



How elites pollute the most but pay the least

Carbon inequality

by Ewa Kochańska

The Oxfam-commissioned report **Carbon inequality in 2030** analysed statistical data to make 2030 global emission predictions based on countries' carbon reduction pledges, or NDCs (nationally determined contributions), of various income groups. The report found that unless the deeply-rooted carbon footprint of the world's elites is immediately addressed and significantly reduced, the resulting climate changes will force the poorest communities to pay a steep price for resulting economic and natural disasters. Additionally, the top global earners' current consumption and investment trends are moving further away from the 1.5°C Paris Agreement goal; at the same time, the bottom 50% of earners, so those most impacted by adverse weather events, have been staying safely below that goal.

Research conducted by the Institute for European Environmental Policy (IEEP) and the Stockholm Environmental Institute (SEI) found that the wealthiest 10%, around 800m people, are responsible for nearly half of the emissions increase between 1990 and 2015. Moreover, by 2030, the carbon footprint of the top 1%, which is only 80m people, will be 30 times higher than the global per capita level compatible with the 1.5°C target; the middle 40% earners are set to emit twice the 1.5°C per capita level. Meanwhile, the footprint of the poorest 50% – about 4.0b people – will remain quite a bit below that level.

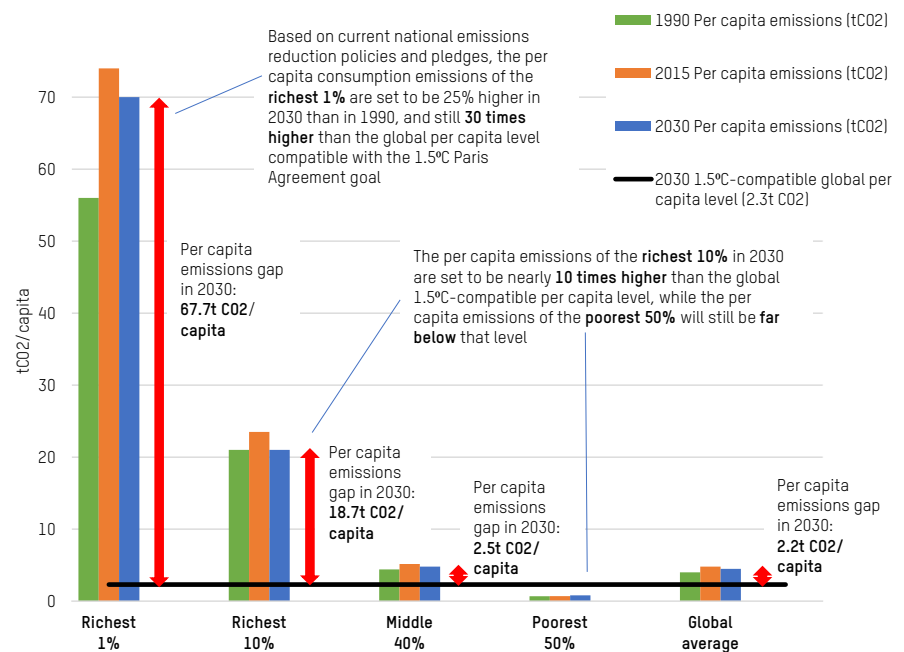
The report also discovered a global shift regarding the carbon footprint of the leading global polluters. For example, by 2030, the Chinese will contribute to the top 1% emissions more than the US, and the citizens of India will contribute more than those of the EU. Emissions from countries such as Saudi Arabia and Brazil will also continue increasing and contributing to the top 1% emissions.

These statistics underscore that while rightfully trying to eradicate extreme poverty and achieve a higher standard of living for their citizens, middle-income countries are making economic progress without paying enough attention to the emissions resulting from their emerging industries.

