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## Environmental Justice and Capitalism: Comments on Alyssa Battistoni’s ‘Rethinking Domination in the Age of the Externality’

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2,386 words, vs 2,000 words target

### 1. How standard economic environmental policy ignores inequalities and could reinforce structural and environmental injustices

Alyssa Battistoni highlights one of the most problematic aspects of standard economic policy responses to negative externalities such as air pollution and greenhouse gas emissions: namely, that these policies tend to ignore the socio-economic distribution of both the externality itself and the distribution of the costs and benefits of the policy response. Therefore, these policies often fail to redress important inequalities, and can even perpetuate inequality. And because the distribution of the harms from a negative externality is often the most important social problem connected to that externality, this means that by ignoring distributional effects standard economic policies are at least often ignoring what is most important – and in some cases could be making it worse.

Why are distributional facts ignored by standard economic policy responses to negative externalities? This is a consequence of the fact that standard economic analyses aim to minimize the total dollar cost to the economy of any desired level of negative externality reduction by creating a uniform disincentive for the negative externality for all people in all locations – uniform in the sense that the very same dollar-magnitude of disincentive is in place everywhere, such as a uniform carbon tax in which the very same tax is charged everywhere, or a uniform cap and trade system in which the very same price for permits is charged everywhere as a consequence of a well-functioning market for the permits. This uniformity in disincentive is a key part of standard economic policy, as it is necessary to ensure any level of reductions comes at the least cost to the economy.<sup>1</sup>

To illustrate why this uniform disincentive structure is problematic, and why it ignores distributional consequences, consider a simplistic illustration of how such a policy could go wrong: suppose that a society wants to cut emissions of an air pollutant in half, and so it ratchets up a uniform tax on that

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<sup>1</sup> See for example Lynne Lewis and Tom Tietenberg, *Environmental and Natural Resource Economics*, 12<sup>th</sup> edition.

pollutant until emissions are cut in half across society. But, unfortunately, the way that this plays out is there are initially two emission sources, one source in the urban area where most people live, and one larger source in the middle of nowhere, and it turns out that the least cost way to the economy of dealing with the new price on emissions is to close the rural emitting facility altogether, invest in upgrading the controls at the urban emitting facility, and move all the production to the urban plant which then ends up doing all of the production for society – with the result that pollution actually increases at the urban location where most people live, and decreases a lot more in the middle of nowhere. This illustrates how a uniform disincentive scheme across society ignores the distribution of the emissions, and as a result can go wrong by ignoring distributional effects. In this dramatic example, we could imagine that the policy actually makes the aggregate utilitarian outcome worse for society by redistributing a smaller number of emissions in a way that actually makes the aggregate health burden worse than it was with a higher level of emissions. But even if we assume there isn't such a dramatic failure of the policy, and thus even if we imagine that health is improved for most people in society by the policy and is only made worse for a few who live very close to the single higher emitting plant that emerges from the policy, it is easy to see that this is itself a problematic distributional outcome that the policy ignores – which is especially problematic if the small group that suffers more harm turns out to be those at the bottom of the socioeconomic distribution or the most oppressed racial minority group.<sup>2</sup>

This last worry is a key reason why environmental justice (EJ) advocates often decry standard economic policy responses to pollutants, as they fear that something very much like this result is the predictable outcome of standard economic environmental policy. Furthermore, any missed opportunity to alleviate inequalities in pollution exposure is especially important, given that inequalities in exposure to pollutants are one primary cause of structural injustices in society and the intergenerational transmission of inequalities.<sup>3</sup> Specifically, the EJ worry is that the uniform incentives created by such policies will incentivize society's emissions to be located at the places where they can be sited at the least cost, thereby predictably concentrating pollution in the poorest and most vulnerable communities.<sup>4</sup> In this way, the EJ worry is that implementing standard environmental economic policy turns out to be a way of predictably implementing and deepening structural injustice. (It is a further question to what extent these specific EJ concerns are predictably the consequence of standard environmental economic policy, which I set aside here.<sup>5</sup>)

In sum, standard economic policy ignores many inequalities, and according to some EJ advocates can actually amplify some of the deepest structural injustices in society.

