

SOLVING MEXICO'S FINANCIAL PROBLEMS BY ACKNOWLEDGING ITS ECO-ENVIRONMENTAL DEBT

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SUMMARY: I. *Main causes that generate eco-environmental debt.*
II. *Consequences.*

The subject we will analyze today is one of great delicacy and concern for most countries; especially for those who are in external debt since several years ago and whose debts tend to increase constantly.

For any country, external debt is a massive weight to carry. No matter what type of government or governmental tendency is being followed, it is evidently hard for any government administration to lift this weight off.

The main hypothesis of this presentation is that external debts that are currently owed by in debtor countries to creditor countries can be repealed or annulled. This would be possible by applying a legal entity: international debt compensation.

Applying an international debt compensation is only possible if the creditor countries acknowledge that they have an eco-environmental debt with other countries. This debt comes from the massive abuse and consumption of natural resources within other countries' territories; this may be considered an abuse based on excessive exploitation of other countries' natural resources. Throughout this presentation we will focus on the case of Mexico and the possibility of applying international debt compensation between Mexico and its creditors.

Many creditor countries have had and continue to have developed economies by exploiting natural resources within debtor countries' territories.

Consequently, creditor countries have acquired an eco-environmental debt with their debtor countries.

I. MAIN CAUSES THAT GENERATE ECO-ENVIRONMENTAL DEBT

1. *Main ideas*

There are several different concepts, ideas and criteria about what eco-environmental debt is. Different perspectives have been proposed by different authors, such as Martínez Alier, author and researcher of Universidad de Barcelona, as well as specialist of the eco-environmental debt phenomenon. Martínez Alier explains that:

The eco-debt, is “the debt contracted by industrialized countries with other countries due to the past and present plundering of natural resources, the exported environmental impacts and the free use of environmental global space as waste deposit. The eco-debt originates at the colonial period and it has increased ever since.”¹

There are other proposals concerning this concept:

The concept of eco-debt originates from the popular movements of southern countries, especially in 1990 at the Chilean Institute of Political Ecology (Instituto de Ecología Política de Chile), which was a subject approached at the summit celebrated in Rio de Janeiro. This idea has geographically expanded as a drop of ink over a piece of paper which has reached from social movements to academic, political and institutional circles.²

“People from the Southern half of America have become creditors of this debt and the Northern counties have become debtors. The foundations of this debt are the current industrial production model, the exhaustive production of waste such as greenhouse gases emissions, capitalism and free trade”.³

Some other components of this eco-debt are the current plundering of natural resources and the socio-environmental local damages; as well as the extraction of non-renewable resources, such as mineral or fossil combustibles (oil), the destruction of land and the pollution of water sources.

¹ Martínez Alier, Joan, *¿Quién debe a quien Deuda ecológica y Deuda externa?*, Barcelona, Icaria Editorial, 2003, p. 14.

² Lago Rosa y Barcena Iñaki, “Deuda ecológica y modelo energético: los casos de Nigeria y Bolivia”, Primera Jornada de Economía Crítica, Bilbao, Eco Cri, p. 1. http://www.ucm.es/info/ec/ecocri/cas/lago_y_barcelona.pdf, consultado el 31 de octubre de 2011.

³ Alianza de los Pueblos del Sur, “Que es la deuda Ecológica”, *Conferencia Mundial de los Pueblos del Sur, el Cambio Climático y los Derechos de la Madre Tierra*, May 12th, 2008, <http://www.deudaecologica.org/Que-es-Deuda-Ecológica/>, retrieved June 20th, 2010.

Another manifestation of eco-debt is the abusive appropriation of common spaces such as the atmosphere or oceans which have been used to absorb gas emissions creating a greenhouse effect. Authors, such as Martínez Alier, question who is in debt with whom. Martínez Alier, a Spanish economist, has done some mayor work for this eco-debt owed by rich countries to Third World countries to be acknowledged. Martínez explains, throughout his research, how northern countries' ambition has driven them towards the use and exploitation of southern countries' natural resources, as he mentions that:

...external debt has been accumulating since the 1970s and the 1980s. This debt still represents a decisive handicap concerning economic policy in Latin America. The amounts that have already been paid are bigger than the amount that was owed originally. Nonetheless, the total external debt has continued to increase. Whereas external debt is a well-known problem, eco-debt is a new idea.⁴

Eco-debt is the result of a specific way of consuming and producing, to which modern society has become accustomed since several years ago. Poor countries have become victims of rich countries' plundering of their natural resources. At the same time, capitalist economic forces have aligned in a way that they have completely penetrated the way we act and think; guiding us towards totally irresponsible consumption. The excessive consumption of products derived from natural resources has resulted in the exhaustion of these resources through the years.

