The economy or climate? It's not a choice of one over the other; it's about fixing both simultaneously, writes **Achim Steiner**

Green economics

With jobless totals soaring, bankruptcies climbing and stock markets in free fall, it may at first glance seem sensible to ditch the fight against climate change and put environmental investments on hold. But this would be a devastating mistake of immediate, as well as intergenerational, proportions.

Far from burdening an already overstressed, overstretched global economy, environmental investments are exactly what is needed to get people back to work, get order books flowing and assist in powering economies back to health.

In the past, concern for the environment was viewed as a luxury; today, it is a necessity – a point grasped by some economic architects, but not all.

A big slice of President Barack Obama's US$900 billion stimulus package for the United States includes a boost to renewable energy, "weatherising" 1 million homes and upgrading the country's inefficient electricity grid. Such investments could generate an estimated 5 million "green collar" jobs, provide a shot in the arm for the construction and engineering industries, and get America back into the equally serious business of combating climate change and achieving energy security.

South Korea, which is losing jobs for the first time in more than five years, has also spotted the green lining to grim economic times. President Lee Myung-bak's government plans to invest US$38 billion employing people to clean up four major rivers and reduce disaster risks by building embankments and water-treatment facilities. Other elements of Mr Lee's plan include the construction of eco-friendly transport networks, such as high-speed railways and hundreds of kilometres of bicycle tracks, and generating energy using waste methane from landfills. The package also counts on investments in hybrid vehicle technology.

Similar pro-employment "Green New Deal" packages have been lined up in China, Japan and Britain. They are equally relevant to developing economies in terms of jobs, fighting poverty and creating new opportunities at a time of increasingly uncertain commodity prices and exports.

In South Africa, the government-backed Working for Water initiative – which employs more than 30,000 people, including women, youths and the disabled – also sees opportunity in crisis. The country spends roughly US$60 million annually fighting invasive alien plants that threaten native wildlife, water supplies, tourism destinations and farmland.

This work is set to expand as more than 40 million tonnes of invasive alien plants are harvested for power-station fuel. As a result, an estimated 500 megawatts of electricity, equal to 2 per cent of the country's needs, will be generated, along with more than 5,000 jobs.

So it is clear that some countries now view environmental investments in infrastructure, energy systems and ecosystems as among the best bets for recovery. Others may be unsure about the potential returns from investing in ecosystem services such as forest carbon storage or in renewable energy for the 80 per cent of Africans who have no access to electricity. Still others may simply be unaware of how to precisely follow suit.

Earlier this month, the United Nations Environment Programme (UNEP) convened some of the world's leading economists at the UN's headquarters in New York. A strategy for a Global Green New Deal, tailored to different national challenges, is being fleshed out to help world leaders and ministers craft stimulus packages that work on multiple fronts.

The Global Green New Deal, which the UNEP launched as a concept last October, responds to the current economic malaise. Spent wisely, however, these stimulus packages could trigger far-reaching and transformational trends, setting the stage for a more sustainable, urgently needed green economy for the 21st century.

The trillions of dollars that have been mobilised to address current woes, together with the trillions of investors' dollars waiting in the wings, represent an opportunity that was unthinkable only 12 months ago: the chance to steer a more resource-efficient and intelligent course that can address problems ranging from climate change and resource scarcity to water shortages and biodiversity loss.

Blindly pumping the current bailout billions into old industries and exhausted economic models will be throwing good money after bad while mortgaging our children's future.

Instead, political leaders must use these windfalls to invest in innovation, promote sustainable businesses and encourage new patterns of decent, long-lasting employment.

Achim Steiner, a UN undersecretary general, is executive director of the UN Environment Programme. Copyright: Project Syndicate

Dominique Strauss-Kahn

Meek not so blessed

As the world struggles with the most serious financial turmoil of the post-war era, attention has focused on the advanced and emerging-market economies most immediately affected. But the impact on poor countries is far more severe. Weak global growth is shrinking export markets, and many commodity prices are plunging. The combination of tighter credit in advanced economies and dimmer economic prospects in low-income countries is hitting investment flows. Workers' remittances, which now eclipse aid as the biggest financial flows to low-income countries, are also falling.

Sub-Saharan Africa depends heavily on commodity exports, so it is especially vulnerable to the global downturn. Many African countries have used the past decade to put in place sound and sustainable economic policies that have delivered robust growth and low inflation. Together with debt relief, these policies have resulted in low levels of public debt, relatively sound financial systems and rising living standards.

These gains are at risk. The high food and fuel prices that prevailed until recently have taken a heavy toll on many African economies. Now they face a second blow from the global recession.

The priority for Africa and the international community must be to ensure that the continent weathers the global financial storm, preserves the significant achievements of the past decade and continues to make decisive progress in combating poverty.

How to help Africa meet this challenge will be the goal of a major conference sponsored by the International Monetary Fund and President Jakaya Kikwete of Tanzania, to be held in Dar es Salaam next month.

