

A “Modest Proposal” for Ending the U.S. Debt Crisis: A Debt-Nature Swap with China | 1

Debt-nature swaps allow countries with major debt over-hang and relatively weak economies to reduce their debt in return for undertaking environmental measures. The U.S. now seems to be in the same need of debt relief as many developing countries in past decades. In the meantime, the Chinese have a thriving economy and hold enormous amounts of U.S. debt. The Chinese leadership also seems to realize that climate change is a serious problem facing China in the future, but they're reluctant to sacrifice their own economic growth to get there. So how about a debt-nature swap? The U.S. would adopt serious climate mitigation measures, and in return, the Chinese would release a few hundred billion dollars of U.S. debt. This would get us out from under our debt ceiling problem while addressing a pressing global problem. Sounds win-win!