

Should we be letting market forces decide justice? An ethical analysis of contemporary approaches to Climate Justice

Introduction

Climate change has become one of the most pressing contemporary issues, but with 5% of the world's population responsible for 36% of greenhouse gases, and climate impacts affecting the poorest populations (Klinsky, 2021), there has been a push to redress the wider economic and social disparities that global warming has caused. 'The notion of "climate justice" has emerged as a way of encapsulating these equity aspects of climate change' (Adams & Luchsinger, 2009). This essay will focus on two commonly associated climate justice actions, one which addresses historical emissions responsibility from developed nations (The Global North) to developing nations (The Global South), and another which instead poses a market-based solution involving greater company participation. To analyse the appropriateness of potential actions, both Bentham and Mill's interpretations of Utilitarianism will be compared and contrasted to Rawls' Justice Theory.

Utilitarianism

Utilitarianism is a consequentialist ethical theory, which analyses the outcomes of an action, and deems the best action to be the one which maximises utility (the balance of pleasure over pain). To conduct utilitarian analysis, we will compare the outcomes of two common actions associated with climate justice:

Action 1 – Climate reparations: payments from developed countries directly to those worst affected by climate change and responsibility to share cleaner technologies. May include mandatory contributions to the UN 'The Loss and Damage Fund'.

Action 2 – Market-based solution: Attaching a price to emissions, often known as Carbon Pricing.

Utilitarian Stakeholder Table

Stakeholders	Action 1 - Reparations		Action 2 – Carbon Pricing		Result
	Benefits	Harms	Benefits	Harms	
Global North Governments	Shared sacrifice Likely to meet global targets quicker.	Large financial burden. Opportunity cost against domestic governmental priorities.	Monetary incentive to reduce pollution. Cheaper method of addressing problem.	No direct punishment for wrongdoings. Incentivises profiteering from a ‘pain’	Action 2
Local Communities	\$100bn financial benefit Sharing of clean technologies Even spread of benefits in local communities	Fighting for share of reparations.	\$100bn financial benefit	Money may be directed to private actors instead of local communities. No commitment to develop cleaner technologies.	Action 1
Institutional Actors (OHCHR, UN, EU etc.)	Fast response to meet climate targets. Control of allocation of resources	Difficulty organising and enacting reparations. Corruption, complexity controlling local resource use.	Ability to set and control trading market. Ease of matching climate targets to prices of pollution licenses. Trackable pollution across countries	Effectively attaches a price to human extinction.	Action 2
MNEs	Not held directly accountable – able to continue BAU.	Windfall tax to cover cost of reparations.	Monetary incentive to reduce pollution. Aligns with CSR goals, strategy, and triple bottom line accounting.	Accountability - companies buying emission permits may face criticism.	Action 2

Initially, we will use Bentham's definition of utilitarianism "the highest principle of morality is to maximise happiness, the overall balance of pleasure over pain" (Sandel, 2009). Through conducting utilitarian calculus (see above), carbon pricing appears the more cost-effective solution as it adds a monetary incentive for countries to actively work to reduce their pollution without the financial burden of reparations, thus is unlikely to sacrifice other governmental priorities.

Potentially the most significant difference in consequences between the two actions, however, is that carbon pricing recognises the roles of private organisations in addressing climate change. Carbon pricing works in accordance with the 'Polluter Pays Principle' and adds a further cost concern for companies. As companies will have to pay taxes on pollution, this will make firms account for social costs associated with carbon emissions in their product life cycle (Baranzini et al., 2016), and so they will adjust decision making accordingly. Even for companies this action is likely preferable, as it rewards companies for meeting their sustainability goals and reinforces triple-bottom line principles of accounting, where consumers can quantifiably see companies' sustainability progress. This is whilst avoiding the likely windfall tax that governments would charge companies with the reparations option.

On the surface, both actions appear to bear similar financial consequences for local communities, with developed countries having pledged \$100bn annually under UN Climate Convention (akin to reparations) (Khadka, 2021), and experts estimating carbon pricing potentially also generating \$100bn flowing to developing economies (Nichols, 2022). Reparations may result in a more even distribution of funds, as institutional actors such as the UN could centrally control the allocation of resources to where they are needed most, and cooperating with the Global North actively could result in a sharing of other benefits outside of monetary, such as sharing green technologies, with few pains resulting.

