



Jacques Weber

'The crisis can be an opportunity to rethink the global economy'

With the financial and economic crisis tightening its grip around the world, many researchers, organizations and institutions are being galvanized into action. Terms like Green Deal or Global New Green Deal are circulating and, with natural resources becoming more scarce, there is talk of creating a tax system based on ecosystem services. Here, the economist and anthropologist Jacques Weber, Director of Research at the International Centre for Agricultural Research for Development (CIRAD) in France, analyses the ins and outs of an idea that is gaining ground: a shift towards green economics, to ensure that the global economy emerges from the crisis on a surer footing than before.

What is your analysis of the current crisis?

I can think of no precedent, which is why any reference to the crisis of 1929 strikes me as misleading. We haven't yet seen the effects of the present crisis on the global economy and no-one can predict how long it will last. The poorest countries will of course bear the brunt, as usual.

Already, more and more countries are close to a suspension of payments, even the wealthiest among them like Iceland and even Ireland. A growing number of banks are on the verge of bankruptcy, forcing States to nationalize them. Almost everywhere, unemployment is on the rise; China lost more than 20 million jobs between September 2008 and January 2009, almost the equivalent of the active population in France. There is a real fear that the implosion of economies and the social dramas they engender will cause a social meltdown.

The current crisis is indubitably financial in origin and would have happened sooner or later. But the fact that it came after steep price rises for petrol, minerals and food suggests that the crisis is one of objective rarity of non-renewable and renewable natural resources. It is the *expression* of this crisis that is financial.

Could the crisis be a blessing for sustainable development?

If the crisis is a result of the growing scarcity of natural resources, the ailing economy can be an opportunity to tackle this scarcity directly to make sure the problem doesn't recur. It can be an opportunity to rethink both the global economy and national economies, and to redefine international institutions to serve the cause.

It can be a chance to devise new distribution mechanisms at the global level for the benefit of those countries which consume the least; this would herald the end of international 'aid' for development, decided at a country's pleasure, the end of charity, in a word, the end of the arbitrary and its replacement by mechanisms based solely on rigour and justice.

In the capital system as we know it, wealth is created by destroying nature (the *natural capital*). If I destroy a site, I create 'added value' and GDP consequently rises. In the remodelled capitalist system, the destruction of nature would

become very costly; conversely, the maintenance or augmentation of the *natural potential* would be highly profitable.

Are companies ready for the principle of polluter pays?

The principle of 'polluter pays' is not punitive. It is about getting the person who continues to pollute to finance those prepared to invest in reducing their pollution. It is thus a question of incentive and redistribution. Ideally, the tax would be sufficiently high for it to be 'good business' to invest in reducing pollution.

Companies are becoming aware of their dependence on the living world and of the growing scarcity of the natural resources that generate their profits. They are already trying to minimize the impact of their activities and to design a specific accounting system for their activities that encompasses biodiversity and ecosystem services. This said, even if companies understand the soundness of remodelling the economy on the natural potential, it is by no means certain that they will grasp all the potential implications for their organization, markets and profit structure. Then again, who could at this stage? We need to sit down and analyse the situation collectively.

How can we shift to a green economy?

The abolition of taxes on labour and their replacement by eco-taxes is one measure. The instigation of a tax on energy covering the entire process from production to consumption, which we could dub 'tax on added energy', is another. In the latter case, energy consumption is penalized at each stage of the process to encourage energy-savings and the development of 'clean' energies.³ It is not a case of piling on new taxes but rather of substituting taxes which favour conserving the natural potential for existing taxes which encourage its destruction.

What do you mean by 'abolition of taxes on labour'?

I mean all the charges which are a burden on labour. In France, these charges represent nearly 50% of a person's gross salary. The Professional Tax paid by companies is a source of revenue for local bodies but weighs on salaries. When President Sarkozy announced last February that he was doing away with the Professional Tax and replacing it with an ecotax, he was

following the same logic as me : replacing a cost burden on labour by a cost burden on the consumption of nature – encompassing soil fertility, fisheries, forestry, tourist spots...

What would this ecotax achieve?

Direct or indirect taxation – through carbon emissions trading, quotas, etc – of the consumption of nature would contribute to the battery of measures enabling us to shift regulations towards maintaining or improving the natural potential.

