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Do We Live in an Unjust World?

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1. Introduction

1.1 More than 20% of the world population live in abject poverty, on less than \$1 day, and about 50% on less than \$2.¹ One quarter is illiterate. The 2.5 billion people in low-income countries have an infant mortality rate of over 100 for every 1000 live births, compared to six in high-income countries. The gap between rich and poor has increased dramatically: in 1820, the gap in average per capita incomes was 3:1, in 1960 60:1, and in 1997 74:1. The contrast between lavishly rich Americans whose urgent questions of the day are about where to go for dinner and when to meet one's personal trainer, and cotton farmers in Mali with barely enough to survive can hardly be starker, and becomes depressing if we recall that US cotton subsidies exacerbate their plight. Is it not obvious that we live in an unjust world and have duties in justice to make things better?

It actually is not. In most ways things now are better than they have ever been. In terms of just about any standard indicator, the last 200 years have witnessed massive worldwide improvements. For instance, there has been more increase in life expectancy and reduction of poverty in the last 50 years than in the previous 5000, and the same is true for democratization.² To the extent that those facts mentioned above make us think it

¹ Thanks to Charles Beitz, Eric Cavallero, Michael Ignatieff, Margie Jenkins, Helene Landemore, Thomas Pogge, Ani Satz, Dennis Thompson, Leif Wenar, and Ken Winston for comments or discussion, and to Lant Pritchett, Richardo Hausmann, and Dani Rodrik for conversations about development. Thanks also to the members of the faculty fellows seminar at the Center for Ethics and the Professions at Harvard and to the Montreal political theory colloquium, where I presented this material in November 2003.

² According to Potter et al. (1997), in 1975, 68.7% of countries were authoritarian, 7.5% partial democracies, and 23.8% liberal democracies. In 1995, the figures were 26.2%, 26.2% and 47.6% (p 9).

is obvious that the global order is unjust, facts like these should caution us. Some countries have benefited more than others, but it is unclear that inequality and poverty are *injustices*, rather than great *misfortunes* crying for rectification on the basis of a positive duty to support the most downtrodden. Many unjust relationships continue to exist among peoples as well as among individuals. Perhaps there are so many of them that their sum total supports the verdict that we live in an unjust world. Yet this study asks whether the “global order” as such is unjust, and seeks to give a partial answer to that question by showing that at least some prominent ways of arguing that it is fail.

1.2 That question must seem hopelessly amorphous. Yet not only do we *have* to ask it, we will also mean something reasonably precise by it. We must ask it since the unit of political discourse becomes ever more the world as such. “Globalization” is a household world. So we must ask a question in the global context that we have asked all along about relationships among individuals and societies, namely, *is it just?* This question has great practical import: if the global order is unjust, the culprits will have duties in justice to rectify the situation, duties that could not simply be subordinated to domestic concerns.

Before I make our question more precise, a few remarks are due about the “global (political and economic) order.” For the first time in history, there is one continuous global society based on local territorial sovereignty. This system has emerged from the spread of European control since the 15th century and the later formation of new states through wars of independence and decolonization. Even those few systems that escaped Western Imperialism had to follow legal and diplomatic practices imposed by Europeans and were penetrated in other ways. This state system is governed by a set of rules the

most important of which are embodied by the U.N. Charter. At the economic level, the Bretton Woods institutions (World Bank, International Monetary Fund, later the General Agreement on Trade and Tariffs/World Trade Organization) were founded as a framework for cooperation to avoid disasters like the Great Depression. These institutions, together with the G7/G8 states acting alone or in concert, shape the economic order.³ More could be said, but it should be clear that it makes sense to talk about a global order that prominently includes but is not reducible to actions of individual states – and this is so although this order is nothing like a monolithic or harmonious whole.

To make our question more precise, I adopt a minimal conception of justice and ask whether the global order as such is unjust in that sense. I ask whether there is a *straightforward* sense in which the global order *harms* the poor. Much intricacy is tied to the idea of “harming,” as we know from the debate about Mill’s Harm Principle (“just what counts as ‘harming’?”). The sort of “harm” that is beyond this inquiry is vulnerability, the fact (rather than the harmful exercise) of domination, harm done because some people’s needs remain unsatisfied, or because some deserve more than they own and harm done by the mere omission of bringing about a better state of affairs, and so is any injustice characterized along such lines. Adopting this minimal conception entails that we will be able to provide but a partial answer to the title question if a broader conception of justice at the global level can be made plausible. Perhaps the title of this study should then be “Does the Global Order Harm the Poor?” However, on the one hand I am asking *this* question only because what I am really interested in is the question of whether we are living in a just world. On the other hand, this focus has the advantage of

³ Cf. Malanczuk (1997), chapter 15, for a description of the complex net of economic treaties that governs the world economy.

tying complaints of injustice closely to duties of rectification in a manner that has a realistic chance at creating broad agreement about what we ought to do, at least among morally conscious people. As opposed to that, duties based on other forms of injustice (and establishing such injustices in the first place) will be a matter of much more philosophical controversy, and it is fair to say that no other set of philosophical arguments could claim to be as well established to influence public policy as such-harm based arguments are. If it can be made plausible that the global order harms the poor, a very powerful claim with immediate implications for public policy will have been proven. So this matter warrants very serious philosophical attention.⁴

This focus leads to two ways of articulating that the global order as such is unjust, both formulated in Thomas Pogge's *World Poverty and Human Rights*:⁵

Uncompensated Exclusion: The better-off enjoy ample advantages in the use of a single natural resource base from whose benefits the worse-off are largely, and without compensation, excluded.

Shared Institutions: There is a shared institutional order shaped by the better-off, in virtue of their superior military and economic power, and imposed on the worse-off. This order is implicated in the reproduction of radical inequality in that there is a feasible institutional alternative under which severe and extensive poverty would not persist. The persisting inequality cannot be traced to extra-social factors that affect different human beings differently.⁶

⁴ Cf. O'Neill (2000), chapter 7, for this connection between claims of justice and duties. It has been objected that somebody who ends up arguing that the global order is *not* unjust in that it harms developing countries is not entitled to constrain the justice question in this way. But this objection should not arise given what I have said about how my answer to the title question is partial. Jones (1999), chapters 2-4, surveys the main theories in whose light the global order can be taken to be unjust (i.e., utilitarianism, basic-rights approaches, and Kantian ethics).

⁵ Although I use his formulation, I will understand the first view differently from Pogge, but Pogge's concern should be captured by the Cosmopolitan Objection, to be introduced soon.

⁶ (1) Pogge (2002), p 198, defines radical inequality in terms of the following five conditions: 1. The worse-off are very badly off in absolute terms. 2. They are also very badly off in relative terms – much worse off than others. 3. The inequality is impervious: it is difficult or impossible for the worse-off substantially to improve their lot: and most of the better-off never experience life at the bottom and have no vivid idea of what it is like to live in that way. 4. The inequality is pervasive: it concerns not merely some aspects of life, but most aspects or all. 5. The inequality is avoidable: the better-off can improve the

These two views differ in how they characterize the injustice of the global order. Uncompensated Exclusion suggests that the global poor are harmed through violations of their common ownership rights in external resources, whereas Shared Institutions proposes that they are harmed because the global order makes them worse off than they would be according to a suitable standard of reference. These views (which will require quite different responses) strike me as the most interesting articulations of the claim that the global order as such is unjust in our minimal sense. I reject both views. Through our discussion of Uncompensated Exclusion we will also find reasons for rejecting this third articulation of that claim:

Inequality: The observed global inequalities as such are unjust. Especially, one cannot consistently be a domestic egalitarian and not condemn global inequalities.

Moreover, our discussion of Uncompensated Exclusion will lead to an objection (“the rejection provided neither rejects what Pogge meant by it, nor the most important objection that arises in the relevant bit of the discussion”) that articulates yet another view on why the global order is unjust – a view that I reject as well:

Cosmopolitan Objection: Many individuals are, without compensation, excluded from the use of a single resource base that finds itself in common ownership of all of humanity. These individuals are so excluded by their own despotic governments, and these governments can come into and remain in existence because the international order provides incentives that allow them to do so.

circumstances without becoming badly-off themselves. (2) Pogge offers a third view: “*Violent History:* The social starting positions of the worse-off and the better-off have emerged from a single historical process that was pervaded by massive, grievous wrongs. But a morally tarnished history should not result in radical inequality, given that all people who live nowadays live *because* there was such a morally tarnished past. (Had the past been different, different people would be alive, and different considerations would apply.)” Surely there has been much violence, and different people would be alive had the past evolved differently. Yet past injustice *per se* hardly makes the existing order unjust or imposes a negative duty. We need to show how past injustice leads to an ongoing injustice and imposes a negative duty on people alive today. Shared Institutions does so, by arguing that that injustice is the imposition of an economic system detrimental to developing countries.

Thus this study seeks to reject four views articulating the alleged injustice of the global order. Throughout (especially in sections 4-6), Pogge is the envisaged opponent, but these questions deserve our attention regardless of who holds what view on these matters.

1.3 Whether we live in an unjust world and what duties societies have towards each other depends to some degree on empirical views about what causes the wealth of societies.⁷ If geographical factors are economic destiny, countries will not be poor because others impose a system that harms them. If growth depends on domestic institutions, development aid should take the form of support in building institutions, rather than resource transfer. If geographical factors trump, it may be that “it is the fault of developed countries that certain institutions are in place” (they derive from colonialism), but that does not entail that “it is their fault that developing countries are *poor*.” If institutional factors trump, the inference holds. Empirical and normative issues interact in the assessment of duties societies may have towards each other. It is widely agreed that there is a duty to support the global poor, with disagreement remaining about the nature of this duty (“justice” vs. “charity;” normative). Once such a duty is in place, we must ask about its content, which draws on what makes countries wealthy (empirical). What duty it makes sense to impose must be influenced by what makes countries do well. The content of the duty, in turn, affects its scope and limits (normative⁸).

