

Restructuring The Personal-Public Gain Relationship: a solution to the battle between personal interests & society's interests

Kanksha Mahadevia Ghimere^{*}

Abstract: The European Union's Emissions Trading Scheme (EU ETS) is mired in corruption. The paper discusses corruption, focusing on gaming, using the EU ETS as a case study. The discussion on vice and virtue is based on Adam Smith's *Theory of Moral Sentiments*. The paper proposes a system that legally obligates businesses to find the right balance between the profits and interests of society and the maximization of profits at the expense of society.

In March 2013, the United Nations Environment Programme issued a bulletin (Bulletin) highlighting the prevalent existence of corruption (fraud, bribery, abuses of power, etc.) in emissions trading, discussing corruption pertaining to the European Union's Emissions Trading Scheme (EU ETS) as one example. Corruption undermines the emissions trading mechanism and weakens its chances to act as an effective incentive for entities to reduce greenhouse gas (GHG) emissions.

It is a sad truth that regardless of what mechanism is implemented, it becomes a victim of corruption, despite implementation of methodologies to identify and curtail corruption.

In this paper I discuss several forms of corruption and certain vices of men responsible for indulgence in such 'corrupt' activities. I propose to discuss vice and virtue by referring to Adam Smith's thoughts as set out in *The Theory*

^{*} Kanksha Mahadevia Ghimire is a corporate lawyer, with 6½ years experience in India's foremost multi-disciplinary law firms. She is currently working in Vanuatu as a legal specialist advising on regulation of basic utilities.

[†] By way of examples the primary aim of the new director general of the World Trade Organization, Mr. Roberto Azevedo, is to inspire countries into executing multi-lateral agreements and bring successful

of Moral Sentiments (TMS). In the TMS he writes about ethics that must govern our economic world.

Last, I propose a system, the implementation of which aims at legally obligating businesses to find the ‘right’ balance between profits (personal gain) and interests of society as against the current scenario where many businesses are in a constant race to maximize profits at the expense of society including the environment.

1 EU ETS & Its Challenges

Under the Kyoto Protocol (effective from 16 February 2005), countries that ratified the Treaty, are required to reduce GHG emissions within specified timeframes, primarily through national measures.

The European Union, to fulfill its obligations under the Kyoto Protocol, set up the EU ETS in 2005, which is now in its third phase (from 2013 till 2020).

Under the EU ETS, industries are required to acquire emission allowances up to a specified limit. Each allowance permits the holder to emit one tonne of carbon dioxide or equivalent amount of nitrous oxide and/or perfluorocarbons. Unused allowances can be retained for future use or traded. The European Union Transaction Log is responsible for checking, recording, and authorizing all transactions that take place between accounts in the European Union registry.

EU ETS is particularly significant because (a) it is the largest in operation, and (b) it has been bombarded by challenges to such an extent that its critics believe that it is systemically flawed, has failed miserably in reducing GHG emissions and some propose that it should simply be scrapped.

By exploiting loopholes in the EU ETS, industries have been able to profit without having to actually reduce their GHG emissions. Further, the over-allocation of allowances (attributable in-part to corporate lobbying) drove down its prices, thereby making it cheap to acquire, hence pollute. It was also noticed that allowances handed out exceeded the actual levels of emissions within the EU. Thus, allowing polluters to pollute more than they were original polluting.

In February 2013, allowances were being traded at approximately €5. For the EU ETS to be effective, analysts say carbon prices need to be at least €20. In a bid to strengthen (and some argue save) the EU ETS and increase prices, the

European Commission proposes to withhold approximately 900m carbon allowances over the next three years. While European Parliament rejected this proposal in April 2013, it subsequently approved the proposal in July 2013. After the voting in April 2013, prices had fallen by more than 30% (was €4.50 before the vote).

The EU ETS has also been contaminated by fraud *e.g.* value-added-tax related fraud and re-sale and misreporting of used carbon offsets. A report titled 'EU ETS myth busting: Why it can't be reformed and shouldn't be replicated' released in April 2013, co-prepared by more than 40 organizations, described the EU ETS as "a Fraudsters' Paradise, fostering tax evasion, fraud, and other criminal activities".

2 Gaming & Corruption

Corruption is usually linked to an illegal activity. However, it is far more complex.

