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Citizens of affluent countries tend to think about the global poor in terms of duties of assistance. The popular belief that such positive duties generate our only moral obligations with respect to the global poor rests on mistaken empirical beliefs about the roles of local factors in explaining poverty. Pogge offers the analogy of a classroom—variation in student performance is not exclusively determined by the abilities of students; the "global" factor of teacher quality clearly plays a role as well. Explaining global poverty without reference to the pervasive global economic order imposed upon the global poor is a similar fallacy. Insofar as we benefit from a system that foreseeably and avoidably causes widespread misery, citizens of affluent countries are violating negative duties not to harm the global poor. We have, in turn, obligations to reduce the harm we will cause and to compensate for any harm we do cause. These obligations are of a very different nature from a duty to assist.

### "Assisting" the Global Poor

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We citizens of the affluent countries tend to discuss our obligations toward the distant needy mainly in terms of donations and transfers, assistance and redistribution: How much of our wealth, if any, should we give away to the hungry abroad? Using one prominent theorist to exemplify this way of conceiving the problem, I show how it is a serious error—and a very costly one for the global poor.

## 1. THE THESIS OF THE PURELY DOMESTIC CAUSATION OF POVERTY (PDPT) IN RAWLS

In his book *The Law of Peoples*, John Rawls adds an eighth law to his previous account: "Peoples have a duty to assist other peoples living under unfavorable conditions that prevent their having a just or decent political and social regime."<sup>1</sup> The addition is meant to show that Rawls's proposal can give a plausible account of global economic justice, albeit a less egalitarian one than his cosmopolitan critics have been urging upon him.<sup>2</sup> This newly added duty is, however, more than Rawls's account can justify and less than what is needed to do justice to the problem of world poverty.

It is doubtful that the new amendment would be adopted in Rawls's international original position, which represents liberal and decent peoples only. Each such representative is rational<sup>3</sup> and seeking an international order that enables his or her own people to be stably organized according to its own conception of justice or decency.<sup>4</sup> Such representatives may well agree to assist one another in times of need. But why is it rational for them to commit to assisting poor peoples that never had a liberal or decent institutional order?

This challenge highlights how Rawls's international original position is too strongly focused on safeguarding the well-orderedness of liberal and decent societies and therefore triply implausible: First, peoples neither liberal nor decent are not represented in the international original position, and the interests of their members are thereby discounted completely.<sup>5</sup> Second, because (liberal and decent) *peoples* count equally, the interests of their individual members (in the viability and stability of their domestic order) are represented unequally to the detriment of those who belong to more populous peoples.<sup>6</sup> Third, other important interests of members of liberal or decent peoples are not represented—for example, their interest in their socioeconomic position relative to that of other societies.<sup>7</sup>

Though more demanding than what his international original position can justify, Rawls's duty of assistance is not demanding enough. This duty stipulates only an *absolute* target: No people should be prevented by poverty from organizing itself as a liberal or decent society. Rawls opposes any *relative* target: Above the absolute threshold, international inequalities are unconstrained and hence a matter of moral indifference.

Rawls suggests why he opposes any relative target: Once a people has attained the modest economic capacities necessary to sustain a liberal or decent institutional order, it is morally free to decide whether to make further net savings. If it does not, then its per capita income may fall further and further behind that of other peoples who save and invest more. It has a right to make this decision. But it also must then accept responsibility for the consequences. It cannot plausibly complain later about the evolved discrepancy in affluence—let alone demand a share of the much greater incomes other societies have become able to generate.<sup>8</sup>

One might adduce against this argument that the effects of crucial decisions made for a society are often borne by persons who had no role in this decision—by later generations, or by persons at the bottom of a "decent hierarchical society."<sup>9</sup> Both parts of Rawls's second principle of domestic justice forbid social institutions that impose the burdens (above some absolute threshold) of costly decisions made for a family upon members of this family alone. Decent societies, as Rawls describes them, may well be committed to similar domestic burden sharing. So it is unclear why liberal and decent societies should be categorically opposed to any analogous scheme of *international* burden sharing, even to a scheme that demands little from the wealthier societies and is adjusted according to the actual impact of perverse incentives and moral hazards.<sup>10</sup>

A further point is that the global institutional context in which national decisions are made codetermines their effects. Consider two ways in which the global order can be structured. It can be structured so that the rules of the world economy reflect the bargaining power of the various states, effectively preventing the smaller and poorer societies from achieving the solid rates of economic growth that are easily available to the bigger and richer ones. Or this order can be structured so that it, regardless of the distribution of power, maintains fair and open markets that actually make it easier for poorer than for richer countries to achieve high rates of economic growth. Without any burden sharing, the latter design would clearly engender much less hardship and inequality than the former would. The choice of global order then codetermines what the effects of poor national decisions are. Even rejecting any and all international burden sharing, Rawls could still

have expressed a preference over these contrasting institutional designs. The contrast suggests that he should have complemented his duty of assistance after all, perhaps by a duty to help structure the global order so as to minimize personal poverty and international inequality.

Rawls does not see this point, I think, because he believes that the causes of severe poverty lie within the poor countries themselves. He stresses repeatedly that this is true of the world as it is: "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—the political culture of a burdened society is all-important.... Crucial also is the country's population policy."<sup>11</sup> When societies fail to thrive, "the problem is commonly the nature of the public political culture and the religious and philosophical traditions that underlie its institutions. The great social evils in poorer societies are likely to be oppressive government and corrupt elites."<sup>12</sup>

These passages suggest that poverty is due to domestic factors, not to foreign influences. This empirical view about poverty leads rather directly to the important moral error to be exposed: to the false idea that the problem of world poverty concerns us citizens of the rich countries mainly as potential helpers. I will therefore examine in detail the empirical view of the domestic causation of severe poverty, showing why it is false and also why it is so widely held in the developed world.

