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Climate Change*

We can't have an inclusive economic system unless we take the climate seriously. Integrating concern for our shared planet into the concept of capitalism is instrumental for economic prosperity in the face of climate change. At current rates of greenhouse gas emissions, humanity is approaching dangerous global warming – the cost of which will be borne disproportionately by the poor and the vulnerable. Limiting warming requires substantial and sustained emissions reductions and the development of more resilient societies. Capitalism must be part of the solution.

For humanity to survive and thrive, we need to forge a more inclusive, greener economy that moves beyond the narrow notion of wealth based on our current indicator of success: GDP. You can call it the green economy, ecological civilization, or inclusive capitalism but the concept is the same. Wealth is more than a bottom line number or a crude measure of activity within an economy; it includes social costs and values natural capital – the forests, oceans and biodiversity that underpin a healthy economy and indeed all life on Earth.

This rethink of value and reinvention of capitalism is taking root. In 2015, IKEA voluntarily pledged €1 billion to address climate change by reducing emissions and increasing resilience. More than 100 investors urged G7 finance ministers to back emissions cuts. The Papal Encyclical asked humanity to reimagine capitalism through a moral lens. And the *Lancet* report* on health highlighted the economic benefits of eliminating social health risks associated with climate change.

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The UN climate negotiations in Paris in December 2015 will set the stage for countries, businesses, cities, regions, non-governmental organisations and individuals to come together to commit to a prosperity that accounts for the needs and freedoms of all, as our planet's population grows from 7 to 9 billion people or more.

Only the scale of the opportunity it opens can surpass the scale of the challenge. The New Climate Economy report suggests that – if oriented towards low-carbon solutions and clean energy – the \$90 trillion that will be invested in energy infrastructure globally over the next 15 years can transform growth, encourage innovation and create millions of decent jobs.

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We all share a common atmosphere, but the impacts of climate change are unequally distributed. Those who will suffer most are the most vulnerable – geographically, economically, and socially. Economic growth and climate impacts are connected and the transition to a cleaner economy cannot exclude the right of the poorest to develop. We must therefore capture the great opportunity we have and point global development squarely towards sustainability and a more climate secure world.

This is where capitalism becomes a force for good and for inclusion. The emerging groundswell of momentum to act on climate change must be leveraged into a new normal – a new model of growth updated for the twenty-first century.

With new business models, new investment strategies and new supply chain standards, capitalism jumps squarely into the ‘climate change sustainability solutions’ space. In seeking this fundamental transformation of capitalism, growth and development, the world can open unprecedented promise and possibility for generations to come.

Capitalism, socialism, or any other economic system is, in the end, just a human construct. As such it must be always open to evolution, improvement and adaptability so that we can ensure a healthy, functioning planet in perpetuity. Prizing stewardship over degradation, and providing opportunity for the many rather than the few, must be our collective goal.

The Lancet Commission on Climate Change (2015) *Health and climate change: policy responses to protect public health*.
<http://www.thelancet.com/commissions/climate-change-2015>