'He who pays the piper calls the tune'

In 2030, the total emissions of the bottom 90% of global earners will just slightly surpass the 1.5°C-compatible emissions level, while the wealthiest 10% alone will nearly reach that level. Yet despite the statistical research, which has been returning very similar results for several decades now, the absolute emissions associated with the top 1% earners are set to continue increasing. This is because the carbon intensity of the economies of countries where the richest

Fig. 1. Per capita consumption emissions of global income groups in 1990-2030 and the 2030 1.5°C-compatible total global emissions level¹



¹ Annual income in 2030 (\$2011PPP) of the richest 1%: >\$172k; richest 10%: >\$55k; middle 40%: \$9.8k; poorest 50%: <\$9.8k; total population in 2030: about 7.9b
Source for figs. 1-2: IEEP and SEI

reside is not decreasing rapidly enough to offset the consumption habits of their wealthiest citizens.

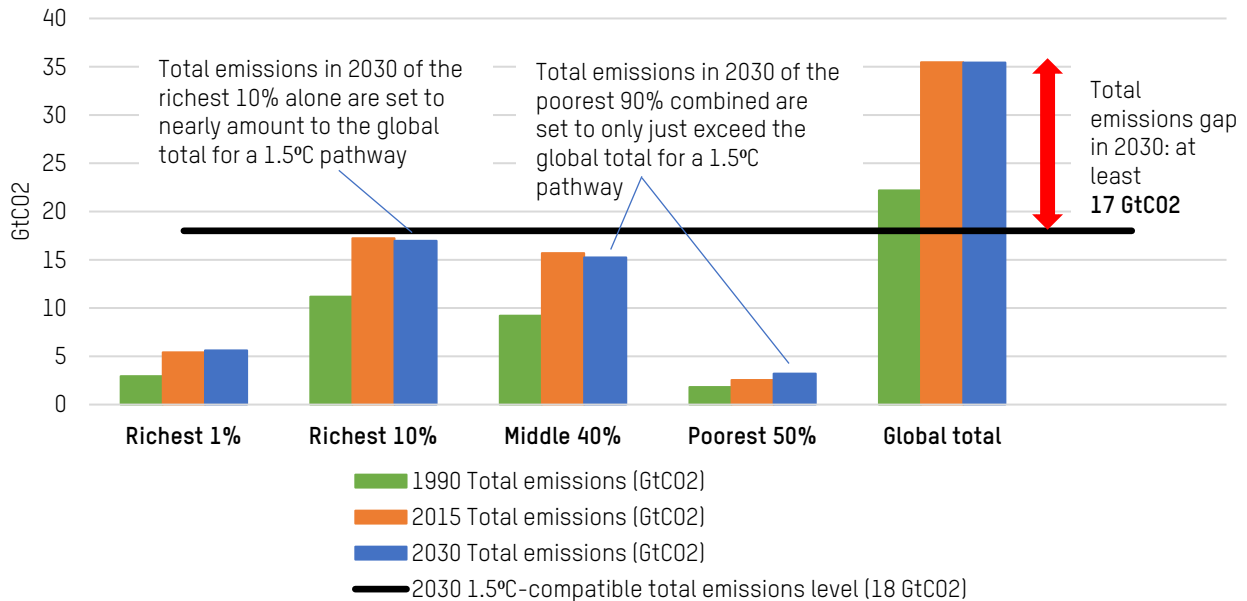
Between 2015 and 2030, the top 1% are estimated to reduce their per capita consumption emissions by only 5%; that number would have to be 97 to align with the 1.5°C goal. And while the poorest communities' emissions are set to increase by 17% in that same time – even if they tripled, they would still be within the 1.5°C-compatible per capita level in 2030.

It is difficult to imagine what habits and lifestyles contribute to such high carbon emissions. The report found that, e.g., billionaires' carbon footprint can amount to thousands of tonnes annually, with

superyachts as the main pollutants (estimated 7.0kt/year) along with private jets, large vehicles, and multiple luxury homes. Post-2021, the newest form of luxury travel – space tourism – will quickly become the most significant emissions contributor, with hundreds of tonnes of carbon being emitted during a 10-minute-flight of four passengers. Transport overall is the biggest problem regarding carbon emissions worldwide, and in the EU, the highest emission contributions are transport-related.

As for the top earners' carbon footprint, it is also associated with capital investments which, according to one study, accounted for as much as 70% of the carbon footprint of the top 1% in 2019.