## **2. REASONS AGAINST THE PDPT**

It is well to recall that existing peoples have arrived at their present levels of social, economic, and cultural development through a historical process that was pervaded by enslavement, colonialism, even genocide. Though these monumental crimes are now in the past, they have left a legacy of great inequalities that would be unacceptable even if peoples were now masters of their own development. Even if the peoples of Africa had had, in recent decades, a real opportunity to achieve similar rates of economic growth as the developed countries, achieving such growth could not have helped them overcome their initial 30:1 disadvantage in per capita income. Even if, starting in 1960, African annual

growth in per capita income had been a full percentage point above ours each and every year, the ratio would still be 20:1 today and would not be fully erased until early in the twenty-fourth century.<sup>13</sup> It is unclear then whether we may simply take for granted the existing inequality as if it had come about through choices freely made within each people. By seeing the problem of poverty merely in terms of assistance, we overlook that our enormous economic advantage is deeply tainted by how it accumulated over the course of *one* historical process that has devastated the societies and cultures of four continents.

But let us leave aside the continuing legacies of historical injustice and focus on the empirical view that at least in the postcolonial era, which brought impressive growth in global per capita income, the causes of the *persistence* of severe poverty, and hence the key to its eradication, lie within the poor countries themselves. Many find this view compelling in light of the great variation in how the former colonies have evolved over the last forty years. Some of them have done quite well in economic growth and poverty reduction while others exhibit worsening poverty and declining per capita incomes. Isn't it obvious that such strongly divergent national trajectories must be due to differing *domestic* causal factors in the countries concerned? And isn't it clear, then, that the persistence of severe poverty has local causes?

This reasoning connects three thoughts: There are great international variations in the evolution of severe poverty. These variations must be caused by local (country-specific) factors. These factors, together, fully explain the overall evolution of severe poverty worldwide. To see the fallacy, consider this parallel: There are great variations in the performance of my students. These variations must be caused by local (student-specific) factors. These factors, together, fully explain the overall performance of my class.

Clearly, the parallel reasoning results in a falsehood: The overall performance of my class also crucially depends on the quality of my teaching and on various other "global" factors as well. This shows that the second step is invalid. To see this more precisely, one must appreciate that there are two distinct questions about the evolution of severe poverty. One question concerns observed *variations* in national trajectories. In the answer to this question, local factors must play a central role. Yet, however full and correct, this answer may not suffice

to answer the second question, which concerns the *overall* evolution of poverty worldwide: Even if student-specific factors fully explain observed variations in the performance of my students, the quality of my teaching may still play a major role in explaining why they did not on the whole do much better or worse than they actually did. Likewise, even if country-specific factors fully explain the observed variations in the economic performance of the poor countries, global factors may still play a major role in explaining why they did not on the whole do much better or worse than they did in fact.

This is not merely a theoretical possibility. There is considerable international economic interaction regulated by an elaborate system of treaties and conventions about trade, investments, loans, patents, copyrights, trademarks, double taxation, labor standards, environmental protection, use of seabed resources, and much else. In many ways, such rules can be shaped to be more or less favorable to various affected parties such as, for instance, the poor or the rich societies. Had these rules been shaped to be more favorable to the poor societies, much of the great poverty in them today would have been avoided.

Let me support this point with a quote from the *Economist* which—being strongly supportive of WTO globalization and having vilified, on its cover and in its editorial pages, the protesters of Seattle, Washington, and Genoa as enemies of the poor<sup>14</sup>—is surely not biased in my favor:

Rich countries cut their tariffs by less in the Uruguay Round than poor ones did. Since then, they have found new ways to close their markets, notably by imposing anti-dumping duties on imports they deem "unfairly cheap." Rich countries are particularly protectionist in many of the sectors where developing countries are best able to compete, such as agriculture, textiles, and clothing. As a result, according to a new study by Thomas Hertel, of Purdue University, and Will Martin, of the World Bank, rich countries' average tariffs on manufacturing imports from poor countries are four times higher than those on imports from other rich countries. This imposes a big burden on poor countries. The United Nations Conference on Trade and Development (UNCTAD) estimates that they could export \$700 billion more a year by 2005 if rich countries did more to open their markets. Poor countries are also

hobbled by a lack of know-how. Many had little understanding of what they signed up to in the Uruguay Round. That ignorance is now costing them dear. Michael Finger of the World Bank and Philip Schuler of the University of Maryland estimate that implementing commitments to improve trade procedures and establish technical and intellectual-property standards can cost more than a year's development budget for the poorest countries. Moreover, in those areas where poor countries could benefit from world trade rules, they are often unable to do so. Of the WTO's 134 members, 29 do not even have missions at its headquarters in Geneva. Many more can barely afford to bring cases to the WTO.<sup>15</sup>