⁷ When talking about the “sources of wealth” I mean this as a shorthand for “what makes some countries poor, volatile, and unequal and others rich, stable, and equal.” So in particular we are then also talking about the causes of poverty.

⁸ Suppose the content of our duty is to help build institutions; in that case, as we shall see later, certain considerations about the nature of institutions constrain what we ought and ought not to do.

As a matter of professional hazard philosophers underestimate the relevance of empirical questions for normative inquiries. Both the quality of our treatment of such questions and the impact of political philosophy outside philosophical circles suffers from such abstention. Yet one drawback of moving to the frontier of empirical research is that a philosophical study can mostly *quote* such contributions and not actually do the work required to establish them. I will point out which bits of my argument depend on empirical claims; in light of the fact that development economics – the discipline exploring the sources of the wealth of societies – has witnessed many failed attempts at articulating general theories I resort to empirical matters only if I must. Still, we have to go where the questions take us.

Section 2 deals with Uncompensated Exclusion in a manner that remains uncommitted to empirical views. Section 3 takes a stance on this question. The view I endorse is one that regards institutions as crucial to wealth. If that view is correct, Uncompensated Exclusion fails to show that the global order is unjust. Section 3 also explores some additional implications of that view. In particular, it turns out that global equality *as such* is not a goal that even domestic egalitarians should want to pursue. I explore these implications because the bulk of this study shows that ways of arguing that we live in an unjust world fail, which leads to the question of what duties to the poor there are. My answer is in broad agreement with Rawls (1999), but Rawls subscribes to an implausibly strong version of the view I defend. Section 4 discusses an objection that leads to another view on why the global order is unjust that also draws on unilateral resource exploitation, but with a different emphasis (the Cosmopolitan Complaint). Section 5 addresses Shared Institutions. That view fails regardless of empirical views.

While it fails in the sense of “we cannot prove it” rather than in the sense of “we know it to be false,” this “cannot” is of a rather categorical sort. Section 6, finally, addresses two objections to the discussion in section 5, namely that our colonial past and the present performance of the WTO all by themselves show that the global order is unjust. I will suggest at various points that we should think of the world order as imperfectly just, rather than fundamentally unjust. It should become clear that this is not a version of “the glass is half empty vs. the glass is half full,” but instead turns on substantive disagreements about ways in which the world can be taken to be unjust.

2. Uncompensated Exclusion⁹

2.1 Uncompensated Exclusion is plausible as a reason for why the global order is unjust *only* if the following condition holds:

Egalitarian Ownership: The world’s resource base belongs in some (possibly rather weak) sense to humankind in common.

Unless those barred from enjoying a share of resources have a legitimate claim to them, no injustice occurs through unilateral appropriation. The only plausible way of backing up such a claim is captured by Egalitarian Ownership. *Only* if Egalitarian Ownership holds does Uncompensated Exclusion show that the global order is unjust. For the sake of the argument I grant Egalitarian Ownership. Our task is to assess how to understand it.

There are, roughly, four types of ownership-status X may have: no ownership; joint ownership (ownership is directed by collective preferences); common ownership (X belongs to several individuals, each equally entitled to using it within constraints); and

⁹ Section 2 develops Uncompensated Exclusion in a way different from how Pogge understands it. Yet this understanding of that view is very much worthy of attention. Section 4 focuses on Pogge’s approach.

private ownership¹⁰. Even if X is unowned, moral or other constraints may limit its appropriation. The intuitive case for the claim that resources are not up for grabs is that their existence is nobody's accomplishment. Who gets to use them should not depend on accidents of space and time. If so, resources must be jointly or commonly owned, or if they are considered unowned, their acquisition must abide by moral constraints. It matters greatly which form of ownership we endorse. If resources are jointly owned, differential resource use is a rights violation (unless it has received general approval, which we can safely rule out), and so Uncompensated Exclusion has been proven. Yet joint ownership is a view that hardly anybody holds since it is so demanding as to require support from very thick philosophical theories, theories that strike most as too strong. It is safe to assume that, if differential resource use is a rights violation, this is so because resources are either commonly owned, or unowned but can only be acquired if moral constraints are respected. So Egalitarian Ownership should be understood along such lines.

Here is another reason why we should understand Egalitarian Ownership in a weak sense. Views denying even such a weak understanding are easy to come by. First, one may say resources are originally unowned and no moral constraints apply to their appropriation. Appropriation is legitimate if it abides by a first-occupier principle, the only constraint being what one can reasonably "occupy." Second, one may maintain "that 100% of the value of a good is the work of human creativity" (Paul (1987), p 230). So objects of ownership are attached to their "creators." Third, one may think ownership acquires meaning only within domestic political systems. We do not need to explore

¹⁰ For example, if "we" hold some land as common ownership, then all of us are equally entitled to using it, but this use is not subject to any kind of collective preference. If instead we go through a process of joint decision making, we hold the land as collective property.

these views, but the following two features of resources are part of what motivates such views, and we should take note of them when assessing Egalitarian Ownership. To begin with, many natural materials obtain their status as resources, and their economic value, through human activities that require a social context: crude oil, for instance, became important only after the invention of the motor engine. Moreover, resources, unlike biblical manna, require work to become “available:” oil must be extracted and refined, coal and minerals must be mined, etc. While I do not give these points the significance that leads to any of those three views denying any version of Egalitarian Ownership, we should take them seriously enough to understand Egalitarian Ownership in a rather weak sense in order not to forfeit whatever plausibility it has to begin with.¹¹

2.2 Nothing depends on whether we talk about “common ownership” or “no ownership with moral constraints on acquisition” here, so I assume that a weak form of common ownership of resources holds. Such ownership implies that co-owners who unilaterally use resources do not owe compensation *merely* because others do not do so, or *merely* because they exploit one particular resource (say, oil) that others do not find where they live. Being co-owners, they have a right to resources. However, adversely affected parties have a valid complaint under the following conditions: first, some co-owners are prevented from using resources; second, some do not have a noticeable share of resources; third, some are being harmed by unilateral acquisition. As far as the first point

¹¹ I develop these themes in much more detail in Risse (forthcoming). Notice that adopting such a weak notion of common ownership makes it easier to argue later that common ownership is not in fact violated in a manner suggested by Uncompensated Exclusion. By adopting a stronger notion of common ownership one will be able to undermine that argument. However, there will then be an enormous difficulty in establishing that notion of common ownership to begin with.

is concerned, it is not the case (any more) that some societies keep others from extracting resources, or that colonial powers own extraction facilities in their colonies. As far as the second is concerned, many of the poorest countries are actually *resource-rich*. It is not true that developing countries are poor because they lack external resources.¹²

The best case for the claim that unilateral resource exploitation is illegitimate is that it harms some participants. Let us ignore forms of harming on the side of specific countries (e.g., refusal to restrict the emission of chemicals that cause the ozone hole although most experts agree that that hole will not heal for another 50 years), and focus on harm tied to the global order as such. The most plausible version of that complaint is that the global order is unjust because the relative economic standing of societies within in is determined by the fact that some obtain more, or more useful resources, although humankind owns those resources in common. So we must assess the following claim:

Resource Significance: Resources are crucial for countries' wealth.

Unless Resource Significance holds in addition to Egalitarian Ownership, Uncompensated Exclusion fails to show that the global order is unjust.¹³

¹² Many if not most countries in Sub-Saharan Africa are resource-rich, cf. chapter 1 in Veit (1998), and *World Resources 1996-1997*. Note also that the world is not (yet) running out of resources, according to the *World Resources Report 1994-95*, p 5: "Evidence suggests, however, that the world is not yet running out of most nonrenewable resources and is not likely to, at least in the next few decades. By a number of measures, reserves of energy and of subsoil minerals are more abundant, and real world prices for such commodities are generally lower today than 20 years ago, despite global consumption. Moreover, new technology is increasingly making possible substitutes for many traditional natural resource-based materials. Technology development is also yielding to more efficient means of providing light, motive power, and other energy-related services. Such changes are paving the way to economies less dependent on natural resources. When shortages do emerge, experience and economic theory suggest that prices will rise, accelerating technological change and substitution." For the view that there is no pending (and in light of technological advances, plausibly no future) danger of the world's running out of resources, cf. Lomborg (2001), chapter 11 and 12.

¹³ Yet section 4 explores another way in which exclusion from resources may make the global order unjust.

2.3 So let us see whether it is true that resources are crucial for a country's wealth. To this end, we consult the three current views on what determines a country's wealth:

Geography: Growth is primarily determined by factors such as location, climate, endowment of natural resources (including soils), disease burden, and thus agricultural productivity, quality of human resources, and transportation costs.¹⁴

Integration: Growth is determined by market integration. Leading international policy makers from the World Bank, IMF, WTO, and OECD frequently make the case that integration into the world economy is the surest way to prosperity.¹⁵

Institutions: According to this view, the economic prosperity of states depends on the quality of institutions, such as stable property rights, the rule of law, bureaucratic capacity, appropriate regulatory structures to curtail at least the worst forms of fraud, anti-competitive behavior, and graft, the quality and independence of courts, but also the cohesiveness of society, existence of trust and social cooperation, and thus the overall quality of civil society.¹⁶

One may find it odd to ask which theory “wins,” since countries' prosperity will depend on many factors, including those championed by these theories, mixed with history and human choices. Also, factors that are causally relevant for growth influence each other. A country can more easily integrate its economy globally if it has stable institutions, and successful integration facilitates their maintenance. A country has difficulties in trading if it is landlocked or far from markets. The absence of debilitating epidemics favors stable institutions, but such institutions may also contribute to the capacity for disease control.

