https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

FOREIGN AID AND FREEDOM

By Fernando R. Tesón*

Abstract: *This essay examines the many problems with public and private development aid and argues that global liberalization of trade and immigration would have a greater direct effect in reducing global poverty. It also examines and rejects the view that people in rich countries have a strong moral obligation to give to the global poor. Such an obligation is in tension with an ethic that prizes personal projects. A political morality of equal respect and concern is congenial not with foreign aid, but with recognizing the agency of the global poor by lifting the many obstacles they currently face to participating in the market as producers and consumers.*

KEY WORDS: foreign aid, development, poverty, free market, immigration

I. Introduction

Many people think that the global rich have an obligation to transfer resources—individually or through their governments—to the global poor. In this essay I argue, in contrast, that if there is such an obligation, it is weak and that the best way to help the global poor is to remove the obstacles that prevent them from fully participating in the global market as producers, laborers, and consumers. A primary obligation of persons and governments is to recognize the right of everyone to better themselves through trade.[1] This is an obligation to set the global poor free, to recognize their moral, economic, and political agency. There are many unjust policies currently in place, so this is not an injunction to remain passive in the face of global poverty. Setting the global poor free requires, therefore, positive action. These liberating measures are compatible with material aid; under the right circumstances, material aid can be beneficial. However, there is an important difference between these two actions: freeing the global poor is the first priority, while material aid, which may or may not be indicated, is of secondary importance.

II. Public Foreign Aid

Foreign aid can be public or private. Governments provide public foreign aid and their programs vary in importance and structure. Individuals

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[1] I adapt Deirdre McCloskey's approach, developed in Deirdre McCloskey, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (Chicago, IL: University of Chicago Press, 2016), esp. 11-42.

doi:10.1017/S0265052523000377
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https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

Table 1. Top Ten States Giving versus Receiving Foreign Aid in 2017

Donor States	Foreign Aid Given in USD	Recipient States	Foreign Aid Received in USD
United States	$34.7 billion	India	$4.21 billion
Germany	$25.01 billion	Turkey	$4.10 billion
United Kingdom	$18.10 billion	Afghanistan	$2.95 billion
European Union	$16.44 billion	Syria	$2.77 billion
Japan	$11.46 billion	Ethiopia	$1.94 billion
France	$11.33 billion	Bangladesh	$1.81 billion
Italy	$5.86 billion	Morocco	$1.74 billion
Sweden	$5.56 billion	Vietnam	$1.61 billion
Netherlands	$4.96 billion	Iraq	$1.60 billion
Canada	$4.30 billion	Indonesia	$1.48 billion

provide private aid, often through private charitable organizations. Table 1 lists the top ten donor states and the top ten recipient states, with the respective amounts of foreign aid given and received in 2017.[2]

A central question is whether or not public aid for development achieves its stated aim of helping the global poor. The debate has been raging for a long time and I have little to add to the voluminous literature.[3] Steven Radelet summarizes it well:

> Critics such as Milton Friedman, Peter Bauer, and William Easterly have leveled stinging critiques, charging that aid has enlarged government bureaucracies, perpetuated bad governments, enriched the elite in poor countries, or just been wasted… . Supporters counter that these arguments, while partially correct, are overstated. Jeffrey Sachs, Joseph Stiglitz, Nicholas Stern, and others have argued that although aid has sometimes failed, it has supported poverty reduction and growth in some countries and prevented worse performance in others.[4]

[2] Information listed in Table 1 is drawn from Michele Wheat, "Which Countries Provide and Receive the Most Foreign Aid?" *Wristband Resources*, https://www.wristband.com/content/which-countries-provide-receive-most-foreign-aid/.

[3] For public foreign aid supporters, see, e.g., Jeffrey Sachs, "The Case for Aid," *Foreign Policy*, January 21, 2014, https://foreignpolicy.com/2014/01/21/the-case-for-aid/; Joseph Stiglitz, "Overseas Aid Is Money Well Spent," *Financial Times*, April 14, 2002; George Ingram, "What Every American Should Know about U.S. Foreign Aid," *Brookings*, October 15, 2019, https://www.brookings.edu/articles/what-every-american-should-know-about-u-s-foreign-aid/. Critics of public foreign aid include, e.g., 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* (New York: Penguin 2006); Christopher J. Coyne, *Doing Bad by Doing Good: Why Humanitarian Action Fails* (Stanford, CA: Stanford University Press, 2013).