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<sup>2</sup> For relevant further discussion along two important dimensions, see for example Mendelsohn and Muller, *Using Marginal Damages in Environmental Policy*, AEI Press; and Chichilnisky, Heal, and Starrett, 'Equity and efficiency in environmental markets: global trade in CO2 emissions', in Chichilnisky and Heal (eds), *Environmental Markets: Equity and Efficiency*, Columbia UP.

<sup>3</sup> See for example Aizer and Currie, "The intergenerational transmission of inequality: Maternal disadvantage and health at birth", *Science*.

<sup>4</sup> For example, Nicky Sheats, *Achieving Emissions Reductions for Environmental Justice Communities Through Climate Change Mitigation Policy*, 41 *Wm. & Mary Envtl. L. & Pol'y Rev.*

<sup>5</sup> See for example, Danae Hernandez-Cortes and Meng, *Do environmental markets cause environmental injustice? Evidence from California's carbon market*, *Journal of Public Economics*; Mendelsohn and Muller, *Using Marginal Damages in Environmental Policy*, AEI Press.

## 2. Critiques of capitalism and consumers

The previous observations set the groundwork for Battistoni's critique in the second half of the paper – where in the second half the critique begins by noting that even if we have the sort of environmental policy recommended by economists, the inequalities that remain will ensure the poor and socioeconomically vulnerable remain wrongfully dominated (and harmed, oppressed, and disproportionately burdened) by the negative externality itself. So, the standard economic environmental policy, even if fully implemented, would not remove many of the most serious ethical problems with the situation, given that significant amounts of pollution would remain, it would be regressively distributed, and this would involve wrongful domination, harm, and oppression. This critique is very powerful, especially given the powerful way that Battistoni grounds the argument in the detailed analysis outlined above of the ways that standard economic policy ignores inequality.

At the same time, some aspects of the critique lead to ethically interesting complications that I think are both important and not commonly addressed in many discussions in social and political philosophy. Because of their interest, I will focus on bringing them out in the rest of this commentary. To that end, we can begin by making explicit three further conclusions that Battistoni argues for, continuing the line of critique above:

- A. Capitalism inevitably produces wrongful domination, given that (as we've seen above) domination remains even under fully implemented standard environmental economic policy.
- B. The rich and capitalist society are morally responsible for this domination.
- C. Individuals within capitalist society also bear morally responsibility for this domination (although individuals should often focus on change at the structural level rather than individual level).

I will try to quickly highlight what I think are the most difficult complications for each of these three further conclusions in turn.

Regarding A: one complication is that even if we agree that standard economic policy is insufficient to remove wrongful domination from capitalism, it doesn't follow that there is no other way for capitalism to remove wrongful domination, and thus it doesn't follow that capitalism inevitably must produce wrongful domination. In fact, many leading theorists in economics, policy, and law have argued for additional market-friendly methods of going beyond standard economic policy to address inequalities head-on rather than ignore them,<sup>6</sup> including some proposals to improve environmental economic policy to address inequalities head-on and avoid exactly the kind of problems outlined above.<sup>7</sup> In the absence of an argument that the methods proposed by these experts are doomed to fail, we should consider the

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<sup>6</sup> See for example Adler, *Measuring Social Welfare*, Oxford UP; Adler and Fleurbaey, *The Oxford Handbook of Well-Being and Public*, Oxford UP.

<sup>7</sup> See for example Mendelsohn and Muller, *Using Marginal Damages in Environmental Policy*, AEI Press.

possibility that well-regulated capitalism in its best form including incorporating these further market-friendly policy measures might be able to avoid producing wrongful domination even if current instances of capitalism do not.

Regarding B: one complication in the argument for B is that it seems to be assume both (i) that the rich and capitalism are causally responsible for the fact that the poor are poor, and (ii) that the poor have not received benefits from the rich and from capitalism that more than compensate them for the downsides of inequality, their constrained labor option set, and other important limitations on their lives. In highlighting the reliance on (i) and (ii), I do not mean to cast doubt on the idea that these assumptions sometimes hold true. Instead, my goal is to highlight that there are important complications due to the fact that the global poor benefit so much (according to some experts) from a globalized capitalist economy, and the causes of the wealth of nations arguably has numerous complex causes, some of which in some cases arguably do not involve the rich and capitalism making poorer countries poorer. Depending on how far one believes it is empirically plausible to go with these thoughts, one can anticipate those who believe that (at least well-regulated) capitalism would benefit the poor to an extent that more than outweighs the downsides of inequality, constrained labor option sets, etc., and that this fact gets capitalism off the hook for some of the bad aspects of inequality.

