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Philosophy, Social Science, Global Poverty

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Every Night & every Morn
Some to Misery are Born.
Every Morn & every Night
Some are Born to sweet Delight.
Some are Born to sweet Delight,
Some are born to Endless Night.

— William Blake, “Auguries of Innocence”

This was a tremendous idea—that to find something out, it is better to conduct some careful experiments than to carry on deep philosophical arguments.

— Richard Feynman, *Lectures on Physics*, 7.1

1. A Strong Thesis About Eliminating Poverty

Global poverty is a human disaster. It brings great misery, ruins vast human potential, and is visited on a billion people who were born to it. Moreover, the problem—focusing here on extreme poverty, people living on less than a dollar a day (an arbitrary line, of course)—is not resource scarcity, but an awful mismatch

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between available resources and human needs. To be sure, the conjunction of continued population growth and the global income growth needed to address extreme (and severe, but less extreme) poverty will make genuine resource scarcity a large concern, requiring technological innovation and not simply institutional renovation or better distribution. But the mismatch of resources and human needs is and, absent concerted efforts at remedy, will likely remain a pressing concern.

Less clear, however, are the sources of extreme poverty and the range of remedies that might combine to alleviate it. Thomas Pogge disagrees. In *World Poverty and Human Rights*², and several subsequent essays, he asserts that there is considerable clarity on sources and especially on remedies, at least to this extent: suitable changes in some global economic rules—in fact, “*minor modifications* in the global order that would entail *at most slight reductions* in the incomes of the affluent” (SPH30)—would eliminate most of the problem of extreme global poverty. I will call this claim about the impact of appropriate global rule changes the **Strong Thesis**:

² (Oxford: Polity, 2002, hereafter WP. See also “Assisting’ the Global Poor,” in *The Ethics of Assistance: Morality and the Distant Needy*, ed. Deen K. Chatterjee (Cambridge: Cambridge University Press, 2004), pp. 26-88, hereafter AGP; “Severe Poverty as a Violation of Negative Duties,” *Ethics and International Affairs* 19, 1 (2005), pp. 55-83, hereafter SPN; and “Severe Poverty as a Human Rights Violation,” in *Freedom From Poverty as a Human Right*, ed. Thomas Pogge (Oxford: Oxford University Press, 2007), pp. 11-53, hereafter SPH.

Strong Thesis: Most of the global poverty problem could be eliminated through minor modifications in the global order that would entail at most slight reductions in the incomes of the affluent.

I do not see a case for this striking assertion. Before explaining why I want to make three points of clarification.

1. Though “minor modifications” and “global order” leave much room for interpretation, the thrust of the Strong Thesis—presented here as focused on remedies—seems clear enough, and I am not going to say anything about *most*, *minor*, or *slight*. A few words of explanation may help with “global order.”

Generally speaking, the “global order” comprises treaty- and convention-based rules about security, trade, property rights (including patent and copyright), human rights, and environment: rules that govern global rule-makers (say, rules governing representation at the World Bank, IMF, and United Nations, or decision-making at the WTO’s Appellate Board or the International Criminal Court), the norms and standards associated with territorial sovereignty, policies adopted by global rule-making bodies (say, TRIPS or the decisions of the WTO’s Appellate Body), and the foreign policies of the world’s most powerful states (including their security policies and decisions about aid and trade).

To be sure, the global order is not a well-defined system. Consider, for example, labor standards. There are now some 10,000 “private voluntary codes” adopted by firms as codes for their suppliers.³ Are these rules themselves part of

³ The figure of 10,000 comes from Dan Henkle, Gap’s Senior Vice President for Social Responsibility (private communication). The precise magnitude does not matter: the point is there

the global order? Should we count (non-) compliance by suppliers and sub-contractors as part of that order? How much does it matter in answering these questions that lead firms could do more to foster compliance, that national labor ministries could do more (especially if they cooperate with firms), that labor standards could be incorporated into trade rules?⁴ I am not sure these questions, essentially matters of classification that may not track morally relevant distinctions, are worth asking. The answers are not obvious, but that is because the different levels are so intertwined that it is often hard to get a grip on the question. But because of the uncertainties about the answer, I will try to make the argument here independent of the precise characterization of that order.

2. Pogge presents his Strong Thesis as part of a more general normative outlook. The core of the outlook is that the global order harms the global poor, harms them by treating them unjustly, unjustly treating them by violating their human rights, violating those rights by enforcing rules that could be changed in ways that would relieve *most of the world's extreme poverty*. More pointedly—de-

are lots, and they now play a role in a (not very effective system of) system of global labor regulation.

⁴ For discussion of issues of private codes, compliance, national capacities, and trade, see Gay Seidman, *Beyond the Boycott* (New York: Russell Sage, 2007); Richard Locke, Fei Qin, Alberto Brause, "Does Monitoring Improve Labor Standards? Lessons From Nike," *Industrial and Labor Relations Review* 61, 1 (October 2007): 3-31; Roberto Pires, "Promoting Sustainable Compliance: Styles of Labor Inspection and Compliance Outcomes in Brazil" (unpublished); David Weil, "A Strategic Approach to Labor Inspection" (unpublished, May 2008); Sanjay Reddy and Christian Barry, *International Trade and Labor Standards: A Proposal for Linkage* (New York: Columbia University Press, 2008).

reifying and personalizing—we harm the global poor, we citizens of rich countries, by imposing (at least through culpable complicity) current global rules, and by not making the poverty-alleviating rule changes that would address most of the problem.

3. The Strong Thesis is not that changes in global rules are the *only* way to reduce extreme poverty. With fixed global rules, countries could (consistent with the Strong Thesis) succeed in moving large numbers out of poverty, as has happened in truly remarkable numbers over the past three decades in China (of course, most countries do not have more than a billion people in their internal markets, but a number of other countries achieved “fast, sustained growth” in the post-World War II period, including Botswana, Brazil, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Malta, Oman, Singapore, Taiwan, and Thailand).⁵ The Strong Thesis says that changes in global rules would suffice to eliminate “most severe poverty” (SP77), and we would not be seeing these

⁵ The list comes from a recent report from the World Bank Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development, Conference Edition* (Washington, DC: World Bank, 2008), p. 20. Because the focus in this essay is on alleviating extreme poverty, I should emphasize that growth in average income is not a bad way to address extreme poverty: improved average income does not course *imply* income improvements in the bottom quintile, but it generally works out that way. The correlation between average national income and average income in the bottom quintile is very strong. All the usual qualifications apply: correlation is not causation, and there is more to poverty than low income. Still, it is generally better to be in the bottom quintile in a country with higher rather than lower per capita income. See David Dollar and Aart Kraay, “Growth Is Good For the Poor,” *Journal of Economic Growth* 7 (2002): 195-225.

effects if the global order had been designed differently. According to the Strong Thesis, “radical inequality and the continuous misery and death toll it engenders are foreseeably reproduced under the present global institutional order as we have shaped it. And *most of it could be avoided* [emphasis added] . . . if this global order had been, or were to be designed differently” (SPV55).

Here, then, is my argument in brief: it seems indisputable that there is much that wealthy countries and global rule-makers could and ought to do, and that citizens of those countries share in the responsibility for extreme poverty and its alleviation. The Strong Thesis is, however, entirely speculative, unwarranted by available evidence and argument. I see no reason to accept the claim that changes in global rules would suffice to lift most of the terrible poverty that so many people suffer from. In particular, I see no case for the claim that such changes will suffice holding domestic institutions fixed, and no reason to think that they will suffice by changing incentives and opportunities in ways that induce the right (that is, poverty-alleviating) changes in domestic institutions. I will also suggest along the way (though I cannot develop the theme here) that, for much of the interesting action about poverty-alleviation and economic development, the question “domestic or global?”—as in the labor codes example mentioned earlier—is not very helpful and probably misleading.⁶

⁶ For background on this assertion, see Joshua Cohen and Charles Sabel, “Extra Rempublicam Nulla Justitia?,” *Philosophy and Public Affairs* 34, 2 (2006): 147-75; and idem, “Global Democracy?” *New York University Journal of International Law and Policy* 37, 4 (2006): 763-97.

Two larger points frame my discussion of the Strong Thesis and the shortfall between argument and assertion. One point is about political philosophy and social science, the other about theory and practice.