2. The Disproportioned Exploitation of Natural Resources

To understand the subject of eco-debt and its relationship with external debt, it is important point out that this problem irrefutably emerges from historical aspects. This brings to light the term Historical Debt. It concerns the historical claim of a debt by Third World countries to northern industrialized countries due to the plundering which took place during the colonization in the 16th century.⁵

During the colonial period, European conquering countries took over vast amounts of minerals from America's territories "*such as gold, silver, precious stones, fine woods and other genetic resources plundered from the colonies' lands. Ad-*

⁴ Martínez Alier, Joan, *¿Quién debe a quien...*, cit., p. 41.

⁵ *Ibidem*, p. 7.

*ditionally to the plundering of natural resources, local populations required to pay a tithe to European conquerors”.*⁶

The constant sacking of New Spain and the main cities of America was a historical and economic phenomenon. Conquerors realized that the New World was a source of wealth and great amounts of natural resources. As a result, they organized a mayor exploitation of gold and silver with the goal of extracting and taking as much gold and silver as they were able back to their countries. Due to this massive plundering of natural resources, Europe, and especially Spain, became world powers since the 16th century and for many centuries to follow.

Nowadays, the recognition of indigenous communities right of property concerning natural resources within their territories may not be the most popular or supported subject. Yet, the mere discussion about the recognition of this right 500 years ago was unthinkable.

*“It is implausible that, only since the first half of the 21st century, indigenous communities and populations’ rights, such as the right to self-determination, are constitutionally recognized in Mexico”.*⁷

Other theories which reinforce the idea of an eco-debt have already been offered. These theories approach ideas of debt concerning other aspects and concepts of debt as well as the eco-debt, but ultimately they are intimately bounded to the eco-debt itself. These ideas have been presented at the 2008 Jubilee South/Americas Reunion at Buenos Aires, Argentina; in which it was expressed that:

*“Today, developed countries not only are in debt with developing countries for the resources that they have exploited through the centuries from their territories, but they are also responsible for the environmental crises that we presently need to face”.*⁸ This remark falls directly and unavoidably under the concept eco-debt. Then, we ask ourselves as mentioned by Martínez Alier who owes who what?

The idea of an eco-debt is strongly tied to other types of debt; joined all together, they outline a much more complex idea of eco-debt, which is associated with several elements. These elements illustrate the different factors which, happening within the same phenomenon, corroborate the approach initially developed within this thesis: economic compensation of the eco-debt through a legal support of the eco-debt and the external debt.

⁶ Alianza de los pueblos del sur, acreedores de la deuda ecológica, “Deuda histórica”, <http://www.deudaecologica.org/Deuda-histórica/>, retrieved June 3th, 2010.

⁷ Reforma Constitucional de fecha 14 de agosto de 2001 al artículo 2o.

⁸ Information retrieved from: <http://www.jubileosuramericas.org/item-info.shtml?x=88819>, retrieved June 4th, 2010.

Historical debt: This debt is the result of the plundering, devastation, destruction, slavery, death, cultural genocide and the acquisition of other ideas which had an impact on indigenous communities from end to end of the American continent during the colonial period.

Debt due to social impacts: This debt comes from the impact resulted from the extraction of natural resources, especially minerals, petroleum and forestry, among others on three overlapped fields: environmental, economic, and cultural.

Debt due to intellectual appropriation and usufruct of ancient knowledge: This debt is related to the appropriation of seeds and traditional knowledge and use of these seeds as medicinal plants upon which biotechnology and modern agro-industries are based.

Debt due to impacts resulted from the imposition of technological packages from the green revolution: This debt is concerned with the use and consumption of “improved” seeds, toxic pesticides and genetically modified foods within the agricultural sector.

Debt due to use and degradation of lands, waters, air and human power: This debt comes from the establishment of monocultures used to export production. This has put at risk food self-reliance and cultural sovereignty of Southern communities.

Carbon-debt due to atmosphere pollution: This debt is concerned with the emission of greenhouse gases by industrialized countries (some of which still do not apply the necessary measures to diminish these emissions) which have accelerated the climate change.