[4] Steven Radelet, "A Primer on Foreign Aid" (Working Paper Number 92, Center for Global Development, July 2006), https://www.files.ethz.ch/isn/36066/2006_07_24.pdf.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

I cannot adjudicate this controversy here, but I think that the criticisms are generally correct. However, foreign aid sometimes has done good, especially in health and similar emergency crises.[5] It is less obvious that aid has contributed much to long-term economic development.

There are four main problems with public foreign aid: (1) it clashes with national interest, (2) it has a principal-agent problem, (3) it is subject to capture by those other than the intended beneficiaries, and (4) it cannot mimic markets. I explain each in turn.

(1) Foreign aid clashes with national interest. States normally follow their national interest, which is rarely aligned with the humanitarian impulse that should inform foreign aid. Many think that this is as it should be because governments discharge their fiduciary obligation to their citizens by pursuing their national interest. The above list of state beneficiaries of foreign aid reflects, for example, the national interest of the United States. India and Turkey, the top recipients of foreign aid, are among the *wealthiest* developing countries.[6] U.S. leaders and media routinely explain ostensibly altruistic decisions as serving the national interest. For example, the media reported a decision by the U.S. Government to ship millions of COVID-19 vaccines to developing countries as an action to fend off potential harm to the United States of destabilization in those places. The U.S. government, in turn, said that sending the vaccines would help neutralize the global influence that China and Russia could acquire by providing their vaccines.[7] These sorts of strategic concerns often interfere with the promotion of economic development.[8]

(2) Foreign aid has a serious principal-agent problem. The beneficiaries of public foreign aid are severed from the real providers of aid, namely, the taxpayers in donor countries. As put by Berton Martens:

[5] See Sachs, "The Case for Aid" and the essays in *Making Aid Work*, ed. Abhijit Banerjee (Cambridge, MA: MIT Press, 2007). The empirical studies are summarized in Sebastian Edwards, "How Effective Is Foreign Aid?" *World Economic Forum*, November 28, 2014, https://www.weforum.org/agenda/2014/11/how-effective-is-foreign-aid/; according to that article, results are "fragile and inconclusive." For health-related aid, see Eran Bendavid and Jay Bhattacharya, "The Relationship of Health Aid to Population Health Improvements," *Journal of the American Medical Association Internal Medicine* (June 2014), https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/1861035.

[6] The list above is somewhat distorted because it includes the total amount of aid per country. More accurate data would indicate the foreign aid per capita, both for donors and beneficiaries. For example, on the donors' side, Norway, with a population of 5.46 million, would be a more generous country than the United States, with a population of 331 million. On the beneficiaries' side, India is a highly populous country, so the amount of aid it receives per capita is lower than that of other beneficiaries that get less total aid. This qualification does not affect the point in the text.

[7] Lauren Egan, "Biden to Send 20 Million U.S.-Approved Vaccines Abroad by End of June," *NBC News*, May 17, 2021, https://www.nbcnews.com/politics/white-house/biden-send-20-million-u-s-approved-vaccines-abroad-end-n1267596.

[8] See Loren E. Lomasky and Fernando R. Tesón, *Justice at a Distance: Extending Freedom Globally* (New York: Cambridge University Press, 2015), 261–77.

> A unique and striking characteristic of foreign aid is that the people for whose benefit aid agencies work are not the same as those from whom the revenues are obtained; they actually live in different countries and different political constituencies. This [separation] blocks the normal performance feedback process: beneficiaries may be able to observe performance but cannot modulate payments (rewards to agents) as a function of performance. Although donors are typically interested in ensuring that their funds are well spent, it is extremely difficult for them to do so, since there is frequently no obvious mechanism for transmitting the beneficiaries' point of view to the sponsors.[9]

The recipient government always mediates between the donor state and the intended beneficiaries. The fact that donor states cannot directly reach the global poor causes a serious disruption in the provision of aid, even assuming the purity of donors' intentions. This principal-agency problem affects nearly all aspects of foreign aid and can never be fully solved.[10]