First, explorations of human possibility—especially the attractive possibilities that John Rawls called “realistic utopias”—are the central and irreplaceable work of political philosophy.⁷ Done right, such explorations are not (as in a common caricature) wish lists or fanciful inventions, but are subject to demanding intellectual constraints, including the constraints on showing that an ideal is a realistic possibility for human beings, an object of reasonable hope, compatible with our nature, realizable under the conditions of social life as they might be, and perhaps accessible from where we now are. The demands of that enterprise are very different, however, from the comparably serious intellectual constraints on the social scientist’s efforts to show what is actually the case, identify causes, estimate the magnitude of their effects, and understand what benefits might be achieved with available social levers, and at what costs. Abstractly stated, these points are obvious: while political philosophy draws on social science, it is not social science. But they too often suffer neglect. They are neglected by social scientists who, conflating fact and norm, endorse the caricature of political philosophy as fanciful invention. And they are neglected by philosophers who,

⁷ John Rawls, *The Law of Peoples* (Cambridge, MA: Harvard University Press, 1999), pp. 11-13. Describing realistic utopias is, to be sure, not the only work of political philosophy. See Amartya Sen, “What Do We Want From a Theory of Justice,” *Journal Of Philosophy* 103, 5 (May 2006).

conflating norm and fact, give insufficient attention to the distinction between exploring a possibility, a way the world might be, and showing what is the case.

Second, on theory and practice: addressing the problem of extreme global poverty is of commanding moral importance, and we should not be distracted in efforts to address it by unwarranted confidence in the efficacy of particular diagnoses and strategies. At any level of resolution that bears on practice, it is misguided to say that we know what needs to be done, and that the problem is simply to muster the will to do it. Uncertainty about the likely success of different strategies for addressing a problem is no reason for paralysis. But it does recommend humility,⁸ provide a case for diversifying efforts in the hope of learning something, and suggest that we should think about development and poverty alleviation in particular as arenas for evaluation, organized learning, and attention to local knowledge and circumstance rather than as arenas for implementing sweeping preconceptions.

2. Possible and Actual

⁸ See the forceful statement in Dani Rodrik, *One Economics Many Recipes: Globalization, Institutions, and Economic Growth* (Princeton: Princeton University Press, 2007), p. 5-6. Abhijit Banerjee expresses a broadly similar attitude in *Making Aid Work* (Cambridge, MA: MIT Press, 2007), though the experimentalism that Rodrik favors is not the same as the experimentalism of the Poverty Action Lab. See also the mix of essays on how to make aid more effective in William Easterly, ed., *Reinventing Foreign Aid* (Cambridge, MA: MIT Press, 2008), especially the summary contributions from John McMillan and Nancy Birdsall.

Before getting to the details of Pogge's view, I want to illustrate my general concern about philosophy and social science—and introduce some distinctions that I will draw on later—by discussing a striking example of the shortfall between argument and assertion. In *World Poverty and Human Rights*, just before a discussion of “The Causal Role of Global Institutions in the Persistence of Severe Poverty,” we find the following remarks:

Social scientists [provide for the most part] “nationalist” explanations which trace flaws in a country's political and economic institutions and the corruption and incompetence of its ruling elite back to this country's history, culture, or natural environment. Because there are substantial differences in how countries, and the incidence of poverty within them, develop over time, it is clear that ... nationalist explanations must play a role in explaining national trajectories and international differentials. *From this it does not follow, however, that the global order does not also play a substantial causal role* [emphasis added] by shaping how the culture of each poor country evolves and by influencing how a country's history, culture, and natural environment affect the development of its domestic institutional order, ruling elite, economic growth, and income distribution. In these ways global institutional factors might contribute substantially to the persistence of severe poverty in particular countries and in the world at large” (WP112).

The italicized logical point about the consistency of national and global explanations is right. Suppose a country suffers from severe poverty because of

its institutions—say, absence of an effective rule of law or arrangements for official accountability or decently functioning markets. It does not *follow* that the global order is relieved of responsibility. Global institutions, rules, and policies might still bear substantial responsibility for extreme poverty.

To see how, let us first put aside a familiar kind of story—call it *Combined Effects*—about the joint role of national and global factors in explaining extreme poverty. The conventional story might be expressed in a time series model of intertemporal variations in country-level poverty. The model includes, let's say, a bunch of independent variables, and we want to test for both domestic and global factors: variables for rule of law, regime type, per capita income, resource-dependence, global trade-openness (measured some way or other), global aid commitments, and stringency of global norms on debt repayment (I have no idea how this is operationalized). We start, say, with a specification that is confined to the domestic variables, and find substantively and statistically significant estimates for the coefficients. But of course we should not conclude from the fact that domestic factors matter that global factors do not matter as well. When we add the global variables, we may account for more of the variance, and conclude that both domestic and global factors matter. So far, so obvious, but also vastly too simple. We doubtless need a better way to think about interaction of domestic policies and institutions and global rules, but this complexity is not relevant here.

Pogge's point about national and global is entirely different from *Combined Effects*. He is responding to the view that extreme poverty is *fully* explained by internal factors (history, geography, culture), what he elsewhere calls the Purely

Domestic Poverty Thesis (PDPT), a view that strikes me as pretty obviously wrong⁹:

⁹ Pogge says that PDPT is “widely held” in the developed countries. My impression is that this is not true, but I would welcome evidence one way or the other. Pogge associates PDPT with John Rawls’s *Law of Peoples*, (AGP261-64) in part because Rawls emphasizes that the “causes of the wealth of a people” lie in its political culture, as well as the industriousness and cooperative talents of its members. See *Law of Peoples* (LP) (Cambridge, MA: Harvard University Press, 1999), p. 108. I think that Rawls’s point is best understood by being put alongside his dismissive remarks about “merely dispensing funds” (LP108): the main point is to reject what I refer to below as Independent Effects—the idea that external actors can do a great deal while institutions remain fixed—rather than as rejecting some version of Endogenous Institutions—the idea that domestic institutions are responsive to external rules and policies. Rawls emphasizes, as a central idea in the *Law of Peoples*, that the way to address the worst evils—“starvation and poverty, not to mention genocide and mass murder” (LP7)—is to establish just or at least decent institutions and policies. Because just or decent institutions are so important, he supposes that there is a duty of assistance, which requires that peoples “assist other peoples living under unfavorable conditions that prevent their having a just or decent political regime” (LP37). In essence, the duty of assistance is a duty, owed independently from any past relationship, to help establish favorable conditions for collective self-determination (which, inter alia, enable a people to decide on such key parameters in classical growth models as the savings rate and rate of population growth). The failure to discharge this responsibility—and surely it has not always been well-discharged—may leave a people badly off, and members of the society in extreme poverty: subject to the “great evils in human history” (LP6-7). And this failure would leave the people that failed to discharge its duty partially responsible for the poverty. If the duty of assistance has force, even in the absence of any prior history of interaction, then surely it has force when the situation of the badly off people—the lack of just or decent institutions—is in part a result of global rules, which work in ways that harm the badly off. Pogge wants to rely only on the minimal moral

Purely Domestic Poverty Thesis: “The persistence of severe poverty is due solely to domestic causes” (AGP265).

The response he considers is not the empirical thesis that extreme poverty is only *partially* explained by domestic factors and partially by global rules (as in Combined Effects). Instead he notes that even if variations in poverty are *fully* explained by domestic factors, global factors might also account for extreme poverty. There are two ways this might be true (both empirically implausible, but I am not concerned about this right now).

The first I will call **Independent Effects**. Both domestic conditions and global rules may be independently and fully responsible for cross-national or intertemporal variation in poverty rates. What this means is that a change in either would have been (and would now be) sufficient to alleviate the extreme poverty in a country.¹⁰ Consider a highly stylized hypothetical. Suppose that extreme poverty in a country would be relieved by access to a drug that would make the population much healthier and more productive: say, iron pills for widespread anemia, which limits work effort.¹¹ Universal access to the iron pills

requirement of not-harming, and thus is driven to make the case that global rules harm. Rawls has a more demanding principle of political morality in the duty of assistance, which applies without a background of harm, or any interaction at all. So the issue of harm is not essential to his case for supporting human rights and decent institutions elsewhere: those conclusions flow from the duty of assistance, and are only strengthened if there has been harm.

¹⁰ This is essentially the structure of Pogge’s example of two upstream polluters: each could, independently of the other’s conduct, stop the downstream effects. See SPV63.

¹¹ The example is suggested by Duncan Thomas, et al., “Causal effect of health on labor market

could be financed either by a price change—say, a change in global patent policy that would significantly reduce the price—or by a domestically financed subsidy—say, increased taxes on a wealthy domestic elite, with the revenues used to pay for the medicine at existing prices. Either price change or subsidy suffices for addressing the extreme poverty. Domestic elites could keep their extravagance if patent policy changed prices; pharmaceuticals could keep their extravagance, if domestic elites used their resources more decently. The “nationalist” explanation of poverty, emphasizing the historical, cultural, institutional roots of domestic resource (mis)allocation, does not, then, undermine a case for global responsibility, which says that poverty is a product of global rules that limit availability of medicine. Each remedy, working separately, would fully address the problem.¹²

The second reconciliation of global and national I will call **Endogenous Institutions**. Here, the idea is not, as with Independent Effects, that the extreme poverty could be lifted even with bad institutions held constant. Instead, the idea

outcomes: Experimental evidence,” California Center for Population Research, On-Line Working Paper Series (University of California, Los Angeles), <http://repositories.cdlib.org/ccpr/olwp/CCPR-070-06>.