Debt due to damages: This debt approaches the production of chemical, nuclear and biological weapons as well as toxic substances and waste which are often dropped in Southern countries.

All these debts come together shaping one debt: the eco-debt.⁹ There are several authors and researchers such as Aurora Donoso from Ecuador, Karin Nansen from Uruguay, José Augusto Padua from Brazil, Miguel Palacín from Peru and Daniela Russi from Spain, who participated at the 2008 Jubilee South/Americas Reunion. Within the same year and with a firm alliance with the Southern people, these authors and researchers claimed that, and I share their opinion, the eco-debt owed by the North is much larger than the external debt owed by the South. “*Although real and vast, the eco-debt is hard to put down in numbers. Many of the aspects of the eco-debt along*

⁹ Alianza de los Pueblos del Sur, “Que es la deuda Ecológica”, Conferencia Mundial de los Pueblos del Sur, el Cambio Climático y los Derechos de la Madre Tierra, June 12th, 2008, <http://www.deudaecologica.org/Que-es-Deuda-Ecologica/>, retrieved June 20th, 2010.

*with a historical debt throughout centuries of colonialism and exploitation simply do not possess a mere monetary value”.*¹⁰

According to this subject Martínez Alier mentions that:

...concerning this subject, institutions such as the International Monetary Fund and the World Bank only consider debt in terms of money. Whenever they demand the payment of the External debt, it would be necessary to demand the payment of the Ecological Debt in terms of money as well.

It seems that for now, the eco-debt cannot be calculated. Nonetheless, we know that, based on the historical debt and the current situation, the eco-debt is superior to the external debt owed by poor countries to rich countries.

It is worth mentioning that the estimated value of the natural resources consumed through human action is being currently studied by the field of ecological economics. But then again, in reality, the value of the lost lands used for agriculture, polluted waters and seas and extinct species (flora and fauna); have a value that a monetary number cannot illustrate.

This is an intrinsic value and an economic quantification will always be unsatisfactory. Environmental damage has systematic repercussions. In other words, it could result in the disappearance of entire species including flora and fauna and, consequently, several food chains. This would affect biodiversity, create alterations in ecosystems, as well as a considerably loss of natural resources. Finally, it would affect humans and our way of life.

Accordingly, mayor efforts are needed to find the true value of the eco-debt so that an economic compensation based on legal allegations concerning the eco-debt and the external debt can be approached in an immediate future by debtor countries and creditor countries.

The legal aspect of the eco-debt is of most importance if we expect rich countries to recognize this debt. If so, an agreement on a form of compensation between the external debt and the eco-debt, so that poor countries can settle their external debts and lift this weight off from their economies, can be achieved.

3. *Carbon-debt*

*“This debt is acquired by industrialized countries because their activities have polluted the atmosphere out of proportion by the excessive emission of greenhouse gasses which have deteriorated the planet’s ozone layer and increased the greenhouse effect”.*¹¹

¹⁰ Martínez Alier, Joan, *¿Quién debe a quien...*, cit., p. 7.

¹¹ *Ibidem*, p. 14.

According to specialists in the subject, the carbon-debt originates from the disproportionate energetic consumption of the Northern countries. Burning fossil-fuels generate energy, but it also generates massive CO₂ emissions which are the main cause of the uprising greenhouse effect. This type of pollution has global consequences because it is related with an increasing number of external natural phenomena (torrential rains, long periods of drought, etc.) which affect poor countries situated at the tropics and with fragile infrastructures more than they affect rich countries. Such is the case of Southern countries in America who have minimal responsibility compared to rich countries concerning this kind of pollution.

“Carbon credits are an international attempt to mitigate the growth in concentrations of greenhouse gases and therefore decontaminate the environment. This mechanism for decontamination can be supported by the Kyoto Protocol which states a decrease of gas emissions that accelerate global warming”.¹²

Some authors consider the carbon market as the new business of ecological disasters. Polluting companies and intermediaries are making millions of dollars from the carbon market (in 2008 the carbon market raised up to 90,000 millions of dollars); but it is impossible to calculate in numbers how much CO₂ emissions are decreasing. There is the possibility that this reduction is not happening at all. Decreasing CO₂ emissions is not possible when the merchandise is based on materials from forests, territories and protected areas acquired by using title deeds or mortgages concerning these territories and forests.¹³

This is a deceptive design. It was not created in favor of the people and the environment. Its main function, quite opposite to helping people, is actually to promote the CO₂ emission business and not to reduce these emissions. It, in fact, contributes to the ozone layer problem by allowing the continuous use of fossil fuels.