¹⁴ For this view, cf. Diamond (1997), Gallup, Sachs, and Menninger (1998) and Sachs (2001). Some readers may think that listing “human resources” here is problematic. I do so because this is part of how Geography is generally understood.

¹⁵ Cf. Frankel and Romer (1998) and Sachs and Warner (1995).

¹⁶ Cf. North (1990); Landes (1998); Hall and Jones (1999); Acemoglu, Johnson, and Robinson (2001); Rodrik, Subramanian, and Trebbi (2002). The importance of domestic institutions is also discussed in the 2003 *World Economic Outlook*, chapter 3, which is a nice review of the recent literature. One illustration of the importance of institutions appears in that report: calculations show (p 106) that an improvement in the level of institutional development from its current average to the higher level of developing Asia would imply an 80 % increase in per capita income for Sub-Saharan Africa: from \$800 to over \$1,400. (For how to measure quality of institutions, see p 119, appendix 3.1)

Abundance of resources, on the other hand, can lead to the creation of rent-seeking institutions, a phenomenon known as *resource-curse*. Not only do these factors influence each other, but prosperity itself, the *explanandum*, affects the factors that supposedly cause it. It may be *because* a country is wealthy that it can maintain stable institutions, benefit from trade, or command means of disease control, rather than vice versa.

Such feedback makes it hard to determine the “deep” causes of prosperity. Yet questions about deep causes that are not themselves the outcome of feedback processes are meaningful, and econometric methods investigate *how much* of the astounding variation in cross-national incomes can be explained by Geography, Integration, or Institutions. Such insights are statistical generalizations that may not apply to each country and do not entail policy advice. Still, this approach is tailor-made to assess the current macroscopic claims about why the present order is unjust since it offers similarly macroscopic explanations for why the global economic order is what it is.

Resource Significance is supported neither by Integration nor Institutions. If Integration is correct, a country’s wealth level does not crucially turn on its resource endowment. A country may offer to the global market what it has a comparative advantage in doing, which may be the provision of minerals, tourism, manufacturing, or services. A similar argument holds for Institutions. Things are different if Geography is true, at least if one understands “resources” in a sufficiently broad sense. When Bloom and Sachs (1998), committed to Geography, sum up the sources of Africa’s problems, they write that “tropical agriculture, especially food production, is faced with chronic problems of low yields and fragility due to low photosynthetic potential, high evapotranspiration, low and variable rainfall, highly weathered soils, veterinary diseases,

and plant and animal pests” (p 227). In addition, they talk about disease control, a small coastline relative to the land area, shortage of natural seaports and navigable rivers, populations far from the coasts, and a high number of landlocked countries. In light of such statements, Uncompensated Exclusion would remain unsupported even by Geography if we understand “resources” only to comprise non-renewable resources such as minerals and fuels, or even renewable resources such as soil and air. Yet if we understand resources in the broader sense of *natural endowment*, Geography supports Uncompensated Exclusion. But of the three views discussed here, only Geography does.¹⁷

3. The Institutional View and Duties towards the Global Poor

3.1 Uncompensated Exclusion shows why the global order is unjust if resources are commonly owned *and* if Geography is the right view on the deeper causes of growth. As stated, this result does not depend on empirical claims, but it is also conditional. To proceed, we must take a stance on the debate about the sources of growth.

It is the institutional view that seems most promising. It was only recently that econometric work showed that quality of institutions is truly causal. It is hard to show that institutions are genuinely causal for growth, rather than vice versa. In the presence of substantial growth and good institutions, it is tempting to suggest that growth causes good

¹⁷ This section has not discussed the environmental dimension of unilateral resource exploitation, that is, the claim that developing countries are harmed because they are subject to the consequences of the ozone hole and of global warming although they have contributed disproportionately little to both problems. For these topics, I refer the reader to Lomborg (2001), chapter 24. In short, while the ozone hole is still present, its causes are contained, the hole is expected to heal within the next decades. Responses to the problem posed by the ozone hole must be regarded as a policy success of shared environmental concerns. Global warming has come to stay, but, for one thing, this must be put perspective because the earth is still in the process of emerging from the “Little Ice Age;” and for another thing, technological advances and raising awareness are likely to prepare the grounds for a collective solution to a problem that, at any rate, will increasingly be caused by developing countries simply in virtue of their increasing market shares. At any rate, global warming should be regarded as a collective challenge for the future, rather than a phenomenon that at this moment makes the world unjust.

institutions, rather than vice versa, or that institutions could arise only because of favorable geographical factors. The challenge is to show that institutions are genuinely causally efficacious.¹⁸ It was even more recently that econometric results suggested that the causality of institutions was crucial. A key contribution is Rodrik et. al. (2002), which shows that institutions trump everything else: as soon as the effect of institutions on incomes is determined, Integration has nothing left to explain, and Geography very little. Moreover, institutional quality significantly affects market integration and vice versa, and geography affects the quality of institutions. So it is through their impact on institutions that geography and market integration are relevant without thereby undermining the causal efficacy of institutions.¹⁹ While such general results help assess macroscopic questions such as “is the global order just,” they do not automatically warrant inferences to specific countries and policy recommendations. Still, case studies confirm that institutions “providing dependable property rights, manage conflict, maintain law and order, and align economic incentives with social costs and benefits are the foundation of

¹⁸ To explain what this means: A simple linear regression model looks like this: $y = \beta_0 + \beta_1 x + u$. That is, we are explaining a function y (the dependent variable) in terms of a function x (the independent or explanatory variable), for instance, prices of houses in terms of their square footage. Function u is the error term, while β_0 is an additive constant and β_1 is a coefficient. To be sure that x actually explains y , we must be sure that there is not another variable z “hidden” in the error term that is correlated with x and thus explains the allegedly explanatory variable. If there is such a z , we call x an endogenous variable, otherwise it is an exogenous variable. Suppose we want to explain $y =$ economic growth in terms of $x =$ institutional quality. How can we make sure that institutional quality is not itself explained by some z (like geography) hidden in the error term? That is, how can we make sure that institutional quality is exogenous, rather than endogenous? We can do so by choosing a so-called instrumental variable z for x . That is, we are looking for a variable z that is correlated with x and thus can substitute for x , but is not correlated with the error term u and thus does not leave the actual explanatory work for other variables hidden in u . As far as institutional quality is concerned, this was achieved only recently (cf. Acemoglu et al. (2001)).

¹⁹ Rodrik et al. (2002) build on much earlier work and conduct robustness tests and discussions of related results. For further contributions on the institutional view, see North and Thomas (1973), Engerman and Sokoloff (1994), Hall and Jones (1999), Acemoglu et al. (2002), Easterly and Levine (2002).

long-term growth” (Rodrik (2003), p 10). Prominent examples include China, Botswana, Mauritius, and Australia. I briefly discuss Botswana (following Acemoglu et al. (2003)).

Botswana is a largely tropical, land-locked country with insignificant agriculture in a geo-politically precarious location. When the British granted independence, they left 12 km of roads and a poor educational system. Making headlines for its devastatingly high HIV rate, Botswana suffers from high inequality and unemployment. Officially a democracy, it has yet to have a functioning opposition party. 40% of Botswana’s output is from the diamond industry, a condition that in other countries cast the resource-curse. Still, Botswana is a growth miracle. Between 1965 and 1998, it had an average annual growth rate of 7.7%, and in 1998 it had an average per capita income four times the African average. Rule of law, property rights, and enforcement of contracts work; the government is efficient, small, and relatively free from corruption. Indigenous institutions, persisting through colonization, encourage broad-based participation, placing constraints on elites. Institutional quality and good policies are responsible for success against the odds.²⁰

3.2 So according to what seems the most plausible account of the sources of growth, Uncompensated Exclusion fails as a reason for why the global order is unjust. The institutional stance has implications for the *duties to the global poor*. The remainder of this section explores those duties. This should be useful since this study rejects major reasons for thinking the global order unjust – which makes us ask what the duties to the

²⁰ Botswana also shows that growth is not all there is to development: but these results stimulate hope that other things will change as well. Another example is Vietnam, cf. Pritchett (2003). Freeman and Lindauer (1999) document that Africa has been in decline. Exploring which countries are exceptions, they confirm that economic success depends on institutional quality. Van de Walle and Johnston (1996) concur.

poor are if they cannot be based on the view that the global order is unjust. On the institutional view, those duties must in general be duties to support institution-building. (“In general:” in cases when wealth or poverty of a society is to be explained differently other considerations apply.) We will shortly say more about the nature of such duties (i.e., why there would be such duties, and whether they would be duties in justice, in charity, or of some other sort), but for now let us assume that there are such duties and explore what follows from their being duties to support the building of institutions.

Recall North’s (1990) well-known definition, according to which institutions

are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic. Institutional change shapes the way societies evolve through time and hence is the key to understanding historical change. (p 3)

Institutions reduce uncertainty by establishing a stable structure to human interaction. Yet those “humanly devised constraints that shape human interaction” work to a society’s benefit only if most individuals support the “rules of the game.” This is true in particular for institutions that cannot be created by governmental fiat (as for instance market-regulating institutions can), such as a constitution guiding generations through political disputes, a legal system that reliably enforces property rights and contracts, but most importantly a culture of trust, and shared understanding of what counts as reasonable benefits from and sacrifices imposed by social cooperation, commitment to the common good, and other hallmarks of civil society. Such institutions can emerge and persist only with broad domestic support. I call the view that especially those institutions that require broad domestic support are crucial for prosperity the *Authenticity Thesis*. That thesis is safe within the confines of the institutional stance: there can be a “stable structure to

human interaction” only if most people follow along. Still, this condition should be made explicit since it is important for what follows. Often all that external aid can contribute if such institutions are missing is analytical work, identification of and support for internal champions for reform, training of future leaders, bureaucrats, or professionals, and technical assistance of various sorts.