Strong policies on the African side, with strong support from the international community, offer the best prospects for sustained growth and poverty reduction in Africa. The following priorities should guide us:

> Many African countries have put in place sound economic policies [that are at risk]

- First, while there may be scope for fiscal stimulus in some countries, in many, it is limited; hence, the region as a whole must protect its hard-won low level of public debt.
- Second, falling international prices create an opportunity to bring inflation back down from uncomfortably high levels caused by the global food- and fuel-price crisis early last year. A predictable monetary policy aimed at delivering medium-term price stability – with a flexible exchange rate where appropriate – benefits both the private sector and the poor.
- Third, the international community is obliged to deliver on its commitment to increase aid. This is not the time to renege on those commitments. It is equally important to restart global trade talks and bring the Doha Round to a successful conclusion – not least to protect Africa from the risk of rising protectionism.

The IMF stands ready to do its part. We are working closely with our 53 African members on crafting the appropriate policy response. We have increased our financing to the countries most heavily affected by food and fuel shocks. And we stand ready to provide additional support to help those whom the global financial crisis has affected most severely.

We are also stepping up our technical assistance to strengthen economic policymaking in Africa. At the conference in Tanzania, we look forward to ideas about how the fund can do even more – and differently.

As Africa and its partners navigate the financial storm together, we must ensure that the most vulnerable are not forgotten. We must also ensure that solutions for strengthening financial stability and avoiding future turmoil – the focus of April's Group of 20 summit – are discussed with all countries concerned. All eyes are focused right now on the immediate crisis. But we must not lose sight of the longer-term challenges. The Tanzania conference will allow us to assess what we have learned from past successes, and what needs to change.

Our shared objective is to ensure that Africa weathers the immediate storm and emerges even stronger.

Dominique Strauss-Kahn is managing director of the IMF

Other Voices

Sino-US military ties in need of a thaw

Richard Halloran

Military exchanges between China and the US remain frozen despite a seemingly cordial telephone conversation between US President Barack Obama and President Hu Jintao, and the forthcoming port call in Hong Kong of the US aircraft carrier USS John C. Stennis.

"It's still a work in progress," said one US officer.

Indeed, Beijing underscored its displeasure with the US with not-so-subtle warnings recently. Two generals signed an essay lauding the increased capability of China's nuclear forces, including long-range missiles that could strike the US. And a defence scholar asserted that Beijing's white paper on military forces, issued last month, marked the limit to which it was willing to disclose military information.

The US, under several administrations, has sought exchanges with Chinese military leaders to persuade them not to miscalculate US capabilities and intentions. This was forcefully expressed in public in 1999 by Admiral Dennis Blair, then head of the Pacific Command and now Director of National Intelligence. He told Congress the message to China was that the US did not intend to "contain" China but "don't mess with us".

More recently, officials of the Bush and Obama administrations have urged Beijing to be more "transparent" in strategy, budgets and procurement of weapons.

The present standoff began in October, when the Bush administration and Taiwan agreed on a US$6.5 billion sale of arms to Taipei. The sale, if consummated, would include 330 Patriot anti-missile missiles intended to deter Beijing from launching the 1,400 missiles it has aimed at Taiwan.

Mainland officials immediately protested about the arms sale and, as they have in the past when the US displeased them, cut off port visits, exchanges of military students and reciprocal visits by military leaders.

Mr Obama phoned Mr Hu several days ago but, as far as could be determined from the public record, did not discuss the estranged military relations, except in convoluted terms. Xinhua reported that Mr Hu said "the core interest of either country should be respected by each other and taken into consideration".

Since the phrase "core interest" often refers to the Taiwan issue, in which the mainland insists the US should not interfere, that may have been the closest the two leaders came to the cause of the breakdown in military exchanges.

Most of their conversation appears to have centred on the economic crisis.

US officers insisted that the port call to Hong Kong later this month of the USS John C. Stennis, a nuclear powered, 97,000-tonne warship armed with 85 combat aircraft, would not reflect a revival of military exchanges.

Evidently, Chinese military leaders do not consider a visit to Hong Kong the equivalent of a similar visit to Shanghai or other ports.

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Twelve-step programme for those addicted to greed

Daniel Jeffreys

It seems strange that the world's financial markets continue to look shaky, despite the trillions of dollars injected into the global banking system. The situation has become almost comical, like an episode of the US drama *House* in which a brilliant doctor takes his patient to the brink of death as he experiments with exotic cures for a sickness he can't identify.

Often, it turns out that Dr House has been treating the wrong disease, usually because the patient has something so obscure that only a genius could identify its cause – which, of course, Dr House does, in the end.

The world economy may not be so lucky. It's at risk of death by financial failure long before our lords and masters find a cure, even though the cause is not so hard to discover. It's just that the doctors are looking in the wrong place. Premier Wen Jiabao began to shine some light in the right direction when he recently put some of the blame for the financial meltdown on Wall Street's greed. Now we're getting somewhere, so let's make more progress by giving things their proper names.