Dr. Witker mentions that the transactions concerning carbon credits and the carbon market have no official value over the price of a ton of CO₂, whether it is emitted or reduced. Everything is handled by contracts for buying and selling of carbon credits.¹⁴

¹² Witker, Jorge “El derecho económico y los bonos de carbono”, *Administración pública contemporánea*, México, UNAM, Instituto de Investigaciones Jurídicas, 2010, p. 687.

¹³ Oilwatch, Red de resistencia a las actividades petroleras, “El Mercado de Carbono Voluntario”, *Boletín de Resistencia*, num. 59, March, 2006, http://www.oilwatch.org/index.php?option=com_content&task=view&id=604&Itemid=48&lang=, retrieved June 7th, 2010.

¹⁴ Witker, Jorge, *op. cit.*, p. 689.

4. *Biopiracy*

Every species all around the world have information encrypted in their cells. This information is known as: genetic code. The genetic code is a map to navigate the formation process and the functionality of organisms.

These genetic characteristics are the result of thousands of years of interaction between different species. Additionally, “they are the result of animal or species evolutionary process. Within this map, we can find the species’ detailed identity, such as the design for producing chemical defenses, the ability of adapting to different climates, nutritional characteristics, immunological defenses and the specific behavior of the species, among others”.¹⁵

Throughout studies, genetic characteristics can be reproduced, manipulated and transferred to other species by using lab research and techniques which have been developed for the last 25 years in industrialized countries. For example, naturally, plants transport and pass on their information through their seeds. The farther the seeds reach from the plant, the farther the plant will spread its features.

“The new generation biotechnology is being affected by unexpected mutations due to remarkable scientific advances on understanding live cells metabolism, the current expertise of genetic advances and genetic manipulation, as well as live cells economy. This way, cellular biology and genetics reach maturity”.¹⁶

Since several years ago, man has done various scientific researches whose objective is to modify some characteristics of vegetables. The aim of these researches is to modify food to improve its nutritional value. Biological diversity is highly related to the commercial market and intellectual property plays an important role.

The failure to comply with the intellectual property laws concerning biotechnology is considered biopiracy, which is “every genetic and biologic resource extraction process that has happened, and continues to happen, without the approval of and negotiation with the communities that lawfully own such information and leads to an intellectual property monopoly”.¹⁷

In 1992, in Rio de Janeiro the Convention on Biological Diversity was brought to light and signed by 150 countries. One of this Convention’s main objectives is to protect biological biodiversity and to regulate what transnational companies were doing concerning to this subject. “The first regula-

¹⁵ Martínez Alier, Joan, *¿Quién debe a quien...*, cit., p. 25.

¹⁶ Douzou, Pierre, *Las biotecnologías*, México, Fondo de Cultura Económica, 1986, pp. 12 and 13.

¹⁷ Martínez Alier, Joan, *¿Quién debe a quien...*, cit., p. 66.

tions concerning bioprospecting and conservation were created through this international agreement".¹⁸

Biopiracy is, with no doubt, an illegal way of appropriating indigenous knowledge and culture, which have been passed from generation to generation and whose use must promote the development and growth of indigenous populations instead of; as it usually is the case; create more utilities for international companies.

In Mexico, the National Polytechnic Institute has developed a "Professional Interdisciplinary Unit of Biotechnology (UPIBI); created in 1987, this unit focuses on the formation and education of scientific and engineering professionals specialized on applied biotechnology and bioengineering in the industrial world. Within this unit, products and processes of the food industry, the pharmaceutical industry and the newest biotechnological technics are studied and analyzed. They also study the use and development of technology for the environmental conservation. Within this unit engineering bachelors such as environmental engineering, biomedical engineering, biotechnological engineering, food engineering and pharmaceutical engineering are studied".¹⁹

The European Court of Justice "has banned Monsanto's honey contaminated with pollen from MON 810 maize. German beekeepers and farmers have detected contaminated honey due to the natural process of pollination and wind transporting the contaminated pollen from the sowing of transgenic maize corps to the honey and other crops".²⁰

5. *Environmental Liabilities*

Environmental liabilities are the debt resulting from the extraction of natural resources such as oil, hydrocarbon, minerals (gold, silver, iron, steel, etcetera); forestry resources; marine resources and genetic resources among others.

