

Climate Matters

Research

Introducing Climate Ethics and a New Climate Principle

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California wildfires 2013, CC BY 2.0, Source: <https://flic.kr/p/AJwnoa>, image via Climate Visuals: <https://climatevisuals.org/node/1642>

Many of us are acutely aware that climate change exacerbates injustice: those who will suffer disproportionately are those in global precarity who have contributed negligible emissions themselves. But it is not only an injustice because of what happens elsewhere; in industrialized countries, we are also seeing increased dangerous extreme weather events, many of which have increased in likelihood **due to climate change**.

However, even if we gather that this is a threat, you could



legitimately wonder what *philosophy* has to add. **Quite a lot**, as some philosophers have pointed out! But just to dip your toes in the water, I want to introduce you to one of the most fundamental issues in climate ethics: the question of how to share the climate ‘burden’.

The usual idea is that there is a burden, meaning the *net global* cost of addressing climate change, and there is the question of how we can cover it. (Of course, there are also **non-economic** harms **from** climate change, but let us set them aside.) I am going to treat this blog post as a chance to introduce three of most influential principles for addressing this ‘burden sharing’ question, motivate each in turn, and then contrast them with a new and distinct fourth principle. The fourth principle will involve critiquing the assumptions that usually frame burden sharing.

The first, and perhaps most intuitive, principle—the Polluter Pays Principle (PPP)—has a long history. In November 1974, the Organisation for Economic Cooperation and Development met and suggested an international agreement where members of the OECD would endorse a **polluter pays principle** for addressing some mix of the costs of preventing, controlling or compensating for pollution. The principle states that polluters are liable for paying this mix. The resultant principle is both intuitive and, given its subsequent incorporation into international agreements, practically and legally relevant. **Several** philosophers have endorsed versions of this principle.

However, philosophers have also raised a **variety** of objections to the principle. For instance, the polluters may be **blamelessly or excusably ignorant** of the effects of their (early) emissions or may be **dead** (**‘the dead polluters objection’**).

These objections have led **some philosophers** to move towards



defending the Beneficiary Pays Principle (BPP). This principle holds that those who are subject to enrichment from unjust climate contributions are liable for paying for the climate harms. If this is the case, then we can follow the money instead of the emitters (who may be dead or excusably ignorant).

However, this still requires **being able** to detect or attribute the harms of climate change to particular contributors, and there is **dispute** about whether this is feasible. Moreover, even if we are capable of tracking the beneficiaries of emissions, there still remains **the worry** that most of the harms of climate change will not fall under the scope of either of these two principles, and we will not be able to compensate or address the bulk of climate harms.



Shopping after months of heavy rain in southern Bangladesh 2009, CC BY-NC-ND 2.0, Source: DFID <https://flic.kr/p/71gfzJ>, image via Climate Visuals: <https://climatevisuals.org/node/1246>

These concerns have led **some philosophers to endorse** what we might think of as a back-up principle, the Ability to Pay Principle (APP or ATP). In light of the greater capacities of some groups or individuals, they should address the costs of climate change, independently of their (or their descendants') causal contribution



to the problem.

However, this approach makes it considerably less clear *why* these obligations are owed—if we separate the causal connection between those who contributed to the problem and addressing the problem, it is unclear what would be the basis of the moral obligation. Furthermore, it might generate perverse incentives when the ability to pay is increased by **means of intuitively valuable activity**, like reducing consumption or production.

Focusing on incentives more systematically, as I argue with an economist colleague **Justin Leroux** in **a recent paper**, yields an entirely new principle that we call the Polluter Pays, Then Receives (PPTR, pronounced ‘Peter’) Principle. We are concerned that the usual burden sharing principles consider the costs of climate as a large global net cost and the issue is simply how to share that cost. In contrast, we focus on the fact that climate change has the wrong incentives or, more precisely, that it is a large *heterogeneous set of externalities*. Indeed, climate change has **been identified** as the largest source of externalities the world has seen. So here is our criticism of the traditional framing: Instead of thinking of a large global net burden, we should think of climate change as a “constellation of externalities”, where vast numbers of emitters contribute to different effects—some strongly negative, some weakly so and a few positive. Let us focus on those two points in turn: (1) focusing on externalities and (2) the heterogeneity of effects.

First, economists use the term “externality” to refer to the unpriced effects that purchases between two parties can have on *third parties* (who cannot prevent or affect those purchases). In this case, the effects of climate change affect those who did not participate in the original purchase (or burning) of fossil fuels and those who used the fossil fuels do not face the costs of those



effects. These climate effects are *externalized* by the parties buying and selling in that they do not face those costs. Externalities generate market failures; we can expect that externalities will lead to socially inefficient choices, even under highly idealized market conditions. We can expect that **behavior will change** if we put the right prices in.