¹² The example is of course absurdly stylized in many ways. But one feature that calls for special attention is the assumption in the example as presented that the problem is simply to pay for the medication. That makes it easy to see that domestic and global changes would suffice. But in reality, there would also be a need to diagnose, provide the pills, ensure that they are taken, protect against theft and reexport, etc. When we get to these organizational issues, partially domestic (“nationalist”) explanations look stronger.

is that those institutions are very substantially or fully explained by global rules. In this case, changes in global rules would alleviate extreme poverty not by operating independently of domestic factors—as with the global price changes in the Independent Effects case—but instead by shifting domestic political incentives and opportunities in an institution- and policy-transforming way.¹³

To see the force of **Endogenous Institutions**, consider the argument that bad institutions (the domestic roots of low growth and high poverty) are the legacy of early-modern impositions by colonial powers looking to extract natural resources from places that natives of the colonial country did not want to live (say, because the environment is unhealthy for them), a legacy sustained by a powerful inertia of extractive colonial institutions.¹⁴ If someone says that bad domestic institutions—with poorly defined property rights, an absence of any limits on or accountability of officials, limited capacity to resolve conflict, and sharp restrictions on social mobility—explain extreme poverty, then (even if variations in domestic institutions explain all the contemporary variance in

¹³ The idea in the text is one variant of a more generic claim about endogenizing institutions. A more familiar story says that geography explains institutional quality, and that variations in institutional quality in turns account for variations in performance. See for example Stanley L. Engerman and Kenneth L. Sokoloff, “Colonialism, Inequality, and Long-Run Paths of Development,” in *Understanding Poverty*, ed. Abhijit Vinayak Banerjee, Roland Benabou, and Dilip Mookherjee (Oxford: Oxford University Press, 2006): 37-61, esp. p. 39.

¹⁴ See Daron Acemoglu, Simon Johnson and James A. Robinson, “Reversal of Fortune: Geography and Institutions in the Making of Modern World Income Distribution,” *Quarterly Journal of Economics* 117 (Nov. 2002): 1231-94. For instructive doubts about the argument, see Rodrik, *One Economics*, p. 186.

poverty rates and income growth) they have not said anything that implies that global factors do not, because global factors may explain why the bad institutions are in place.

Although this example illustrates the point about the compatibility of domestic and global explanations, it is imperfectly illustrates Pogge's story about global rules in three ways. First, the global factors in question—the imposition of extractive colonial institutions—operated several hundred years ago, whereas Pogge emphasizes global rules since 1980: “The effects of the states system as it was shaped before 1980, say, is ... of little relevance to the question I have raised,” which is about “whether present citizens of the affluent countries, in collusion with the ruling elites of most poor countries, are harming the global poor” (SPV55). Second, if there is significant institutional inertia, there is no obvious implication about what to do now to remedy the long-standing national-level effects. And third, the case (as described) works though external imposition, not by global rules creating new domestic incentives and opportunities.

Consider, then, a second illustration, drawn from discussions of rules on repudiating odious debt (a topic I return to later).¹⁵ Suppose that international law includes an exceptionless rule of repayment, requiring governments to repay debt incurred by a previous regime, regardless of its repressiveness and of how it

¹⁵ For a helpful introduction to the doctrine of odious debt, see Jeff A. King, “Odious Debt: The Terms of the Debate,” *North Carolina Journal of International Law and Commercial Regulation* 32, 4 (2007): 605-68, and “The Doctrine of Odious Debt in International Law: A Restatement,” unpublished (draft on file with author). King discusses existing exceptions to the rule of repayment.

squandered the money. Those rules on borrowing and repayment arguably increase the stakes of controlling the state (the returns to political rule), encourage more ruthless elites to aim for power by increasing expected returns to control of it (getting control of the government vastly increases your borrowing power), and enable those elites to buy weapons to maintain their power by killing the opposition. In short, global credit market rules establish incentives and opportunities that encourage bad domestic institutions. Alternative rules on debt repayment might establish exceptions to the rules of repayment, say, requiring an ex ante announcement of which borrowers you should not lend to, except on certain well-specified and monitored conditions about the use of the credit. This change might help to reduce poverty by reducing economic returns to autocratic rule, thus fostering different institutions. It is essential to the story that the institutions have not only, as an historical matter, been shaped by the rules, but that they are highly responsive to changes in the global rules, and the incentives and opportunities created by those rules.

It is difficult to reside much confidence in such arguments—either the sign or magnitude of their effects. Generally speaking, arguments from changing rules to changing outcomes are complicated, and much depends on details. In the case just mentioned, much depends on how a revised odious debt scheme works, whether expectations on debt repayment are driven by formal rules or informal norms and expectations, the available sources of credit (is the scheme universal?), the returns to political control and costs of accepting limits to such control, and the sensitivity of poverty rates to changes of regime. I will return to

these issues later. My central point here is to agree that explanations by reference to domestic institutions do not imply that explanations in terms of global rules are wrong, and to provide an illustration of the logical point that remedies the three problems with the extractive colonial institutions example.

The logical point, about explanation, causation, and responsibility, is, however, of limited substantive relevance. Contemporary global rules *might* explain the bad institutions, but then, of course, global rules might not: showing that they might is not the same as showing that they do, or giving any rough estimate of the magnitude of the effect. Fully aware of this limited substantive relevance, Pogge adds that "global institutional factors" *do* "contribute substantially to the persistence of severe poverty in particular countries and in the world at large," and proposes to "show that this is indeed the case" (WP112). What follows is a very brief argument for the "Causal Role of Global Institutions in the Persistence of Severe Poverty" (see the seven paragraphs running from the bottom of p. 112 to the middle of p. 115). The point of the discussion is not to illustrate how the global order might account for the domestic conditions that explain extreme poverty; the point is not to suggest some mechanisms that might account for some of the effects. Instead, it ends with a claim to "have *shown* how two aspects of the global economic order [the resource and borrowing privilege, to be discussed later] contribute substantially to the persistence of severe poverty" (WP115, emphasis added).

The discussion makes some highly suggestive points, worth exploring further. The idea, in essence (though largely implicit), is that the economic

returns to autocratic political rule are very sensitive to global rules on resource ownership and access to finance, that political competition in a country is very sensitive to these rates of return, that current global rules induce very high returns to autocracy, and that autocracy accounts for much of the world's extreme poverty. I will explore these issues later. My point here is about what has been *shown*. An argument of this brevity is insufficient for any empirical thesis worth exploring. It certainly falls well short of what is needed for a vastly ambitious claim about the immense impact of one part of a complex social-economic order on another part, an argument that depends in particular on highly contested claims about the behavioral and institutional responsiveness in a country to shifting external rules—themselves established and enforced by a range of competing external actors—with uncertain influence of the rates of return to political activity. There is a large gap between observing that a thesis might be true and showing that it is true. In the case at issue, there is a large gap between noting that a global rule-based explanation of most extreme poverty can happily coexist with explanations focused on domestic conditions and showing that current global rules do contribute substantially to variations in domestic poverty (where, once more, this is taken to imply that domestic institutions and behavior are highly responsive to global rules). That gap cannot be filled in a couple of pages, no matter what is said on those pages. Social science is not that easy.¹⁶

¹⁶ Pogge's discussion includes two points that might be thought to require some qualification of my criticism. He says that he will make his case "by example" (WP112) and that "reforms are not

This discussion in *World Poverty and Human Rights* is not an exceptionally condensed version of more expansive arguments elsewhere. One recent discussion (SPH44-51) largely repeats the points from WP. Elsewhere, Pogge says that “global factors . . . may play a major role in explaining why [poor countries] did not on the whole do much better or worse than they did in fact,” and that this is so “even if country-specific factors fully explain the observed variations in the economic performance of the poor countries.” Having thus stated the point about the logic of explanation, he then adds that this is “not merely a theoretical possibility.” In fact, “*much of the great poverty* [emphasis added] in them [the poor societies] today would have been avoided” if rules on “international economic interaction” had been “shaped to be more favorable to the poor societies” (AGP263-64). The argument for this claim (not quite the Strong Thesis, though not a relevantly different estimate of the magnitude of the effects) consists of a quotation about trade rules from the *Economist*. That quotation underscores the burdens on less developed *countries* of protectionist trade rules and trade institutions dominated by rich countries. The passage makes no judgment about the extent of extreme poverty reduction that would have resulted from changing these trade rules; indeed, it says nothing at all about the extremely poor.

easy to devise” (WP115). My point remains: you cannot “show” what is said to be shown by offering some illustrations (as in the discussion of Nigeria, at WP113-4), and my comments are about the magnitude of effects, not the ease of devising remedies.

But it is worth noting, finally, that while Pogge introduces the comments from the *Economist* in support of “this point”— that “much of the great poverty in them [poor societies] today would have been avoided” (AGP264)—he immediately follows the quotation by saying that it supports a vastly weaker claim: that the persistence of extreme poverty is not “due solely to domestic causes.” Having been introduced to support the Strong Thesis, the comments from the *Economist* are used against the Purely Domestic Poverty Thesis. But evidence that suffices to undercut the (highly implausible) Purely Domestic Poverty Thesis falls well short of the evidence we need in favor of the Strong Thesis. I will start the next section by making this point more explicit.