Environmental liabilities are known as "the set of environmental damages, in terms of water, land, and air pollution, as well as the deterioration of

¹⁸ Barreda, Andrés, "Biopiratería, bioprospección y resistencia: Cuatro casos en México", *Revista Migración y Desarrollo*, <http://rimd.reduaz.mx/coleccion-desarrollo-migracion/enfrentando-la-globalización/Enfrentando11.pdf>, p. 124, retrieved September 30th, 2010.

¹⁹ Instituto Politécnico Nacional; Unidad Profesional Interdisciplinaria de Biotecnología; Main Page <http://www.biotecnologia.upibi.ipn.mx/>.

²⁰ Greenpeace.org "Prohíbe Corte de la Unión Europea miel contaminada con maíz transgénico", September, 2011, <http://www.greenpeace.org/mexico/Noticias/2011>, retrieved November 2nd, 2011.

resources and *ecosystems due to a company's usual activities or unexpected accidents throughout the company's history*".²¹

The economic value of environmental liabilities is debatable because of two main reasons: firstly, ecosystems and human interaction with them have a very high complexity and uncertainty; secondly, the monetary value of environmental damages has unavoidable structural limitations. To determine, monetarily speaking, environmental deterioration is no *peccata minuta*. According to this subject, Martínez Alier suggests several exceptionally pertinent questions such as: What is the monetary value of human life? And, what is the monetary value of landscape deterioration?

In reality it is very difficult to give a value to these concepts therefore, it is necessary to revise the concept of compensation from its very core. "We can ask ourselves if the damages concerning health, cultural death or irreversible degradation of the environment are adequate, pertinent and useful concerning a monetary compensation".²²

6. *Toxic Waste Export*

Toxic waste market is a lucrative industry based on a central strategy of the world's economic order, which intentionally encloses lands and resources creating a polluting rights market and allowing, consequently, labor and nature export.

There is such a mayor opposition to toxic waste dumping and dangerous waste incineration that, in some places around the world, it has resulted in massive political movements. Neither government regulations nor the capitalist market have been able to provide adequate protection of natural systems and communities affected by environmental pollution.

The Basel Convention on the "on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal" was adopted in 1989 and it came into effect in 1992. This convention provides the normativity concerning toxic waste. Currently, 149 countries have ratified it; even so, the United States of America is the only developed country who has not yet ratified this convention.

Toxic waste export from industrialized countries to poor countries and toxic products export create a bigger eco-debt held these countries because this debt originates from the massive pollution produced by them in poor countries or developing countries territories.

²¹ Martínez Alier, Joan, *¿Quién debe a quien...*, cit., pp. 35 y 36.

²² *Ibidem*.

II. CONSEQUENCES

1. *Socio-economic Consequences*

Solving the external debt problem may be the main objective of the international community because this problem needs to be approached directly through international trade and international cooperation since its vast repercussions affect a large part of the world's population. The reality is that most of these countries' income becomes part of the payment of the external debt and this considerably reduces a nation's possibility of using those resources for developing productive sectors.

This results in very serious economic consequences for poor countries' citizens, which translate into a long loss of purchasing power, devaluations, recession processes, lack of liquidity and lack of goods and services. The aim of reducing the government budget deficit entails less public services and social benefits for the acquisition of basic needs.

The worst case scenario for a country is to reach the point in which it needs to ask for international loans to be able to feed its population.

According to the social aspect, this translates into social movements due to the population's discontent, loss of economic and social positions, massive migration in search of better paid jobs and the heritage of the debt to future generations.

2. *The Future of the External Debt (social movements of indignation 2011)*

It is a fact that during the 1960s negotiations with developing countries for obtaining the largest amount of resources possible in exchange of money were very common. These loans had very low interests rates and consequently, many countries such as Mexico took more loans that it was able to pay. When in 1994 Mexico was unable to pay its external debt the international financial community becomes afraid that other countries may be in the same situation as Mexico, "*Mexico's economic situation in 1995 resulted in a deterioration of banking institutions' liquidity and solvency. Special measures which allowed international banks to deal with the losses were implemented. From 1995 to 1996, banks were required, according to the law, to build preventive reserves equivalent to 60% of their loans in arrears or 4% of their loans receivable portfolio depending on which amount was the highest*".²³

²³ Quintana Adriano, Elvia Arcelia, *Aspectos Legales y económicos del rescate bancario en México*, México, UNAM, Instituto de Investigaciones Jurídicas, 2002, p. 129.

