

## This stock collapse is petty when compared to the nature crunch

The financial crisis at least affords us an opportunity to now rethink our catastrophic ecological trajectory

**[George Monbiot](#)**

[The Guardian](#), Tuesday October 14 2008

This is nothing. Well, nothing by comparison to what's coming. The financial crisis for which we must now pay so heavily prefigures the real collapse, when humanity bumps against its ecological limits.

As we goggle at the fluttering financial figures, a different set of numbers passes us by. On Friday, Pavan Sukhdev, the Deutsche Bank economist leading a European study on ecosystems, reported that we are losing natural capital worth between \$2 trillion and \$5 trillion every year as a result of deforestation alone. The losses incurred so far by the financial sector amount to between \$1 trillion and \$1.5 trillion. Sukhdev arrived at his figure by estimating the value of the services - such as locking up carbon and providing fresh water - that forests perform, and calculating the cost of either replacing them or living without them. The credit crunch is petty when compared to the nature crunch.

The two crises have the same cause. In both cases, those who exploit the resource have demanded impossible rates of return and invoked debts that can never be repaid. In both cases we denied the likely consequences. I used to believe that collective denial was peculiar to climate change. Now I know that it's the first response to every impending dislocation.

Gordon Brown, for instance, was as much in denial about financial realities as any toxic debt trader. In June last year, during his Mansion House speech, he boasted that 40% of the world's foreign equities are now traded here. The financial sector's success had come about, he said, partly because the government had taken "a risk-based regulatory approach". In the same hall three years before, he pledged that "in budget after budget I want us to do even more to encourage the risk takers". Can anyone, surveying this mess, now doubt the value of the precautionary principle?

Ecology and economy are both derived from the Greek word *oikos* - a house or dwelling. Our survival depends on the rational management of this home: the space in which life can be sustained. The rules are the same in both cases. If you extract resources at a rate beyond the level of replenishment, your stock will collapse. That's another noun which reminds us of the connection. The Oxford English Dictionary gives 69 definitions of "stock". When it means a fund or store, the word evokes the trunk - or stock - of a tree, "from which the gains are an outgrowth". Collapse occurs when you prune the tree so heavily that it dies. Ecology is the stock from which all wealth grows.

The two crises feed each other. As a result of Iceland's financial collapse, it is now contemplating joining the European Union, which means surrendering its fishing grounds to the common fisheries policy. Already the prime minister, Geir Haarde, has suggested that his countrymen concentrate on exploiting the ocean. The economic disaster will cause an ecological disaster.

Normally it's the other way around. In his book *Collapse: How Societies Choose to Fail or Succeed*, Jared Diamond shows how ecological crisis is often the prelude to social catastrophe. The obvious example is Easter Island, where society disintegrated soon after the population reached its highest historical numbers, the last trees were cut down and the construction of stone monuments peaked. The island chiefs had competed to erect ever bigger statues. These required wood and rope (made from bark) for transport, and extra food for the labourers. As the trees and soils on which the islanders depended disappeared, the population crashed and the survivors turned to cannibalism. Diamond wonders what the Easter islander who cut down the last palm tree might have thought. "Like modern loggers, did he shout 'Jobs, not trees!?' Or: 'Technology will solve our problems, never fear, we'll find a substitute for wood.'? Or: 'We don't have proof that there aren't palms somewhere else on Easter ... your proposed ban on logging is premature and driven by fear-mongering?'".

Ecological collapse, Diamond shows, is as likely to be the result of economic success as of economic failure. The Maya of Central America, for instance, were among the most advanced and successful people of their time. But a combination of population growth, extravagant construction projects and poor land management wiped out between 90% and 99% of the population. The Mayan collapse was accelerated by "the competition among kings and nobles that led to a chronic emphasis on war and erecting monuments rather than on solving underlying problems". (Does any of this sound familiar?) Again, the largest monuments were erected just before the ecosystem crashed. Again, this extravagance was partly responsible for the collapse: trees were used for making plaster with which to decorate their temples. The plaster became thicker and thicker as the kings sought to outdo each other's conspicuous consumption.

Here are some of the reasons why people fail to prevent ecological collapse. Their resources appear at first to be inexhaustible; a long-term trend of depletion is concealed by short-term fluctuations; small numbers of powerful people advance their interests by damaging those of everyone else; short-term profits trump long-term survival. The same, in all cases, can be said of the collapse of financial systems. Is this how human beings are destined to behave? If we cannot act until stocks - of either kind - start sliding towards oblivion, we're knackered.

But one of the benefits of modernity is our ability to spot trends and predict results. If fish in a depleted ecosystem grow by 5% a year and the catch expands by 10% a year, the fishery will collapse. If the global economy keeps growing at 3% a year (or 1,700% a century), it too will hit the wall.

I am not going to suggest, as some scoundrel who shares a name with me did on these pages last year, that we should welcome a recession. But the financial crisis provides us with an opportunity to rethink this trajectory; an opportunity that is not available during periods of economic success. Governments restructuring their economies should read Herman Daly's book *Steady-State Economics*.

As usual I haven't left enough space to discuss this, so the details will have to wait for another column. Or you can read the summary published by the Sustainable Development Commission (all references are on my website). But what Daly suggests is that nations which are already rich should replace growth - "more of the same stuff" - with development - "the same amount of better stuff". A steady-state economy has a constant stock of capital that is maintained by a rate of throughput no higher than the ecosystem can absorb. The use of resources is capped and the right to exploit them is auctioned. Poverty is addressed through the redistribution of wealth. The banks can lend only as much money as they possess.

Alternatively, we can persist in the magical thinking whose results have just come crashing home. The financial crisis shows what happens when we try to make the facts fit our desires. Now we must learn to live in the real world.

[www.monbiot.com](http://www.monbiot.com)

guardian.co.uk © Guardian News and Media Limited 2008