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## **\$5 trillion, \$10 trillion or leadership? What price an environment bailout?**

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So, another bubble has burst and a global financial crisis is upon us. This time, however, we find ourselves facing no mere recession. Greed, deregulation, and a lack of foresight and accountability have led us to the brink of another Depression, one potentially greater than the last nearly 80 years ago.

Vast amounts of wealth have evaporated almost overnight, and sums of money too large to really comprehend (how much is a trillion dollars?) are being waved about in the hope of rescue.

The amounts seem staggering but they are small change compared to the amount lost to the global economy each year because of deforestation and its effects on biodiversity and climate change.

That amount, according to a new European Union-commissioned study called *The Economics of Ecosystems and Biodiversity*<sup>1</sup>, is 2 to 5 trillion dollars annually.<sup>2</sup>

The report, which draws upon the work of the Millennium Ecosystem Assessment, to which UNU has been a significant contributor, suggests that the cost of deforestation could be 7% of global GDP per year. The Stern Review on the Economics of Climate Change, another landmark study, states that "climate change is the greatest market failure the world has ever seen"<sup>3</sup> and concludes that the cost of avoiding the worst effects of climate change is 2% of global GDP per year.

Which price would we rather pay?

The laws of chemistry and physics determine how carbon enters the atmosphere and whether it stays there, when water flows and when it doesn't, where food will grow and where it won't. These laws, as merciless as any bank or brokerage, will foreclose on the global environment and begin, with a speed that recent data suggests we have seriously underestimated, to repossess the most important of our assets; clean air, drinkable water, safe food.

UNU's Institute of Environment and Human Security recently co-organised the world's largest conference to date on the environment, forced migration, and social vulnerability, which was held from October 9 to 11 in Bonn<sup>4</sup>. Experts estimate that 200 million people — a number equal to the combined populations of the UK, France, Italy, and the Netherlands — will be displaced by environmental problems by 2050 (a conservative estimate made in 2007 by the UN High Commissioner for Refugees says that 24 million people have already fled their homes because of floods, famine, and other environmental disasters)<sup>5</sup>.

The immense cost of accommodating and caring for these environmental refugees, many of whom will never be able to return home, is not even a part of the 2 to 5 trillion dollars lost each year through deforestation alone. Suddenly, 2% of global GDP starts to look like a bargain.

We must not let the current economic troubles distract us from the larger problems and responsibilities facing us, nor must we allow the sense of crisis to blind us to the lessons to be learned. Yvo de Boer, head of the UN Framework Convention on Climate Change, said recently at an environment ministers' meeting in Warsaw, "Some people feel that there are possibilities to act on climate change in such a way that you also very clearly address economic interests that are related to the financial crisis."<sup>6</sup>

Indeed, they are not separate issues. Global financial stability ultimately and fundamentally depends on a healthy and sustainable natural environment. To pretend otherwise is the most dangerous folly. And it is hard to imagine a sustainable natural and human environment in a highly volatile financial setting.

It is easy to conclude, with the plan for financial rescue around which consensus has finally emerged, that the same old disappointing dynamics of privatising profit and socialising risk are at work. This is surely true to a certain extent, but there is a more optimistic way of looking at it. For if the financial crisis has a silver lining, it is in the speed with which the world has come together to address the crisis and in how it has demonstrated our ability to act collectively in the face of uncertainty.

The same dynamics of privatising profit and socialising risk are at work in our relationship to the environment. Inaction provides short-term profits to some but the ultimate effects will be felt by all, and for generations to come. However, historic and far-reaching opportunities for collective action, for a positive social response, are within our grasp and we must have the courage to seize them in the face of the unprecedented danger that climate change poses. There will be, of course, no bailout, no sudden relief. The rescue will be slow and difficult, but it must start now: it must start with us.

Speaking at a recent fundraising concert in Jordan, the UN High Commissioner for Refugees António Guterres noted that leading governments were providing hundreds of billions of dollars to support failing banks and he said, "I think this concert is here to remind the world that the same determination must be shown to rescue the lives of millions of people facing the risks of hunger, disease and conflict."<sup>7</sup> To those millions of people, I would add the rest of us, since no one will be spared the effects of the changing climate.

In the global economic crisis, failure on the part of governments to step in and stabilise endangered economies would have been seen as a gross failure of leadership. Why should we accept even greater failures of leadership when it comes to climate change, where the stakes are so much higher?

## Links

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<sup>1</sup> TEEB website:

[http://ec.europa.eu/environment/nature/biodiversity/economics/index\\_en.htm](http://ec.europa.eu/environment/nature/biodiversity/economics/index_en.htm)

<sup>2</sup> BBC: Nature loss 'dwarfs bank crisis':

<http://news.bbc.co.uk/2/hi/science/nature/7662565.stm>

<sup>3</sup> Stern Review on the Economics of Climate Change, Summary of Conclusions:

[http://62.164.176.164/d/Summary\\_of\\_Conclusions.pdf](http://62.164.176.164/d/Summary_of_Conclusions.pdf)

<sup>4</sup> Environment, Forced Migration, and Social Vulnerability:

<http://www.efmsv2008.org/>

<sup>5</sup> International Conference on Environment, Forced Migration & Social Vulnerability (EFMSV):

<http://www.ehs.unu.edu/file.php?id=499>

<sup>6</sup> Financial crisis must not slow talks on CO2 emissions: UN

<http://afp.google.com/article/ALeqM5ipd9Fpx4g-lqIHtqTIN9vcmD8qfw>

<sup>7</sup> UN News Centre:

<http://www.un.org/apps/news/story.asp?NewsID=28555&Cr=PAVAROTTI&Cr1=#>