A bad habit has developed of describing the 2008 crash as a "financial tsunami" as if it were an act of God or nature. It was not. It was man-made and we should refer to it as "financial manslaughter", "cashicide" or some term that explains how huge chunks of the world's wealth have been killed off by ineptitude and dishonesty.

Worse still, Wall Street's monetary arson was committed while the perpetrators were drunk on avarice and addicted to fraud. This is not a financial crisis at all, but a moral one. Until the west addresses its moral shortcomings, the crisis will not abate.

Unfortunately, the Obama administration has been taken in by the tsunami theorists. Officials are already treating the assassination of America's economy as a natural disaster and have chosen to throw more money on the raging fire that was once the US mortgage market. This is akin to treating an alcoholic with an all-expenses-paid trip to the Munich Beer Fest.

In December 1999, *Time* magazine nominated jazz and Alcoholics Anonymous as America's most significant contributions to the 20th century, a good combination because both are based on introspection and self-knowledge.

> Wall Street's monetary arson was committed while the perpetrators were drunk on avarice

AA's 12-step programme has saved millions of alcoholics and now it can help the greed addicts who caused this mess. The eighth, ninth and 10th steps require alcoholics to: make a list of people they have harmed; make amends to them where possible; and continue to take a personal inventory of where they have done wrong. This is what the tin gods of the world's financial markets should be doing now. That way, they might understand what made them so sick in the first place.

Of course, the first step is that bankers must stop hitting the bottle or, in this case, sucking down more money from central banks and taxpayers. Of course, they will scream that, if we deprive them of funds, more banks will collapse and the world will be in a prolonged depression, but that's just the ravings of an untreated alcoholic. While more banks may collapse, the world need not follow them into the abyss.

A better plan is to give the banks no money and spend these vast sums on schools, roads, hospitals, science, new technology and anything else that puts money in the pockets of ordinary people for making real things. These people can then decide to put the money they have earned into the banks which failed the world, or to look for alternatives – that is, new banks started by people who may have a stronger sense of moral values.

The alternative – and, unfortunately, the course chosen by the US and European governments – is like rewarding a murdering alcoholic with more booze and a clean gun. The outcome, one day soon, will be a further act of money murder. Sorry. I mean "financial tsunami".

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Rohingya crisis a part of Myanmar's ethnic strife

Ian Holliday

The plight of stateless Rohingya is Asia's latest humanitarian crisis. Allegedly beaten on Thai beaches and cast adrift in leaky boats with little or no food and water, more than 500 are thought to have died at sea. In a Thai court recently, 66 were convicted of illegal entry. In Indonesia, a further 200 were denied safe haven. Battered, bruised and with nowhere to go, the Rohingya bear witness to the dark side of regional politics.

In particular, their tragic stories attest to the challenge posed by Myanmar's military junta. As Amnesty International put it in an open letter issued to regional governments in January, the "root cause" of this crisis is Myanmar's "systematic persecution" of its Rohingya minority. While also calling on neighbouring countries to meet their obligations to individuals in distress, Amnesty was right to emphasise this point.

The world has long known about the Myanmar problem. Democracy is outlawed and opposition leader Aung San Suu Kyi is held under apparently limitless house arrest. Political reform is touted by the ruling generals, but few expect elections scheduled for next year to be even remotely free and fair. In all probability, the predatory state built by military elites will continue in business as usual.

Underlying everything else, however, is the ethnic strife to which stateless Rohingya testify. For sure, this Muslim minority suffers more than most in a Buddhist-majority state. Treated harshly after the army seized power in 1962, the Rohingya were denied citizenship by passage of a 1982 nationality law. Today, 800,000 Rohingya are stateless in Myanmar's Rakhine state, 230,000 live illegally or as refugees across the border in Bangladesh, and up to 2 million form a loose Asian diaspora.

Yet Myanmar's ethnic problem goes far deeper than this. The country is and always will be a patchwork quilt of races numbering well over 100 by the junta's count. At no time in history have those races lived in perfect harmony, and the British colonial government undoubtedly did much to exacerbate ethnic tension through divide-and-rule tactics that top generals routinely castigate today.

Unfortunately, policies adopted by those generals have made race relations worse rather than better.

Following the seventh visit of UN special adviser Ibrahim Gambari to Myanmar, the world's media needs to start looking beyond democratic icon Ms Suu Kyi, locked up in her lakeside villa in Yangon. National reconciliation is at the heart of Dr Gambari's mandate, and only when advances are made here can Myanmar hope to make real political progress.

In addressing this theme, Dr Gambari and the UN should certainly speak up for the Rohingya.

At the same time, however, the larger significance of the Rohingya tragedy must not be overlooked. Ethnic strife runs very deep in Myanmar. It is to this issue that the UN and regional governments must pay urgent and sustained attention if they are to avert a humanitarian catastrophe in Southeast Asia.

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