Such effects of the going WTO rules show that the causes of the persistence of severe poverty do not, *pace* Rawls, lie solely in the poor countries themselves. The global economic order also plays an important role. It is not surprising that this order is shaped to reflect the interests of the rich countries and their citizens and corporations. In the world as it is, the 15.6 percent of humankind living in the "high-income economies" have 81 percent of global income while the other 84.4 percent of humankind share the remaining 19 percent.<sup>16</sup> It is of great importance for these other countries to be allowed access to the markets of the high-income economies, where per capita incomes are 23 times higher on average. This fact gives our governments greatly superior bargaining power. If our officials serve us well in intergovernmental negotiations about the ground rules of the world economy, they use this superior bargaining power, and their advantages in information and expertise, to shape each facet of the global order to our benefit, allowing us to capture the lion's share of the gains from economic interaction. In this way, large inequalities, once accumulated, have a tendency to intensify<sup>17</sup>—and this is happening, quite dramatically, on the global plane: "The income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 74 to 1 in 1997, up from 60 to 1 in 1990 and 30 to 1 in 1960."<sup>18</sup>

If the global economic order plays a major role in the persistence of severe poverty worldwide and if our governments, acting in our name, are prominently involved in shaping and upholding this order, then the deprivation of the distant needy may well engage not merely positive duties to assist but also more stringent negative duties not to

harm. Yet, this obvious thought is strangely absent from the debates about our relation to the distant needy. Even those who have most forcefully presented the eradication of severe poverty as an important moral task for us are content to portray us as mere bystanders. Thus, Peter Singer argues that we should donate most of our income to save lives in the poor countries. He makes his case by telling the story of a healthy young professor who, walking by a shallow pond, sees a small child in it about to drown. Surely, Singer says, the professor has a duty to save the child, even at the cost of dirtying his clothes. And similarly, he argues, we have a duty to send money to poverty relief organizations that can, for each few dollars they receive, save one more child from a painful hunger death.<sup>19</sup> It is, in one way, a virtue of Singer's argument that it reaches even those who subscribe to the Purely Domestic Poverty Thesis (PDPT), the view that the persistence of severe poverty is due solely to domestic causes. But by catering to this empirical view, Singer also reinforces the common moral judgment that the citizens and governments of the affluent societies, whom he is addressing, are as innocent in regard to the persistence of severe poverty abroad as the professor is in regard to the child's predicament.<sup>20</sup>

### **3. AN EXPLANATION FOR WHY THE PDPT IS SO WIDELY ACCEPTED**

Having argued that the PDPT, though widely held in the developed countries, is nonetheless quite far from the truth, I should be able to give some reasons for its popularity. I can see four main such reasons. The first is that belief in this thesis is rather comfortable for people in the developed world. Most of us know at least vaguely of the horrendous conditions among the global poor. We confront poverty statistics such as these: Out of a total of 6130 million human beings (2001), some 2735 million live below \$2/day, and 1089 million of them live below the \$1/day international poverty line.<sup>21</sup> 799 million are undernourished, more than 1 billion lack access to safe water, 2.4 billion lack access to basic sanitation, and 876 million adults are illiterate.<sup>22</sup> More than 880 million lack access to basic health services.<sup>23</sup> Approximately 1 billion have no adequate shelter and 2 billion no electricity.<sup>24</sup> "Two out of five children in the developing world are stunted, one in three is underweight and

one in ten is wasted."<sup>25</sup> 250 million children between 5 and 14 do wage work outside their household—often under harsh or cruel conditions: as soldiers, prostitutes, or domestic servants, or in agriculture, construction, textile or carpet production.<sup>26</sup> Roughly one-third of all human deaths, some 50,000 daily, are due to poverty-related causes, easily preventable through better nutrition, safe drinking water, vaccines, cheap rehydration packs, and antibiotics.<sup>27</sup> Severe deprivations on such a scale would be considerably more disturbing to us were we to see them as due, in part, to a global institutional order that also sustains our comparatively lavish lifestyles by securing our resources and economic dominance. The PDPT shields us from such discomfort.

A second reason for the popularity of the PDPT in the developed world is awareness of the great differences among developing countries' economic performance. These differences draw our attention to domestic factors and international differences and thus away from global factors. Many ignore the causal role of global factors completely, often falling prey to the fallacy discussed above. Others fall for a different fallacy by concluding from the success of a few developing countries that the existing global economic order is quite hospitable to poverty eradication. This reasoning involves a some-all fallacy: The fact that *some* persons born into poverty in the US become millionaires does not show that *all* such persons can do likewise.<sup>28</sup> The reason is that the pathways to riches are sparse. They are not rigidly limited, to be sure, but the US clearly cannot achieve the kind of economic growth rates needed for everyone to become a millionaire (keeping fixed the value of the currency and the real income millionaires can now enjoy). The same holds true for developing countries. The Asian tigers (Hong Kong, Taiwan, Singapore, and South Korea), which together constitute well under 2 percent of the population of the developing world, achieved impressive rates of economic growth and poverty reduction. They did so through a state-sponsored buildup of industries that mass produce low-tech consumer products. These industries were globally successful by using their considerable labor-cost advantage to beat competitors in the developed countries and by drawing on greater state support and/or a better-educated workforce to beat competitors in other developing countries.<sup>29</sup> Building such industries was hugely profitable for the Asian tigers. But if many other poor countries had adopted this same developmental

strategy, competition among them would have rendered it much less profitable. We cannot conclude then that the existing global economic order, though less favorable to the poor countries than it might be, is still favorable enough for all of them to do as well as the Asian tigers have done in fact.