If the institutional stance and the Authenticity Thesis are correct, we encounter four *prima facie* reasons against development assistance (and, *mutatis mutandis*, humanitarian intervention). The first is that assistance is ineffective: what it takes to improve the situation cannot be “imported.” The second is a paternalism concern: it is inappropriate for outsiders to build and thus shape institutions. The third is that outsiders cannot be blamed if a society fails in creating something it can only create itself – and thus are not obligated to try. The fourth reason is that institutions might be corrupted if those whose participation maintains them rely on support from the outside. Each of these reasons must be set aside or overcome for assistance to be justifiable. One reason for setting all four reasons aside is if, contrary to the statistical support for the institutional view, in a particular case persistent poverty turns on, say, geographical factors. But even to the extent that institutions are crucial, each reason can be overruled. Contrary to the first, it may be possible to provide help in the creation of some institutions; contrary to the second, paternalism concerns may be irrelevant (even grotesquely so) in the face of starvation (a similar point applies to the fourth reason); and contrary to the third, the

reason why some society has developed bad institutions may be destructive outside interference. Close analysis is needed in each case.²¹

3.3 These reflections on the content of the duty to the poor have significant implications. First, the long-standing view, seminally captured in Singer (1972), according to which the biggest challenge in development aid is to move rich Western restaurant patrons to have one fewer meal out and donate the money to charity (money that, once available, can be readily applied to effective development projects), is misleading. If effective development aid must be channeled through institutional design, possibilities for individuals or organizations to interfere fruitfully will be limited accordingly.²²

The institutional stance also entails that inequality as such among societies is not morally problematic. Rawls (1999), for one, endorses this view. Rawls says that the

third guideline for carrying out the duty of assistance is that its aim is to help burdened societies to be able to manage their own affairs reasonably and rationally and eventually to become members of the society of well-ordered Peoples. This defines the 'target' of assistance. After it is achieved, further assistance is not required, even though the now well-ordered society may still be relatively poor. Thus the well-ordered societies giving assistance must not act paternalistically, but in measured ways that do not conflict with the final aim of assistance: freedom and equality for the formerly burdened societies. (p 111)

²¹ One may add, facetiously, that it is a good thing that this paper argues against the view that the global order is unjust: for these considerations provide reason to be skeptical about ability to change things decisively if it were unjust.

²² Van de Walle and Johnston (1996), p 2/3 point out that institutions in Africa founded on substantial donor support are weak and highly dependent on outside resources. The 2002 *World Development Report, Building Institutions for Markets*, elaborates on the theme discussed above, and provides literature references. The World Bank Research Report *Assessing Aid* announces the following findings: financial aid works in a good policy environment; improvements in economic institutions and policies in the developing world are the key to a quantum leap in poverty reduction; effective aid complements private investment; the value of development projects is to strengthen institutions and policies so that services can be effectively delivered; an active civil society improves public services; aid can nurture reform in even the most distorted environments – but it requires patience and a focus on ideas, not money (p. 2-4).

Rawls holds that the content of the duty to the global poor is limited to transitory assistance in institution building, and thus implies that inequalities as such among peoples are not morally relevant. He takes this view because he endorses a strong version of the institutional view. Appealing to Landes (1998) and Sen (1981), Rawls insists that

the causes of the wealth of a people and the forms it takes lie in their political culture and in the religious, philosophical, and moral traditions that support the basic structure of their political and social institutions, as well as in the industriousness and cooperative talents of its members, all supported by their political virtues. I would further conjecture that there is no society anywhere in the world – except for marginal cases – with resources so scarce that it could not, were it reasonably and rationally organized and governed, become well-ordered. (p 108)

This strong version of the institutional view has found few advocates. Yet what I take to be a more plausible version of the institutional stance (the view we have developed in this section) still entails that economic inequality as such is not morally problematic.²³

Here is why. We have seen that there are four reasons against assistance that must be overcome for such aid to be justifiable; we have also seen that, under the appropriate circumstances, all four of them can (may have to) be overcome. Yet such reasoning does not push towards global equality. To the extent that those four reasons remain forceful, they will push outsiders not to worry about the comparative wealth level of societies. Even if we say that, from the point of view of equality, such a state of affairs is problematic, and even if in a domestic context we find such an observation sufficient to bring about a change, we will find this reason overruled when it comes to interference with other societies. Since to the extent that those four reasons can be maintained (which will be a matter of degree and vary across societies), we should not alter a given people's current economic situation, it would be astonishingly unlikely for this reasoning to end up

²³ Notice that this rejection of Inequality does not depend on adopting a minimal notion of justice: it turns only on the importance of institutions for growth.

mandating equality across societies; if it did, it would not be because equality as such is valued, but because various bits of society-specific reasoning would happen to entail it. So in particular one can consistently be a domestic egalitarian and not insist on economic equality across societies.²⁴

Some views put aside all four reasons categorically since they do not take the existence of institutions to provide such reasons, or no reasons overruling egalitarian concerns. One such view is a cosmopolitanism that denies any normative relevance to peoples, as well as to claims such as that individuals desire to live in peoples, that their identity draws substantially on their membership in peoples, etc., and that favors a version of egalitarianism concerned decidedly with socio-economic equality. Another view holds that peoples as such have claims to equal treatment to such an extent that they have claims to economic equality regardless of institutional performance and of issues of individual responsibility. It takes either a strong individualistic or a strong collectivist stance to motivate the disregard of institutional quality required for insisting on the importance of equality across peoples. However, this collectivist stance overemphasizes the normative importance of peoples in a way that few will find plausible; we will talk more about the cosmopolitan view in section 4, so for now let us merely record that this view still needs to be addressed.

3.4 Subsections 3.2 and 3.3 explore implications of the fact that, on the institutional view, the content of the duties to the global poor, if there are any, must be support in building institutions. To complete our account, we must ask whether there indeed are such duties,

²⁴ Note, however, that this argument by itself shows only that inequality as such is not unjust. It is consistent with that claim that massive inequalities raise additional issues.

and what their nature would be (i.e., whether they would be duties in justice, in charity, or of yet some other character). I take it that, in addition to rational considerations based on enlightened self-interest (“dysfunctional states are a global liability”), moral considerations based on consistency are the most promising avenue to pursue. However, to spell out such considerations with care, one needs to introduce some machinery (such as Rawlsian well-ordered societies) to see what is supposed to be consistent with what. Since we are exploring perspectives of justice on the global order, I omit this and ask instead whether duties to support institution-building are duties in justice.

The institutional stance does give rise to duties in justice, which on the face of it are bi- or multilateral. To see how such bi- or multilateral duties in justice may arise under the institutional view, consider the Democratic Republic of Congo, formerly Zaire. A recent study of institutional quality assigns Congo/Zaire the lowest score, and there is a straightforward link between the lack of good institutions and the Belgian occupation.²⁵ The former Congo Free State, first property of Leopold II and later transferred to Belgium, was exploited with gruesome recklessness and without providing structures to prepare for independence. When granted independence, the country did not even have a basic network of roads. Tensions on Independence Day and an army mutiny prompted by the conduct of remaining Belgian officers led to the murder of Prime Minister Lumumba, which inaugurated the Mobutu dictatorship, which led to the current civil war. Belgium cannot be blamed for harmful interventions of others, but it can be blamed for creating a country incapable of solving basic collective action problems, which allowed for such actors to emerge and precluded good institutions from developing. Many details must be

²⁵ For institutional quality, cf. Kaufmann et al. (2002). Regarding Congo/Zaire, cf. Hochschild (1999), or Freund (1998)). For rectifying past injustice, cf. Sher (1981), Lyons (1977), and Waldron (1992).

added to make a thorough case for grounding a duty. Still, Congo/Zaire is as straightforward a case as there is.

Attributing such duties is hard. We must ask whether consequences of past actions are attributable to successors of perpetrators in such a way that they owe compensation to the victims' offspring. Yet as much as victims' lives were disrupted, their bodies disfigured, their lands ruined, the offspring are not accountable for *those* actions, neither individually nor collectively. Rather, there must be an ongoing injustice shaped by past injustice -- that is, the victims' offspring must suffer from ongoing disadvantages.²⁶ As time passes, opportunities arise for fixing damage inflicted in the past. The more such opportunities are disregarded, the less plausible it is to attribute duties to the perpetrators' successors. Spain cannot now be blamed for what happened in Latin America long ago. Also, additional injustice may transform the situation. In Congo/Zaire, Belgium is to blame for ongoing hardships though others have since caused harm. Yet the more such actions occur, the more time passes, the less one can ascribe duties to the perpetrators' successors (again, neither individually nor collectively).²⁷

At any rate, the institutional viewpoint must acknowledge duties to rectify injustice, even if discourse about them will be amorphous. On the face of it such duties are local and bilateral: specific societies are implicated in the institutional history of other

²⁶ What if the perpetrators' offspring benefit from past injustice while we cannot ascribe any ongoing harm (affecting the victims' offspring) to actions of the past? I am not sure what to say about this, but given the minimalist framework of justice that we have adopted for the purposes of this paper, we can set this aside.

²⁷ It is often impossible to assign *degrees* of responsibility. According to a front-page article in the *New York Times* on July 8, 2003, Charles Taylor, then-President of Liberia, was indicted on 17 counts of crimes against humanity for "bearing the greatest responsibility" for crimes in neighboring Sierra Leone. By way of contrast with Congo/Zaire, Ferguson (2003) (cf. pp 216-218, pp 360-362) argues that British institutions improved India's economic prospects. He claims that British (not French) institutions benefited colonies.

specific societies. Shared institutions (cf. 1.2) proclaims duties in justice that developed societies have *at the aggregate level*. Section 5 argues that there are no such duties.