Malcolm S. Salter in his working paper titled 'Lawful but Corrupt: Gaming and the Problem of Institutional Corruption in the Private Sector' explores two forms of 'gaming':

- 'Rule-Making Game' which involves influencing legislature or regulatory bodies; and
- 'Rule-Following Game' which involves manipulation of law, whereby the party is in compliance with the letter of the law but not its intent.

Salter argues that although technically such actions may be legally correct, "gaming crosses the line of acceptability and becomes institutionally corrupt when such institution-sanctioned behavior subverts the intent of society's rules, thereby harming the public interest, or weakens the capacity of the institution to achieve its espoused goals by undermining its legitimate procedures and core values."

As such gaming activities are usually 'technically legal', entities cannot be penalized for these acts, even if they are to the detriment of society.

Corruption is further complicated by the fact that ethics is subjective. A moral dilemma for one individual may not be so for another, as they may be guided by different schools of ethics. Separately, an individual could also be guided by different set of principles in his/her personal and professional life; latter typically dictated more by legality than morality.

3 Vice

3.1 *Self-love*

One of the most famous lines in *The Wealth of Nations* (WN) is, “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”

Amartya Sen, philosopher, economist and Nobel laureate, argues the reading of this passage severed from the TMS has misled readers in understanding Smith. Sen explains Smith did not propose that acquiring profit should be the only criteria on which business should be based. Rather such blind profit-seeking ambition must be tempered with virtues such as prudence, self-command, sympathy and justice.

In the TMS, Smith states it is natural each individual will think of himself as the most important and will first take care of himself, and he of course must do so. However, there are limits to which an individual’s self-interest can precede all else. It does not give him the right to ruin another, even if it is to prevent his own ruin. He cannot disturb the happiness of another simply because it stands in his way. Smith writes, “There can be no proper motive for hurting our neighbor...” Applying this to the world of commerce, Smith says that an individual “may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play...” In the WN, Smith warns society against destructive forces: “prodigals and projectors”.

3.2 *Ambition*

In the TMS, Smith discusses man’s collective reverence of ‘the rich and the great’ over “the wise and the virtuous”.

Smith writes that man’s foremost ambition is that he should be respected and admired by society. This can be achieved either by (a) “study of wisdom and the practice of virtue” or (b) “acquisition of wealth and greatness”. Society in general is smitten by the first, while the latter appeals to but a few. Thus, the ambitious often seek out wealth and frequently abandon virtue to obtain it, for (he writes) “unhappily, the road which leads to the one, and that which leads to the other, lie sometimes in very opposite directions.” An ambitious man

often believes that upon achieving his wealth, his future conduct will efface all that he has done to achieve his ambition.

Society has indeed put in place laws that aim at controlling unchecked and unconscionable ambition through illegal activities. However, such laws are often undermined and manipulated through gaming.

3.3 *Praise and praise-worthiness*

Smith states that people wish for praise, and to do that which is praise-worthy. He explains that man, by his very nature, wishes to please and has an aversion towards offending his peers. This desire is not limited to mere approval, rather he may either, “desire of being what ought to be approved of; or of being what he himself approves of in other men’. While the former makes an individual only want to appear to be fit for society, the latter inspires him to really fit in.

He states that people who are pleased by false praise *i.e.* praise for actions they did not perform, are plagued by the vice of vanity.

Additionally, people dread blame and have sometimes attempted to obtain praise and avoid blame by, “very unfair means”.

Smith says, “The love of just fame, of true glory, even for its own sake, and independent of any advantage which he can derive from it, is not unworthy even of a wise man.” However, he differentiates this from virtue. He says that a person may shun such “just” praise, even though he may be entitled to it, because for him performing the act in itself would be enough. Such an individual does not require the approbation of society; self-approbation is what is in fact virtue.

4 Virtue

4.1 *Propriety vs. Virtue*

In the TMS, Smith discusses the difference between mere propriety and virtue.

Virtuous acts are those that deserve to be admired and celebrated. He says, “Virtue is excellence, something uncommonly great and beautiful, which rises far above what is vulgar and ordinary.” Propriety, on the other hand, constitutes of such acts that are merely approved, that require ordinary degree of sensibility or self-command, which even the most worthless of men possess, and sometimes even that degree is not necessary.

However, some acts could be considered as virtuous even though they fall short of ‘perfect propriety’, as these would arise in extremely difficult situations. Situations that require immense self-control, where most men would fail to show even a little self-command. Thus, he says that virtue should be measured not against ‘complete propriety and perfection’, against which every individual would be bound to fail, but rather against a lower threshold being the action, which the greater part of men commonly arrive at.