Fig. 2. Total consumption emissions in 1990-2030 of global income groups and the 2030 1.5°C-compatible total global emissions level



The obvious conclusion would be that to keep the 1.5°C target in sight, the wealthiest populations must change their habits. At the same time, governments must take decisive action against their most aggressive polluters – in the form of regulations, bans, or luxury carbon taxes.

Even though there have been many policy proposals in first-world countries targeting luxury spending, particularly related to travel, these regulations struggle to pass through congressional houses worldwide. In democratic nations, where most wealthy people live, the electoral process allows for large financial donations by individuals and organisations to political candidates, who have learned to count and depend on that money. The recipients of such contributions are expected to respond to their donors' concerns, usually regarding taxes and financial policy. Simply put, to keep the donations coming, politicians must vote consistently with their donors' priorities.

According to *Affluence & Influence: Economic Inequality and Political Power in America*, a book by Princeton professor Martin Gilens, the American federal government almost always sides with the interests of their wealthiest class. Interestingly, Gilens' book also highlights that presidential campaign platforms are usually more consistent with the interests of the lower and middle class. Once the elections are over, however, the lauded policies are often not even introduced in parliamentary bodies or stall during the legislative process.

Furthermore, the elites' influence has been steadily rising in the past several

decades while the responsiveness to the middle and lower class has been decreasing. According to Gilens' research, whether the middle or lower class supports a given policy does not affect how likely it is to become law. However, there is an obvious pattern showing that if the affluent favour it, the proposal is much more likely to become law. Clearly, the wealthiest 1% are not about to support policies that chip away at the lifestyle that has often been common to their families for several generations.

Incidentally, the biggest companies in the world manage to avoid taxation altogether. For instance, in 2018, Amazon paid no federal income tax while profiting \$11b. Their CEOs are not far behind; according to ProPublica's *The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax*, Jeff Bezos, the second-richest person alive, did not have to pay any income taxes for two years (2007 and 2011), while the wealthiest man alive, Elon Musk, did not pay income tax in 2018. Both have been rather generous in their political donations, if not personally, then through their companies and political action committees.

'A light purse is a heavy curse'