Whilst carbon pricing may be harder to distribute benefits, if it were based on per capita pollution, countries such as India (represent 8% of global emissions but have 18% of world's population) could sell its surplus emissions allocation to developed nations such as the US who needs stretch far beyond its per capita allocation (Davidson, 2021, p.5). Therefore, the pleasures of carbon pricing would increase progressively, as those who contribute least to climate change would receive the largest shares of the benefits.

Act utilitarianism therefore seems to lean towards carbon pricing due to the greater benefits for developed nations, with comparable financial benefits, satisfying more stakeholders than reparations. However, this application of Bentham's act utilitarianism is open to objection from Rawls, that utilitarianism 'does not take seriously the distinction between persons' (Rawls, 1975), and therefore misses the importance of justice and fairness in the distribution of pleasures to vulnerable stakeholders. Should we not be prioritising the interests of those who are experiencing the pains of environmental disasters over those in the Global North/MNEs rather than regarding them equally in decision making? This application muffles the interests of vulnerable stakeholders amongst the wider majority who do not see/experience first-hand the damage climate change bears.

To account for this view, Mill's utilitarianism may be more suitable. Mill's utilitarianism questions whether an action maximises utility in the long run: "Actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness" (Mill, 2015). 'Tend to' distinguishes Mill's utilitarianism from Bentham's here. Actions may generate utility in an instance, but do they tend to produce happiness in the longer term? In applying Mill's utilitarianism, we must question whether following the general principle of trading pollution through carbon pricing maximises happiness in the long-term, can a rule be created out of it? Emissions permits provide a lucrative trading market, with Morgan Stanley analysts recently recommending to their clients to buy EU carbon permits with the aim that a squeeze on supply in the future will drive up prices (Mundy and Reiter, 2024). This suggests the financial benefits of carbon pricing will be directed in the longer-term to the wealthiest groups who treat emissions permits as appreciating assets, rather than to those suffering the effects of climate change first-hand. Therefore, Mill's utilitarianism argues that this does not work to the social good, profiteering (albeit indirectly) off the suffering of vulnerable groups does not improve the prosperity of society in the long-term.

This shows a flaw with classic utilitarianism, that an aggregation of preferences does not necessarily mean people have the intention of the serving the common good. Carbon pricing leaves room for exploitation through self-interest, and so in the long term may not reduce injustices in development. Rule utilitarianism may instead opt for climate reparations because external sanctions such as reparations provide reason to act for the public good (Gustafson, 2013, pp.345-348), addressing the underlying behaviours around the permissibility of pollution and working to remedy those experiencing the greatest pains.

Justice Theory

In comparison, Rawls' Justice Theory is a deontological theory. Rawls asks what principles a society would choose if all the biases that guide our preferences were removed, differing it from utilitarianism which does not criticise our preferences. Rawls calls this the original position.

Rawls' first principle states that 'each person is to have an equal right to the most extensive total system of basic liberties compatible with a similar system of basic liberties compatible with a similar system of liberty to all' (Rawls, 1975). Ladenson (1975, pp.49-54) regards basic liberties as a 'liberty of citizens from governmental restrictions... regarded as so important by a person in the original position that he would not consent to any governmental arrangements... to deprive him of it routinely'. This parallels human rights, universalised rights that no aggregation of preferences can override, demonstrating a retention of individual human dignity that is lost in utilitarianism. In applying this principle to the case, the OHCHR relates several key human rights which are most affected by climate change; most notably, the rights to food, water and sanitation, life, and development (OHCHR, 2015). Climate change infringes these human rights in developing countries, with severe droughts, storms, and rising water levels causing severe damage to crops, infrastructure, property and impacting countries' growth potentials. Therefore, Rawls' first principle suggests that we must work to correct these injustices in unequal liberties. Providing financial resources

(reparations) to help developing countries reverse the impacts of local disasters related to climate change works to uphold a comprehensive system of these basic liberties.

