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TRADE DEFICITS BAD

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D. Crisis

~~TRADE DEFICITS~~

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Trade deficits decimate the environment

Michael Jacobs, Consultant on local economic development and environmental policy @ Southampton University, 1991, The Green Economy p. 36-37 [Bayer]

* There are two primary mechanisms by which (the debt crisis) causes environmental degradation. First, many of the so-called 'development' projects which the loans have been used to finance are themselves ecologically damaging. This is most notably true in the case of the huge dams built in Brazil, India and other countries to provide irrigation and

* hydro-electric power. Such dams flood very large areas, causing immense destruction of ecosystems, loss of forest and arable resources, increased salinisation and reduced fertility of downstream agricultural land, higher incidence of water-borne diseases and the forced resettlement of hundreds of thousands of people. These costs are almost always excluded from the cost-benefit calculations which determine a project's 'viability'; they are rarely compensated for by the benefits the dams provide. Smaller-scale hydro-schemes have been shown to be more efficient in the production of energy, as well as less environmentally destructive.¹⁷

* Second, the means by which debts are repaid are often environmentally damaging. Deforestation is the most obvious example. In Latin America the need to earn foreign exchange causes much of the rainforests to be cleared. This is not only because the timber and beef harvested from the (ex-)forest lands are themselves lucrative, but because the forest is used to resettle peasant farmers displaced from agricultural land elsewhere. This agricultural land has been turned over from subsistence farming to huge plantations (both private and government-owned) growing soya beans and other cash crops. The crops are required not to feed local people but for export, to earn money to pay debts. Since such massive production of soya beans actually depresses its price, more and more must be grown just to maintain revenue.

* Dispossessed from their land, the peasant farmers have been encouraged to resettle in forest areas. But the fertility of forests lies in the vegetation, not the soil, and degraded forest land cannot long support agriculture. Water is lost, soil is eroded and harvests rapidly decline. The farmers move on, clearing more trees to survive a few more years. A great deal of tropical deforestation is carried out in this way by poor peasant farmers; but again the first link in the chain lies in the demands of industrialised nations.¹⁸

* This process, by which International debt leads to environmental degradation, is repeated throughout the South. It is no coincidence that many of the key countries where tropical rainforests are being destroyed - Brazil, Indonesia, Zaire, Peru, Colombia - are among the top debtors. Meanwhile other methods of financing debt are also found. Peru's anchovy stocks have been fished almost to extinction, Bolivia exports its endangered animals. Mexico is permanently draining groundwater to produce vegetables for export to the US; and so on.

Debt Crisis
* civil