Today, the price of the fish in your plate is fixed according to the cost of the labour involved in bringing it to you from the sea. The fish itself has no value. A system of transferable quotas indirectly attributes value to that fish. For fisheries, ‘individual transferable quotas’ exist in many countries. These transferable rights can relate to quantities, to zones, to the fishing season and so on. For soils, the variation in an indicator of fertility can serve as the basis for a tax; for forests, the right to fell trees can be sold to a third party via a bidding process, with the loss of this right in the event of non-respect of one’s obligations; for tourism in fragile areas, a visiting right can be put in place for a given number of tourists via a bidding process among operators, again with the loss of this right in the event of non-compliance. In each case, all or part of the value of these rights is used to help those still on the outside looking in to adapt to the system.

In Germany, the success of wind energy seems to have had a perverse effect on the carbon emissions of Eastern Europe, with German companies selling their credits to polluting industries in Poland and elsewhere. Carbon trading falls within the Clean Development Mechanism (CDM) adopted under the Kyoto Protocol. Is it effective?

You illustrate the well-known fact that a market without rules is not the law of the market but the law of the jungle! The CDM seems to be getting out of control. It needs to be evaluated. To get back on track, the market needs broad regulation.

Carbon trading is an interesting tool, as long as the emissions are truly controlled and not simply left to the declarations of vested interests. To my mind, it is a question of using the market as a tool, as opposed to becoming the tool of the market. However, no tool is perfect or self-sufficient on its own. Depending on the objectives, actors and nature of the issues, a combination of instruments will be required.

President Correa of Ecuador has proposed that OPEC impose a tax on the price of oil to enable oil-producing countries to develop alternative energy sources, an idea inspired by economist Herman Daly. What do you think of this idea?

It could be part of the toolkit. But I propose something different: taxing energy from production to consumption. The measure proposed by President Correa relates only to the price of oil at the production stage. The measure I propose – and I don’t claim to be the sole author! – takes up Mr Correa’s idea but expands it to encompass the entire global economy. This would have the result Mr Correa expects but with the added advantage of a strong incentive to reduce energy consumption.

Unfortunately, the quest for ‘clean’ energies too often overshadows the urgency of saving energy.

A tax on added energy supposes the existence of an international institution with the power to collect and redistribute this tax internationally in a way that is inversely proportional to energy consumption. This would incite people to save energy, with tax earnings being redistributed to those countries which consume the least energy, the poorest ones.

International organizations are indispensable for discussion among nations. They have engendered major projects like those executed by UNESCO. But they have no power to regulate or implement the rules decided by States, *a fortiori* when it comes to surveillance or sanctions, without which there can be no regulation. Let’s hope that the next G20 in April tackles this issue head-on and comes up with an international system that can manage economic instruments like the tax on added energy, among others, at the global level. Without this deep reflection, there can be no reshaping of the economy and the current system will reproduce the present crisis on a greater scale next time.

Perhaps we need a new institution resulting from the merger of existing ones: UNEP, FAO, UNDP... But above all, we need an institution invested with the power to implement the decisions made by States within a system of global regulation. This in itself would be something radically new in our globalized economy.

How do you see the role of research and UNESCO’s role in this new paradigm?

Research is at the heart of all these ideas for reshaping the economy. For the moment, this international reflection is being done outside a framework which would make it truly effective and cumulative. It is time to put together an international working group comprised of economists known both locally and globally for their expertise in resources and environment, and to ask them: What is the feasibility of shifting from the current regulatory system to a green economy? What would the consequences be of such a shift? How do you go about remodelling global and redistributive regulations?

Countries like Haiti will not pull themselves out of their appalling poverty without reconstructing the ecological foundations that are indispensable for sustainable development. Years ago, I said that this could be UNESCO’s Abu Simbel⁴ of the 21st century and I stand by what I said. The organization which invented biosphere reserves has a chance to embrace this issue by hosting the working group. In so doing, it would bask in the glow of having demonstrated its special utility in this crisis.

Interview by Meriem Bouamrane

Read also the post-G8 (June 2007) interim report

The Economics of Ecosystems and Biodiversity:

<http://ec.europa.eu/environment/nature/biodiversity/economics/>

³ *Energy-savings at one end should not mask overall energy consumption. We often read that electric cars are ‘clean’. In fact, they are clean to drive. But their batteries still need charging, via either a nuclear or thermal power station. Between the time the fossil energy enters a thermal power station and the car’s ultimate use, 60% of the energy has been lost!*

⁴ *The rescue of this Nubian temple in the 1960s was one of UNESCO’s greatest success stories of the 20th century*