3. Clarifying the Strong Thesis

I want to sharpen the terms of discussion now, first by locating the Strong Thesis in a space of claims about global rules and extreme poverty, then second by explaining the reasons for focusing on the Strong Thesis.

Most or Some? Pogge says that the current global order has caused and continues to cause most of the world’s severe poverty. It causes extreme poverty, in this way: it comprises rules that are enforced, and which could be different, and if the rules were changed in the right ways, we would eliminate most extreme global poverty. This claim is formulated with particular force in an essay on “Severe Poverty as a Human Rights Violation.” After observing that 50,000 people die each year from starvation and various poverty-related diseases, he adds “much of this annual death toll *and much of the larger poverty*

problem it epitomizes are avoidable through *minor modifications* in the global order that would entail *at most slight reductions* in the incomes of the affluent” (SVH30, emphases added). Thus,

Strong Thesis: Most of the global poverty problem could be eliminated through minor modifications in the global order that would entail at most slight reductions in the incomes of the affluent.

Elsewhere, Pogge advances the weaker thesis—not explicitly distinguished as such—that “most” of the current “radical inequality and the continuous misery and death toll it engenders....could be avoided . . . if [the present global institutional order] had been, or were to be, designed differently. The feasibility of a more poverty-avoiding alternative design of the global institutional order shows . . . that the present design is unjust and that, by imposing it, we are harming the global poor by foreseeably subjecting them to avoidable severe poverty.” This thesis is weaker because it does not say that the relevant changes in global rules are “minor” or that the income reductions required of the affluent are “at most slight.” But it preserves the essential claim about the magnitude of the effects:

Strong Thesis B: Most of the global poverty problem could be eliminated through modifications in the global order that would not result in any injury to those who are now better off that is in any way comparable to the injury now suffered by the world’s poor.

Because of their claims about the magnitude of the effects, both the Strong Thesis and Strong Thesis B are considerably stronger than the Conventional

Thesis, which says that some changes in global rules would alleviate some extreme poverty:

Conventional Thesis: *Some* global poverty could be eliminated by changes in global rules that would not themselves result in serious moral injuries.

This claim (associated with what I earlier referred to as Combined Effects) is essentially a rejection of the Purely Domestic Poverty Thesis. It is what follows (more or less) from rejecting the proposition that extreme poverty is due “solely to domestic causes. Though relatively uncontroversial, the Conventional Thesis is, morally-practically speaking, of extraordinary importance, and provides sufficient reason for concerted action. For example, Pogge says that a range of awful diseases “account for millions of deaths and unimaginable suffering each year,” and that “this is justification enough” for reforming current patent rules, “even if we cannot know in advance by what percentage the reform would reduce this burden of communicable diseases” (SPV78).¹⁷ This point seems pretty much unassailable (though someone might object that the effort expended on this could be better spent elsewhere, that we need to know *something* about the effects), and Pogge’s own proposals for addressing global poverty (including his work on pharmaceuticals through Incentives for Global Health¹⁸) creatively and

¹⁷ Pogge puzzlingly presents this point as a response to some criticisms by Debra Satz (in the issue of *Ethics and International Affairs* in which SPV appears) as if Satz rejected the point quoted here. It seems clear that, quite to the contrary, her point is that such reductions in disease burden suffice to justify concerted action.

¹⁸ See the description of the Health Impact Fund, at <http://www.yale.edu/macmillan/igh/index.html>.

forcefully build on this observation. But it is widely accepted and vastly less ambitious than the Strong Thesis.

In saying that the Conventional Thesis is largely uncontroversial, I follow Paul Collier, who observes that "everyone knows," for example, that OECD trade policy has "indefensible aspects." Agricultural protection probably is near the top of everyone's list. "When U.S. and European Union trade negotiators jointly proposed that instead of the OECD lowering these production subsidies poor countries might shift to other activities, I personally felt they had crossed the line beyond which the normal diplomatic act of lying for your country becomes too shaming to accept. The US South really does have alternatives to cotton.... But cotton growers in Chad?"¹⁹ Collier's own suggestions—for example, encouraging export diversification through a selective tariff policy that provides temporary OECD protections for bottom billion exporters against Asian exporters who have already achieved significant scale economies, and an unreciprocated reduction in trade barriers against the bottom billion negotiated through the WTO—reflect these concerns.²⁰

But we should be cautious about inferring the nature and magnitude of the effects from the magnitude of the shamelessness. According to a World Bank estimate, a complete elimination of all trade barriers in agriculture and manufactures would produce a \$22 billion gain for developing countries.²¹ The

¹⁹ *The Bottom Billion* (Oxford: Oxford University Press, 2007), pp. 159-60.

²⁰ *Ibid.*, pp. 166-71.

²¹ I take the estimate from a March 2006 presentation by Dani Rodrik, "Making Globalization More Development-Friendly." For related discussion see Rodrik, *One Economics*, p. 222.

resulting dent in extreme poverty would likely be pretty small because most of the direct benefit would not be captured the extremely poor, or even by the poorest countries (certainly not directly), but, for example, by cotton exporters in Brazil and Egypt, and Argentine beef exporters. That is no reason for hesitation about the changes, but for resisting exaggeration of their poverty-reducing effects.

Why Focus on the Strong Thesis? It is easy to be distracted from the striking assertions in the two Strong Theses by some philosophical issues about global justice and responsibility.²² For example, Pogge says that the global order *harms* the poor. We might wonder whether to count the enforcement of current rules and corresponding failure to alleviate mass destitution by making such (minor) modifications in the global order as *harming* the poor, rather than as a (culpable) failure to alleviate poverty and its sequellae. Moreover, Pogge has said that his claims about the global order harming the poor depend only on the relatively weak normative idea that we ought not to make people worse off, as distinct from the more demanding idea that we ought to provide help, or to ensure full justice. In response, we may wonder whether Pogge's claim about harm presents a morally demanding idea in morally minimal mufti: that while he says that he is not relying on morally demanding ideas, he really thinks that we

²² See the interesting criticisms of *World Poverty and Human Rights*, in essays by Matthias Risse, Debra Satz, Alan Patten, Rowan Cruft, and Nibert Anwander, in *Ethics and International Affairs* 19, 1 (2005). I have learned much from these criticisms, especially those of Risse, Satz, and Patten, as well as Risse's "How Does the Global Order Harm the Poor?," *Philosophy and Public Affairs* 33, 4 (2005): 349-376. The criticisms Satz makes at pp. 48-50 are closest to my own. But for the reasons mentioned in the text, I put my principal emphasis elsewhere.

make people worse off, thus harm them, when we impose rules that make them less well-off than they would be under fair or “more evenhanded institution[s]” (SPH41). He responds that his argument about harm relies only on the idea that we harm people when (though not only when) we violate their human rights, and that that is a morally minimal standard. But the critic may think that he makes use of a more demanding idea of human rights than many classical liberals or libertarians would ever accept.²³

These concerns, however interesting, may distract attention from the most striking elements of Pogge’s view, though the distraction is understandable in light of Pogge’s chosen strategy of argument. Instead of arguing that changes in institutions or rules or policies could alleviate significant global poverty, and that such alleviation has great moral urgency, Pogge has argued that the globally rich and powerful are harming the poor. The underlying thought is that the injunction to do no harm is more compelling to a wider range of people than the moral injunction to alleviate remediable suffering or ensure full justice. These injunctions are distinct, and in some contexts the distinctions would be very much worth attending to. But in the setting in question, I wonder about their importance. It is as if, in response to the observation that someone is drowning and could be saved at very little cost, we worried most about responding to the person who says “I did not do it, I did not push her in.” And replied to this person: “OK, you may not have pushed her, but you are harming all the same because you supported the property tax cuts that led to the cuts in the municipal budget for the

²³ My sketch of Pogge’s views in this section draws particularly on SP, pp. 55-6, 59-61, 74-78.

parks department that hires the lifeguards.” To which the response will be: “Of course I supported the cuts, because the parks department would have spent the money on landscaping, oak desks, office parties, not lifeguards.” Why not say: “who cares whether you pushed? When someone is dying who could, without much effort, be saved, you are responsible for helping to save, and are complicit in the death if you do not.”

Philosophical issues about global justice and responsibility are of great interest, but the Strong Thesis makes them seem less essential, at least as a practical matter. Suppose that affluent countries could, by supporting relatively minor modifications in the rules of the global order that would entail at most slight reductions in the incomes of the affluent, eliminate most of the world’s poverty problem. If that is true, then the failure to make those minor modifications is barbaric. And concerns about whether it counts as causing harm (by enforcing rules that have the predictable consequence of avoidable extreme poverty) or merely failing to assist, and the debate about whether harm is a matter of making people worse off than they were, or leaving them less well off than they are entitled to be under some allegedly minimal understanding of justice, are theological distractions from a moral disgrace.