Second, climate effects are not uniform. The vast majority are negative—and some are potentially mortal—and the overall *net* effect of climate change is also overwhelmingly negative. Regardless, *some* regions or sectors would have minor or no effects, and in a few cases, especially when focusing on some sectors in some regions, there would be *positive* effects, albeit sometimes at the expense of other groups. For instance, as the Californian *terroir* for vineyards becomes less suitable, British Columbian conditions may improve. To the extent that this is true, climate change ends up being a negative externality for Californian growers but a positive externality for British Columbian growers. Similarly, we should expect climate change to lead to a decline in tourism in warm southern Europe and an increase **in cool Polar regions**. The paper discusses the evidence for positive climate externalities, both at the national, but especially at the local and sectoral, levels. Our view is that a proper principle for climate justice should be able to recognize and reflect this complexity.

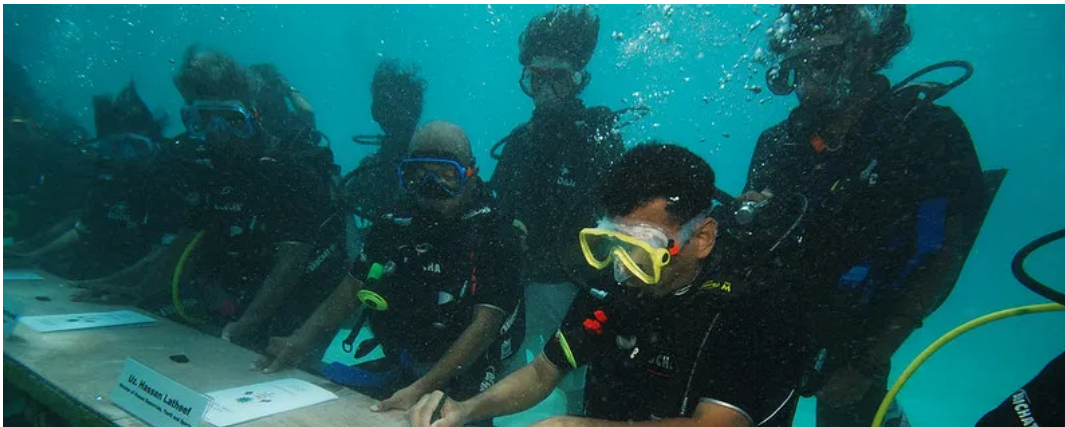
Putting these points together, we might want to justify policies that address the externalities, by requiring transfers that redress the effects of the externalities. This is similar to, but goes well beyond, PPP. First, not only is it that emitters pay for their negative externalities, but also that we would want those transfers to be *directed towards* those harmed by climate change. Second, conditional on their making these payments, we would also want transfers directed *to* the emitters in proportion to some climate *benefits* (i.e., climate positive externalities). We call the



resultant principle ‘Polluter Pays, Then Receives’ (PPTR) because the polluter pays to account for the negative externalities they generate and then, conditional on these payments, they are entitled to transfers in light of some positive externalities. The idea is **straightforward**: if emitters’ prices reflect all of the effects of their emissions, they **will be incentivized** to make the right choices.

This is justified, first of all, by theoretical concerns. It subsumes climate policy under broader policies which seek to reduce market failures, and many approaches **converge** on reducing market failure. Sub-optimal outcomes are a risk more obviously with respect to negative externalities, but we also expect under-creation of positive externalities because people won’t be benefitted for generating them. Here, climate is just a mix of those types of externalities. Furthermore, there is a mix of those affected and, unlike the familiar three principles, PPTR indicates where and how much the flows should be.

It is justified, second of all, by practical concerns. First, not accounting systematically for beneficial climate effects makes it easier for **climate impact sceptics** to think that climate change discussions are oversimplified or alarmist. Second, this is politically ‘fairer’ to emitters. While emissions generate many harmful climate effects, any non-harmful effects should be considered as well. This is so even though the net effects of addressing both the negative and positive externalities would be significantly costly to emitters.





Maldives Minister of Fisheries and Agriculture in underwater signing ceremony 2009, CC BY-NC 2.0, Source: <https://flic.kr/p/788FQ9>, image via Climate Visuals: <https://climatevisuals.org/node/891>

We also differ from many BPP theorists in thinking that not all climate benefits should be subject to transfers. Our paper does theoretical work that would be helpful to BPP theorists in distinguishing between various kinds of beneficiaries. Amongst these, one key distinction is between active and passive climate beneficiaries, where passivity indicates productivity gains that did not require significant action in response to or anticipation of climate change (we suggest that significant actions are developing new products and entering new markets).

This is important because if *all* gains from climate change are distributed, this would undermine the very incentives to address climate change. Climate change demands people both to develop new products (e.g., improving renewable energy sources and mitigation measures) and to labor in new ways (e.g., building seawalls and adaptation measures). The standard BPP says that all of the climate gains need to be distributed to those harmed by climate change; doing so would wipe out the incentives to contribute labor or innovations. In short, if BPP were implemented as policy, those poised to respond to climate change via active measures could expect not to benefit from those measures, undercutting the market signals to respond to climate change. In contrast, passive gains by definition require no incentives.

Now what should this whole discussion mean to you? It means that, as helpful as doing green things yourself can be (and I think



it *does matter*), legislation and changing incentives can shift **much more behavior in society**—they can shift behavior *at scale*. For **at least this reason**, we should support politicians and legislation that will make large changes and shift incentives. It is good for us to act in terms of climate change; it is better to introduce systematic theories and policies which will lead to *everyone* acting.



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