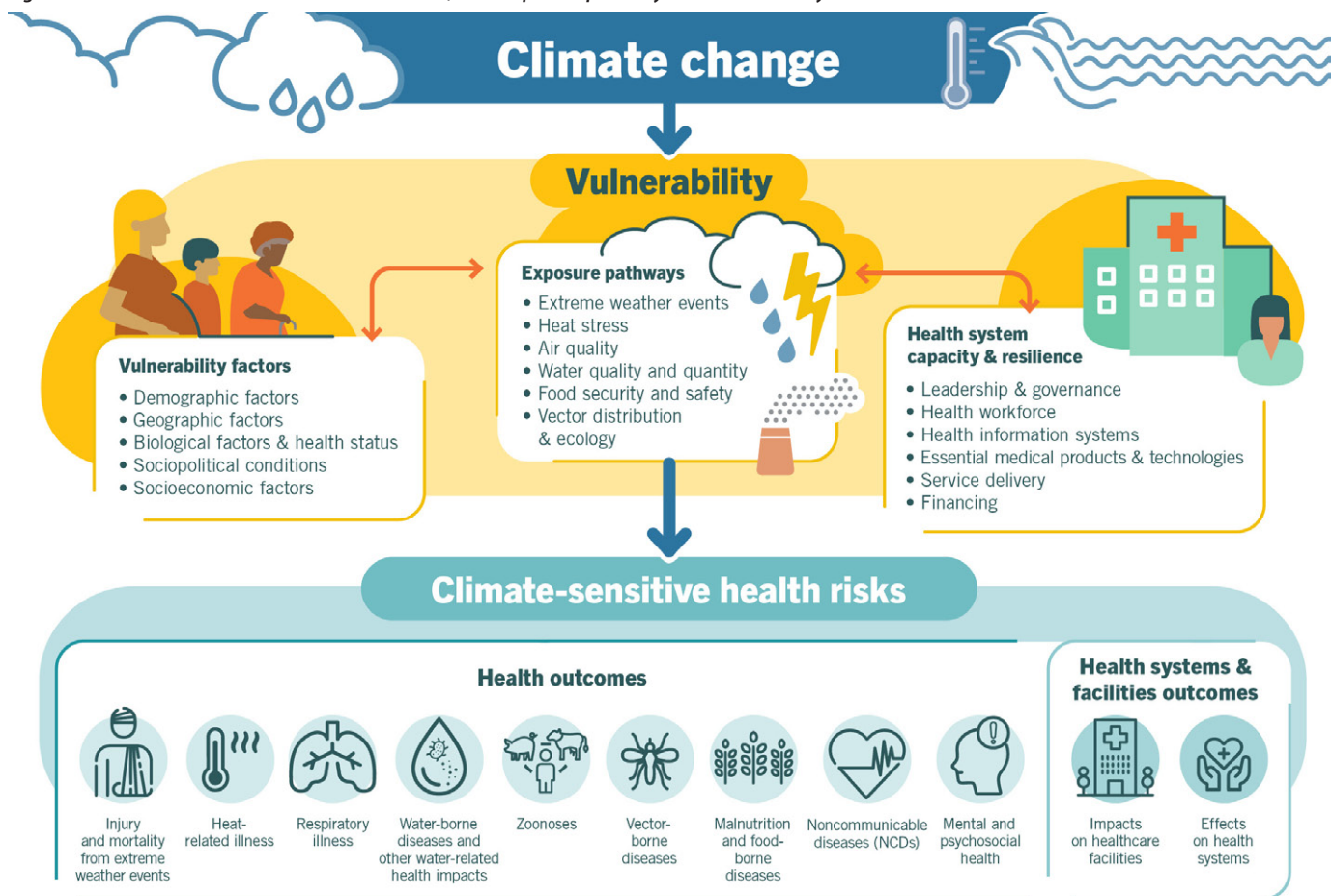
The most significant turnaround in this decade in dealing with decreasing emissions is expected to come from the middle earners – the 40% between the richest 10% and the poorest 50%. This is the same group that, between 1990 and 2015, had the highest emission growth rate and therefore was subjected to numerous campaigns to permanently change their

lifestyle, i.e., fuel/vehicle switching, use of renewable energy, more efficient use and recycling of materials, etc. At the same time, before the pandemic, the middle class experienced wage stagnation while both the poorest and the richest incomes increased. Now, the post-pandemic estimates predict that the global middle class will shrink even more, seeing higher housing, healthcare, and education costs.

But, it is the poorest who pay the highest price for government regulations, increased carbon emissions, and the resulting climate changes, even though they are the least responsible for them. For example, corporations routinely transfer the costs of carbon emission-related regulations to their customers. As a result, when the percentage of earnings is considered, the lowest income households end up paying for these regulations as much as twice more than the top 10% ones. Many rural and, increasingly, urban areas populated by lower-income communities are already experiencing 'energy poverty,' which means they cannot adequately heat and cool their households. Consequently, the existing climate-change policy framework further impoverishes low-income citizens. It can even push more people into poverty while not doing enough to change the behaviour of the key polluters.

Also, the World Health Organization already warns that between 2030 and 2050, an additional 250k/year deaths will occur due to climate-related impacts such as malnutrition, malaria, diarrhoea, and heat stress. Increasing droughts deplete food and water sources, while flooding,

Fig. 3. An overview of climate-sensitive health risks, their exposure pathways and vulnerability factors



Source: World Health Organization

tornadoes and hurricanes destroy homes, community infrastructure, agriculture, and life. According to the United Nations, some 52 (!) small island developing states (SIDS) are at risk of disappearing due to rising sea levels. SIDS are located in the Caribbean, the Pacific, the Atlantic, the Indian Ocean, and the South China Sea, having a combined population of about 65m. Some have already had to relocate their populations. For example, in Fiji, the residents of Vunidogoloa had to be moved to higher grounds. The Fiji government invested hundreds of thousands of US dollars for the relocation, including building 30 new houses, fish ponds, and farms.