A third reason for the popularity of the PDPT in the developed world is the prevailing research focus among social scientists who, like the rest of us, pay much more attention to the differences among national and regional developmental trajectories than to the overall evolution of poverty and inequality worldwide. Across several academic disciplines, there is a vast literature analyzing the causal roles of the local climate, natural environment, resources, food habits, diseases, history, culture, social institutions, economic policies, leadership personalities, and much else.<sup>30</sup> Advice dispensed by development economists and others is also overwhelmingly focused on the design of national economic institutions and policies. Thus, libertarian economists of the "freshwater" school (so dubbed because its leading lights have taught in Chicago) argue that a country's best way to expel human misery is economic growth and its best way to achieve economic growth is to foster free enterprise with a minimum in taxes, regulations, and red tape. A competing, more left-leaning school of thought, represented by Amartya Sen, contends that poverty persists because poor countries have *too little* government: public schools, hospitals and infrastructure. Sen's favorite poster child is the poor Indian state of Kerala, whose socialist government has given priority to fulfilling basic needs and thereby achieved more for that population's health, education, and life expectancy than the governments of other, more affluent Indian states.<sup>31</sup> These hot and worthwhile debates about appropriate economic policies and social institutions for the poor countries overshadow the far more important question of what causal role the rules of our globalized world economy play in the persistence of severe poverty.

This research focus among social scientists is surely partly due to the first two reasons: They, too, and their readers, are overly impressed by dramatic international differentials in economic performance and feel emotionally more comfortable, and careerwise more confident, with work that traces the persistence of severe poverty back to local causes rather than to global institutions we are involved in upholding. But

there is also a good methodological reason for the research bias toward national and local causes: There being only this one world to observe, it is hard to obtain solid evidence about how the overall incidence of poverty would have evolved differently if this or that global factor had been different. By contrast, solid evidence about the effects of national and local factors can be gleaned from many poor countries that differ in their natural environment, history, culture, political and economic system, and government policies.

A fourth reason for the popularity of the PDPT is the prevalence of brutal and corrupt governments and elites in the poor countries. It seems far-fetched, even preposterous, to blame the global economic order for the persistence of severe poverty in countries that are ruled by obvious thugs and crooks. It also seems that whatever benefits global institutional reforms might bring to such countries would be captured by their corrupt elites, bringing little relief to the general population while reinforcing the power of their oppressors. Many among us believe then that we should postpone reforms that would make the global order fairer to the poor countries until they will have put their house in order by making their national political and economic order fairer to the domestic poor.

#### **4. IMPORTANT DOMESTIC FACTORS ARE THEMSELVES SUSTAINED BY FOREIGN INFLUENCES**

This last reason, too, is a bad one, because the existing world order is itself a crucial causal factor in the prevalence of corruption and oppression in the poor countries. It was only in 1999, for example, that the developed countries finally agreed to curb their firms' bribery of foreign officials by adopting the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*.<sup>32</sup> Until then, most developed states did not merely legally authorize their firms to bribe foreign officials, but even allowed them to deduct such bribes from their taxable revenues, thereby providing financial inducements and moral support to the practice of bribing politicians and officials in the poor countries.<sup>33</sup> This practice diverts the loyalties of officials in these countries and also makes a great difference to which persons are

motivated to scramble for public office in the first place. Developing countries have suffered staggering losses as a result, most clearly in the awarding of public contracts. These losses arise in part from the fact that bribes are priced in: Bidders on contracts must raise their price in order to get paid enough to pay the bribes. Additional losses arise as bidders can afford to be noncompetitive, knowing that the success of their bid will depend on their bribes more than on the substance of their offer. Even greater losses arise from the fact that officials focused on bribes pay little attention to whether the goods and services they purchase in their country's behalf are of good quality or even needed at all. Much of what developing countries have imported over the decades has been of no use to them—or even harmful, by promoting environmental degradation or violence (bribery is especially pervasive in the arms trade). Preliminary evidence suggests that the new *Convention* is ineffective in curbing bribery by multinational corporations.<sup>34</sup> But even if it were effective, it would be very hard to purge the pervasive culture of corruption that is now deeply entrenched in many developing countries thanks to the extensive bribery they were subjected to during their formative years.

The issue of bribery is part of a larger problem. The political and economic elites of poor countries interact with their domestic inferiors, on the one hand, and with foreign governments and corporations, on the other. These two constituencies differ enormously in wealth and power. The former are by and large poorly educated and heavily preoccupied with the daily struggle to make ends meet. The latter, by contrast, have vastly greater rewards and penalties at their disposal. Politicians with a normal interest in their own political and economic success can thus be expected to cater to the interests of foreign governments and corporations rather than to competing interests of their much poorer compatriots. And this, of course, is what we find: There are plenty of poor-country governments that came to power or stay in power only thanks to foreign support. And there are plenty of poor-country politicians and bureaucrats who, induced or even bribed by foreigners, work against the interests of their people: *for* the development of a tourist-friendly sex industry (whose forced exploitation of children and women they tolerate and profit from), *for* the importation of unneeded, obsolete, or overpriced products at public expense, *for* the permission to

import hazardous products, wastes, or factories, *against* laws protecting employees or the environment, and so on.

To be sure, there would not be such huge asymmetries in incentives if the poor countries were more democratic, allowing their populations a genuine political role. Why then are most of these countries so far from being genuinely democratic? This question brings further aspects of the current global institutional order into view.

It is a very central feature of this order that any group controlling a preponderance of the means of coercion within a country is internationally recognized as the legitimate government of this country's territory and people—regardless of how this group came to power, of how it exercises power, and of the extent to which it is supported or opposed by the population it rules. That such a group exercising effective power receives international recognition means not merely that we engage it in negotiations. It means also that we accept this group's right to act for the people it rules, that we, most significantly, confer upon it the privileges freely to dispose of the country's natural resources (international resource privilege) and freely to borrow in the country's name (international borrowing privilege).

