From small credit card draws to massive corporate refinancing, our relationship with debt is complicated. But what is the ultimate cost of all that borrowing?

BY JOHN LORINC

IN THE MONTHS leading up to the COP27 climate summit in Sharm El-Sheikh, Egypt, Mia Mottley, the prime minister of Barbados, began talking up a radically new approach to global debt and the enormous costs incurred by low-lying nations that are facing the brunt of climate change.

After climate-related disasters, she argued, the World Bank Group and the International Monetary Fund (IMF) should suspend debt repayment plans for the affected nations, enabling their governments to direct funds to reconstruction and also attract global capital to build up the resilience of these vulnerable places with investments in clean energy, flood protection, and so on. Many are developing nations that already carry ruinously high national debt. "We were the ones whose blood, sweat, and tears financed the Industrial Revolution," Mottley said in a much-watched address at the COP27

conference. "Are we now to … pay the cost as a result of those greenhouse gases from the Industrial Revolution?" During the summit, Mottley's plan rapidly garnered international support and became one of the cornerstones of the summit's final resolution.

Mottley's high-wire campaign to link debt and climate change can be seen as yet another reminder that the financial relationships between borrowers and lenders are never just about the numbers on balance sheets. The twinned conditions of owing money or being owed money create power dynamics, political and economic tensions, harsh moral judgments, investment instruments, and entrepreneurial action. The vocabulary of debt is woven as deeply in our language and thinking as it is in our most ordinary commercial transactions. And, as Mottley argues, a new understanding of debt could even shift the way the world confronts an accelerating environmental catastrophe that burdens some societies more than others.