But it's not just developing islands that deal with climate-related relocations. The residents of Shishmaref, an island populated mainly by the Inupiat Alaska Natives, reluctantly voted in 2016 to relocate due to their coastline melting. Since then, they have been looking for funding for the resettlement of their community, working on a relocation framework, and trying to get assistance from either the Alaskan or federal government. Amid the

erosion crisis, they're still there: a village standing on melting ice.

Even in the most developed countries, low-income communities struggle the most with climate change and the resulting disastrous weather events. The warming temperatures are less of a problem for the financially comfortable for many reasons; among others, air conditioning is a basic appliance in medium to higher-income housing, and quality homes are less prone to storm shocks overall. Higher income also makes it possible to live in safer areas, above sea levels, and away from other dangerous bodies of water, dry wooded areas, or industrial facilities which can release chemical and toxic spills due to weather events. Likewise, in case of disaster, higher earnings and savings allow to relocate ahead of danger, purchase survival equipment and additional food, and long-term, benefit from insurance claims.

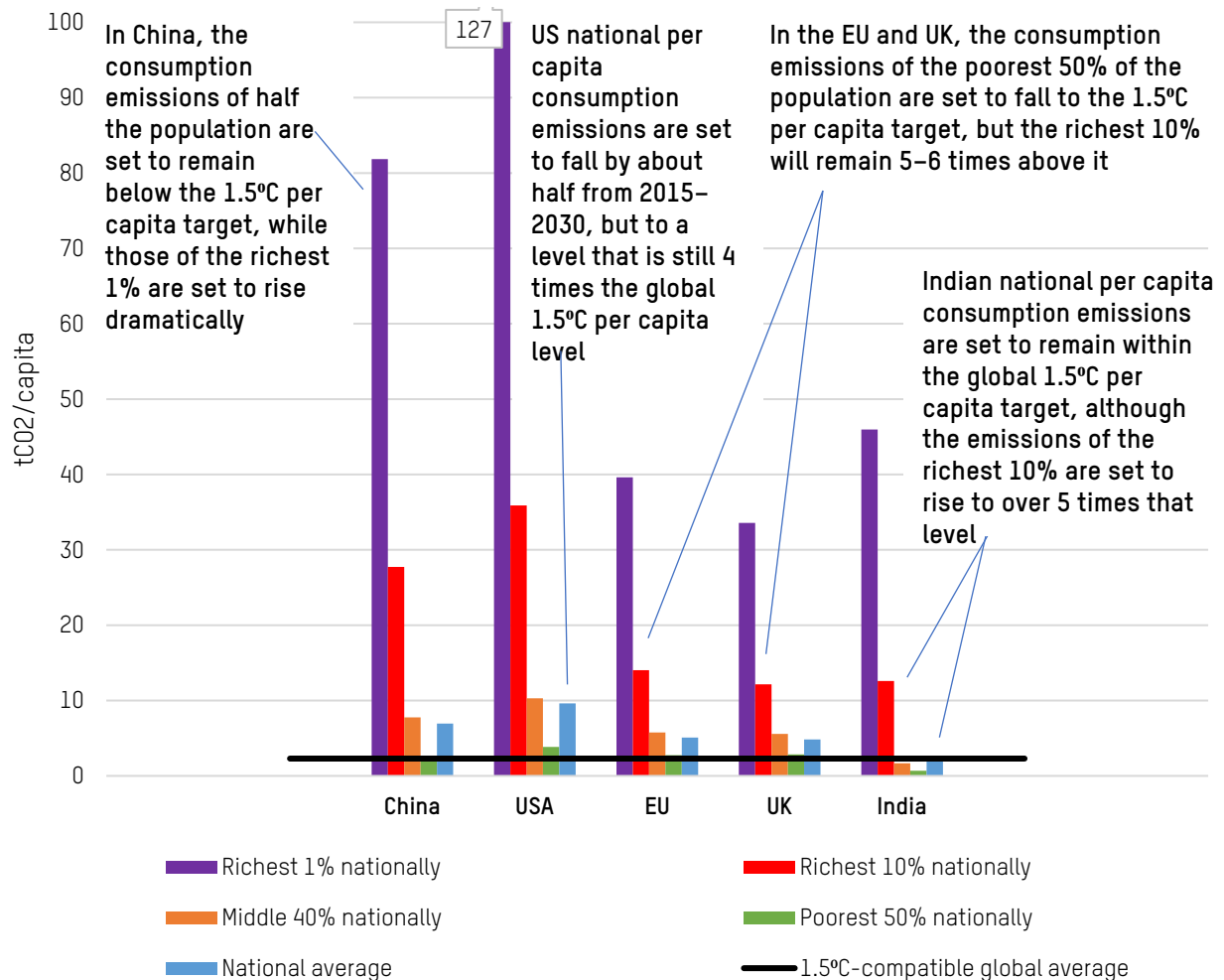
Statistically, severe weather events intensify income inequality. Post-disaster, the higher-income households move away and the remaining community more often than not transitions into poverty.