4.2 *Sympathy*

Smith spoke of several virtues, prudence, justice, self-command (being a few); however I wish to discuss one in particular – sympathy.

Explaining sympathy, Smith states that no matter how selfish a man may be, it is in his nature to be interested in the wellbeing of others. Their happiness is important to him, even though he does not derive anything from it except the pleasure of seeing this happiness. This may stem either from pity or compassion. But it is important to note, that while such ‘sympathy’ is found in all, it varies in degree. A ‘virtuous and humane’ person feels it more acutely than a ‘ruffian, the most hardened violator of the laws of society’, who feels something too. This degree is dependent upon an individual’s ability to put himself in the other’s shoe and imagine what the situation must be like, applying his reason and judgment. Further, it also varies depending upon his relationship with the other person. Typically, we expect more sympathy from a friend than an acquaintance, and from an acquaintance when compared to, “an assembly of strangers”.

5 Putting Society before Profit

5.1 *The Proposal*

In the corporate world today, the aim of directors, officers and shareholders is to make profits. Success of companies is determined by their financial strength and this is reflected in the stock prices, dividends paid to shareholders and bonuses paid to directors and senior management.

In light of man’s self-love, ambition and need for praise, it is not difficult to understand people’s unhealthy penchant for wealth acquisition and how profits becomes the sole aim of all involved. Emissions trading mechanisms including the EU ETS, recognizing and playing to this obsession, hoped to achieve something noble. However, individuals and companies indulged in fraudulent behavior and exploited loopholes in the EU ETS for profiteering to such an extent that the EU ETS has failed miserably in achieving its original goal.

Sen in his paper, ‘Adam Smith and the Contemporary World’ wrote, “Both individual reasoning and social convention can make a real difference to the kind of society in which we live. We are not imprisoned in any inflexible box of the unconditional priority of self-love. The pillaging bosses of perverse businesses ... are not doomed to any inescapable pursuit of plunder; they choose to plunder in line with their inclinations, making little use of rational scrutiny, not to mention moral reasoning.”

Not all individuals indulge in ‘corrupt’ activities, but many do. Traditional checks and balances are able to catch some corrupt individuals that indulge in illegal acts, however there are many who never get caught. Many legally indulge in ‘gaming’ and profit to the detriment of society. The proposal discussed below aims to ‘incentivize’ society, particularly such “bosses of perverse businesses” in making a ‘different’ decision; a decision where they voluntarily put profits second to society. The proposal aims to get businesses to uphold the spirit of the law (what it ultimately hopes to achieve) and not merely comply with the ‘letter’ of the law.

We cannot expect “Bosses of perverse businesses” to be guided by virtues such as self-command or justice. Therefore, my proposal uses their self-interest, ambition of acquiring “respect and admiration of mankind” and praise for the betterment of society. To the smallest degree it also appeals to the sympathy of people.

5.2 The Positive Point System

We need to implement a system where the success of a company is not only linked to profits and financial strength, but demonstrates ethics, requires businesses to actively participate in the betterment of society and awards such behavior. Hence, I propose a positive point system (**PPS**) under which incorporated entities are awarded points based on their contribution to society. Primarily, in order to be awarded points the entity would have to demonstrate that:

- (a) its actions promote the spirit of law;
- (b) such actions benefit society; and
- (c) the entity has taken a financial hit *e.g.* its profits were reduced to a certain extent because of implementation of improved technology to reduce emissions or investment in renewable energy.

Through competition, creativity, transparency and distribution of information, an organization will arrive at schemes beneficial to itself, its board, shareholders and society. The race to maximize profits is replaced by finding

the ‘right balance’ between the interests of entities/directors/shareholders and society.

Simplistically, at the time of commencement of the PPS each incorporated entity would start with zero points. The aim is for each entity to increase its points. Zero point reflects that the entity is in compliance with all laws and no judicial authority has passed a final binding order against it to the contrary. A proven violation of law culminating in a final judgment (with no appeal being possible) would result in negative marking.

In order to win points the applicant entity is required to submit a report. Points are awarded if the applicant is able to:

- highlight loopholes in law and specify how the applicant has chosen not to profit from such loopholes, although such profiteering would be legal.
- demonstrate that instead of maximizing profits it has reduced its profits and such reduction has benefited society, *e.g.* environment or labor, in some manner. Such reduction could be a comparison with what it was previously earning or it could legally and practically earn. The latter can be evidenced by the applicant submitting studies similar to those on which business plans and budgets are prepared.