4. Objection: “Explanatory Nationalism”

4.1 Yet next we must treat an objection that merits its own section and leads to another reason for why the global order is unjust, a reason related to but different from Uncompensated Exclusion. The objection is that our discussion is methodologically and morally flawed. The methodological objection is that the growth theories discussed above take the existence of a state system for granted and cannot assess the extent to which that system *per se*, and international structures themselves, cause harm. Pogge (2002) calls this deficiency *explanatory nationalism*, the fallacy of tracing economic well-being and other development indicators exclusively to domestic factors. Yet states and individuals react to incentives given by the global order. Such incentives affect who shapes policy, what their incentives and options are, and what the impact of their policies is: the quality of institutions may be affected and much misery explained thereby.

In addition, the objector says, our discussion is morally flawed for paying insufficient attention to individuals. Cosmopolitans like Pogge insist that individuals are the unit of moral concern, matter equally, and should matter equally *to everybody*. As opposed to that, our discussion has talked about societies and *their* relative economic standing within the global order in the context of common ownership of resources. These two concerns are related (“explanatory nationalism is a non-cosmopolitan’s way of ignoring cosmopolitan concerns”) and lead to another reason for why the global order is unjust in a manner that draws on unilateral resource exploitation. There is a harm

different from the one that is done if the relative economic standing of societies depends on unilateral exploitation of commonly owned resource: harm done to individuals in a way that involves the global order through setting incentives for despotic governments.

That the global order is unjust in this sense is pointed out by the

Cosmopolitan Objection: Many individuals are, without compensation, excluded from the use of a single resource base that finds itself in common ownership of all of humanity. These individuals are so excluded by their own despotic governments, and these governments can come into and remain in existence because the international order provides incentives that allow them to do so.

Such incentives are the borrowing and resource privilege (the privileges to borrow on behalf of a country and to sell its resources (Pogge (2002), pp 110-117)), which the global order grants to any government in control of a country. By doing so, the global order sets incentives for corrupt regimes to emerge. The Cosmopolitan Objection is important since common ownership by itself is too weak to impose duties on third parties to make sure that those excluded from resources get their share. If the global order itself brings it about that some co-owners cannot exercise ownership rights, a duty emerges.

4.2 While undoubtedly the existence of the international order provides incentives to seize power illegitimately, I suspect that coups are often primarily motivated by the sheer desire to rule (to be the “biggest fish in one’s pond”), rather than the desire to enjoy an influx of money. But let us leave this aside. I agree that the economic and political status of a society is shaped by a range of factors some of which are domestic, some bi- or multilateral, and others global. Explanatory nationalism is as untenable as explanatory cosmopolitanism would be (i.e., the view that the economic status of a society is

completely explained by global factors).²⁸ Although they each organize data on a country-by-country basis, all three views of the causes of wealth introduced above can accommodate the importance of factors other than domestic ones. The institutional view can do so by acknowledging circumstances under which global or multi-national factors are causally involved in the genesis of institutions. The sheer use of theories such as those approaches to the causes of wealth does not involve a methodological commitment to explanatory nationalism; they speak to the question of what causes growth, not how those factors that do so came about.

Let us consider the moral objection. I agree that the ultimate unit of moral concern are individuals, and that individuals matter equally. However, I deny that individuals should matter equally to everybody. I will now sketch a view that explains in what sense I deny this, and that at the same time also rejects the Cosmopolitan Complaint by offering an independent justification for the features of the state system that Pogge suggests cause the relevant harm. The crucial move for both purposes is to propose a view that grants peoples a normative status as explained by the following propositions. First, individuals desire to live in peoples, groups that, whatever else is constitutive of them, are tied by what Rawls (1999) calls “common sympathies” (p 24), that are, and for which individuals desire to be, the primary locus of social, economic, and political structures that persons belong to. Second, individuals desire for their people to have the right to self-determination. Barring unacceptable effects on others and morally unacceptable internal features (such as massive human rights violations), this right should be granted. Third, citizenship in a self-determining people, though morally *arbitrary* (“nobody chooses one’s place of birth”), is morally *relevant*: moral equality across

²⁸ I owe the term “explanatory cosmopolitanism” to Alan Patten.

persons is consistent with governments giving special consideration to its citizens and citizens to each other. The kind of partiality involved here is actually impartiality applied to the special circumstances of shared subjection to a system of coercion.²⁹

The notion of sovereignty consistent with this view is one of independence (in the sense that a sovereign state is one that does not depend on another countries as colonies used to depend on the home country of the colonizers), rather than that of lack of any form of accountability. This view is consistent with claims that exclusive groups of individuals owe compensation to those excluded, or must admit outsiders in accordance with certain rules, or that under certain circumstances more complex forms of political organization are desirable or required.³⁰ This qualified ideal of self-determination, I submit, is justifiable; what is more, I think that views that are inconsistent with even this moderate view of the normative importance of peoples do not take seriously enough constraints on political thought that simply stem from “who we are,” *qua* human beings. This ideal is cosmopolitan in the sense that the unit of concern is individuals and all individuals matter equally. It is not cosmopolitan in the sense that it recognizes membership as a source of obligation. So while not everyone should matter equally *to* everybody, this does not undermine the idea that everybody matters equally.

²⁹ For such a system to be justifiable to all its members, certain considerations (including relative economic standing) become relevant that are not relevant among people who are not subject to the same shared coercive system. On this point, I follow Blake (2001). The crucial move in Blake’s position is to think of this shared coercion, rather than cooperation, as the source of special obligations and then to think of those as requirements of impartial principles under such special conditions.

³⁰ As Buchanan (2000) points out against Rawls, individuals do not now generally live in *peoples organized by their own governments*. True, but realizing a state of affairs in which they do is what the ideal of self-determination is all about. The first goal towards realizing global justice is to make sure that appropriate groups of common sympathies are organized by governments. Self-determination is widely acknowledged as a legitimate goal of peoples, with disagreement persisting about the precise circumstances under which it can be brought about against resistance, about the legitimacy of outside help, etc.

Notice two points. First, that same qualified ideal of self-determination of peoples is, *as an ideal*, already embodied in the global order.³¹ Second, the sort of incentive that Pogge draws our attention to causes harm in precisely those situations in which self-determination is not properly realized. So while the Cosmopolitan Complaint denounces the global order as unjust because it provides incentives for authoritarian predators to seize power, the circumstances under which that happens are those under which one of the central ideals of that system is not yet realized. If so, we should not say that the global order per se is *unjust*, but that it is *imperfectly developed*: it needs reform so that it can live up to its ideal, rather than a revolutionary overthrow. So the harm done in the manner described by the Cosmopolitan Objection should be ascribed to the ways in which the global order falls short of its own ideals, rather than to its being fundamentally unjust. So the Cosmopolitan Objection does not show that the global order is unjust.³²

4.3 Let me conclude this section with a thought about the role of domestic versus global factors in explanations of poverty and inequality that makes for a good transition to our discussion of Shared Institutions. Pogge (2002), p 175, suggests that one goal of macro-explanations transcending national factors is to explain why so many countries are poor and so few are rich (as opposed to explaining the economic status of this or that country). Yet we must be careful in asking this question. If one considers suicide rates in specific countries, micro-explanations at the level of individuals committing suicide will indeed

³¹ Cf. in particular UN Charter, Chap. 1, Art. 1, Par. 2; cf. also International Covenant on Economic, Social and Cultural Rights, Part 1, Art. 1, and International Covenant on Civil and Political Rights, Part 1, Art.1.

³² This distinction between the global order being imperfectly developed and its being unjust also applies to the argument that many countries, in particular in Africa, are dysfunctional because their boundaries merely reflect their colonial past. As far as the ideal of self-determination of peoples is concerned, these states should be reorganized. Needless to say, this will often be practically impossible, but once again this would not show that the global order as such is unjust.

not capture the full story: societal factors have to be considered. There are then two senses in which we can inquire about such factors. First, we may ask a non-comparative question about which societal factors pertaining to that country matter; and second, we may ask a comparative question about why that country has a different suicide rate than relevantly similar countries. These two approaches are related (checking on the comparative side is a way of ensuring that the non-comparative explanation is complete; checking on the non-comparative side shows to what other countries one should draw comparisons), but they respond to different inquiries.

Now consider the question “why are so many countries poor and so few rich?” This question can only be asked non-comparatively: we have no sense of “what is to be expected” in a manner in which we do when other countries with certain characteristics have a much lower suicide rate than the country we are looking at. It is plausible to say that the country with a higher suicide rate “than is to be expected” has good reason to identify and try to change the relevant factors because something obviously goes wrong in that society that does not go wrong in similarly situated societies. But this sort of reasoning does not apply if we have no clear sense of “what is to be expected,” as it is for the question of “why are so many countries poor and so few rich.” Whatever is wrong with the fact that “so many countries are poor and so few are rich,” it is not that there is an obvious gap between “what is to be expected” and what is indeed the case. The perception that there is indeed such a gap, I think, contributes a lot to the intuition that evils like poverty and starvation must be attributable to some entity that can be regarded as “doing the harming.” These considerations show that this perception is based on a

mistake, and the next section will elaborate on my view that in particular the global order should not be so characterized.

5. Shared Institutions

5.1 So let us turn to Shared Institutions. For easier reference, I will break down that view into a number of propositions and discuss them separately.

Imposition: The better-off impose a shared institutional order on the worse-off (that is, the order that we introduced in section 1 as the global and political order).

Feasible Alternatives: There is a feasible alternative institutional order under which radical poverty would not persist.

Implication: The existing institutional order is implicated in the persistence of radical inequality because there is such an alternative.