The *resource privilege* we confer upon a group in power is much more than mere acquiescence in its effective control over the natural resources of the country in question. This privilege includes the power<sup>35</sup> to effect legally valid transfers of ownership rights in such resources. Thus a corporation that has purchased resources from the Saudis or Suharto, or from Mobuto or Sani Abacha, has thereby become entitled to be—and actually *is*—recognized anywhere in the world as the legitimate owner of these resources. This is a remarkable feature of our global order. A group that overpowers the guards and takes control of a warehouse may be able to give some of the merchandise to others, accepting money in exchange. But the fence who pays them becomes merely the possessor, not the owner, of the loot. Contrast this with a group that overpowers an elected government and takes control of a country. Such a group, too, can give away some of the country's natural resources, accepting money in exchange. In this case, however, the purchaser acquires not merely possession, but all the rights and liberties of ownership, which are supposed to be—and actually *are*—protected and enforced by all other states' courts and police forces. The international resource privilege,

then, is the legal power to confer globally valid ownership rights in the country's resources.

This international resource privilege has disastrous effects in poor but resource-rich countries, where the resource sector constitutes a large segment of the national economy. Whoever can take power in such a country by whatever means can maintain his rule, even against widespread popular opposition, by buying the arms and soldiers he needs with revenues from the export of natural resources and with funds borrowed against future resource sales. The resource privilege thus gives insiders strong incentives toward the violent acquisition and exercise of political power, thereby causing coup attempts and civil wars. Moreover, it also gives outsiders strong incentives to corrupt the officials of such countries who, no matter how badly they rule, continue to have resources to sell and money to spend.

Nigeria is a case in point. It produces about 2 million barrels of oil per day which, depending on the oil price, fetch some \$10-20 billion annually, one-quarter to one-half of GDP. Whoever controls this revenue stream can afford enough weapons and soldiers to keep himself in power regardless of what the population may think of him. And so long as he succeeds in doing so, his purse will be continuously replenished with new funds with which he can cement his rule and live in opulence. With such a powerful incentive, it cannot be surprising that, during 28 of the past 32 years, Nigeria has been ruled by military strongmen who took power and ruled by force.<sup>36</sup> Nor can it be surprising that even a polished elected president fails to stop gross corruption: Olusegun Obasanjo knows full well that, if he tried to spend the oil revenues solely for the benefit of the Nigerian people, military officers could—thanks to the international resource privilege—quickly restore their customary perks.<sup>37</sup> With such a huge price on his head, even the best-intentioned president could not end the theft of oil revenues and survive in power.

The incentives arising from the international resource privilege help explain what economists have long observed and found puzzling: the significant *negative* correlation between resource wealth (relative to GDP) and economic performance.<sup>38</sup> This explanation is confirmed by a recent regression analysis by two Yale economists, which shows that the causal link from resource wealth to poor economic performance is

mediated through reduced chances for democracy.<sup>39</sup> Holding the global order fixed as a given background, the authors do not consider how the causal link they analyze itself depends on global rules that grant the resource privilege to any group in power, irrespective of its domestic illegitimacy.

The *borrowing privilege* we confer upon a group in power includes the power to impose internationally valid legal obligations upon the country at large. Any successor government that refuses to honor debts incurred by an ever so corrupt, brutal, undemocratic, unconstitutional, repressive, unpopular predecessor will be severely punished by the banks and governments of other countries. At minimum it will lose its own borrowing privilege by being excluded from the international financial markets. Such refusals are therefore quite rare, as governments, even when newly elected after a dramatic break with the past, are compelled to pay the debts of their ever so awful predecessors.

The international borrowing privilege makes three important contributions to the incidence of oppressive and corrupt elites in the developing world. First, this privilege facilitates borrowing by destructive rulers who can borrow more money and can do so more cheaply than they could do if they alone, rather than the whole country, were obliged to repay. In this way, the borrowing privilege helps such rulers maintain themselves in power even against near-universal popular discontent and opposition.<sup>40</sup> Second, the international borrowing privilege imposes upon democratic successor regimes the often huge debts of their corrupt predecessors. It thereby saps the capacity of such democratic governments to implement structural reforms and other political programs, thus rendering such governments less successful and less stable than they would otherwise be. (It is small consolation that putschists are sometimes weakened by being held liable for the debts of their democratic predecessors.) Third, the international borrowing privilege strengthens incentives toward coup attempts: Whoever succeeds in bringing a preponderance of the means of coercion under his control gets the borrowing privilege as an additional reward.