To see the point, imagine a world in which the Strong Thesis is more or less true, by construction. We have one rich and very powerful lord and group of other lords, all legally independent and all ruling over separate territories. The rich and powerful lord rules over a relatively wealthy and healthy population. Some lesser lords rule with a comparably velvet glove over relatively wealthy territories.

Others are cruel despots, ruling ruthlessly over desperately poor subjects, whose desperate poverty results in part from their political subjection. Assume now that the states ruled by the lords are interdependent. The rich and powerful lord, as well as the equally decent lesser lords, buy relatively cheap minerals and raw materials from the cruel autocrats and also lend them money. The autocrats use the money for palaces and to buy weapons to coercively control their populations. By ending the purchases and lending, the wealthy lords would curtail the ability of cruel autocrats to sell and borrow, thus undermine their power, thus disable them from continuing to impoverish their subjects, and thus eliminate the incentives of others with comparably ruthless aims to grab power (see Endogenous Institutions). Cruel lords and associated poverty are a response to incentives and opportunities created by the rules made and enforced by rich lords. By changing the background rules, the rich lords would lift the blight of extreme poverty.

But none of this happens. Unwilling to require even small “sacrifices” from their populations (say, higher prices for minerals), and not subjected by those populations to pressure to do better, and despite the relative transparency of the necessary changes, the wealthy lords actively oppose (or at least fail to actively support) such rule changes.

Moreover, as a further twist, assume that the cruel lords are poisoning parts of their populations, and that the wealthy lords have a cheap antidote that could easily be ministered *even with the cruel lordly dictator in place*. But they withhold

it and store it all as insurance against an improbable domestic emergency (Independent Effects).

Imagine now that the wealthy lords each say: “I am not harming anyone. I am not harming the desperately poor and politically repressed people in the surrounding communities run by cruel lords. I am not the cause of their bad situation, even of their poisoning. After all, *some* places are doing very well, and the places that are not doing well could do better if they had better rulers/rules; and in addition, while it is true that I have an antidote that could cure the poisoned population, I would not need to lift a finger and minister the antidote if the cruel autocrats were not poisoning the population. And in any case, it is one thing to accuse me of harming them—I agree I should not—and quite another to say that I am not helping them.”

If the facts are as stipulated, then the right response to the wealthy lords is not a philosophical debate about causation and responsibility, harming and helping, and the role of a negative/positive responsibility distinction in this setting. The problem seems simpler, and the right response is moral condemnation, and practical insistence on changes of policy.

I have presented the Parable of the Bad Lords so that the Strong Thesis is true in their world, both because of Independent Effects and Endogenous Institutions. How we think about global issues will depend a great deal on whether we think the Parable of the Bad Lords provides an illuminating informal model of our world. We know that it is a world with some cruel autocrats, considerable desperate poverty, large amounts of innocent suffering, in which

some of the desperate poverty is in autocracies (though the country with largest number of extremely poor people remains India), and in which the policies of rich countries (and the rules they endorse) are often squalid. But is it true that with minor modifications in global rules (which would result in at most a slight income decline), we could avoid most current global poverty?

4. Assessing the Case for the Strong Thesis²⁴

I have already indicated that I think the Strong Thesis is vastly stronger than anything that Pogge has plausibly defended. I want now to explain why.

One point to preface these remarks. Much contemporary discussion of global justice and global poverty gives insufficient inattention to the political geography of global poverty. By “political geography,” I simply mean the location of extremely poor people in very different places with different developmental trajectories (past and projected growth rates) and varying institutional capacities for addressing domestic poverty. Thus in 2002, 30% of the 1 billion people living on less than a dollar a day, were in sub-Saharan Africa, where the numbers had increased by roughly 90% since 1981, during a sustained period of general economic (and political) disaster throughout much of the continent.²⁵ In East Asia, in contrast, the numbers fell by nearly 600 million people over the same

²⁴ The discussion in this section applies, I believe, with equal force to the Strong Thesis and Strong Thesis B.

²⁵ On more recent (improved) performance, see Edward Miguel, “Is It Africa’s Turn?”, *Boston Review* 33, 3 (May-June 2008).

period, the most extraordinary anti-poverty thrust in human history, while numbers in South Asia fell by less than 10%.

More to the point, roughly half the extreme poverty in the world is now still in India and China, despite their extraordinary growth performance (vastly much more extraordinary over a longer period of time in China than India of course). Another (nearly) 100 million are in Nigeria, and some 70 million are in Pakistan and Bangladesh. Generalizations about “global rules” and the “global poor” that abstract from these contextual differences—including differences in expected growth rates—may obscure these important differences in circumstances and associated differences in possible remedies and actual prospects. Paul Collier was onto something important in *The Bottom Billion* when he focused on the billion people living in countries that are struck in various development traps, rather than on the billion people who are in the worst conditions, though they may have much better life prospects because of their surroundings.

With these observations as background, I will discuss three lines of defense that Pogge suggests for the Strong Thesis (in the section of WP discussed earlier, and elsewhere).

1. While the Strong Thesis is about the sufficiency of global rule changes in alleviating poverty, the force of the thesis might be attenuated if we thought that all countries could have succeeded under existing rules by changing their own institutions and policies. And we might be tempted to infer the possibility of such general success from the success of some.

- Pogge's first point is to expose the error in that inference: maybe existing global rules only allowed the success of some.
2. But then, even if all *could have* succeeded by changing institutions and policies, the Strong Thesis may still be true because of Independent Effects: all would *also* have succeeded with no changes in domestic institutions and policies had there been suitable changes in global rules.
 3. And even if success in alleviating extreme poverty required domestic changes, those changes would have been the natural, induced consequence of changes in global rules. This is the force of Endogenous Institutions.

The thread that runs throughout my comments on these three lines of argument is that we are not given any reason for endorsing the Strong Thesis (or Strong Thesis B) as distinct from the Conventional Thesis. And that is not surprising. It would be *very* surprising if massive poverty alleviation could proceed through changes in global rules that had no impact on domestic institutions and policies, as is suggested by Independent Effects. It would also be very surprising if domestic institutions and policies were as responsive to global rule changes as Pogge's invocation of Endogenous Institutions requires. More positively, there is a very large space between the Purely Domestic Poverty Thesis—that extreme poverty has solely domestic causes and remedies—and the Strong Thesis—that most extreme poverty has global explanations and remedies. A large space, and the right space to occupy, with projects that coordinate domestic and global efforts.

1. *Rise of **All** the Rest?* An obvious objection to the Strong Thesis begins with the observation that some countries with large numbers of poor—China, the Asian tigers, India, Botswana—have grown very rapidly under existing global rules, though typically by playing against the conventional wisdom. Call it “the rise of the rest.” If they managed, why not others?

In response to this objection, Pogge observes, correctly, that the success of some countries is not a conclusive objection to holding the global order responsible, in part because the success of some does not show that all others could have done as well. Those who point to this evidence of differential success may be committing a “some-all fallacy” (SPH44): arguing that “some have succeeded; therefore all could have been as successful.” More particularly, say, all could have been as successful in the strategy of export-led growth that was so successful for Taiwan, Hong Kong, Singapore, and South Korea. Their success shows that the deficiencies are not in the global rules, which do not need reform, but in the failures of others to adopt those successful policies.

Some observers may be fairly accused of this fallacy. I am not sure who, but lets just stipulate. Still, pointing to the logical fallacy seems distracting and misguided as a response to empirical arguments about the relevance of national experiences in addressing domestic poverty.

First, as I mentioned, half the world’s extreme poverty remains in China and India, countries with successful growth performance (China doubling every 9 years since 1978). The distinction between successful and unsuccessful economic performers is not entirely pertinent to the issue of alleviating most

global poverty. Even if every economy had performed as well as China and India, most world poverty would still remain. To make the case for the Strong Thesis—that much of current extreme poverty would have been avoided with the right global rules—we need a case not simply that others could have performed as well in terms of growth and poverty alleviation as the best performers, but that that the large numbers of poor in China and India, despite their relative economic success, are a product of global rules. That is possible (most things are.) In particular, it is *possible* that the distribution of income in China and India would have been different under alternative global rules, but that case needs to be made.

The task of making the case is rendered that much more difficult by Pogge's assertion, already noted, that his case about harm to the global poor depends only on what has happened in the world since 1980, not (for the sake of this argument) about the "effects of the states system as it was shaped before 1980, say" (SPV56). Over that period, under the actual global rules, extreme poverty in China and India declined by hundreds of millions. Under what alternative rules and policies would it have declined further? Perhaps there is a good answer. But concerns about logically fallacious, some-all inferences are simply beside the point because most extreme poverty would have remained even if all countries had been as successful as China and India.