The points to be received depend upon the extent of the monetary hit taken and the benefit provided to society.

The aim is to inspire healthy competition amongst entities within their own sector to acquire maximum points. Thus, bonus points could be awarded to schemes successfully implemented by an applicant which, in comparison with other entities in the same sector at that time, provide maximum benefit to society and resulted in significant or maximum financial loss (Optimal Scheme). Additionally, in the event an Optimal Scheme is ‘copied’ and implemented by other entities, such entities are entitled to points. However, the originator of the Optimal Scheme (evidenced through records maintained with the PSS Department, discussed below) is entitled to bonus points.

Points can also be awarded for whistle-blowing which culminates in a final binding judgment. Entities can report illegal activities of other entities. Usually, entities in the same or similar industry are intimately aware of the possibilities of corruption in that field, and thus are vital contributors in reducing corruption.

5.3 *Implementing the PPS*

The PPS is regulated by a specific regulatory department (PPS Department) set up by a government. The PPS Department is responsible for:

- Maintaining a repository consisting of the names of all incorporated entities
- Analyzing the scheme filed by an applicant based on which it hopes to be awarded points
- Determining the extent to which the scheme has been successfully implemented by the applicant and whether it achieves what the applicant claims that it has achieved
- Awarding points. The complexity of the PPS lies in the manner in which points are to be awarded to schemes filed by applicants. This is discussed to some extent below
- Making the points available for public viewing. This includes making public its reasoning behind award or reduction in points, and
- Ensuring (with the assistance of other regulatory authorities e.g. competition commission) that entities do not indulge in cartelization and consequently undermine the PPS.

The points awarded would be between 1 to 100. Taking from Smith's concept of lowering the standards of virtue, an entity that is awarded 100 points is not the perfect company that has all the answers but, amongst its peers at that time, the entity has found the best balance between its own interests (profits) and that of society.

The PPS is meant to be dynamic and fluid. Each applicant is judged against the schemes and activities of its peers *i.e.* entities that are in the same or similar industry and are of comparable size. This is crucial for a scheme where points are awarded based on the extent to which an applicant forgoes its profits for the benefit society (by reducing emissions beyond what it is legally required to or paying taxes over and above what it is legally required to), a multi-national corporation (MNC) is able to achieve a lot more than a start-up company.

At the same time, to promote healthy competition an Optimal Scheme implemented by an applicant (whether an MNC/start-up/mid-tier company) in a particular industry is compared to schemes implemented by all other entities regardless of size in the same or similar industry. Of course the magnitude of benefit greatly differ and depend upon the size of the entity; however the spirit with which it is implemented is comparable.

The aim of the PPS is not for an entity to obtain say, 90 points and remain there. Rather, the idea is for the market to continue competing and constantly find new permutations and combinations to find the ‘right’ balance between interests of the entity and society. Thus, the points reflect where an entity stands against its peers at any particular time. Thus, 90 points in 2014 is different from 90 points in 2024. Over a decade ‘the right balance’ would have considerably evolved.

In order to ensure that entities do not reach a score and stagnate, I propose that when a scheme is awarded points, the entity is entitled to enjoy that point for a specific period of time. The period would depend upon the sector, its size to account for economies of scale, etc. However, when the approved time expires *e.g.* 7 years, (presuming that the entity has not made any significant changes in implementing that scheme and hence, not applied for new points) the entity is automatically judged against its peers (regardless of size but same/similar sector) and its points are adjusted accordingly. Points can be upgraded (if it is the Optimal Scheme) or downgraded.

5.4 Calculating Points & Resolving Disputes

In order to make the PPS objective, the PPS Department must provide a detailed list of criteria, permutations and combinations and the range of points that are awarded for each. This is done by industry as well. Account needs to be taken of the differing sizes of entities (start-ups, MNCs etc.). This includes information such as certain businesses are highly polluting, others are less so. Additionally, all schemes are judged against other schemes (as discussed above). Thus, the first criteria and permutations and combinations proposed as bench marks (at the commencement of the PPS) are derived from extensive study of existing businesses.

This criteria and related points evolve over time, for only then in different decades will points carry different implications.

An element of subjectivity in decision-making always remain, as each and every business is different at some level and there are countless issues that need to be taken into consideration. But such subjectivity can be tackled with transparency *i.e.* the reasoning behind award or reduction of points by the PPS Department is detailed and made publically available.

