

Heated debate,

Business



Article summary Heated debate The Economist article, “ Heated Debate” discusses the controversy over climate change and global warming. The article discusses climate-change science as being a great uncertainty though there is a consensus that planet earth is slowly warming up and human beings are responsible for this predicament. It cites a recently released report by the World Bank warning that the planet is on track of having a global mean of 4 degrees Celsius that are above the pre-industrial levels by 2100. Klaus Desmet of the Universidad Carlos II in Madrid as well as Esteban Rossi-Hansberg of Princeton University in their working paper are wondering whether there are ways of managing the impact of changing weather patterns by moving the location of economic activity. These writers note that about 90% of global production makes use of only 10% of the land available. When that 10% is threatened, activity may at least theoretically shift to bits of the 90% made more hospitable by climate change.

Thus Messrs Desmet and Rossi-Hansberg created a model economy and battered it with various temperature rises to gauge its reaction. In this analysis, the two writers allow people to move around as they want in this response. In worst situations, freedom from movement does not make much difference since temperatures lead to a reduction of global agricultural productivity to almost zero, meaning “ the end of human life on earth”. Nevertheless, in more moderate situations, rising global temperatures enhance agricultural productivity in northerly climes. Restrictions on movement on the other hand, dramatically increase the cost of welfare. This model is simplistic and suggests that limits on migration have a huge impact on the global warming costs. Mr. Mathew Kahn (University of California) claims that warming of the climate, will lead to vulnerable areas such as <https://assignbuster.com/heated-debate/>

lower Manhattan to become less desirable in relation to rival centres such as New York's suburbs, Manhattan and Chicago. It is therefore important that rational firms and workers to assess the dangers of floods or such and migrate, so as to raise the productivity of the destination locations as they appear. This move would come with its own costs and investors in places such as lower Manhattan property would for instance suffer big losses. Nevertheless Mr. Kahn argues that there may also be gains as activity shifts from ancient cities to more modernized areas.

The conclusion of the article points to government involvement through such things as food flood insurance, for those living in vulnerable regions. In addition, policy makers should also assist through such things as introducing taxes something that would raise the relative incomes of innovative cities. This would encourage people to migrate towards more productive places. Thus climate change demands a lot of governments that have done little to justify confidence.