(3) Foreign aid is subject to capture by the recipient state's elites and by the donor state's foreign aid industry. Either a state's economy is advancing or it is not. If it is advancing, aid may be less urgently needed. If the economy is stagnant, the likely causes are bad institutions and predatory politicians. In the latter case, aid is likely to be ineffective or counterproductive.[11]

Consider the case of kleptocracies. A kleptocracy is a state that steals from its citizens. The power is in the hands of elites who in various ways block the mutual benefits that generate economic growth.[12] The government and its friends prey on those who produce, buy votes with demagogic but ineffectual short-term policies, and end up harming everyone except themselves and those who help them stay in power.

Some kleptocracies are autocracies, but others are not. Kleptocracies can be reasonably democratic and observe traditional civil rights.[13] As long as they can win elections, kleptocrats do not need to put people in jail to enact predatory laws. Moreover, their ability to confiscate wealth is, perversely, the reason they win elections: voters expect to benefit from those confiscations, although they usually do not benefit in the long run. This is a form of populism.[14] For many populist regimes, majority rule is a tool for theft. Scholarship on global justice, with its exclusive insistence on global redistribution, has overlooked this serious problem. If a democratic legislature

[9] Bertin Martens, "Introduction," in Bertin Martens, Uwe Mummert, Peter Murrell, and Paul Seabright, *The Institutional Economics of Foreign Aid* (Cambridge, UK: Cambridge University Press, 2002), 14.

[10] Radelet, "A Primer on Foreign Aid," 12.

[11] Lomasky and Tesón, *Justice at a Distance*, 265.

[12] A kleptocracy is a good example of an "extractive institution" in Acemoglu and Robinson's sense; see Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Currency, 2012), esp. 79–83, 91–95.

[13] My native country, Argentina, is a good example of a democratic kleptocracy.

[14] See generally, *Populism in Latin America*, 2nd ed., ed. Michael Conniff (Tuscaloosa, AL: University of Alabama Press, 2012).

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

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enacts predatory laws, one can safely predict economic failure. The upshot is that providing material aid to a kleptocracy will be counterproductive. The kleptocrat will predictably steal those funds in one way or another.[15] Politicians in developing countries divert incoming foreign aid funds for their own incumbency purposes and then claim undeserved credit for economic improvement.[16] This is a pervasive problem.

Not only is foreign aid captured by the beneficiary state's elites, but it is also captured by various actors in the donor country who compete for the relevant aid contracts. Domestic rent-seeking (attempts to gain economically through political privilege) by those who Thomas Dichter calls the "dev biz" (development business) industry has considerably dampened the benefits of foreign aid.[17]

(4) Foreign aid cannot mimic markets. Public foreign aid falls prey to what I will call "Hayek's Trap." Following Ludwig von Mises, Friedrich Hayek famously argues that an economic planner will necessarily fail because the information he needs to succeed is dispersed among millions of individuals.[18] Hayek has domestic governments in mind, but the same logic holds for a foreign aid donor. Donor governments cannot easily create the conditions for functioning markets in developing societies where markets are not functioning properly. As William Easterly puts it, "free markets work, but free market reforms often don't."[19] For Christopher Coyne, another critic of foreign aid, the problem is the "inability of non-market participants to allocate resources in a welfare-maximizing manner."[20] Donor governments are nonmarket participants; aid thus cannot solve the economic problem of development because this problem is precisely about how to allocate resources productively. Governments lack the information that only market prices and profit-and-loss accounting can provide.[21] Easterly thinks that for free markets to work, they should emerge spontaneously: "Markets everywhere emerge in an unplanned, spontaneous way, adapting to local traditions and circumstances, and not through reforms designed by outsiders."[22] It follows that foreign aid will work better in places where the recipient state already has functioning markets.

[15] There is ample evidence that elites in aid-dependent countries capture an important percentage of foreign aid. See Jørgen Juel Andersen, Niels Johannesen, and Bob Rijkers, "Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts," *Journal of Political Economy* 130, no. 2 (2022): 388–425.