Solutions proposed during this period were only palliative measures and not real long-term solutions. The World Bank and the International Monetary Fund have acknowledged the crisis magnitude and in several occasions they have mentioned the option of reducing poor countries' external debt to a point in which they can reach economic sustainability. In several forums the condonance of public debt, unpayable by poor countries, has been mentioned.

The most indebted countries are being pressured to get currencies destined to pay their debts and to import essential products. International financial institutions offer assistance to countries in this situation and they use their influence to oblige them to accept structural adjustment and stabilization policies.

“In the case of Mexico, the 1994 crisis led to a financial crisis outline with the aim of allowing authorities to start a rescue program summarized in a set of points which were approved by international banks and organisms such as the Inter-American Development Bank”.²⁴

The international financial system excludes several countries and millions of people from private investments. This is justified by arguing that these countries do not possess the ideal conditions required by investors.

Civil societies against the economic and social tendencies of their governments have started very big and important social movements all around the world especially in central Europe. They reproach governments of acting based on guidelines dictated by the World Bank and the International Monetary Fund which result in the exploitation of poor countries and the economic control of their natural resources.

As debts have become gigantic and unpayable, the world claims a global change of the political—economic—financial structure of both: debtor countries and creditor countries. The following is an illustration of these claims:

Tens of thousands people demonstrated last Saturday, October 15th 2011 in several cities around the world to claim (a global change) inspired by indignant Spaniards and the “Occupy Wall Street” movement started in New York. The demonstrators demand the end of the banks’ empire, more jobs and social inclusion. In Spain, at la Puerta del Sol located in Madrid, the Indignants Movement was born some months ago. This movement has reached many cities around the world such as London, Paris, Rome, Los Angeles, Barcelona, Berlin,

²⁴ *Ibidem*, p. 130.

*Frankfurt, Lisbon, Santiago de Chile, Ottawa, Toronto, Vancouver, New York, Washington, Lima, Buenos Aires, San Jose de Costa Rica and Mexico City, among others.*²⁵

This events show a global society tired of a scarcity and famine environment, with no optimal way out of the economic imbalance; they reflect a capitalist system that, for the time being, faces strong difficulties and provides no immediate solutions.

One of the main problems that need to be solved is that of a legal economic compensation. International financial entities, represented by the World Bank, the International Monetary Fund and the Inter-American Development Bank, currently control the world's markets and economies. They are the ones that dictate specific guidelines and policies to be followed by debtor countries. Therefore, if a country does not follow these guidelines, it is removed from the loan market, which gravely affects its economy. Debtor countries have attempted to declare debt moratorium or the condonance of the external debt because no matter how much they negotiate with international financial representatives they are simply unable to pay the debt.

3. Acknowledgement of the Eco-debt

The origin of the external debt is quite old; it started in the 16th century. The eco-debt is part of the historical debt as well. The current life quality that developed countries enjoy is in great part due to the flow of natural, financial and labor resources generated by third world countries.

Presently, inequity and exploitation of poor countries continue to exist, but today, other more subtle and efficient methods are being used. These methods consist on subjugation and control techniques, supported by malicious governments, over developing countries in favor of rich countries.

Nowadays, the decisions we take have global dimensions. Actions taken today will include, determine and, sometimes, damage humanity and society as a whole. If rich countries decide to recognize the eco-debt, they would be benefiting themselves because, when having an unpayable debt (internationally speaking), creditor countries may have to face greater crisis than the ones they have seen so far.

Today, we live in a new era of world history; within which, a smaller number of workers is needed to produce the same amount of products and

²⁵ Mora Tavares, Eduardo, "Indignados avanzan con impulso global", *El Universal*, México, Sunday, October 16th, 2011, first section, pp. A-4, A-16.

services required by the world's population. Technological advances and the international market are leading us into a world in which the lack of job possibilities is a current and usual state for us all.