Extra-Social Factors: Radical inequality cannot be traced to extra-social factors affecting different people differently.

I accept Imposition and Extra-Social Factors: the latter is consistent with the institutional view, the former is obvious. The other two claims must be qualified. Once they are, it does not follow that the global order is unjust in the sense that it harms the global poor.

Let us discuss Feasible Alternatives. It is useful to calculate how much money it takes to bridge the aggregate shortfall of those living below the \$1 per day poverty line from the \$2 line.³³ This shows that abject poverty is not insurmountable *simply* on the basis of available funds. Yet such considerations do not show that straightforward measures can “eradicate” poverty. On the institutional view, money transfers will not do without institutions capable of making proper use of them: one cannot “work on AIDS” without working on a broader health care system, or improve education by building a few

³³ A mere 1.2% of income of the high-income economies, \$312 billion annually; Pogge (2002), p 7.

schools without developing a broader educational system. That *sustainable* measures for *enduring* changes require good institutions has become a guiding insight of many development researchers. This view appears in the 1998 World Bank Research Report *Assessing Aid*, and the 2004 *World Development Report*: ideas and patience are needed more than money.³⁴ So “feasibility” must be interpreted in terms of what is within the range of those parties that shape institutions: developing societies themselves, with appropriate outside assistance. Yet outside assistance can succeed only with the support of a domestic movement aimed at the required institutional reforms.

Also, ideas about development have changed. In the 50s and 60s the focus was on governmental planning, whereas since the 70s the focus has been on market ideas, summarized eventually as the “Washington consensus.” The original “consensus” emphasized fiscal discipline, trade liberalization, privatization, and secure property rights. Later emphasis on institutional quality was added, including corporate governance, anti-corruption, independent central banks, social safety nets, and poverty reduction. No recipe for eradicating poverty has long been available, but remained

³⁴ *Assessing Aid* points out that the following three measures are unlikely to succeed at bringing about sustainable changes: large amounts of money; buying reform (i.e., conditional lending not supported by a domestic movement); focusing on individual projects (p 103). Pogge sometimes (cf. Pogge (2002), p 206) talks as if one may simply bypass governments (institutional structures) and start a project regardless of domestic support. Such projects tend to fall apart as soon as the donor is moving out. Van de Walle and Johnston (1996) claim that the proliferation of stand-alone projects not tied into a general improvement of infrastructure and institutions is a key weakness of aid to Africa. Wenar (forthcoming) questions the claim that “small sacrifices bring great benefit” by displaying how difficult it is to determine the effects of contributions to aid efforts, and in the process surveys a considerable amount of empirical literature expressing skepticism about aid. Pogge (2002) takes up the theme that “world poverty cannot be eradicated by ‘throwing money at the problem’” (p 8). He rejects that claim by reference to the facts that much development aid has been given for strategic reasons, and that only a rather small percentage share was allocated to the least developed countries. However, the 1998 World Bank report and van de Walle and Johnston (1996) are also aware of these facts – but these facts do not refute the claim that Pogge dismisses.

unused.³⁵ While there may be weaker views of “feasible institutional alternatives” under which Feasible Alternatives is true, that condition must not be understood as if it were just up to developed societies to bring about institutional changes in developing societies.

5.2 One may say that Pogge’s suggestion of a Global Resource Dividend (a redistributive tax on resources) in conjunction with constraining the resource and borrowing privilege does not push the notion of a feasible alternative very far -- which shows that there indeed *is* such an alternative. But let us not further worry about how to understand “feasibility” in Feasible Alternatives and move on to Implication. Granting for the sake of the argument that there is a feasible alternative (in an appropriate sense of “feasible”), we ask: are developed societies *implicated* in the preservation of the existing order? This is now true by assumption in the sense that an institutional alternative is within their power. So they have good reason to bring about this alternative. Yet whether the existence of an unchosen feasible alternative makes the global order *unjust* (and thus whether developed countries have a duty in justice to pursue the alternative) is an additional question. On some conceptions of justice broader than the minimal one we have adopted this will be so. Yet on our minimal conception this will be so only if developing countries are *being*

³⁵ (1) The extent to which development economics is far from being a settled field was underscored when in the first May issue of 2003 the *Economist* announced what must be considered a considerable change of view with regard to the control of capital flows. “This newspaper, too, long maintained that capital controls are always wrong. Yet the evidence reviewed [here] shows that the global capital market is a turbulent and dangerous place, especially for poorly developed economies that may be ill-equipped to navigate it. (...) [F]or some countries, imposing certain kinds of control on capital will be wiser than making no preparations at all.” (p 23). (2) On the development of growth economics cf. Pritchett and Lindauer (forthcoming) and Easterly (2001). Both suggest that “big ideas” in development have failed and that there is no general method that guarantees success. Rodrik (forthcoming) argues that successful economies all had their own economic idiosyncracies: none really did it precisely the way prescribed by the Washington consensus, whereas those that did, like Latin America, have not done well recently.

harmed already at the stage *before* the feasible alternative is implemented.³⁶ For the existence of an unchosen alternative, or the maintenance of the current global order, by themselves do not *harm* developing countries unless the state of affairs to which that unchosen alternative is the alternative harm them already. So for Shared Institutions to show that the global order is unjust in our minimal sense we need

Implication': The global order harms developing societies.³⁷

Our task is to assess *Implication'*. If Shared Institutions' fails because *Implications'* fails, it will have been rejected as a reason for why the global order is unjust in a manner that does not depend on the institutional view on the sources of the wealth of societies at all. That view itself led to the doubts in terms of feasibility explored in 5.1. But our rejection of Shared Institutions' will be independent of those doubts.

One may say that Imposition and Feasible Alternatives *imply* *Implication'*. If developed societies impose the global system and a feasible alternative alleviates radical inequality, does this not mean that developed societies are harming developing ones, so that the global order is unjust by harboring countries of these two types? It does only if omissions of support count as harming. While consequentialist views that would support such a stance are excluded from our inquiry, one may object that this response ignores that the global order has been *imposed*, after all, and so is not just a background fact. But while it is beyond dispute that developed countries have imposed the global order, this by itself does not entail developing countries are being harmed, not even in the presence of a feasible alternative. It may well be the case that abysmal poverty does not occur *because*

³⁶ This does not mean that such harm has to be committed intentionally, or that it can clearly be ascribed to any specific developed societies. A "system" can inflict harm without either of these conditions.

³⁷ As I pointed out in the introduction, even if one accepts a broader conception of justice, one will need to inquire about these question, so even on such conceptions exploring *Implication'* will be necessary.

of the global order, but *in spite of it*. Or it may be the case that, had the global order not been imposed, matters would be even worse than they are now, in which case it would make sense to say that the global order causes a harmful state of affairs, but it would not make sense to say that the *global order harms* developing countries. So my response should give more weight to the global order's being imposed only if we have reason to think it causes abysmal poverty, and if in addition, had the global order not developed the way it did, things would now be better. Otherwise, the fact that that order has been imposed just *is* a background fact. Since such involvement is one way in which developing societies may be harmed, we are back with the question whether developed societies harm developing societies. We will explore that question by assessing different reference points, or benchmarks. For instance, a consequentialist might want to say that developing countries are being harmed because the amount of bad in the world falls short (and significantly so) of the standards of an ideal world. We have already excluded that reference point (and Pogge (2002) excludes it as well). Let us see what other benchmarks there are.

5.3 One may insist that radical inequality speaks for itself, and thus that the facts of the current state of affairs make for a suitable benchmark to support the claim that the global order harms developing countries. Over 20% of the world's population live in abject poverty (under \$1 a day), and about 50% live below the \$2 standard. Illiteracy averages 40% in low-income countries. Population growth, though slowing, remains high. Still, it is unclear that developing countries are *harmed*, or even *neglected*, by developed countries. It is helpful to consult statistics that capture the last 200 years. While for many

indicators we lack data from before 1950 in developing countries, a fair amount is known. Per capita incomes around 1820 were similar worldwide, and low, ranging from around \$500 in China and South Asia to \$1000-\$1500 in the rich countries of Europe (1993 US \$ PPP). 75% of the world's people lived on less than \$1 a day in 1820. Today, in Europe, almost nobody does, in China less than 20%, in South Asia around 40%, and altogether 20% of the world population does. The share of people living on less than \$1 a day fell from 42% in 1950 to 17% in 1992. While historically *almost everybody* was poor, that is not true any more. As far as the gap between rich and poor is concerned, all depends on just how it measured. Using widely-circulating UN statistics based on international exchange rates we find that the gap between rich and poor was 3:1 in 1820, whereas in 1960 it was 60:1, and in 1997 74:1, with a still increasing tendency. However, if we use calculations based on Purchasing Power Parity (PPP), which take into consideration what people's money actually buys locally, we find that between 1820 and 1960 the development was from 3:1 to just 7:1, and that in fact it has since declined to 6:1 since the developing world has, over the last half a century, on average experienced bigger growth than the developed world.³⁸

True, as is often criticized, aid has often been given for strategic reasons, and its minuscule percentages in rich countries' GNPs look grotesque.³⁹ Yet for recipients, those percentages are substantial. In 1993, Sub-Saharan countries received on average 11.5% of

³⁸ Unless otherwise noted, data are from the *World Development Report 2000/2001*, the report of the High-Level Panel on Financing for Development ("Zedillo report") at <http://www.un.org/reports/financing/>, and from the World Development Indicators 2002, CD ROM; cf. also Maddison (2001), Table B 22, p 265. See also Lomborg (2001), Part II, especially for the different approaches to measuring inequality.

³⁹ Cf. Alesina and Dollar (2000). According to the Zedillo report, official development aid in 2000 was \$53.1 billion, down from \$60.9 billion in 1992; in 1998, \$12.1 billion went to the least developed countries; 33 is the average percent of GNP contributed as official development aid in 1992, down to .22 in 2000, contrasted with the .7 of GNP that is widely agreed.