[16] See Cesi Cruz and Christina J. Schneider, "Foreign Aid and Undeserved Credit Claiming," *American Journal of Political Science* 61, no. 2 (2017): 396–408.

[17] See Thomas W. Dichter, *Despite Good Intentions: Why Development Assistance to the Third World Has Failed* (Amherst, MA: University of Massachusetts Press, 2003).

[18] See Friedrich A. Hayek, "The Use of Knowledge in Society," *American Economic Review* 35, no. 4 (1945): 519–30. Ludwig von Mises makes the same point in his "Economic Calculation in the Socialist Commonwealth," *Collectivist Economic Planning*, ed. Friedrich A. Hayek (1935; repr., Clifton, NJ: Augustus M. Kelley, 1975), 87–130.

[19] Easterly, *The White Man's Burden*, 60.

[20] Coyne, *Doing Bad by Doing Good*, 20.

[21] Coyne, *Doing Bad by Doing Good*, 70–71.

[22] Easterly, *The White Man's Burden*, 61. He recounts the failure of "shock therapy" in Russia after the fall of the Soviet Union.

Does Hayek's Trap mean that outsiders cannot help poor countries develop the conditions for the establishment of good institutions? I don't think so. Perhaps Easterly and Coyne are right that outsiders cannot *plan* a free economy from the top down, but I think outsiders can help in at least two ways. First, they can help remove whatever obstacles presently prevent the poor from bettering themselves, that is, help remove bad policies that block the surge of free markets from the bottom up. Second, they can encourage internal political reforms, for example, by subjecting foreign aid to commitments from the beneficiary state to engage in political and economic reform. I find ludicrous that kleptocrats would sanctimoniously decry the conditionality of loans by the International Monetary Fund (IMF), given that (1) those kleptocrats are the culprits of the situation that generated the need for that state to borrow in the first place and (2) the IMF conditions will *help* the state's economy by contributing to the dismantlement of the web of corruption and inefficiency.[23]

III. Private Aid

Given the problems of state-led foreign aid, perhaps the solution is to promote private aid. As we will see, private aid also has problems. The aim of the "effective altruism" movement is to counter some of those problems.[24]

The first issue concerning private aid is whether people in rich countries are morally obligated to give to the global poor. Some think so. Peter Singer famously argues that we have a strong obligation to transfer resources to the world's poor:

> First premise: Suffering and death from lack of food, shelter, and medical care are bad.
>
> Second premise: If it is in your power to prevent something bad from happening, without sacrificing anything nearly as important, it is wrong not to do so.
>
> Third premise: By donating to aid agencies, you can prevent suffering and death from lack of food, shelter, and medical care, without sacrificing anything nearly as important.

[23] See Moshin S. Kahn and Sunil Sharma, "IMF Conditionality and Country Ownership of Programs" (Working Paper 01/142, IMF Working Papers, September 2001), https://www.imf.org/external/pubs/ft/wp/2001/wp01142.pdf.

[24] For a description of this important movement, see its website: https://www.effectivealtruism.org. For discussion of the philosophical aspects of effective altruism, see Hilary Greaves and Theron Pummer, ed., *Effective Altruism: Philosophical Issues* (Oxford: Oxford University Press, 2019).

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

> Conclusion: Therefore, if you do not donate to aid agencies, you are doing something wrong.[25]

Singer's argument is, on its face, strong. Wealthier persons—say, typical middle-class individuals in a rich country—have an obligation to give to the global poor because the good produced by such action exceeds whatever good is produced by alternative actions that are available to them.

However, this conclusion is less obvious, if one considers the issue under an ethic based on individual autonomy and the importance of personal projects. Loren Lomasky and I argue that Singer's proposal is intolerably demanding.[26] Setting aside our personal projects to devote our efforts and resources to alleviate global poverty would make our lives impossible to live. People have their own life projects; asking them to abandon those projects to become full-time benefactors is asking them to be saints. Becoming a full-time altruist is a noble calling, but it is supererogatory behavior.