To resolve disputes between entities and the PPS Department in respect of the award or reduction of points, a special tribunal may be appointed whose decision is final and binding. All information provided to such tribunal, debates, reasoning and decision is open to public scrutiny.

5.5 *Giving teeth to the PPS*

It is in the self-interest of shareholders and directors to maximize profits as profits affect their dividends and bonuses. For the focus to shift from profits to maximizing points under the PPS, the PPS must also directly impact their ability to receive such dividends and bonuses.

Thus, if a company has zero points, no dividend or bonus should be paid. This excess fund should be deposited with the PSS Department free of interest. However, the entity will be entitled to receive the said amount (part or total) depending upon the points obtained. Simplistically, if the entity obtains 50 points, it is entitled to receive 50% of that amount and distribute it as dividend/bonus as it deems fit.

Additionally, points should also impact stock prices. Consequently, when acquiring shares, potential shareholders would carefully study the points awarded under the PPS in order to identify the probability and extent to which they would be entitled to receive dividends. If the points are high, and it is entitled to enjoy the same points under the scheme for 10 more years, the potential shareholder is happy to invest. However, if the points are low and no proposal for a new scheme is in the pipeline, investors will be more wary.

This is not as alarming as it may seem for the point system is based on the market and should be fairly easy for entities to obtain points. Even at the start of the PSS the entities are able to show various benefits to society and many entities are already involved in activities falling under corporate social responsibility.

Through creativity this system needs to be woven more intricately into the fabric of our commercial world. For example:

Entities having a high point like 80 and above (**High Point Entities**), can be given certain benefits say, benefits from other entities in the form of cheaper raw material or services. Entities that provide cheaper raw material/services to such High Point Entities are entitled to obtain points as they are promoting and assisting entities that put society first. However, it is imperative to ensure that such service/product providing and consuming entities are not part of the same group, otherwise it is easy to manipulate the system. If the points of a High Point Entity fall under the agreed threshold, all such benefits fall away.

In a supermarket consumer products are stacked in a segregated manner *i.e.* products from High Point Entities could be stacked entirely separate from all

others, so the consumer is visibly able to identify. The company owning the supermarket can claim points under the PPS for this categorization. Along with incentivizing entities in becoming creative and taking advantage, the aim is also to push consumers to increase the purchase of products made by High Point Entities.

Typically, self-interest dictates that consumers select the cheapest product regardless of how the manufacture of the chosen product affects society. However, this self-interest can be tempered by playing to the need for praise and sympathy. If products are kept in this segregated manner, it is easy to identify people who assist High Point Entities and thereby award them in creative ways.

Media is an extremely powerful. If media houses are able to demonstrate they are providing services at lower rates to High Point Entities or are independently marketing the benefit of purchasing services or products of High Point Entities and the good that such High Point Entities are doing, then not only can they claim points but also significantly influence the consumer to be part of this growth.

The PPS does not foresee an increase in price of goods/services sold for in order to be appointed points the applicant must show such a hit to profits. Over a period, the loss of profit is compensated to a certain degree by an increase in demand of products/services of such High Point Entities. Further, prices of goods/services of such High Point Entities may even become extremely competitive as, in addition to increase in demand, they would have additional advantages such as acquiring raw material/services from other entities at cheaper rates.

5.6 *International Collaboration*

It can easily be expected that if only one or two countries implement the PPS, entities may shift their operations to other jurisdictions where they can continue legally profiteering at the expense of society. Thus, for the PPS to be truly effective it needs the mutual consent of all major trading countries. This can be achieved by way of an international agreement executed at an international forum. Although in the past countries have dragged their feet on multi-lateral agreements, perhaps this era can be different[†].

[†] By way of examples the primary aim of the new director general of the World Trade Organization, Mr. Roberto Azevedo, is to inspire countries into executing multi-lateral agreements and bring successful closure to the stalled Doha round. As another example, the Swiss have backed curbs on executives' pay and bonuses in certain circumstances despite fears that businesses may relocate.

6 Society before Profit: A Legal Duty

In the TMS, Smith ponders whether to prevent a, “paltry misfortune to himself” a man will be “willing to sacrifice the lives of a hundred millions of his brethren....” He remarks that such a thought is horrifying and this horror is felt not because of humanity or benevolence, but because of reason, principle and conscience guiding each man. Any man who prefers himself shamefully and blindly as to cause such harm is abhorred by society.