GNP as official aid (Zambia 23.6%, Tanzania 40%).⁴⁰ The Marshall Plan, hailed as the greatest aid program of all times, is estimated to have contributed 2.5% of GNP annually to its recipients. Since it is unclear that such aid works the way it is supposed to, we should be skeptical when told that developing countries are selfish by giving only minuscule percentage of their GNPs as aid. Also, between 1960 and 2000, real per-capita income in the developing world grew at an average 2.3%. At this rate, living standards double every 30 years. Britain grew at an average of 1.3% during its 19th century economic supremacy. Even for developing countries things have been going better over the last forty years than, historically, they have for countries at the height of their power. The average income per capita in 1950 worldwide was \$2,114, and in 1999 \$5,709, in 1990 PPP dollars; for developing countries this increase was from \$1,093 to \$3,100. Longevity in developing countries rose from 44 to 64. As the 1993 *World Development Report* stresses, there had been more global improvement in life expectancy in the preceding 40 years than in the previous 4000. The literacy rate rose from 54% in 1950 to 79% in 1999. Infant mortality fell from 156 in 1000 live births to 54.⁴¹

Whoever took the “negative” tendencies in the statistics to support the view that the global order *harms* the global poor should take the “positive” tendencies to speak

⁴⁰ Cf. van de Walle and Johnston (1996), p 20.

⁴¹ These are average values. The statistics are affected by early success in Latin America and Sub-Saharan Africa and recent successes of India and China. They cover variations across countries and within countries across time, and do not capture the ongoing decline of Sub-Saharan Africa. Yet we cannot conclude that the global system systematically disadvantages Africa. For not only are there the growth miracles Botswana and Mauritius, but there are *many* poor countries that had periods of exceptional growth, such as Tanzania from 1961 to 1975 with 5.7% annually, Mozambique since 1986 with 7.1%, and Kenya from 1961 to 1981 with 6.7% (cf. Subramanian and Roy (2003)). According to the *World Development Report* 2000/2001, poverty, in terms of number of people living on less than \$1 a day, has risen most substantially in Sub-Saharan Africa, and dropped most dramatically in East Asia and the Pacific. Infant mortality rates are highest in Sub-Saharan Africa too. However, as of 1998, 43.5% of the world’s poor live in South Asia (India), compared to 24.3% in Africa. While exceptional periods in many countries do not prove that Africa is not systematically disadvantaged, their existence should caution as against hastily concluding that it is.

against that view. Remarkable is not that today so many live in poverty, but that so many do not; not that so many die young, but that so many do not; not that so many are illiterate, but that so many are not. Also remarkable is the enormous gap between rich and poor. But given that money transfers as such do not solve the problems, and unless one wants to argue (against what most *cognoscendi* believe) that developed countries have become rich *because* they have exploited developing countries, we do not find that, at least at the aggregate level at which Pogge's argument is pinched, the global order *harms* developing societies.⁴² On the contrary: by and large, *if* the last 200, 100, or even 50 years teach anything, then that the global order works to the benefit of the poor.

5.4 *That is a big "If:"* there are objections precisely to the claim that one should take as reference for assessing whether the global order harms developing countries what things were like 200 years ago, 100 years ago, or 50 years ago – and to the claim that these data are of any relevance whatsoever in this context. On the one hand, one may insist that other standards are important; on the other hand, one may argue that none are. Regarding the first point, there are two other standards to be considered. First, one may think that the standard of reference is what would have happened had certain events not occurred. That is, the global order harms developing countries if they were better off had that order not developed. Yet this delivers a counterfactual that is impossible to evaluate. We evaluate counterfactuals by assessing what the world would be like were the antecedent true and by then resorting to cases in which some claim similar to the antecedent in fact

⁴² Landes (1998), p 429 argues that 19th/20th century Europe did not profit from its colonies. Bairoch (1993) argues that it was not because of exploitation of developing countries that developed countries did well. North (1995) that only "a dwindling band of Marxist economic historians" disputes this (p 381).

was true in order to evaluate its consequent. Assessing the relevant kind of counterfactual here is impossible, in particular since much turns on exercises of the human will.

Second, the reference point may be a state of nature in which resources, broadly conceived, are distributed fairly. That is, the global order harms developing countries if those are worse off than they would be in such a state of nature. “‘Worldwide 34,000 children under age five die daily from hunger and preventable diseases.’ Try to conceive a state of nature that can match this amazing feat of our globalized civilization!”, says Pogge (forthcoming). Right he is, but this reference does not help if the question is whether *the global system* harms developing societies (Pogge’s view), or whether there are *lots of local failures* of which many cannot be attributed primarily to actors outside the respective societies (my view). State-of-nature references cannot reveal a negative duty at the aggregate level to alleviate poverty, as Pogge suggests, because they cannot distinguish between these views.

Pogge (forthcoming) insists that no assessment of how poverty statistics relate to historical data or hypothetical baselines is useful; what matters is *whether there is an injustice*. Consider oppression of women. It does not matter how badly off women were earlier, or how badly off they would be had things turned out differently; what matters is that oppression is unjust. Yet this argument assumes that the current state of affairs (oppression) is to be condemned *independently*. If so, hypothetical or historical standards become obsolete. Yet what is at stake here is whether radical inequality constitutes an *injustice* at the aggregate level (and thus is “like” oppression), rather than *a great misfortune* in addition to lots of local injustices. A similar response applies to the objection that our reasoning commits African-Americans under Jim Crow to gratitude for

the improvements compared to the antebellum days. As far as slavery and discrimination in the US are concerned, we can say much more than that things were better in 1920 than in 1850. We can say that some participants in a single society tied by shared political and economic institutions, and locally participants of a common infrastructure, were relegated to an inferior status for a reason irrelevant to their performance in jobs and offices, not to mention the violence that accompanied such relegation. We can also attach this evil to a group of perpetrators. As opposed to that, we have not yet been able to identify an evil for which the global order is responsible in the same way in which whites in the South were responsible for the plight of African Americans long after the abolition of slavery. So our reasoning does not entail that Jim Crow should have inspired gratitude.

For the evaluation of Implication', the factual and the subjunctive standard of reference matter, as does the state-of-nature reference, precisely because it is not clear (as it is if a relationship is oppressive) that an injustice is being committed. Yet no matter how unsatisfactory this may be epistemically, since counterfactual claims are not helpful and state-of-nature references do not distinguish between the contenders, we are left with historical references as the only relevant references, the only relevant *evidence* that we can make sense of by way of answering the question of whether the present order *harms* the poor. And those suggest that the global system does not harm the poor.⁴³

5.5 Perhaps this went by too fast. Surely, one may say, developing countries would be better off had they been left to their own devices! While the relevant counterfactuals may

⁴³ Compare our reasoning in the Congo-cases discussed in section 3. The claim there was that a bi-lateral harm could be established between the Congo and Belgium ("Belgium put the Congo in a position where it could not solve basic collective action problems"), whereas the claim here is that a corresponding harm inflicted by the global order on developing countries cannot be established.

be hard to assess conclusively, they are *plausible*, and making a big deal about the impossibility of their conclusive verification distorts the standards of accuracy appropriate to the subject at hand. I suspect we find this obvious because we compare developing countries to industrialized countries, observe that the latter did not face similar interference, and conclude that, had this only been true, say, of Africa, Africa would have prospered as well. We must resist such reasoning. What if the reasons why such regions fell prey to conquerors were (would have become) reasons why they were not (would not have been) able to reach the path towards prosperity? As Herbst (2000) emphasizes, facts of physical geography in Africa made it hard for powerful states to emerge, and this by itself makes for a big difference to Europe. Or as Lewis (2003) argues, the decline of Islamic societies was largely due to internal developments, rather than foreign interference. These are huge topics on which we cannot take a stance. My point is only that we cannot simply assume that other parts of the world would have done better had they been left alone, and that it is easy to see why we would incline to do so.

One may also object that the data do not support my conclusion. Instead, what conclusion they warrant depends on what time horizon one considers (“Sub-Saharan Africa has made progress over a 200-year horizon, but not over the last 20 years”), whether one looks at absolute or relative quantities (“the number of abysmally poor has remained unchanged over the last 15 years or so, but their share of the world population decreased”), and whether one looks at individuals or countries (“the median developing country has experienced zero growth over the last 20 years, but it is also true that, for any two randomly chosen individuals, inequality in between them has fallen” – because of the growth in India and China). The data simply do not allow for any bottom-line.

I agree that what conclusions can be drawn from the data depends on those factors mentioned here. However, there are two historically important cuts with regard to which the conclusion for which I have argued can be maintained. First, the roughly-200-year horizon matters because this period captures the time since the beginning of the last industrial revolution – the period in which humankind has had exponentially better access to the fruits of the division of labour than ever before, which in turn led to the technological advancements that shape our current world. Looking at that time horizon supports my conclusion. Moreover, the many improvements that arose during this roughly-200-year period (e.g., advances in medicine and food-production) originated mostly in precisely those countries that have *imposed* the global order – not to mention the fact that the source of all growth, the increase in productivity allowed by division of labour, was perfected and its effects imported by those countries who have imposed the global order. Second, the roughly-50-year horizon captures the period since global governance has come alive (especially through the UN and the Bretton Woods institutions). With regard to that time horizon I claim that the presence of these institutions is by and large beneficial for the world – including developing countries that, in virtue of their economic weakness, would be rather unlikely to benefit from their absence. Also, these institutions, as young as they are historically speaking, must be allowed the kind of large-scale learning about macro-economic processes that was hardly possible before that period.

