

Legitimate expectations in stranding assets

Main Supervisor: **Lukas H. Meyer** [showcase 2]

Research field “Normative Theory: Climate justice and legitimate expectations”

Research question 1 | Cluster 3

Links to showcases Baumgartner 2, Posch 1, Posch 2, Schulev-Steindl 2

Background: Avoiding dangerous climate change will require us to leave a majority of carbon fuel (oil, gas, coal) reserves in the ground. Many states and companies made plans and investments to extract these reserves and explored further carbon fuel reserves. On the one hand, these agents seem to have a legitimate expectation to extract and sell these resources; and if policy intervention would effectively hinder them from doing so, they would then seem to have claims to being compensated for their losses. On the other hand, both companies and states have known that the stranding of most of the carbon assets is a necessary element of a scientifically sound, efficient and ethically defensible strategy for a transition towards a low-carbon and climate-robust economy and society.

Goal: The project aims to investigate how to normatively assess the consequences of a transition to a low-carbon society, especially of the stranding of carbon fuel reserves. In particular, the project will investigate the significance of expectations in assessing different such transition strategies, such as market-based price mechanisms like a carbon tax and command-and-control mechanisms like production quotas. The analysis has to take into account that expectations are formed against the backdrop of a regulatory and institutional framework, which differs depending on whether the agent in question is a state or a company and whether the regulations and institutions in questions are national or international. The project will develop a normative understanding of the requirements for the legitimacy of these frameworks and the possible reach of their protections, and the conditions under which they can be changed and adjusted without wrongfully frustrating the expectations formed against them.

The assessment of the normative significance of legitimate expectations will contribute to answer the larger questions of what are the rights and responsibilities of states, companies, and individuals given the necessity of leaving a majority of developed carbon reserves in the ground, how these responsibilities should be distributed, and whether the intentional transformation of assets to liabilities due to the necessary changes in institutional and regulatory frameworks gives rise to legal claims of compensation.

Methods and disciplinary background: This is a project in philosophy and normative theory. It employs the methods of normative analysis and wide reflective equilibrium. It reflects an understanding of ideal and non-ideal theorising and the connections between the two.

References:

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