Climate-proofing

High-income countries and regions like the US, UK, and EU have profited economically from their carbon-intensive industries. Thanks to that, they have the economic means to take bold action to reduce global emissions and lessen the climate change impacts, which their road to economic prowess encouraged. "For such countries, a 'fair share,' in line with the analysis of the **Civil Society Equity Review** group, requires both deep domestic emissions reductions – at a minimum – to the 1.5°C-compatible per capita level, and in addition the provision of adequate, new and additional international climate finance to support low- and middle-income countries who require it to limit their emissions to the same level," says the report. This is besides the funds that must be directed towards climate adaptation efforts, climate-related aftermaths, and climate-related community relocations.

The consequences of climate change impact especially agricultural communities, affecting production, trade, and, thus, food security. Therefore, the low- to middle-income countries are most vulnerable

Fig. 4. Per capita consumption emissions of national income groups in 2030 and the global average 1.5°C-compatible per capita level



Source: Carbon inequality in 2030

to climate-caused disasters and have limited means to offset the weather negatives. For example, the Caribbean countries had around 30 tropical storms just in 2020, but the strength of the hurricanes has increased so much that the current infrastructure is unable to withstand them. Likewise, in the Pacific Island countries, the power of cyclones hitting their communities has grown in recent years. But according to a study from the International Institute for Environment and Development, 46 of the least-developed countries worldwide lack funds for ‘climate-proofing.’

The carbon inequality statistics are startling on a global level. Still, the effectiveness of emission-reduction policies depends on individual countries’ social and political environments since carbon inequality is also significant locally. In India, the national per capita consumption emissions are expected to be within the 1.5°C goal by 2030, even though emissions of their wealthiest 10% are set to grow to five times that level. Similarly, the EU and the UK are expected to cut their

national per capita consumption emissions, with their poorest 50% populations set to achieve the 1.5°C-compatible global level. In contrast, the wealthiest 10% will remain considerably higher.

The political action on carbon emissions has to be well-thought-out to be fair and effective. If it is not, such a policy framework damages the poorest communities who do not even benefit from the carbon-intensive activities the rich enjoy.

To the heart

The report concludes that to achieve the Paris Agreement’s 1.5°C goal, either the wealthiest global communities, especially the top 1%, have to change their behaviour drastically to decrease their carbon footprint – or the rest of the world must engage in even deeper emission cuts.

Realistically, that means that the wealthiest nations, particularly their governments, must take a leadership role and engage in a fairer and more decisive campaign and policy-making to diminish carbon emissions

by the end of this decade. Additionally, they must create financing for lower- to middle-income communities and countries so they can also take further emission limiting steps and deal with climate-event-related loss, damages, and relocations.

“At the national and regional level, analysis of carbon inequality must move urgently to the heart of government efforts to implement strengthened NDCs with a far clearer focus than has been the case to date on measures to reduce inequality and address the excessive emissions of the richest, while supporting those on the lowest incomes,” says the *Carbon inequality in 2030* report.

Enacting smart policies through incentives, regulations, taxes, or even bans on carbon-intensive luxury activities and purchases, especially those involving travel and capital investments, is unquestionably a necessity. Here, advocacy groups and watchdog organisations will have to play a profound role in ensuring that political self-interests are put aside. □