4. *Legal-economic-financial compensation as a solution for the external debt and the eco-debt dilemma*

Compensation is a legal element which originates from Roman times and it is a technique to annul debentures when, between two people (individuals and legal entities) are both in debt one with the other. This way they have the right to compensate the debtor's debt with the creditor's debt reaching the smallest amount of debt possible between the two parties. This compensation can be defined as "*a way to extinguish reciprocal debentures or obligations which have an effect based on the amount of one debt being partially or totally equivalent to the amount of the second debt*".²⁶

The term *compensation* comes from Latin *Compensati*, which means: the action of compensating, "*Equality between the given and the received; between what is owed and what it is credited; between the damage caused and the repayment obtained from it; reimbursement and balancing*".²⁷

According to Rojina Villegas compensation is:

*A method to annul reciprocal obligations to avoid a useless money or wealth movement which would be impractical considering the amount of time taken for these transactions. Additionally, compensation is justified according to equity amongst both debts; asking a debtor to pay the debt when he or she is creditor of his debtor would be unfair and risky because it would leave him exposed to insolvency or avoidance to pay from his debtor.*²⁸

The field of international law also approaches compensation according to the United Nations.

The legal precept of compensation happens throughout the U.N.'s Compensation Commission which is an important international element for it is in charge of the reposition or compensation of debts due to unjust military actions such as the case of Kuwait.

The U.N.'s Compensation Commission located in Geneva, Switzerland approved a compensation consisting on \$203,8 million dollars in favor of

²⁶ De Pina, Rafael, "*Diccionario de Derecho*", 10th edition, México, Porrúa, 1981, p.100.

²⁷ Guiza Alday, Francisco Javier, *Diccionario de Legislación y Jurisprudencia*, México, Orlando Cárdenas Editor, 1995, p. 144.

²⁸ Rojina Villegas, Rafael, *Derecho Civil Mexicano*, 8th edition, México, Porrúa, 2001, num. V, vol. I, p. 629.

the people affected by the Iraqi invasion to Kuwait in 1990 and the Iraqi occupation.

According to this, the following conclusion can be provided:

1. Countries who have asked for monetary aid have been dominated and controlled by foreign banking entities as well as financial organizations such as the World Bank and the International Monetary Fund throughout the credits these organizations have provided. These credits have generated massive external debts owed by poor countries, in addition and more importantly, many of these debts were unpayable when the credits were granted and continue to be unpayable today.

2. Since the 1940s, the power of international financial organizations over developing countries has grown. They have provided these countries with resources which have only increased poverty by creating an even bigger external debt which is surely unpayable for most of the debtor governments. The external debt amounts have grown to a point in which even the payment of interests has become overwhelming. The power that international financial organizations have over debtor countries has significantly reduced the debtor countries' *national sovereignty*. This concept needs to be redefined today within a new context. In the case of Mexico, as well as other countries, the intentions of these organizations' intervention are questionable amongst with their participation and involvement in the country's economic and political development of debtor countries.

3. Mexico's external debt originates during the second half of the 18th century. Since then, it has continuously increased due to the generated interests. A revision of Mexico's external debt has been negotiated in several occasions.

Currently, during the sexennial presidential term of Felipe Calderón, the amount owed concerning Mexico's external debt has reached \$182 thousand million dollars in 2011.

As this debt becomes a strong argument, international financial organizations have controlled the use resources favoring projects that benefit creditor countries. Favoring foreign countries is a policy that debtor countries have suffered over the years. Consequently, debtor countries are being controlled by the demands of creditor countries or policies from international financial organizations.

4. To get creditor countries to acknowledge the eco-debt is no easy task. Economic interests have been the core of their power, progress, wealth and control over the world over the years. To a great extent, their power is based on the exploitation of conquered countries' natural resources; dominated and subjugated by conqueror countries' economic and financial policies.

5. The current economic-financial system will not last much longer. It will not be long (8 to 10 years) before the financial system collapses because of the debtor countries lack of liquidity, along with other factors. With no liquidity and no money supply, external debts will be paid with the debtor country's natural resources. This situation can result in a global chaos.

The most obvious example of this situation is the current cases of central Europe and the USA. The previously mentioned *indignant movement* is an example of social protest which claims a new economic order to the authorities. The present economic order that rules the occidental world since many years ago favors great powers and generates wealth for few people within international companies.

6. The main reason why creditor countries need to acknowledge the eco-debt is that the world is suffering of a general crisis. Most of human activities are submerged into a great conflict: Financial, nutritional, climatic, social, energetic, politic, etc. This suggests that this crisis is based on a behavioral pattern by which materialism predominates at any cost.

7. The development of a precept of economic compensation due to damages and legally supported at an international level is suggested as a solution to the problem of external debt and compensating it with the eco-debt. To accomplish so, creditor countries need to acknowledge both the eco-debt and the external debt so that favorable and payable debts can result from this compensation.