Second, staying at the level of national economic performance, appealing to the success of some countries provides some evidence for the thesis that others could have succeeded. It shows that a certain claim—that global rules are

designed to keep everyone in place, thus simply preserving a rich-poor status quo—is misguided. To be sure, improved national performance under existing rules by some poor countries is not a proof that all countries could have succeeded. But suggestive empirical evidence is not intended as demonstration. The evidence *might* be irrelevant, but we need to understand why it is irrelevant, not simply to say that it might be.

Pogge suggests two lines of argument for such irrelevance. First, that if less successful countries had adopted the export-led strategy of the successful developers, that strategy would have delivered much less benefit to the successful countries because the market for their low-end consumer goods would have been flooded. The less successful countries might have done better, but at some cost in success for the those that were more successful. Perhaps, though the market for consumer goods is not fixed, the development strategies of successful countries were not all the same, and the successful performers did not grow exclusively by exporting cheap consumer goods: there was also steel and ships.

But suppose that the strategy would have been less advantageous to the successful performers. Still, some countries were stagnant between 1975 and 2000, in particular in sub-Saharan Africa, where extreme poverty grew significantly worse: if they had grown 3% annually, their per capita income would have doubled during that period, instead of shrinking. The aggregate results for extreme poverty are uncertain, and depend of course on how the gains from

growth would have been distributed in the poorest countries, but it might well be less pressing now in the places where it has grown so much worse.

The second claim is that markets were limited by protectionism in affluent countries, and this protectionism—an alterable feature of the global order—precluded any generalization of the success stories. Perhaps. But first, while protectionism in affluent countries may have limited growth possibilities for some developing countries, it is also true that trade protections have decreased significantly, and that the persistence of protectionism can hardly explain the extraordinary differences between successful and unsuccessful economic performance in developing countries. Second, consider sub-Saharan Africa: between 1975 and 2000, per capita income fell 15%, though there was also considerable variation in performance, with Botswana and Mauritius on the high end. If growth rates had been, 3%—nothing like the very strong performance in Botswana—income would have doubled instead of falling disastrously. The fact that all could not, in the present global order, have achieved 8% growth rates for 30 years—lets simply stipulate this—is not especially relevant to the economic disasters of the past generation. Moreover, I am not sure how, under some alternative global rules there might have been a generalization of South Korean or Chinese growth rates (Dropping agricultural protections in affluent countries? Probably a small effect. Free movement of people across borders? Hard to know: the effects could be *very* large because of wage differences, but would depend on how the politics works out.)

2. *Symmetry of Global and National?* Suppose we assume—as I am suggesting we might—that poor countries could all have developed at decent rates—say, 3% per annum—without any change in the global rules: not that this *follows logically from the fact that some have*, but that it seems a reasonably well-supported proposition, with probative evidence provided by reasonably successful cases. Pogge observes that these stipulations do not absolve the global rules “of responsibility for any excess poverty that would have been avoided if the political elites in the poor countries were less corrupt and less incompetent” (SPH45). Of course not. It would be absurd to deny that some changes in global rules would be more favorable to the extreme poor. That is what the Conventional Thesis says. But the issue we are considering is not the Conventional Thesis, according to which changes in global rules would help to alleviate extreme poverty, but the Strong Thesis that relative minor changes would eliminate much of the global poverty disaster.

In defense of the claim that the affluent countries should not be “acquitted of responsibility,” Pogge makes two symmetrical assertions:

S1. Most severe poverty in the world could be avoided through changes in political arrangements and policies in poor countries, even if the current global order were not changed²⁶; and

S2. “Most severe poverty would be avoided, despite the corrupt and oppressive regimes holding sway in so many poor countries, if the global institutional order were designed to achieve this purpose” (SPH46).

²⁶ As was suggested in the third point of clarification in the opening section.

I am not sure that we should accept S1 as an empirical matter, and even if it is true, it does not recommend keeping those rules fixed. But I want to focus on S2, which expresses the idea I earlier called Independent Effects. S2 does not say that extreme poverty is a result of bad institutions which are explained by global rules, but that mass poverty in, say, the Congo, or Zimbabwe, or Sierra Leone, or Bangladesh, Pakistan, or Nigeria, or India could be avoided (and could have been avoided) by changes in (or historically different) global rules, *even if domestic institutions and regimes were held fixed*. I know of no evidence at all for this extraordinary claim, and none is provided. I am not sure how trade policies, or new patent rules, or more generous development assistance, or alternative rules on debt repayment would have a large impact in any of these countries, *given* current regimes, institutions, and policies. While the alleged symmetry *might* hold, this assertion of Independent Effects is extremely implausible, as an empirical matter, given the importance of local conditions in mediating the effects of global factors.

Consider an analogous claim about occupational health. Someone might say that, though cigarette smoking causes heart disease, work organization is also responsible because bad work organization produces stress, which in turn sustains the smoking that leads to the heart disease. Put aside whether that is right or not (it is certainly overstated), and consider the claim that work organization is *also* responsible because you could reduce much of the problem of heart disease by reducing work stress, *even if people continued to smoke just as much*. That would be a *very* large surprise, though welcome news to tobacco

companies. But the analogous claim about large poverty-reducing effects of changes in global rules operating completely independently of changes in domestic regimes is comparably hard to defend.

One reason for endorsing symmetry might come from the case of development assistance, but the evidence suggests otherwise. The (often polemical) debate about its benefits continues unresolved. Aid skeptics remind us that China has set the record for growth and poverty reduction with no development assistance, argue that assistance is often a destructive substitute for domestic investment and can sever the relationship between spending and popular support, and observe that assistance in sub-Saharan Africa fell over the course of the mid and late 1990s, leading up to the current phase of renewed growth there, which began around 2000.²⁷ Aid optimists remind us that a pathetically small amount of aid has been given over the past 50 years, particularly when we exclude Cold War-motivated assistance. There does seem to be a good (though not entirely uncontroversial) case for the proposition that assistance is particularly helpful in addressing extreme poverty when institutions are decent, but that of course is no support for Symmetry.²⁸ It is much harder to

²⁷ On the recent upswing in African growth rates, see Miguel, "Is It Africa's Turn?". Though not an aid skeptic, Miguel expresses doubts about the role of assistance in helping the upturn.

²⁸ Steven Radelet, Michael Clemens, and Rikhil Bhavnani, "Aid and Growth," *Finance and Development* 42, 3 (September 2005): <http://www.imf.org/external/pubs/ft/fandd/2005/09/radelet.htm>. For critical discussion, see William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (Oxford: Oxford University Press, 2007), pp. 42-3.

make the case that aid does much to relieve severe poverty regardless of the domestic institutional and policy setting.²⁹

3. *Domestic Institutions and Global Rules: Background.* But Pogge's principal argument about the role of global rules lies elsewhere, with Endogenous Institutions. A few words of background first.

Much work on economic development over the past generation (as well as allied work on economic history and comparative political economy of developed countries) has emphasized the importance of domestic institutions—including institutions that establish a rule of law, secure property rights, political accountability, risk regulation, and macroeconomic stability—in explaining economic performance.³⁰ The precise role of institutions—what institutions matter, and the extent to which such non-institutional factors such as physical geography (climate and proximity to water), neighborhood, “culture,” and the distribution of power matter as well—are all issues of continuing controversy. But the institutional argument has much to be said for it.

²⁹ For a discussion of ideas about assistance that is not so completely stylized, see the essays in William Easterly, ed., *Reinventing Foreign Aid* (Cambridge, MA: MIT, 2008).

³⁰ See Douglass C. North and Robert Thomas, *The Rise of the Western World: A New Economic History* (Cambridge: Cambridge University Press, 1976); Acemoglu, Johnson, and Robinson, “Reversal of Fortune;” Elhanan Helpman, *The Mystery of Economic Growth* (Cambridge, MA: Harvard University Press, 2004), chap. 7, for a synthesis of recent arguments on institutions, innovation, and productivity growth. For a highly stylized version of the debates about the importance of institutions, see Daron Acemoglu, “Root Causes” and Jeffrey Sachs, “Institutions Matter, But Not For Everything,” both in *Finance and Development*, June 2003.

To illustrate the point about institutions, consider just one striking finding. A vast amount has been written about the so-called “resource curse.” The idea is that natural resources may be harmful to a country’s economic performance, as has arguably been true in Nigeria or Sierra Leone. But of course for every Nigeria or Sierra Leone there is a Norway or a Mexico (where oil was not very damaging), or, for that matter, the United States, which in 1913 was the leading producer of nearly every industrial mineral. Are natural resources good or bad for economic development? Can anything general be said?