Section 6 discusses this last point a bit more. But I would like to suggest that, in light of our discussion in this section, rather than the claim that the global order harms the poor, the evidence speaks in support of the claim that the global order has caused the

advancement over the rather dismal state of affairs that characterized most of human history and thereby benefited humanity, including developing countries. So rather than the discrepancy between the current state of affairs and some ideal state of affairs, a subjective reference point, or a state of nature standard, what we can attribute to the global order is the difference between what things are now and what they always have been. Much remains to be done, but once again, the global order should be characterized as imperfectly developed, rather than fundamentally unjust.

6. Objections: “Colonialism and the WTO”

6.1 By way of concluding, I continue to discuss objections to my discussion in section 5. One may say that colonialism was a structural component of the global order and continues to cause harm. Similarly, one may insist that global institutions, especially the WTO, work to the detriment of the poor. I can here only sketch some thoughts on these point, but since I presume that most readers disagree on both points, this section’s goal has been accomplished if the obviousness of those views is drawn into doubt.

It is tempting to say that the current world order must be unjust because colonialism has created disadvantaged countries. While it happened, colonialism was disruptive of people’s lives, killed, mutilated, or enslaved many. But past injustice does not make the present order unjust, any more than past kindness makes it kind. We need an argument that there is persisting injustice rooted in colonialism. Historians come to differentiated assessments of the colonial heritage. For instance, Braudel (1987) says:

Education and a certain level of technology, of hygiene, of medicine and of public administration: these were the greatest benefits left by the colonists, and some measure of compensation for the destruction which contact with Europe brought to old tribal, family, and social customs (...) It will never be possible to gauge the full results of such novelties as employment for wages, a money economy, writing and individual ownership of land. Each was undoubtedly a blow to the former

social regime. Yet these blows were surely a necessary part of the evolution taking place today. On the other hand, colonization had the real disadvantage of dividing Africa into a series of territories – French, English, German, Belgian, and Portuguese – whose fragmentation has been perpetuated today in too large a cluster of independent states, which are sometimes said to have “Balkanized” Africa (p 134).

Landes (1998), beginning a summary of the colonial heritage, suggests that the

diversity of outcomes shows that colonization in itself, even enslavement, does not dictate failure. In the long sweep of history, this is the heart of the matter: down is not out. Some countries have made something of the colonial legacy; of the heritage of social overhead capital, education, ideas; even of their own anger, resistance, and pride. Others have run down what the colonial powers left behind and have not learned to replace it. Still others were left little, usually because the colonial power did not see the payoff to improvement. Still others were too poor even to attract the cupidity of stronger nations. (p 433/34)

To mention one last such assessment, here is what D. K. Fieldhouse says on this subject:

How, then, did the modern colonial state stand as a substitute for an independent state? The argument of this chapter is that it was not so much bad, as was alleged by both colonial nationalists and western liberals and some later historians, as inadequate. (...) [Colonial administrators] possessed the administrative skills of advanced western societies – for example, in accounting and budgeting. Tight financial control might limit economic development, but it ensured that no colony incurred serious debts. (...) [C]olonial government was likely, in the twentieth century at least, to be ‘good government’ within the limited meaning of the term and concept as it was understood in Europe in the first half of the twentieth century. (...) [Colonial government] suffered from three major disabilities. First, however well intentioned, it always had divided loyalties, between colony and metropolis. Secondly, because it was alien, it could never fully understand the needs and aspirations of its subject peoples. Finally, and most importantly, because it was alien, it could never mobilize the latent enthusiasms and resources of its dependent peoples: it lacked the legitimacy that only voluntary support by the subject peoples could give. (pp 89/90).

Passages like these reveal that one cannot take it for granted that, on balance, colonialism created a persistently unjust world. As the Congo/Zaire case shows, there are clear cases in which past injustice is persisting and attributable to a former colonial power. Yet our discussion now proceeds at the aggregative level, the level at which Shared Institutions is located. Still, one might insist that it is endemic to the global system that it cannot benefit all societies; that, say, there will always be a disadvantaged periphery, as argued by Dependency Theory, formerly wide-spread especially in Latin-America. This theory comes in different strengths, the strongest claiming that “the North” became rich at the

expense of “the South,” and a weaker version claiming that there is some other dependency of the South on the North, for instance, that resources delivered by “the South” become cheaper over time relative to manufactured goods delivered by “the North.”⁴⁴ Yet Dependency Theory has become incredible, and no successor is in sight.

6.2 Let us briefly discuss the WTO. It is useful, once again, to turn to Pogge for a statement of the criticism. Summarizing his argument that the WTO disadvantages developing countries, Pogge (2002) says that his

complaint against the WTO regime is not that it opens markets too much, but that it opens *our* markets *too little* and thereby gains for us the benefits of free trade while withholding them from the global poor. I see the appalling trajectory of world poverty and global inequality since the end of the Cold War as a shocking indictment of one particular, especially brutal path of economic globalization which our governments have chosen to impose. (...) The cumulative result of many (...) negotiations and agreements is a grossly unfair global economic order under which the lion's share of the benefits of global economic growth flows to the most affluent states. (p 19/20)

The 2003 *Human Development Report* concurs, emphasizing that tariffs in OECD countries on manufactured goods from developing countries are four times those on goods from OECD countries (p 155) and, alongside agricultural subsidies, are a great obstacle to growth in developing countries. Yet there is more to it than Pogge allows. Pogge insists that agricultural and clothing products are unduly kept from the market of developed nations. Those and other sectors of international trade are discussed under the Doha Development Agenda. Intense negotiations in areas ranging from agriculture and textiles to services, intellectual property rights, WTO dispute settlement, and special conditions for least-developed countries have been conducted since 2000, and most of those are scheduled to be completed by January 1, 2005. Not all of them are likely to be

⁴⁴ The classic of dependency theory is Cardoso and Faletto (1979). Cf. Landes (1998), p 510f for some comments on Cardoso's rise from leftist scholar to president of Brazil.

concluded in time (talks about agriculture are behind as of March 2003). However, progress has been made in the textiles sector, one of the hardest-fought areas. Governed since the 60s by a system of quotas (embodied by the Multi-Fiber Agreement), that sector is undergoing changes under a 10-year schedule that by 2005 is supposed to annihilate quotas.⁴⁵ Or consider subsidies. While farm subsidies in Japan, the EU, and the US have been especially disputed, progress is being made even in that area: the EU farm ministers, on June 26, 2003, decided in a historical decision to break the link between farm production and subsidy by paying farmers directly. While European farmers will become less competitive, their losses will be redistributed across taxpayers.⁴⁶

The reasons why such progress is slow are often legitimate. While it is frequently the case that workers in agriculture and textiles are exceptionally well-organized, it is also true that many of those who are thus protected are among the economically weakest in their societies. The presence of the *relatively* poor in industrialized countries (which motivates at least a substantial share of trade protection) and the inherent slowness of democratic processes (which in the case of the EU also involves substantial multilateral negotiations at a time of transition) explains why there is no rapid change. But *there is* change, and there is a lot of good will among policy-makers as well as citizens of developed countries to shape globalization in a manner that works to the advantage of developing countries. Even Singer (2002), no friend of privileges, fails to indict the WTO

⁴⁵ Cf. WTO web page for details of the agreement. It is not only the US and EU that benefit from such quotas: Mauritius benefits enormously from the protectionist policies of the United States and EU both in the sugar and in the textile and clothing sectors. Had these countries liberalized their markets, the impressive Mauritian trade performance would have suffered. Mauritius has not been enthusiastic about dismantling protection in world agricultural and clothing markets; cf. Subramanian and Roy (2003).

⁴⁶ *Economist*, June 28, 2003. Such decisions are badly needed: the 2003 *Human Development Report* heavily blames import tariffs in rich countries for ongoing poverty in developing countries.

for harming developing countries. It seems more appropriate to condemn the WTO for local and bilateral failures.⁴⁷ At any rate, what is most remarkable about organizations like the WTO is that they exist in the first place. The alternative to such organizations is a system of states operating merely to their own advantage, a system in which international relations are shaped only by the question of who is at war or at peace with whom.

Pogge may refer back to the death statistics: “How can severe poverty of half of humankind continue despite enormous economic and technological progress and despite the enlightened moral norms and values of our heavily dominant Western civilization?” ((2002), p 3). To this question, *pace* Pogge, the institutional view in combination with the data on the overall economic development reviewed in 5.3 gives an answer. To be sure: there is plenty of injustice in the world – but the global order as such is not unjust, at least not as claimed by the arguments investigated in this study.⁴⁸

⁴⁷ Assessing fairness in international trade is difficult, cf. the chapters on trade in Krugman and Obstfeld (2003), in particular chapter 9, which discusses protectionism for agricultural and clothing products.

⁴⁸ Another case in point is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). TRIPS allows any country to override a patent if necessary, if (e.g.) prices are too high, or supplies limited. But it is only rich countries with their own production capacity that can take advantage of that regulation (“compulsory licensing”) and produce their own generic versions of patented drugs. What is not allowed any longer under TRIPS is the export of drugs produced under such conditions. Thus developing countries cannot import them any longer from such countries once TRIPS goes fully into effect (Jan 1, 2005). But all this is still much in flux. Yet while powerful pharmaceutical interests play a role, one should also keep in mind that Merck, a leading pharmaceutical company, has committed itself 15 years ago to provide the drug Mectizan free of charge to all who need it as long as they need it. (<http://www.merck.com/about/cr/mectizan/home.html>) Mectizan is used to treat river blindness. Making it possible for poor countries to acquire drugs without undermining existing patent structures too much is an ongoing subject of negotiations, and there is sometimes good news, cf. article “Poor Nations Can Purchase Cheap Drugs Under Accord”, *New York Times* August 31, 2003, p 6.

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