8. These actions would result into a new and different Economic World Order, changing the ways in which we produce, exploit, distribute and consume as a society. The creation of a new entity, alien to present economic and politic interests is necessary to accomplish this change; so that this entity could truly deal with the needs of change claimed by humanity. Constituted by highly moral international members of the civil society, this entity could lead the world into economic change and handle such great responsibilities. The suggested entity is for this task is the "Creditor and Debtor Countries Organization (CDCO)" integrated, regulated, administrated and handled by international, professional, highly moral people who will represent the debtor countries as well as the creditor countries. This autonomous and self-managed organization would be in charge of solving the conflicts between debtor and creditor countries.

9. The main question is: Why would the world's rich and dominant creditor countries would accept to acknowledge the eco-debt? What would they win by doing so? What would they accomplish? Which benefits this would bring them?

These questions are answered by the following arguments:

A. If we do not find a solution to debtor countries' external debts payments soon enough, the world's financial-economic system will collapse as it happened in 2008 in the USA with the real estate market.

B. Without having a constant money supply, debts will be redocumented and debts are only real within financial documents which recognize the debt and "assure" its payment in a fixed and definite future. But this does not assure that the debtor country will be able to pay the debt once that point is reached.

C. The lack of liquidity results in rich countries using the debtor's natural resources to produce economic resources. Consequently, the debtor country's internal wealth is only apparent and as the life cycles of nature are not being respected, the possibility of continuing to pay the external debt with natural resources grows smaller. When the due date stated at the external debt financial documents will come, financial institutions will realize that debtor countries lack liquidity to pay their debts. As a result, all that financial institutions have are huge amounts of financial documents (paper) illustrating unpayable debts and enormous amounts of money lost. This will severely affect the institution's loans receivable portfolio.

10. We are reaching to the end of economic, social, political and financial systems as we know them. Accordingly, the need of decreasing the world's economy is unquestionable if we want to change our consumerism into a sustainable way of life.

Therefore, it is recommended to eliminate both debts between debtor countries and creditor countries: ecological and external. It is the healthiest option to reactivate once more economic and financial status creating a new starting point for all economies with a zero-debt new beginning.

My hypothesis is the following: if creditor countries would not accept these propositions, it is evident that the present economic structures such as the stock markets, the financial markets and banking markets will collapse. The breakdown of international commerce would be imminent if debtor countries declare themselves in moratorium.

Furthermore, the lack of work opportunities, money, food, services, housing, health, goods and essential requirements for life would cause social problems resulting in a radical change of political structures.

Today's society needs to learn how to decrease production and consumption so that we can reach life standards as we used to have in past decades. The abuse of banking and financial markets may lead human society and future generations into an irreparable situation.

We still have time to change our future if creditor countries recognize that their current financial actions will have a boomerang effect (coming back to them) and will have repercussions against them.

New ways to produce and consume need to be created and generated by respecting the environment of the natural resources that we still have and the wealth they generate; applying concepts of sustainability in an vigorous fashion and applying sever sanctions against offenders.

11. The legal entity known as compensation due to damages is feasible and suitable for solving the current economic-financial problems such as debtor countries' external debts.

Through the legal entity known as compensation due to damage, an equity point between external and eco-environmental debts can be reached. This action would greatly relieve the present economic situation of debtor and creditor countries. We would start over from zero and be able to talk about the new international economic order which has been needed for many years. This may be the optimal solution for implementing international changes in the world's economies and promoting a joint effort for increasing development and solving the world's most important problems such as famine, health, housing, education, violence and the high cost of living. We would be able to approach the subject of equitable human rights and the wellbeing of every population.

The last G-20 reunion at Los Cabos, Mexico and the Rio+20 conference celebrated last June show how developed-creditor countries strongly impose their economic interests over the development and wellbeing of developing-debtor nations. Internationally, their economic objectives are to continue to increase their economy at any cost. These actions will soon enough have repercussions within the creditor countries internal economy if they do not develop and apply new measures immediately.

Humanity's dream of living in a just and equitable society with less hunger, more health and job opportunities is still possible. It all depends on our actions being the result of our respect towards our fellow human beings and our environment. We need to understand the great responsibility that we have among each other and that our actions will affect, one way or another, our future generations. Furthermore, our children will judge us based on the decisions we make and the actions we take today, whether we act responsibly or irresponsibly.

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