

Who wants to invest in forests?

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The hundreds of millions of euros lost by businessman Eliezer Fishman in a failed bet on the Turkish lira and Canadian dollar exchange rates raises questions about the problematic connection between the global financial system and global environmental problems, and even the future of humanity.

Fishman, like other tycoons, invests billions in moves meant only to make money from money, without any productive contribution. That's how it works in an economy based on the agreement that time, through interest and other financial instruments, grows money. When people use the phrase "the money is working," this "work," which takes place on the bank's computer screens, in effect harms readiness to invest money and take chances in productive activity.

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Fishman could have invested his billions in agriculture, power plants, the food industry or weaving in India, China or South America. But the effort is great, risk significant, and return on the investment dubious. It is easier to roll money around through the financial markets and wait for easy profits.

Agriculture, power stations and factories contribute far more to humanity than money in financial markets, but they also exact a high cost in the release of carbon dioxide into the atmosphere. Let's try then to find an investment channel that would be much more effective for the planet's survival. Botanical research shows that pine trees planted in dry areas collect carbon dioxide from the atmosphere, and contribute to the reduction of the greenhouse effect at a much faster rate than the ability of ancient forests in Europe. But the chances that Fishman would invest billions in a forest are nil.

The question is how we have reached such a situation in which the most effective activity for the survival of humanity is the most opposed to the ruling financial logic. It is a question that is critical, and its answer might provide the key to sustainable economics. A second question is what all this says about the future of money.

Bill Clinton lately followed in Tony Blair's footsteps, and declared that global warming is the most dangerous threat to the future of humankind - more than world terror or nuclear war. In the next 10 or 20 years, the phenomenon will become the burning political issue that brings down governments and determines the fates of national economies.

Meanwhile, the more tangible the existential threat becomes, the sharper

the recognition that the economy of money in its current form is not the key to a solution, but part of the problem. It generously rewards industries that hasten global warming, like transportation and energy production, and prevents tycoons from investing the unimaginable sums at their disposal in initiatives that could save the planet. At the same time, it's to be assumed that there will be a growing suspicion that the indifference of the super-rich to the coming catastrophe is connected to their feeling that their wealth will enable them and their offspring to defend themselves and survive.

If and when that awareness becomes a prevailing view for all, it could erode the principle and fragile basis of the money economy: trust in it as a system of exchange, aggregation and measurement that is equally useful to all.

Bernard Litar, a professor of financial economics from Belgium, who was one of the architects of the euro, shows in his articles how the current financial system, which was disconnected in 1972 from the gold standard, is based on unending growth, and lacks anything other than the agreements between banks to cover virtual loans that get piled onto the shoulders of upcoming generations. He argues that if we don't come up with an alternative to the current financial system, the collapse of the existing financial system into economic, social, and military chaos is inevitable.

The most urgent mission, therefore, is breaking the Gordian knot that enables money to grow money, and a return to a situation in which the ability to make money depends on creating real merchandise and services that do not harm the world. One way proposed by Litar is to nurture local currencies that would be based on a direct connection between the value of money and its productive usefulness, and via the use of negative interest rates. At the same time, there is a need for macroeconomic steps guaranteeing that most of the enormous virtual profits created by the financial world be urgently directed to activity that improves the chances of the planet's survival.