By discussing several global systemic factors in some detail, I hope to have undermined a view that, encouraged by libertarian and more leftist economists alike, most people in the developed world are all too ready to believe: The persistence of severe poverty is due to causes that

are indigenous to the countries in which it occurs and thus unrelated to the affluent societies and their governments. This view is dramatically mistaken. Yes, domestic factors contribute to the persistence of severe poverty in many countries. But these contributions often depend on features of the global institutional order, which sustain some of those factors and exacerbate the impact of others. In these ways, the nonindigenous factors I have discussed play a major causal role in the evolution of severe poverty worldwide. They are crucial for explaining the inability and especially the unwillingness of the poor countries' leaders to pursue more effective strategies of poverty eradication. And they are crucial therefore for explaining why global inequality is increasing so rapidly that substantial global economic growth since the end of the Cold War has not reduced income poverty and malnutrition<sup>41</sup>—*despite* substantial technological progress, *despite* a huge poverty reduction in China,<sup>42</sup> *despite* the post-Cold-War "peace dividend,"<sup>43</sup> *despite* a 10 per cent drop in real food prices since 1990,<sup>44</sup> *despite* official development assistance (ODA), and *despite* the efforts of international humanitarian and development organizations. If we are serious about eradicating severe poverty worldwide, we must understand the causal role of such nonindigenous factors and be willing to consider ways of modifying them or of reducing their impact.<sup>45</sup>

If the PDPT were true, the moral issues the distant needy raise for us might plausibly be considered under the assistance label alone.<sup>46</sup> But since the PDPT is seriously mistaken, this label may be misleading insofar as we may also be *contributing to, or profiting from*, social factors that exacerbate severe poverty abroad.

## 5 HOW CAN OUR DESIGN OF THE GLOBAL ORDER BE ASSESSED MORALLY?

We can still deny that we are so contributing or profiting, even if we acknowledge the PDPT's collapse and accept our shared responsibility for the existing global order. We can say for instance that our imposition of this order benefits the global poor, or at least does not harm them by exacerbating their poverty. While such claims are often made, for the current WTO rules for example, it remains quite unclear what their meaning is supposed to be. Benefit, after all, is a comparative notion

which implicitly appeals to some baseline scenario under which the global poor would be even worse off than they are now in the world as it is. What baseline might we adduce to show the global poor that they are benefiting from the present global order?

There are three options. We might invoke a *diachronic* comparison, appealing to the *trend* in the depth or incidence of severe poverty worldwide. But this argument fails for three independent reasons. Its premise is false: Severe income poverty and malnutrition are not actually in decline globally (note 41). Moreover, its inference is invalid: Severe poverty might be declining, in China for instance, *despite* the fact that the global economic order tends to exacerbate such poverty. A diachronic comparison does not permit us to judge this possibility one way or the other and is therefore useless for judging the impact of any specific causal factor. Finally, we must not simply assume that the preceding situation was morally unproblematic. Otherwise we would have to conclude that a man is benefiting his children if he beats them up ever less frequently, or that the US economic order of the early nineteenth century benefited the slaves if their enslavement became less brutal during this period.

Our second option is to invoke a *subjunctive* comparison with a *historical* baseline. To judge whether the Israeli occupation reduced illiteracy in the West Bank, we should not ask diachronically whether illiteracy declined, but counterfactually whether illiteracy is lower than it would have been without the occupation. Adopting this idea, we might argue that the existing global order is benefiting the global poor insofar as they are better off than they would be if some preceding set of rules had remained in force. But this argument makes the—here inappropriate—assumption that those preceding rules were neutral, neither harming nor benefiting the global poor. By the same reasoning the military junta under Senior General Than Shwe could be said to be benefiting the Burmese people if merely they are better off than they would now be if the predecessor junta under General Ne Win were still in power.

Our third option is to invoke a *subjunctive* comparison with a *hypothetical* baseline—arguing perhaps that even more people would live and die even more miserably in some fictional state of nature than in this world as we have made it. But this option, too, is unpromising so long as

we lack a precise and morally uniquely appropriate specification of that fictional world and a morally uniquely appropriate standard for comparing the two worlds in regard to severe poverty. You may think that these worries are merely academic, that our world is surely vastly better in this regard than any conceivable state of nature. And so it indeed appears from our vantage point. And yet: "Worldwide 34,000 children under age five die daily from hunger and preventable diseases."<sup>47</sup> Try to conceive a state of nature that can match this amazing feat of our globalized civilization, not just briefly, but every day for decades on end!<sup>48</sup>

None of our three options is suitable for explicating our question—whether the existing world order harms or benefits the global poor—in a way that is both clear and appropriate to the assessment of this order. This failure suggests the inverse strategy: Instead of basing our justice assessment of this order on whether it does harm (independently defined), we can make our judgment of whether the imposition of this order does harm turn on an assessment of this order by some harm-independent criterion of justice.

To illustrate the idea, consider the institutional order of the US in its infancy, which greatly disadvantaged women vis-a-vis men. Our judgment of this order as unjust is not based on a historical comparison with how women had fared under British rule. It is not based on a comparison with how women would have fared had British rule continued. And it is not based on a comparison with how women would fare in some state of nature. (All these comparisons can be more plausibly invoked to just-ify than to criticize the institutional order under consideration.) Rather, it is because it assigned women a status inferior to men's that we judge this order to have been unjust to women and its imposition therefore a harm done to them.

Many harm-independent criteria might be proposed for assessing the justice of our global order. Such criteria differ in at least three respects. They differ in how they identify the relevant affected parties: as individual persons, households, social groups, nations, or states. They differ in their *absolute* demands—requiring, for instance, that affected parties must enjoy security of self and property or access to basic necessities. And they differ in their *relative* demands—requiring perhaps that basic rights or basic educational or medical opportunities must be equal or that economic inequalities must be constrained in certain ways.

