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PRESS RELEASE

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Financial crisis today, ecological chaos tomorrow!

Budapest, HUNGARY – As world leaders gather to discuss the current financial crisis, CEEweb for Biodiversity warns about ecological implications. The unsustainable development our economies are based on is taking form in a financial crisis. Unless decision-makers rethink the very notions of credit and debt, an even grimmer ecological crisis is awaiting humanity in the near future.

This crisis is closely linked to the fact that the credits we take today need to be repaid from the profit we will generate in the future. However, there is a limit on the total human use of natural resources and energy in our limited world, so this ongoing resource depletion and the declining carrying capacity of our planet makes the practice of credit-taking less and less viable in the long run. The push for more profit and growth in an indebted world puts more pressure on the environment. Thus, we are making our prospects even worse for long term solutions.

“The current financial crisis is a warning forecast. If we take out too many loans, if we advance too much consumption from the future, sooner or later we will not be able to pay it all back”, says Klára Hajdu, Executive Director of CEEweb for Biodiversity.

As the global financial crisis is unfolding, politicians and decision-makers are hastily trying to find ways to remedy the situation. On 7 November 2008 an informal EU meeting of Heads of State and Government took place in preparation for the G20 summit one week later. “Much as cooperation and joint thinking is needed, the basic approach of the EU and other high-profile groups is at fault: There is no way to make an unsustainable financial system stable in the long run”, says Hajdu. “Our financial system – like our economy – is founded on overconsumption. If politicians aim to overhaul the international financial system and ensure that the current crisis does not happen again, they will need to go deeper than superficial solutions.”

As ecologist dr. Iván Gyulai, Director of Ecological Institute for Sustainable Development (Hungary) puts in his attached essay, there is an evident correlation between unsustainability and our credit-based banking system: they are both based on overconsumption. In fact, our whole economy and financial culture is based upon overconsumption and unsustainable development.

There is a significant gap between our actual production and consumption. In 2007 the GWP (gross world product) was 65.82 trillion dollars whereas the total external debt of states was 44.61 trillion dollars.¹ (This latter figure is from 2004. The corresponding 2007 figure must be even higher.)

The same contradiction is even more visible in our ecological footprint. Gyulai points out: “At present our global ecological consumption deficit is about one third of the planet – more exactly we are currently using 1.3 Earths.² This is how many times our consumption exceeds the global resources available in the long term.” We are consuming way over what the planet can produce in the long run. Gyulai warns that if a system – be that financial or ecological – is based on continuous overconsumption, it must inevitably fail.

¹ <http://www.infoplease.com/ipa/A0004373.html>

² http://www.footprintnetwork.org/en/index.php/GFN/page/world_footprint/



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Gyulai adds: “Today our politicians are trying to solve a crisis situation by using the same policies which eventually led to this crisis, [such as pumping large amounts of money into the system to keep banks afloat or formulating guidelines on transparency, risk assessment and the prevention of speculative bubbles – ed.]. The problem is that it is the same people giving advice now who brought about this crisis in the first place and who are still thinking in the same unsustainable paradigm.”

Decision-makers need to interpret and tackle this financial crisis within the system of the biosphere. They need to take effective measures which will ensure that the use of financial and natural resources, energy and lands stays within globally set limits. Natural resources need to be valued in monetary terms in a way which ensures their long term renewal, and which can thus enable the generations of tomorrow to repay the loans of today.

Gyulai suggests that all responsible nations start making preparations for the future when responses that seem adequate today prove to be a failure both on a financial and an ecological level. He says, “The most crucial step is to decrease our dependencies and to get back our potentials for self-determination.”

Of course, the necessary changes in our consumption habits all come down to our basic views and values. As Hajdu says, “We need to stop financing our present consumption from our future production before it is too late. We need to change our values and instead of material wealth prioritize values like personal relationships, healthy ecosystems, equality and justice on a global level.”

About CEEweb for Biodiversity

CEEweb for Biodiversity is a network of non-governmental organizations in Central and Eastern Europe working together to protect the biological heritage of the region. Our mission is the conservation of biodiversity through the promotion of sustainable development.

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Attached material

dr. Iván Gyulai *Financial Crisis and Unsustainable Development*, 20 October, 2008