Thus, it is the responsibility of governments, commerce and civil society to advocate and implement a system, no matter how difficult it may seem at first, where society is placed ahead of personal gain. Businesses, their directors, officers and shareholders must be legally obligated to put society’s interest before profits. It should be their legal responsibility to find the ‘right’ balance between their personal interests and interest of society.

* * *

REFERENCES

- Clark, Pilita, July 3 2013. "EU votes to prop up carbon prices on emissions trading system". *The Financial Times Limited* 2014. <http://www.ft.com/intl/cms/s/0/53738a00-e3fa-11e2-b35b-00144feabdc0.html#axzz2umC3xfOo>
- Corporate Europe Observatory. "EU ETS myth busting: Why it can't be reformed and shouldn't be replicated", April 15 2013. <http://corporateeurope.org/publications/eu-ets-myth-busting>
- Department of Energy & Climate Change, 2013. EU ETS: Carbon Markets. <https://www.gov.uk/eu-ets-carbon-markets> (assessed March 12 2013)
- "EU ETS myth busting: Why it can't be reformed and shouldn't be replicated", April 2013. http://scrap-the-euets.makenoise.org/wp-content/uploads/2013/04/Myths_internet.pdf
- European Commission: Climate Action, 2013. "The EU Emissions Trading System (EU ETS)". http://ec.europa.eu/clima/policies/ets/index_en.htm (accessed March 12 2013)
- Gilbertson, Tamra, 2011. "Fraud and scams in Europe's Emissions Trading System". *Climate & Capitalism*. <http://climateandcapitalism.com/2011/05/05/fraud-and-scams-in-europes-emissions-trading-system/>
- Harvey, Fiona, 2013. "Emissions trading scheme: EU committee passes 'rescue' reforms". *The Guardian*. <http://www.guardian.co.uk/environment/2013/feb/19/emissions-trading-scheme-eu-rescue-reforms>
- Klammer, Arjo, 1989. "A Conversation with Amartya Sen". *Journal of Economic Perspectives*, Volume 3, Number 1, pages 135–150.
- P., J., 2013. "Carbon Trading: Below Junk Status". *Economist*. <http://www.economist.com/blogs/schumpeter/2013/04/carbon-trading>
- Pielke, Roger Jr., 2013. "State of the EU Emissions Trading Scheme". *The Energy Collective*. <http://theenergycollective.com/roger-pielke-jr/215431/state-eu-ets>
- Reed, Stanley, December 10 2013. "European Lawmakers Support Carbon Trading System". *The New York Times*. <http://www.nytimes.com/2013/12/11/business/energy-environment/european-lawmakers-vote-to-support-carbon-trading.html>
- Salter, Malcolm S, 2010. "Lawful but Corrupt: Gaming and the Problem of Institutional Corruption in the Private Sector". *Harvard Business School*. Working Paper (dated April 12 2010) <http://www.hbs.edu/faculty/Publication%20Files/11-060.pdf>

- Sen, Amartya, 2010. “Adam Smith and the Contemporary World”. *Erasmus Journal for Philosophy and Economics*, Volume 3, Issue 1, pages. 50-67. <http://ejpe.org/pdf/3-1-art-3.pdf>
- Sen, Amartya. “Adam Smith’s Prudence”. http://edwardmcphail.com/dismal_science/Smiths_Prudence.pdf
- Sen, Amartya. 2009. “Capitalism Beyond the Crisis”. *New York Review of Books*. <http://www.nybooks.com/articles/archives/2009/mar/26/capitalism-beyond-the-crisis/>
- Smith, Adam, 1904. *An Inquiry into the Nature and Causes of the Wealth of Nations*, edited by Edwin Cannan. London: Methuen & Co., Ltd. <http://www.econlib.org/library/Smith/smWNCover.html>
- Smith, Adam, 1984. *The Theory of Moral Sentiments*, edited by D. D. Raphael and A. L. Macfie. Liberty Fund.
- Thompson, Dennis F., 2010. “What is Practical Ethics”. Harvard University, Edmond J. Safra Center for Ethics. <http://www.ethics.harvard.edu/the-center/what-is-practical-ethics>
- UNFCCC, 2013. “Kyoto Protocol”. http://unfccc.int/kyoto_protocol/items/2830.php (accessed March 12 2013)
- Walter, Martin. “The impact of corruption on climate change: threatening emissions trading mechanisms?”, *UNEP Global Environmental Alert Service*, March 2013. http://na.unep.net/geas/archive/pdfs/GEAS_Mar2013_EnvCorruption.pdf