6. Climate Inequality Report 2025 - Environment

The Climate Inequality Report 2025 reveals that the world's wealthiest 1% are responsible for 41% of global emissions linked to private capital ownership.

About the Climate Inequality Report 2025

Publisher and Authorship - The Climate Inequality Report 2025 is produced by the World Inequality Lab, co-authored by Lucas Chancel and Cornelia Mohren. It builds upon the Lab's earlier work that links global economic inequality with environmental responsibility, providing a more nuanced understanding of the social dimensions of the climate crisis.

Purpose of the Report - The report aims to reframe global climate accountability by shifting the focus from mere consumption-based emissions to ownership-based emissions, recognizing that wealth concentration drives disproportionate environmental impact through capital ownership in carbon-intensive industries.

Conceptual Framework - The study challenges the traditional narrative that climate change is simply caused by consumer behavior, arguing instead that it is structurally driven by wealth and investment patterns concentrated among the global elite.

Core Argument - Inequality at the Heart of the Climate Crisis

Beyond Consumption - While traditional models attribute emissions to consumers' energy use, transport, and lifestyle, the report underscores that the wealthiest individuals' investments in fossil fuels, aviation, steel, cement, and mining play a far more significant role in global emissions.

From Responsibility to Power - It argues that economic power translates into environmental power—those who own high-emission companies also influence policies, markets, and political outcomes, perpetuating both carbon dependence and climate inequality.

Intersection of Inequality and Climate - Climate change magnifies existing inequalities—the poor suffer disproportionately from its impacts (e.g., floods, droughts, crop failures), while the rich contribute disproportionately to its causes.

Key Findings - The Rich Own the Climate Crisis

1. Wealth-Based vs. Consumption-Based Emissions - The **top 1%** of the global population contributes -

1. 15% of global consumption-based emissions (those generated by the goods and services they consume).
2. But a staggering 41% of global emissions through capital ownership, i.e., through companies and assets they own that emit carbon. This highlights the structural inequality of climate responsibility—emissions are not just about "how much people consume" but also what and whom they own.

2. Ownership-Based Approach - A Truer Measure of Responsibility - The report introduces the "ownership-based emissions accounting" model, which links carbon responsibility to financial investments and industrial ownership, not just consumption habits. This approach helps reveal that a small group of ultra-wealthy individuals and corporations wield outsized influence over global emissions through capital control.

3. Extreme Emission Disparities

Consumption-based perspective - The top 1% emit 75 times more CO_2 per capita than the bottom 50%.

Ownership-based perspective - The same group emits 680 times more CO_2 per capita when the emissions from their assets and investments are accounted for. This exponential difference underscores how wealth inequality multiplies environmental inequality.

4. Global North vs. Global South Divide - Wealth concentration and ownership of carbon-heavy industries are disproportionately located in the Global North. However, developing nations in the Global South bear the brunt of climate impacts despite their lower per capita emissions and minimal industrial ownership. This reinforces calls for "climate reparations" and progressive climate finance under the principles of Common but Differentiated Responsibilities (CBDR).

Why Ownership-Based Accounting Matters

Reveals Hidden Emissions - Traditional models miss emissions linked to financial portfolios, equity holdings, and industrial ownership, which are primarily controlled by the global elite.
Aligns Responsibility with Capacity - It ties climate accountability to those with greater financial capacity and agency to reduce emissions—unlike consumption taxes that disproportionately affect low-income groups.
Improves Policy Targeting - Helps design progressive climate policies that target producers and investors, not just consumers, thereby aligning equity and effectiveness.

Policy Recommendations of the Report

1. Taxing the Carbon Content of Wealth and Assets - Introduce carbon wealth taxes on the assets, investments, and portfolios of the richest individuals. The aim is to discourage investments in high-emission sectors and redirect capital towards clean and renewable industries. Such a system would make carbon accountability proportional to wealth, addressing inequality and incentivizing green finance.
2. Producer-Oriented Carbon Pricing - Shift from consumer-based carbon taxes (which hurt the poor) to producer-based carbon levies on corporations and asset owners. This would push large-scale emitters—like fossil fuel, aviation, and cement industries—to internalize their environmental costs.
3. Linking Wealth Inequality with Climate Action - Governments should integrate wealth taxation, inheritance tax reforms, and green investment mandates into their climate action plans. This aligns redistributive fiscal policy with climate justice, promoting both economic equity and emissions reduction.
4. International Climate Governance Reform - Advocate for inclusion of inequality metrics in international climate reporting under UNFCCC mechanisms. Encourage developed nations to not only finance mitigation efforts but also address the carbon legacy of their wealthy citizens and corporations.

Broader Implications

1. Reframing Climate Justice - The report shifts the moral and analytical debate from "shared responsibility" to "differentiated ownership-based accountability." It supports the argument that climate justice must include wealth redistribution and investment reform, not just emissions reduction targets.
2. Implications for Global Climate Finance - The findings strengthen the case for progressive climate finance, loss and damage funding, and just transition mechanisms to be financed by the global wealthy elite rather than general taxation.
3. Implications for Developing Economies - Countries like India, which have low per capita emissions but face rising inequality, can use these findings to -

1. Advocate for fair climate finance allocation,
2. Strengthen domestic progressive carbon taxation, and
3. Ensure that wealth-based emissions are transparently tracked and reported.

Conclusion

The Climate Inequality Report 2025 is a landmark in linking economic inequality with climate accountability. It demonstrates that the climate crisis is as much about who owns and profits from polluting assets as it is about who consumes energy. By introducing the ownership-based emissions framework, the report offers a powerful tool for designing just and effective climate policies.
It calls on global leaders to tax wealth, reform investments, and embed equity in climate governance, ensuring that those who benefit most from the carbon economy bear the greatest responsibility for transitioning to a sustainable future.
Source - https - //wid.world/news-article/climate-inequality-report-2025/