



A New Climate Economy

“EVERYBODY TALKS ABOUT the weather, but nobody does anything about it.” The quip, attributed to 19th-century American humorist Mark Twain, might describe the current state of play on climate change. In Twain’s day, it was absurd to suppose humans could do anything about the weather.

Today, we understand that we can and we must.

The changing climate, largely wrought by humans, is bringing rising sea levels, temperature extremes, and more frequent and harsher storms. These threaten to displace lives, livelihoods, and communities, with clear economic consequences, often at a high price tag, around the world.

Simply put, climate is the biggest risk the world faces. What can we do to move from talk to action?

This issue of *Finance & Development* looks at the economic and financial impact of climate policy choices. It points to concrete solutions that offer growth opportunities, driven by technological innovation, sustainable investment, and a dynamic private sector.

For IMF Managing Director Kristalina Georgieva, dealing with climate change requires not only mitigating damage, but also adapting for the future. This means pricing risk and providing incentives for green investment. Kenneth Gillingham shows that in the long run, the costs of climate action may be lower than we think. Ian Parry estimates that aggressive carbon taxes would help individual nations meet their emission-reduction goals and scale up action globally. Mark Carney and others show how harnessing finance can open enormous opportunities—from transforming energy to reinventing protein.

In this shared crisis, everyone has a responsibility to act. Ultimately, the world’s fortunes and those of future generations depend on the ambition and urgency with which leaders collaborate to address the global climate emergency today.

But there is hope. Today’s young people, like Greta Thunberg and others, serve as reminders of just how capable human beings can be of remaking the world. It is their future at stake. 

GITA BHATT, editor-in-chief



ON THE COVER

Time is running out to save our planet, and everyone has a responsibility to act. Illustrator Davide Bonazzi’s December’s 2019 cover likens the threat of climate change to the closing jaws of a crocodile, shown in silhouette against a steadily warming earth.

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