Take the sample of resource rich countries, measured by resource exports as a percentage of GDP, and divide it into countries with good and bad institutions. What you find is that countries with good institutions are not resource cursed. Indeed, $r^2=0$ when you regress growth on resource dependency. But you also see a strong resource curse in the places with bad institutions.³¹ Of course, there may be subtle resource curses faced by all. For example, it may be better

³¹ See Halvor Mehlum, Karl Moene and Ragnar Torvik, “Institutions and the Resource Curse,” *The Economic Journal* 116 (January 2006), 1–20; James A. Robinson, Ragnar Torvik, Thierry Verdier, “Political Foundations of the Resource Curse,” *Journal of Development Economics* 79 (2006): 447-68; Halvor Mehlum, Karl Moene, and Ragnar Torvik, “Cursed by Resources or Institutions?,” *The World Economy* (2006): 1117-1131. Stephen Haber and Victor Menaldo are more skeptical. Focusing not on poverty but authoritarianism, they argue that natural resource dependence is not bad for democracy and does not foster authoritarianism; the contrary impression comes from relying on misleading cross-national regressions focused on recent experience, rather than using time series to understand long-term, longitudinal change within countries. See Haber and Menaldo, “Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse,” unpublished (on file with the author).

for budgetary and balance of payments stability to have \$1 billion in manufacturing investment than to discover \$1 billion worth of gold. But there is not good evidence in particular for a destructive, growth-depleting, or extreme-poverty-imposing resource curse that works independently from institutions.³²

Should we conclude, then, that it is all domestic institutions, all the time? End of story? Hardly.

Consider the Extractive Industries Transparency Initiative (EITI), a recent, voluntary effort, with support from some affluent countries (among others, Canada, Spain, Norway, Netherlands, Belgium, France, United Kingdom, and the United States), NGOs (including Transparency International, Oxfam, and Global Witness), international organizations, and companies. EITI aims to encourage resource-rich (understood operationally as a high degree of fiscal- or export-dependence on hydrocarbons or minerals), poorer countries and the companies operating there to ensure transparency on revenues paid by companies to governments: “Regular publication of all material oil, gas and mining payments

³² Pogge discusses the resource curse in connection with the resource privilege. He says that there is a “significant negative correlation....between the size of countries’ resource sectors and their rates of economic growth” (WP114, SPH49), and says that the resource privilege explains the curse, perhaps by explaining why increased resource dependence decreases the probability of transition to and survival of democracies (SPV50). The point in Mehlum, Moene, Torvik’s “Institutions and the Resource Curse” is that this negative correlation is misleading: when we split the sample, we get a stronger negative result in places with bad institutions, but *no* negative result at all for places with good institutions. It might nevertheless be true that changes in global rules would help in the places that now have bad institutions. I discuss this later, pp. 00-00.

by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.”³³ The idea is that such transparency in the extractives sector will help to combat the resource curse by enabling all players, including domestic groups in poor countries, to know what is happening with their resources, thus reducing incentives and opportunities for corruption and unaccountable use of national resources.

I mention EITI not because it has been a great success. It is very early in the game, with more than 20 candidate countries that have signed up and passed through a first round of hurdles but none that have been validated as compliant. Moreover, it is not likely to be a great success without, *inter alia*, standards beyond simple transparency (after all, sometimes people get robbed blind not because they lack information about how they are being abused but because they lack the power to prevent it).³⁴ Still, it illustrates how global actors—including governments of affluent countries, private firms, international organizations (World Bank and African Development Bank), and NGOs—can

³³ See <http://www.eitransparency.org/principlesandcriteria.htm>, August 14, 2005.

³⁴ On the virtues and limits of EITI, see Paul Collier and Michael Spence, “Help poor states to seize the fruits of the boom,” *Financial Times*, 10 April 2008. The World Bank’s recently announced Extractive Industries Transparency Initiative Plus Plus (EITI++) is an ambitious effort to build on EITI, moving past transparency on the flow of funds from companies to governments to transparency on expenditures of those revenues and capacity-building efforts that will better enable states to manage resource-based revenues and use them for constructive purposes.

both acknowledge the importance of domestic institutions in imposing the resource curse *and also* acknowledge their own role. The idea behind the EITI is that outside actors—including governments, companies, and international organizations—have a responsibility to change global rules in ways that encourage domestic actors to reshape their conduct and fashion institutions that help to diminish the resource curse, in places where it has done real damage. The thought behind the transparency initiative is that access to information is at least necessary if citizens are to hold governments accountable. EITI thus requires that domestic “stakeholders” be part of the transparency initiatives. Ensuring their presence and their access to good information about flows of revenues will shift at least in small ways—anyway, this is the theory—the balance of domestic power.

EITI illustrates the animating idea behind Endogenous Institutions, which is that domestic institutions need to be explained, and global rules are one element in the explanation. Two features on EITI, however, bear emphasis. First, an essential feature of EITI is that it does *not propose simply to change rules* in the expectation that domestic actors will suitably adjust their conduct, while threatening sanctions for failure. Instead, it requires—for better or worse—domestic government cooperation as an initial threshold condition for participation in the initiative. A second and related point is that EITI does not depend on the very strong version of Endogenous Institutions that I stated earlier, according to which institutions are very substantially or fully explained by global rules. That idea played a role in versions of dependency theory and world-

systems theory that explained domestic social and political arrangements in terms of a country's position (say, as raw material supplier, or manufacturing center, or commercial headquarters) in a global division of labor.³⁵ But as EITI suggests, you can accept that global rule changes may constructively change incentives and opportunities that animate domestic political conflicts (by, for example, reducing the returns to predatory rule) without accepting the dependency view about domestic-institutional and political dependence on global structure.

4. *Do Global Rules Explain Domestic Institutions?* This idea about the importance of the global background of domestic political economy animates Pogge's view. In defense of the Strong Thesis, he says that bad domestic arrangements are a result of global rules, and explores the role of two features of

³⁵ See Andre Gunder-Frank, *Capitalism and Underdevelopment in Latin America* (New York: Penguin, 1971); Fernando Henrique Cardoso and Enzo Falletto, *Dependency and Development in Latin America*, trans. Marjorie Mattingly Urquidi (Berkeley: University of California Press, 1979), esp. pp. 26-7; Immanuel Wallerstein, *The Modern World-System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* (New York: Academic Press, 1980). For forceful criticisms, see Robert Brenner, "The Origins of Capitalist Development: a Critique of Neo-Smithian Marxism," *New Left Review* 104 (July-August 1977). Though the emphasis in dependency and world systems theory is on the global system, the essential idea is not that domestic rates of return depend on global political-economic rules, but that natural resources and a surplus extracted from the periphery fuel growth in the core of the world economy.

the global order—the *resource privilege* and *borrowing privilege*—in generating bad domestic arrangements.³⁶

The idea of a resource privilege is that current global rules assign *full* control of a country's natural resources—land, minerals and oil, say—to whomever rules the country, regardless of the viciousness of their rule. This rule encourages bad institutions by providing increasing the returns to autocracy and predation, providing no economic incentives for rulers to be decent, decreasing the benefits of shared control of the state (the global rules make domestic power independent of sharing the resource rents), and perhaps attracting especially ruthless people into political life (by attaching very large returns to ruthlessness). If power holders in a country could be acknowledged by outsiders as owners of resources only if they met certain conditions—say, rule of law, or basic popular accountability—then domestic institutions would improve because the value of controlling the resources would be contingent on meeting the conditions. Changing global rules would reduce the stakes of politics and the benefits of autocratic power, attract less ruthless people, and would thus improve political conduct.

To see how this might work, consider Leif Wenar's recent suggestion about how changes in current global rules on resource ownership might mitigate the resource curse.³⁷ Wenar argues that oil and other extractive companies may be seen as trafficking in stolen property, and consumers purchasing stolen property,

³⁶ Although I am focusing on bad effects of global rules on current institutions, not all the current effects are bad, as Pranab Bardhan has reminded me in discussion.

³⁷ Leif Wenar, "Property Rights and the Resource Curse," *Philosophy and Public Affairs* 36, 1 (2008): 2-32. Wenar notes the connection with Pogge's resource privilege at p. 13n. 29.

when they extract or purchase resources from countries in which governments are entirely unaccountable to the governed. The underlying idea is that the governed are themselves the owners of the country's natural wealth. Lack of accountability amounts, then, to stealing from the people of the country (the owners), using their resources while depriving them of any rights of control or residual claimancy. Conventional legal rules against the possession and sale of stolen property could then be used to prevent imports from such countries, which would provide incentives to make the governments accountable, according to some agreed minimal standards of political accountability, including both political and civil liberties. Of course the more proximate impact might be to have less scrupulous countries purchase and sell the resources, but then—on Wenar's scheme—imports from those countries could be subjected to import duties, with the revenues from the duties placed in a trust fund for the country to which the resources belong.