One of the key distinctions between justice theory and utilitarianism is the value Rawls places on maintaining individual liberty, but Nozick's libertarian view would argue state intervention to provide basic liberties and equal utility interferes with people's liberty to do what they want with what they own. However, Nozick stipulates this freedom of property with 'a duty to not cause physical harm or damage to the property of third parties' otherwise the perpetrator is 'responsible for full compensation' (Nozick, 1974 pp. 79-80). Nozick therefore argues that climate change has gone beyond exploiting property to damage third parties (developing countries) by limiting their development potential. Crop damage in primary agricultural industries and government expenditure for reconstruction efforts (Fuje et al., 2023) are common examples of this. Therefore, Nozick's view which involves less state intervention than Rawls' theory still arrives at the same conclusion, touching on the importance of recognising historical responsibility in climate justice actions, that historical pollution has infringed on the liberties of developing countries, and so reparations are due. However, it is important to note, that while Nozick comes to the same conclusion as Rawls, their reasonings differ significantly. Whilst Rawls' motive behind reparations is to rectify inequalities, Nozick's is simply to 'redress past wrongs', and 'not for the sake of bringing about greater equality' (Sandel, 2009, p.63), meaning the two theories would likely differ in how they suggest reparations be best delivered.

Rawls' second principle develops on his first to inform how reparations be best delivered. "Only those social and economic inequalities are permitted that work to benefit the least well off, the least privileged members of society" (Rawls, 1975). This principle helps determine an action which works to the greatest benefit of the local communities, the least advantaged stakeholders. As act utilitarianism determined, carbon pricing would provide large cash inflows from developed nations purchasing the excess permits from developing nations. However, this does not factor in if this option works to the *greatest* advantage of those least advantaged, i.e., this may generate the greatest aggregate utility, but if an alternative generates greater benefits for those local communities, Rawls will opt for the latter. This highlights a distinction between justice theory and utilitarianism. Unlike utilitarianism which would opt for the action which bears the greatest aggregate utility - regardless of the consequences for minority stakeholders - the difference principle works to ensure the interests of vulnerable groups are prioritised, even if they are the minority group. Climate reparations ensure local communities' interests are prioritised, such as with the UN's Loss and Damage Fund. Here, the World Bank oversees the fund's coordination to efficiently allocate resources in the aftermath of natural disasters (UNDP, 2024). The difference principle would suggest this working to the greatest advantage of the least advantaged because reparations can be centrally controlled by institutional actors to ensure benefits reach local communities.

Finally, Rawls' equality of opportunity principle works to remove barriers to opportunities and provide equal prospects for success for those with equivalent natural talents and abilities (Rawls, 1975). Applied on a global scale, this implies that countries should have the same development opportunities, no matter the development they've experienced in the past. Syed (2019) argues that typical economic development such as the UK has experienced

couples emissions with development creating a U-shaped curve of emissions against GDP per capita growth. Countries reach a turning point where the combination of better technology, environmental awareness, enforcement of environmental regulations and a transition to a service-based economy results in the gradual decline of environmental degradation. This suggests that countries must pass through emission intensive stages of development to reach the higher GDP levels associated with developed nations. Therefore, assuming pollution is a consequence of development, enacting carbon pricing effectively makes it more expensive for lesser-developed countries to develop, where those already developed countries did not have this barrier in the past. Here Rawls says 'In the case of society, pure time preference is unjust: it means... that the living take advantage of their position in time to favour their own interests' (Rawls, 1975, p.260). Therefore, Rawls' position is that it is unfair for one country to benefit from certain social circumstances just because of time placement, there should be no advantage to a country who developed 200 years ago to one developing now. It can be argued that the lack of understanding of climate change meant those who came before us did not know they were favouring their own interests. Nonetheless, Rawls argues this should not impact a country's development prospect, and so an action is needed to remedy the emission intensive stages of development, which reparations to help development of and the sharing of cleaner technologies does.

Conclusion

In conclusion, there is a tension between whether those countries who've exploited the earth's natural resources historically and have developed wealth because of this should bear responsibility to those countries who have experienced greater negative effects of climate change. In the context of climate justice, act and rule utilitarianism differ significantly in preferred actions, largely stemming from the value Mill attaches to respecting certain rights for the minority when determining utility. Act utilitarianism deems carbon pricing as generating greater utility, as it is a more cost-effective solution to reduce the climate change related disparities. In contrast, rule utilitarianism and justice theory agree that climate reparations are preferable as recognising historical responsibility punishes behaviours that act against individual liberties. This informs climate reparations as the most appropriate action, as they best promote the interests of the least advantaged stakeholders. However, whilst this essay delves into the ethical tensions in how responsibility for climate change should be addressed, it lacks addressal of how to approach fair allocation of resources between developing countries, and the ethical tensions of who deserves most, providing a topic of further debate.

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