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Creating a global ecological currency

Re-framing the environment debate around an ambitious concept of ecological creditor and debtor nations could break the deadlock of global negotiations.

We all know the traditional concept of a creditor country as one that extends financial resources to far-flung regions. But there is another type of nation that underwrites the economies and livelihoods of those far outside its borders: an ecological creditor.

Such a country, which includes Australia, has more ecological capacity than its residents consume for their own benefit. In a world in which climate change and resource pressures are becoming the defining challenges, ecological creditors may emerge as the global competitive leaders.

Today, 80 per cent of the world's people live in countries that use more renewable resources than they have within their borders, so-called ecological debtors. These countries are dependent upon the resource reserves concentrated in those few countries that have more biocapacity than they use.

If ecological creditor countries better understand the role of ecological assets in a resource-scarce future, they can better secure the value of those reserves and strengthen the incentive for preserving them. That is good news not just for creditor countries, but for the entire world that depends on their resources.

Global Footprint Network is currently working to bring leaders of ecological creditor nations together at the table. In the short term, these meetings will help senior advisors of those countries to develop more effective negotiation

platforms around climate change and other escalating resource pressures. In the long term, these conversations could shift the way we value and negotiate resources in the 21st century, producing clear strategic and economic advantages for nations to become more resource-efficient and bolster their ecological reserves.

Why does it matter whether a country is an ecological creditor or debtor? The reason has to do with the fact that, for more than two decades, humanity has been demanding resources faster than those resources can regenerate, a condition known as ecological overshoot. In the early 1960s, humanity consumed only about half the planet's biocapacity. We moved into overshoot into the early 1980s and since then our rate of demand has steadily escalated, both as a result of growing population and rising consumption.

The peak of consumerism

Today, we are using about one-third more than Earth can regenerate. We are headed to a global supply-demand crunch of essential resources, an era Richard Heinberg aptly refers to as "peak everything". Yet so far, global nego-

tiations around the environmental crisis have tilted towards deadlock. Nobody is willing to move first and there is so little strategic upside to bold action and aggressive policy that the incentive to be a pioneer is weak.

Take the emerging Copenhagen agreement. This approach is delicate since it can easily be undermined by just a few nations; yet, in terms of planetary health, we have all our eggs in this one fragile basket. The negotiations are not sufficiently based on national self-interest and so are easy to sabotage, especially in light of the world's shaky economic situation. There's a high likelihood of monkey wrenching.

A creditor/debtor view of the world injects the stabilising element of self-interest. Creditors have the economic, political and strategic motive for preserving their ecological capital, while debtors have a direct interest in reducing their exposure by minimising their resource dependence. All nations have a direct self-interest in negotiations to succeed.

Unlike with trade deficits, where depending upon resources from abroad is understood to carry some risk, the same has not been true with ecological resources. Consider the US, a country that in 1961 maintained an ecological reserve but now uses 85 per cent more than it has. The thinking around these resources has been we can always get it from somewhere else. Yet the number of creditor nations has been shrinking rapidly while the number of debtors is

growing. Everyone is trying to emulate the West's development strategy, but it doesn't add up. So long as we have just one Earth, not everyone can be a net resource importer.

As for ecological creditors, the future doesn't give them an advantage if they don't prepare well and avoid the pitfalls, thinking through the upsides and downsides. Australia, for example, is losing biocapacity very fast, not only because of development, but also because of climate fluctuation. It is losing significant portions of biocapacity at a time that biocapacity is getting scarce around the world.

At workshops we will hold this year, creditor countries can think through their mutual challenges and work to leverage their common opportunities. Then they can more productively engage ecological debtor countries.

We can move from a process where governments push each other to act in the world's best interest to a model less poetic, perhaps, but more tried-and-true: in which everyone acts to advance their own interest. And in the long run, everybody wins.

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More at www.footprintnetwork.org/ecocreditors.