A Looming Climate Crisis Could Cause the Next Market Crash

Description

Socially responsible investing (SRI) is fast becoming popular among investors. There are several exchange-traded funds (ETFs) focused on SRI investing. It is about time that we begin taking climate change seriously and consider proper actions to prevent the devastating effects it can have on the world.

2060 deadline

The co-founder of **Microsoft**, Bill Gates, is urging the government to address climate change with the same sense of urgency as it responded to the novel coronavirus pandemic. The COVID-19 crisis has shown us the capacity to make drastic changes to the way we live our lives so we can be safer is possible.

Gates said that if governments do not adopt the same sense of urgency with climate change, the effects could be far worse than what we are looking at with COVID-19. According to Gates, the estimated mortality rate for COVID-19 is 14 people per 100,000 cases. If harmful emissions keep growing, we can face an additional 73 deaths per 100,000 due to increasing global temperatures.

Bill Gates believes that as bad as the pandemic is, climate change could be far worse. By 2060, climate change can become as deadly as COVID-19, and it will continue to get even more dangerous from that point.

Taking on responsibility

COVID-19 has taught us a few things. The first thing it taught us is the consequences of not taking the proper action at the right time. Many governments around the world were slow to respond to the problem and are suffering from dire consequences. The second lesson it taught us is that we can make significant changes to our lives and keep carrying on.

Gates believes that it is the responsibility of all countries to seek cleaner sources of energy and other

zero-carbon solutions. While governments need to play their parts with regulatory measures, individuals can participate in moving towards cleaner sources of energy and mitigating the effects of climate change.

As an investor, you can consider SRI and invest in a security like **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP). BEP is a leading company in the market for renewable energy and the best-performing stock in the industry.

At writing, the stock is trading for $60.62 per share, it pays its shareholders a decent 3.83% dividend yield, and it is up by 60% from its price last year. The March 2020 crash caused the stock to dip, but it is already back stronger than ever on the stock market.

However, it's performance on the stock market is not the only good thing about it. Brookfield has been actively investing in renewable energy infrastructure for two decades. It has a geographically diversified portfolio of hydropower, solar, and wind power generation facilities.

There is a growing trend for investing in renewable energies, as people begin to move away from oil and natural gas. Brookfield has a head start due to being in the sector for the last 20 years. Over the last decade, the industry saw an investment of $1.5 trillion. Analysts expect the total investment in renewable energy to go up to $5 trillion in the next 10 years.

Foolish takeaway

There is a climate crisis looming over all our heads. While the onset of the pandemic led to unprecedented market volatility, a climate crisis could likely make the current market seem timid with a significant market crash. It could have longer-lasting effects, unless we take adequate action against it.

Investing in Brookfield can be more than betting on the industry's growth. You could be playing a major part in helping in the fight against climate change.

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