₂ than the planet can withstand. It should be noted that the reason for the very existence of human life on this planet has been the action of plants over millions of years in sequestering atmospheric carbon. These deposits are what we now call fossil fuels and which we are returning back to the atmosphere and in the process, we are ensuring that conditions that make life on earth impossible are once again present.

We burn these fuels to produce energy. We need this energy to produce food. Procurement of seeds, soil preparation, manufacture of agro-chemicals and pesticides, harvesting, harvest-preparation and preservation, transportation to urban centres, preparation of food etc. all require energy. Additionally, the industrial sector also uses massive amounts of energy to run efficient machinery that reduce labour costs and produce energy consuming and energy-inefficient goods and services. Practically everything we wear and everything we use has been made by consuming large amounts of energy. Every modern building utilizes huge amounts of energy in their construction and maintenance. Our transportation requirements have increased geometrically over the last few decades with many of the goods and services we use being produced large distances away from the point of consumption. All these have resulted in the consumption of about 8 times more energy per individual than was required before the industrial revolution.

Considering modern consumption patterns, it is obvious that modern civilization depends entirely on fossil fuels and it cannot exist without coal, petroleum and natural gas. The following chart gives details of carbon emissions from these fuels:

Fuel	Carbon emissions for the production of one unit of electricity (g/kWh)
Coal	915
Petroleum	654
Natural gas	389

Mankind is in a catch 22 situation right now. For civilization to exist as it does now, more fossil fuels will have to be burned. However, this will result the earth heating up and civilization and all else ceasing to exist.

We will have to stop burning these fuels to stop carbon emissions. This means that we have to stop using the chief culprit coal (which should reach peak levels of consumption by 2015) and move towards alternative energy sources. Although oil and gas also emit less quantities of carbon dioxide when compared with coal, these resources are now steadily dwindling. The consumption of oil and gas far exceeds the number of new deposits found each year and despite the best efforts of petroleum companies since 1980, substantial deposits have not been found. Accordingly, the peak consumption level for these will be reached in 2010-2012 according to the prediction of scientists.

The global financial crisis

The fact that the world is facing a huge monetary crisis has been known since mid last year. The meltdown began with the bottom falling out of the American properties market in August 2007 and by September 2008 it had spilled over into every sector with a complete breakdown of the capital markets. Since global markets are tied irrevocably to each other, the domino effect then resulted in the breakdown spreading through Europe into Asia and is currently being touted by experts as the worst economic depression since the Second World War.

The loss of global capital markets is currently estimated to have surpassed USD 50 trillion, is equivalent to the annual global GDP and is continuing to cause bankruptcy of many, very large multinational corporations. To stem the flow, many nations are pumping tax payer money into these business entities to keep the afloat with America, China, Japan and Germany in the fore with the funds allocated to re-stimulate businesses being 800, 300, 250 and 102 billion respectively.

This crisis took most experts by surprise and thus they were slow to react, responding only when the problem had reached extremely dangerous proportions. Even then, none of them have been able to predict a time frame for the easing of the problem indicating the complexity of the issue and the weakness of modern economics to deal with it.

It is interesting to note that the world was in a bubble of massive growth in the years preceding the meltdown and it burst with the merest pinprick – that of the inability of a householder to make the periodic payments on their home mortgages. This clearly indicates the fragile base of all modern economics and the artificial nature of the entire economic edifice on which “growth” has rested. The situation is not unlike a terminal patient showing slight improvement just before death – although on the surface there is a finance and economic problem, there is a deep seated root cause for the gamut of illnesses that ails this planet.

The speed at which the problem spread across the world can be attributed to the rapid flux of global oil prices immediately causing reciprocal changes in every consumable good and service. When the prices rise people tend to tighten their belts, concentrates on frugality which reduces demand for non essential goods and services and thereby dismiss millions of workers from work places. In a state of rapid changes in prices, individuals will not make the foolish choice of investing their meagre earnings in finance businesses and have, instead, resorted to safeguarding it themselves. The reason for the global financial crisis is the global energy crisis. Accordingly the global economic crisis is the result of the global environmental crisis.

There is a possibility that in the near future, the current financial problems will temporarily abate. However, it cannot be overstressed that this would be temporary. The patient has just received the first heart attack. Even though the patient recovers from this, until and unless changes are made in life and lifestyle, a far greater problem will surely result in the very near future. Instead of going the band-aid route with respect to a very sick planet, it is important that the root causes of the illness are attacked and neutralized immediately.

The core reason for the terrible mess that mankind finds itself can be laid squarely at the doorstep of outdated economic principles. According to these tired systems the chief indicate of development is the growth of the GDP. Moving from agricultural jobs less labour intensive

jobs, shifting away from labour intensive jobs, spending large amounts of time in physically non-taxing activities, constructing homes and establishments that far exceed actual requirements, building and using larger and larger vehicles, constructing wider and wider roads to run them on, reducing quality time with family members, reduction in relaxation, encouraging enterprises and businesses that cause degeneration in quality and morality and implementing massive projects that cause equally massive environment damage are components of these ill-formulated and destructive economic fundamentals.