To operationalize the proposal, Wenar uses Freedom House scores. A “not free” score of 7 on either political or civil liberties categorizes natural resources sold by the regime as stolen. Under this proposal, regimes in 20 countries (according to 2008 classifications) would be treated as stealing natural resources, and companies trading in those resources would be treated as trading in stolen goods. Among the countries are China, Vietnam, Saudi Arabia, and Cuba, as well as Myanmar, North Korea, Somalia, Sudan, and Zimbabwe.³⁸

³⁸ *Freedom in the World 2008: Selected Data from Freedom House's Annual Global Survey of Political Rights and Civil Liberties* (Freedom House 2008). The results would be somewhat

There are many questions about the proposal, about whether it would provide incentives to trade resources on black markets; about how the WTO would react to import duties on less scrupulous third countries trading in stolen property; about the willingness of regimes in resource-rich autocracies to live with reduced exports, while imposing the costs on poorer citizens; and about using legal instruments to deal with political issues. But putting this all to the aside, I want to underscore that this proposal (in anything like the form in which Wenar advances it) is unlikely to do much about extreme global poverty. Wenar does not strongly assert that it would, so these comments are not intended as a criticism of his proposal or its efficacy in addressing other problems. I have three reasons for skepticism about significant effects on global poverty.

First, there is the problem of useless sanction (useless in terms of alleviating extreme poverty). A number of the countries that might be subject to sanction, on Wenar's scheme, because of their unaccountable regimes are places (like Saudi Arabia, Syria, Belarus, Tunisia, and Cuba) with very little extreme poverty (I put aside whether legal sanctions of the kind contemplated would be helpful in addressing the character of these regimes). Others are places—like China³⁹ and Vietnam⁴⁰—with very high growth rates, in which it is

different if we used Polity IV scores, and set the cutoff at autocracy (= -6). In 2006, Zimbabwe, Sudan, Tunisia were at -4, and Chad at -2, and thus would have been sufficiently accountable, though all had at least one score of 7 on Freedom House. See <http://www.systemicpeace.org/polity/polity06.htm>.

³⁹ China is largely a raw material importer, but mineral fuels are among its top ten exports, comparable to toy exports.

hard to see how the proposal would help on the poverty issue, and—while acknowledging the difficulties of estimating general equilibrium effects—might well make things worse.

Second, much extreme poverty is in countries (India, Nigeria, and Bangladesh) that would not be in trouble under the proposed scheme, because they are all well within the accountability conditions required for valid contracts.

Third, there are concerns about the anti-poverty impact of induced reforms. Whatever the operational standards for ownership are, it may be possible for countries to game them, doing just enough to satisfy the basic conditions of accountability, which is unlikely to have much substantive effect. Moreover, even if an opposition emboldened by the new global rules conscientiously pursued it, a shift from below the accountability line to just above the line is unlikely to have much substantive effect. Consider a country below the accountability line, with widespread repression of association, no rule of law, no meaningful elections, sharp limits on free expression, and the political opposition lacks sufficient organized strength to change the political terms, but the change comes about because of a shift in global rules. The development of new domestic forms of accountability and rule of law will likely proceed slowly, with very uncertain impact on growth rates and poverty reduction.⁴¹

⁴⁰ Vietnam exports considerable amounts of crude oil and coal, particularly to China.

⁴¹ The evidence on democracy and poverty reduction is mixed. Ross has argued that there is no case for the proposition that democracy is good for infant and child mortality, but that electoral democracy leads to greater benefits for the middle class. “Is Democracy Good for the Poor?”, *American Journal of Political Science* 50, 4 (October 2006): 860–874; for an alternative view

There are other, more political strategies for restricting the resource privilege than Wenar's property-rights approach. For example, extensions of the EITI (like the World Bank's new EITI++, see footnote 33) aim to build transparency and accountability without relying so heavily on legal instruments, and in ways that aim more directly to promote improved domestic politics, though they also depend, as I said earlier, on engagement by the countries themselves.⁴² But I do not see a story that would make domestic institutions and poverty so strongly endogenous to global rules, and thus no plausible way to show that the explanatory importance of domestic institutions can be embedded in a larger story about the explanatory sufficiency of global rules. To make that case we would need to know, *inter alia*, how responsive autocrats are to the expected returns on the control of natural resources, how much that expected rate of return varies with changes in global rules, and how dependent the growth rate and poverty rate are to meeting whatever conditions are stipulated.

Consider, more briefly, the borrowing privilege. Here again, the idea is that troubles arise because of the very large returns that flow from political rule, given the current rules on borrowing and repayment. Essentially, rulers who hold

about the effects of democratization in sub-Saharan Africa, see Masayuki Kudamatsu, "Has Democratization Reduced Infant Mortality in Sub-Saharan Africa? Evidence from Micro Data" (December 2006, unpublished).

⁴² Two countries with scores of 7 on one of the Freedom House indices are "candidate countries" under EITI: Equatorial Guinea and Cote d'Ivoire. This means that the government has in essence expressed the intention to implement EITI's transparency rules and has agreed to work with companies and civil society. See <http://www.eitransparency.org/>.

defacto power have sovereign borrowing privileges, can use loans to pay for the weapons they use to ruin the lives of the people through war and crush their opposition, and then lenders can require a successor government to pay off the debt from the despot.

One way to address this problem would be to modify the current understanding and treatment of odious debts in international law by establishing a global body with the power to make ex ante declarations that some regimes are “odious debt prone.”⁴³ The consequence of such declaration (publicly known), on this Due Diligence Model, would be that lenders—now given due notice—would be required to specify legitimate public purposes for loans and monitoring plans to ensure compliance with those purposes. Successor governments could only permissibly repudiate loans when the funds were diverted from the approved purpose and the lender failed to implement the announced borrowing plan. This would mean reduced incentives to lending to brutal regimes, reduced incentives to being a brutal regime because of the difficulty in borrowing, reduced capacity to be a brutal regime because of the difficulty in sovereign borrowing, and stronger incentives for challengers because they would not be saddled with large odious debts.⁴⁴ The ex ante announcement would create greater certainty in

⁴³ On the Due Diligence Model, see Seema Jayachandran and Michael Kremer, “Odious Debt,” *American Economic Review*, 96 (March 2006): 82-92.

⁴⁴ Of course the extent of reduced saddling is not so clear. Suppose, as Tomz has argued, that debt repayment is substantially driven by reputational concerns. A successor regime might worry that repudiation would be damaging to reputation, even if the repudiation were warranted under revised odious debt rules. And they might think that paying even when they are not required to—

financial markets than more standard legal strategies for declaring debt odious, while the due diligence condition would permit beneficial lending, and thus help protect the population from the harmful results of economic sanctions.

There is much to be said for this strategy of dealing with the odious debt problem. It is hideous to see a successor regime, thus the citizens of country, saddled with paying off debt incurred for the purposes of feeding some predator's taste for blood diamonds. But for all the reasons I have already discussed, the relationship between a sensible odious debt doctrine that appropriately limits subsequent burdens and claims about alleviating extreme poverty is tenuous, both because so much extreme poverty is untouched by issues about borrowing privileges, and because the implications for poverty alleviation of changing those rules is so uncertain.

5. Conclusion

Someone might be tempted to object at this point that I have missed the essential point, that while no single change in global rules will alleviate most extreme poverty, we can confidently assert that the cumulative effect of many such changes will yield that result. I will leave to the reader the exercise of responding to that argument.

being what Tomz calls a “surprising payer”—makes them more attractive borrowers. See, in general, Michael Tomz, *Reputation and International Cooperation: Sovereign Debt Across Three Centuries* (Princeton: Princeton University Press, 2007). On surprising payers, see pp. 102-12.

I conclude on the fundamentals. A large number of people are living on the edge, excluded from the benefits of the extraordinary global growth of the past 30 years; they are excluded not because of some wrong they have committed but despite their innocence; the fact so many are living so badly is a moral disaster, not least because the problem of extreme poverty is not beyond remedy; building a world without extreme poverty—a reasonable ideal—will require a range of efforts, depending on location (keeping in mind the differences between, say, China, India, Nigeria, Bangladesh, Sudan, Somalia, and Sierra Leone); building it in a sustainable way will depend (inter alia) on decent domestic arrangements as well as global rules (and on larger doses of global coordination to address growing pressures on resources and climate); and wealthier countries have significant responsibility in building that world. Philosophy has a role to play, in clarifying the bases of that responsibility, exposing excuses for not discharging it, and explaining how a world without extreme poverty is one part of a reasonable ideal.

But in figuring out what to do, we should learn something from recent history. The Washington Consensus—now happily consigned to the dustbin⁴⁵—said that countries needed to stabilize, liberalize, and privatize. Lots of places followed that advice and did badly; lots of places did well during the period of the Washington Consensus, especially places that broke the Consensus rules.⁴⁶

⁴⁵ See World Bank Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development, Conference Edition* (Washington, DC: World Bank, 2008). This report represents a deep shift in thinking about growth and development.

⁴⁶ See Rodrik, *One Economics*, pp. 18-21, 239.

What we need now is not a replacement recipe—“get the global rules right,” instead of “get the prices right” or “get the institutions right”—and least of all a recipe backed by speculations about possibilities, presented as social science. Instead, the circumstances call for a mix of moral conviction about the importance of addressing the issue of extreme poverty, an open-minded, empirical, and experimental spirit about how best to deal with it, and institutions, both domestic and global, organized to foster such learning.