Even if our global order fails to meet compelling absolute or relative requirements, it may still be defended on the grounds that this failure is unavoidable. An assessment of its justice must be sensitive then to information about what alternatives are feasible and about the conditions such feasible alternatives would engender. With regard to alternatives that diverge greatly from the existing global order, it may be impossible to establish such information in a rigorous way. It is quite possible, however, to estimate the impact of the existing global order relative to its nearby institutional alternatives. We saw such estimates in the *Economist* passage quoted above: The developing countries are missing out on some \$700 billion annually in export revenues because the developed countries insisted on grandfathering heavy protections of their markets—through tariffs, quotas, antidumping duties, export credits, and subsidies to domestic producers.<sup>49</sup> It is quite possible, though unseemly among economists, to extend this estimate to the number of poverty deaths that would have been avoided by a more symmetrical opening of markets.<sup>50</sup> The number is large, as \$700 billion annually is nearly 12 percent of the gross national incomes of all developing countries, representing 84.4 percent of humankind.<sup>51</sup>

Many features of the existing global order embody similar trade-offs between the interests of the high-income countries and their citizens on the one hand and the global poor on the other. An unconditional resource privilege gives us access to a larger, cheaper, and more reliable supply of foreign resources, because we can acquire ownership of them from anyone who happens to exercise effective power without regard to whether the country's population either approves the sale or benefits from the proceeds. Advantageous also to putschists and tyrants in the developing world, broad resource and borrowing privileges are much worse, however, for the global poor than would be narrower such privileges conditional on minimal domestic legitimacy. The existing TRIPs Agreement is better for us and worse for the global poor than an alternative that would have required the rich countries to supply funds for shielding the global poor from exorbitant markups on drugs and seeds.<sup>52</sup> The existing Law of the Sea Treaty is better for us and worse for them than an alternative that would have guaranteed the poor countries some share of the value of harvested seabed resources.<sup>53</sup> It is better for us and worse for the global poor that we do not have to

pay for the negative externalities we impose on them: for the pollution we have produced over many decades and the resulting effects on their environment and climate, for the rapid depletion of natural resources, for the contribution of our tourists to the AIDS epidemic, and for the violence caused by our demand for drugs and our war on drugs.

The cumulative impact of all these trade-offs upon the global poor is likely to be staggering. In the fourteen years since the end of the Cold War, some 250 million human beings have died prematurely from poverty-related causes, with 18 million more added each year (note 27). Had the developed countries shaping the global rules given more weight to the interests of the global poor, the toll in early deaths and deprivations would certainly and foreseeably have been vastly lower at negligible cost to our affluence. It is then very hard to see how we might defend the trade-offs manifested in our global order as compatible with justice. And if this order is unjust, then it follows, without appeal to any historical or state-of-nature baseline, that we are harming the global poor—by imposing on them an unjust global order under which the incidence of severe poverty, malnutrition, and premature death is foreseeably much higher than it would be under some feasible alternatives.

## **6. TO WHAT EXTENT MUST OUR POLICIES GIVE WEIGHT TO THE INTERESTS OF THE GLOBAL POOR?**

There are three ways of defending the trade-offs that our governments, often in collusion with corrupt and oppressive leaders in the developing world, have imposed. First we might say that it is permissible for us vigorously to promote our own interests in negotiations about how to fine-tune the various rules of the global order, even when doing so conflicts with the interests of the global poor. With our incomes 200 to 300 times larger than theirs<sup>54</sup> and 799 million living on the brink of starvation (notes 22 and 41), this justification of the status quo is rarely voiced in public. To be sure, it is widely thought that our politicians and diplomats ought to represent the interests of their compatriots. But it is also widely thought that this mandate has its limits: Even if they are able to do so, our representatives should not impose global rules under which we have unfair advantages that add millions of poverty deaths

in the developing world. In the examples I have given, it looks like our politicians and diplomats have done exactly that, in our name.

Our second defense avers that appearances are here deceptive, that the decisions reflected in the existing rules do benefit the global poor as well, at least in the long run. But in some important cases, such a defense strains credulity. It is very hard to deny that world poverty is exacerbated by the special prerogatives the rich countries gave themselves under WTO rules to favor their own firms through tariffs, quotas, antidumping duties, subsidies, and export credits. Still, career incentives do produce such denials which, in the more clear-cut cases of unfair rules, often take a weaker form: Instead of claiming that certain prerogatives for the rich countries do not exacerbate poverty, economists merely claim that there are many complicating factors, methodological difficulties, and other imponderabilia so that intellectual honesty precludes our drawing any firm conclusions.<sup>55</sup> If all else fails, we can fall back on the weakest claim: Yes, the fine-tuning of some important rules was indeed worse for the global poor, but it was an honest mistake. When these rules were designed, development economics was less advanced and the relevant officials could not possibly have known that they were serving our interests at the expense of many additional premature deaths from poverty-related causes.

Boilerplate empirical defenses of this kind are easily produced and very well received. And it is quite unlikely that there will ever be a serious inquiry into what our politicians and diplomats and officials in the WTO, IMF, and World Bank knew and should have known during their negotiations of international agreements. The possibility that these respectable gentlemen (very few women there) might be hunger's willing executioners, committing a rather large-scale crime against humanity in our name, will never be taken seriously in the developed world. And yet, nagging doubts remain. If our representatives did make honest mistakes to the detriment of the global poor, should we not at least make up for these mistakes through a real effort at reducing the (unexpectedly) large incidence of severe poverty today?