This system of measuring growth via the GDP is not one that indicates a higher quality of human existence. Instead, it is one of the speed with which mankind brings itself to destruction. Blinded and tricked by this measurement the entire populated world is on a mad race to extinction and, in a dark age where 17 human being dies of hunger every minute, it is crucial that the world finds a better system of existence if it is to continue to exist at all. Measurements that are indicative of these systems are currently being formulated by experts. The principles for these new mechanisms are not based on uncontrolled exploitation of natural resources but rather, are based on increasing the space available for individuals to lead satisfied lives. To put it simply, these methods encourages people to eschew excess and deprivation and instead, advocates a balanced, thoughtful and regenerative existence.

Recently a new measure known as the Happy Planet Index has been proposed by Friend of Earth which concentrates on human well-being and environmental impacts. Those nations that are considered to be the most developed in terms of the GDP find themselves at the other end of the spectrum when measured against this index and its implications for citizen's welfare. Nations hitherto vilified as undeveloped suddenly find themselves in the forefront when views in terms of the new index. Topping the list according to this measure is little know island of Vanuatu north-east of Australia. A number of Brazilian countries nations are in the top bracket. Sri Lanka flogged and insulted as a "poor country" stands at number 16. Only Bhutan and Vietnam score higher than Sri Lanka in Asia and they come in at 12 and 13 respectively. In comparison, China is at number 31 and India at 62. Way down the list lie Japan at 95, Britain at 108 and America at 150. The lowest in the list are a few countries in Africa.

America and Europe have now recognized this inescapable, brutally harsh truth that well-being doesn't automatically result from being well-off. They are attempting to wean themselves from their socially, environmentally and economically damaging addictions. The "Dreams Project" of American President Barak Obama is a case in point. According to this, it is envisioned that America will double the use of renewable energy sources within three years. The challenge issued by former Vice-President of the USA, Al Gore to the people of America to exclusively use renewable energy by the year 2018 is another.

Now, knowing that we are way ahead in terms of the new indicators of growth and development, it is crucial that we maintain or increase that position, stop being tricked into bad development plans, act with clarity and responsibility and plan for a rejuvenated and renewed Sri Lanka.

Financial debt Vs Environmental debt

The chief deterrent to the development of Sri Lanka is its debt burden. However, given the massive environment damage perpetrated by those developed countries who lend money to the developing world indicates that their environmental debt to countries such as ours by far

exceeds our financial debt to them. It is common knowledge that an individual living in a “developed” country emits about 20 times more carbon into the atmosphere than a counterpart living in a 3rd world country. The bottom line observation of uncontrolled pollution that resulted from this excess is that people from developed countries have also, in the process taken away the right of those in poorer countries to emit CO₂. Hence developing world should initiate a dialog on trade-off financial and ecological debts.

The path to environment sustaining growth

The two main political parties in Sri Lanka have each proposed a different system for developing the country.

The first is the “Regaining Sri Lanka” plan. It starts with a “Vision for Growth” that is introduced in this manner: “There is only one way ahead. That is achieving substantially higher economic growth. We are not talking of 4 and 5 percent growth levels. We are talking of a much higher growth rate such as 8 to 10 percent. Not just for the short term, but over a number of years – a sustained growth that will free the country from the tentacles of accumulated debt.” It is clear that the “Regaining Sri Lanka” is still trapped in traditional, outdated economic paradigms. That it is clueless about the developments in current thinking. It is simply a blind aping of destructive paths taken by America and Europe.

The second is the “Mahinda Chinthana”. It starts by stating that the plan envisages a movement towards a disciplined society. Its opening topic is “Virtuous Citizen”. The first paragraph is as follows: “Wisdom and virtue are essential for the spiritual development of a person. My intention, is therefore to eliminate hatred and promote favourable and fruitful bonds between parents and children, husbands and wives, teachers and students, employers and employees, and rulers and followers.”

This is the fundamental requirement for a framework for future philosophical outlook, lifestyles and life systems. This is not a system that landed within the “Mahinda Chinthana” by chance but rather a system born out of the foundations of insight based on the Buddha’s dharma that has thrived and sustained human beings in high quality living for thousands of years. It is our responsibility to work towards building a strong nation based on these principles. Just as much as Sri Lanka found a way to completely eradicate terrorism, we can formulate a new system for the benefit of the world through the “Mahinda Chinthana”. We must, every single one of us, commit ourselves to zeal and focus towards finding such a solution. Just as much as the armed forces took the lead in defeating terrorism, academics and experts to take the lead in development. If this is not done soon, then forces bent on diluting and distorting the “Mahinda Chinthana” with outdated economic systems will drive us into a morass of social and economic putrefaction from which we will not be able to recover. If we are to ensure that these efforts of destruction come to naught, we have to deeply analyze and educate ourselves on the economic and environmental challenges that the world faces and bring our formidable cultural and religious heritage to the fore to find lasting and, most importantly, “universally satisfying” solutions to this intrinsically bound plethora of problems.