As a related conceptual point, from the fact that A knowingly caused x, and that x is badly oppressive to B, it does not follow that A is wrongly oppressing B, and doesn't even obviously follow that A is oppressing B at all. To illustrate, imagine a fanciful (and highly counterfactual) case where a new planet appears through a wormhole, and is filled with people in desperate poverty who cannot benefit from direct charity – instead, the only thing we can do to help them is to give them coal to make cheap power. Suppose they see the coal we give them as like manna from heaven, but manna that also causes oppressive dust to be in the air. If we assume for the sake of argument that there is really no other way we can help them, and that they really, really want the coal we give them because it helps them dramatically on balance (they are no longer starving and in darkness), then it seems we are not wrongly oppressing or dominating them by sending them the coal, even if we are thereby causing the dust cloud that is badly oppressive to them. And it is not clear that we are oppressing or dominating them at all.

As a side note, even in conditions of perfect justice there could be lots of domination and oppression by nature – the weather can be oppressive after all. As a supporting thought experiment, imagine those who born at an earlier time before anything like social safety nets and large societies were even a thing, who were born into places where the weather frequently destroyed all of their work and repeatedly set them back to square one. For them, it is easy to imagine the oppressive weather as dominating everyone's life. More generally, there are ways in which natural scarcity and other circumstances might be the entity that is 'responsible' for the oppression that people sometimes experience, including perhaps the inhabitants of the imaginary poor planet in the example above (if the details of the case are developed in that way).

All of this is especially important if capitalism is analogous to our best biomedical knowledge and treatments: just as the regrettable fact that humans will always be constrained by finite lives pairs naturally with the thought that there are strong reasons to lengthen our lives and health, so too scarcity

is a regrettable fact that pairs naturally with the thought that there are strong reasons to produce more abundance for all – and some would argue that well-regulated capitalism is the best technology we currently have for doing that. For those who endorse this perspective, it is easier to see why unfortunate side effects such as well-managed inequalities could be seen as a regrettable side effect that can be nonetheless ethically justified by the ethically important benefits.

Regarding C: From the fact that every individual is a contributor to climate change harms (in whatever form of contribution one likes, causal contribution, consequentialist difference-maker to harm, etc), it doesn't follow that each is morally responsible for a share of those harms. To illustrate, imagine a future in which zero emissions power is invented soon that is also too cheap to meter, but that 100 years further in the future this power technology still hasn't been deployed because of an evil conspiracy by a few leaders. Now consider a child born 100 years from now, and consider the evaluation that they are responsible for the harms from climate change because all of their power consumption still contributes to climate change. Even if we agree with the premise about their contribution of their consumption, it doesn't follow that we should hold this future person in these circumstances morally responsible for the climate harms that happen – instead, intuitively it is the leaders of the conspiracy who are responsible. Of course our actual situation is very different, but a reasonable worry still remains that there are some limited analog of these complications remains. For example, if you are disposed to adjust the climate policy lever in the right way if only you could (eg with a high carbon price) to make the outcome much better and in a way that was costly to you, and you take good action as a citizen politically and interpersonally in supportive ways, and act well professionally in supportive ways, then this might importantly reduce your individual responsibility for bad outcomes.

More generally, there are reasons to be suspicious of the common assumption in ethics and political theory that if you are part of a group that is collectively doing bad, then it follows fairly directly that you are morally responsible for (your proportional share) of the bad. This line of thought may be too quick, and ethical reality may be more complicated.

In sum, Battistoni highlights one of the most problematic aspects of standard economic policy responses to negative externalities such as air pollution and greenhouse gas emissions: namely, that these policies tend to ignore the socio-economic distribution of both the externality itself and the distribution of the costs and benefits of the policy response. Therefore, these policies often fail to redress important inequalities, and can even perpetuate inequality, domination, and injustice. However, the conclusions we should draw from these facts about capitalism and moral responsibility may be more complicated than they initially appear. Thanks to Battistoni for this important contribution.

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