Similar questions are raised by our third defense, which asserts that the global rules we have imposed are not merely good for us, but also good for global efficiency, productivity, and economic growth. These rules are Pareto-superior to their alternatives—not in the normal sense

(better for some and worse for no one), but in this weaker ("Caldor-Hicks") sense: The rules are better for some and worse for others but so that the former can, out of their relative gains, fully compensate the latter for their relative losses. I doubt this argument can succeed for the grandfathering clauses in the WTO Treaty, which still allow us, for many years to come, to favor our firms through tariffs, quotas, antidumping duties, export credits, and huge subsidies. But it may well succeed in other cases such as the TRIPs Agreement. Still, even when it succeeds, there is the nagging question: Given the vast economic inequality between gainers and losers (note 54), is the mere *possibility* of compensation sufficient to vindicate our decision? Or must there not rather be *actual* compensation, so that we may keep only such relative gains as *exceed* their relative losses?

The questions concluding the last two paragraphs indicate more precisely how, with the collapse of the PDPT, conventional discussions of world poverty under the assistance label are misleading. The label is not inaccurate: As affluent people and countries, we surely have positive moral duties to assist persons mired in life-threatening poverty whom we can help at little cost. But the label detracts from weightier, negative duties that also apply to us: We should reduce severe harms we will have caused; and we should not take advantage of injustice at the expense of its victims. These two negative duties apply to us if we (sometimes together with Third World elites) are imposing a global order whose unfairness benefits us while exacerbating severe poverty abroad. We must then at least compensate the global poor. Failing to do this, we would be harming them and profiting from injustice at their expense. And insofar as we do compensate, we are not merely "assisting" the poor abroad, but reducing the impact of unfair rules that bring us unjust gains at their expense. We are not "redistributing" from the rich to the poor, but offsetting an unjust institutional redistribution from the poor to the rich—<sup>^</sup>-redistributing, if you like.

Let me illustrate the special weight these two negative duties are generally thought to have: Imagine, by the side of a country road, an injured child who must be rushed to the hospital if her leg is to be saved. As a competent bystander who ignores her plight, you are subject to moral criticism for failing to assist. But if you are the driver who injured the child in the first place, then more is morally at stake: By leaving the

child's needs unattended, you would greatly increase the harm you will have done her. As we judge such inaction of the driver more harshly than that of the bystander, we should judge our own inaction more harshly, too, if we are involved in upholding unjust rules that contribute to severe poverty we ignore.

Imagine further a society in which an aboriginal minority suffers severe discrimination in education and employment, reducing their wages far below those of their compatriots. As an affluent foreigner, you may think that perhaps you ought to do something to assist these people. But if you are profiting from the discrimination (by employing an aboriginal driver at half the wage other drivers receive, for instance), then more is morally at stake: We judge ourselves more harshly for taking advantage of an injustice by pocketing such gains than for failing to spend other assets we have on supporting the poor. As we do so, we should also judge ourselves more harshly insofar as assets we fail to use toward reducing severe poverty abroad constitute gains we derive from the unfairness of a global order that also contributes to the persistence of this poverty.

Negative duties not to support and not to pocket gains from an unfair institutional order that foreseeably contributes to severe deprivations are not only weightier than the positive duty to help relieve such deprivations. They are also much less sensitive to variations in community and distance. Duties to assist are strongest toward the near and dear and weakest toward foreigners in distant lands. But duties not to harm do not fade in this way. Consider again the driver who hits a child and then leaves her unattended by the side of the road. We do not upgrade our moral assessment of him when we learn that he did this far away from his home to a child with whom he had no communal bond of nationality, language, culture, or religion. If the unfairness of the global order we impose causes poverty to persist in the poor countries, then our moral responsibility for the associated deaths and deprivations is not diminished by diversity of nationality and geographical or cultural distance. It might be so diminished, perhaps, if harming foreigners were necessary to save ourselves from a comparable fate. But in the real world, the global poverty problem—though it involves one-third of all human deaths—is quite small in economic terms: Though 2,735 million persons are living below the higher (\$2/day) international poverty line, and 42

percent below it on average, their collective shortfall amounts to only 1.1 percent of the incomes of the 955 million people in the high-income economies.<sup>56</sup> Clearly, we could eradicate severe poverty—through a reform of the global order or through other initiatives designed to compensate for its effects on the global poor—without "sacrificing" the fulfillment of our own needs or even mildly serious interests.<sup>57</sup>

It is widely believed in the developed world that we are already spending an inordinate amount on such initiatives. This belief is contradicted by the facts: The high-income countries have reduced their official development assistance (ODA) from 0.33 percent of their combined GNPs in 1990 to 0.22 percent, or \$52.3 billion, in 2001.<sup>58</sup> Most ODA is allocated for political effect: Only 23 percent goes to the 49 least developed countries;<sup>59</sup> and only \$3.7 billion is spent on basic social services<sup>60</sup>—basic education, basic health, population programs, water supply, and sanitation—far less than the 20 percent agreed to at the 1995 World Summit for Social Development.<sup>61</sup> This is less than 1 percent of the developed countries' "peace dividend"<sup>62</sup> and comes to about \$4 per year from each of us citizens of these countries, on average.<sup>63</sup>

When people like us die at a mature age, we can look back on a lifespan in which over a billion human beings, mostly children, have died from poverty-related causes. This massive death toll was and is foreseeable. And it is clear beyond any reasonable doubt that the developed countries could dramatically reduce this continuous death toll and the associated misery at little cost to ourselves (notes 56-57). And yet, very few citizens of the developed countries find these facts disturbing. This widespread unconcern can be explained, in large part, by a false view of why severe poverty persists. Most of us subscribe to the view that the causes of the persistence of severe poverty are indigenous to the countries in which it occurs. I am convinced that, with a better understanding of the role global institutional factors play in the persistence of severe poverty, many would take this problem much more seriously—including my esteemed teacher John Rawls.