Singer may protest that his argument makes room for personal projects. His second premise says that the obligation to donate to the global poor arises only if the donor is not "sacrificing anything nearly as important." Since life projects are very important, Singer would not require persons to renounce them by donating to the poor. The crucial question, however, is: Important for whom? If I need the money to pay for my children's education, presumably I don't have an obligation to give to the global poor (assuming that one choice excludes the other) because my children's education is important enough. Presumably, though, I should renounce buying nice clothes and give that money to the poor because wearing nice clothes is not nearly as important as alleviating poverty.

Here, Singer's argument runs into a conceptual problem: the agent-relative nature of preferences. The argument presupposes an *impersonal* ranking of preferences. Presumably, college education is *objectively* important, whereas wearing nice clothes is *objectively* unimportant. However, people differ widely in the importance they assign to their activities. They differ on what makes life valuable to them. Some people value college education more than others and some people value dressing well more than others. Projects are attached to the persons who embrace them. The idea that there is an impersonal, objective ranking of individual projects leads ethics down a dangerous path, for what can that objective ranking be? Who would set it? Is it a utilitarian standard, as Singer's approach sometimes suggests, so that human activities should be ranked according to their propensity to

[25] Peter Singer, *The Life You Can Save* (New York: Random House, 2009), 15–16. This argument is essentially identical to the one he offers in Peter Singer, "Famine, Affluence, and Morality," *Philosophy & Public Affairs* 1, no. 3 (1972): 229–43. For critical responses to his argument, see *Peter Singer under Fire: The Moral Iconoclast Faces His Critics*, ed. Jeffrey A. Shaler (Peru, IL: Open Court Publishing, 2009), chaps. 7–10.

[26] Lomasky and Tesón, *Justice at a Distance*, 31–58; Loren Lomasky, *Persons, Rights, and the Moral Community* (New York: Oxford University Press, 1987).

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

produce general happiness? Or is it a perfectionist ranking, where activities should be ranked according to some objective hierarchy of inherent virtue? On this latter view, for example, giving to the poor is objectively more virtuous than dressing well, regardless of how important or unimportant the activity is for the agent. Even if we agree, gratia argumentandi, that dressing well is a lowly activity, what about a preference that is (presumably) not as trivial? Suppose I love opera and it is my passion. I collect recordings, attend local performances, and travel to places like New York or Milan to attend opera performances. This is a pretty expensive hobby: I am a middle-class person, not a millionaire, and have just enough means to pay for this. Is my love for opera more like paying for my children's college or more like wearing nice clothes? Should I forgo my opera hobby to donate to the global poor? Singer may concede that the opera-going case is more difficult to set aside than the clothes-buying case. He may say that perhaps the line between obligatory and supererogatory is difficult to draw, but he would insist that the clothes-buying case puts donating to the poor clearly on the obligatory side of the line. That's all he needs to prove that there is *some* obligation to give.

This reply still does not do full justice to the importance of individual autonomy. Persons are project pursuers and a justified morality establishes a system of rights that protects those projects.[27] People are wronged when their rights are violated. If someone chooses to buy nice clothes instead of donating to the global poor, she is within her rights if dressing well is important *to her.* If she chooses to donate to the poor, she shows nobility of character *precisely* because she sacrifices something important in her life. On the other hand, if buying clothes is unimportant *to her*, if dressing well is not a genuine commitment, then I agree with Singer that she has some duty to give to the poor rather than buy nice clothes. If this is true, then the scope of a Singerian obligation is small. Helping my family, for example, given my commitment to them, does not violate any duty to give to the poor—nor does my opera hobby or your chess hobby. Only when my activity is trivial or unimportant *to me* will I be in violation of a Singerian duty. The contrary idea that there is a hierarchy of ideals of life excellence out there that imposes itself on us, is implausible and authoritarian. Substituting a utilitarian or perfectionist theory of social value for the system of rights that has served us well for so long is dangerous. Giving to the global poor, as I indicate, is a noble activity that should be encouraged, but the case for making it a strong obligation in the majority of cases is unpersuasive. I would draw the line between obligation and supererogation in a different place than Singer does. In most cases, people who act within their rights are not obligated to give to the poor.

There are other reasons to demur to Singer's call. Helping distant others is relevantly dissimilar to helping those close to us. When I see a child

[27] For a fuller discussion, see Lomasky and Tesón, *Justice at a Distance*, 31–53.

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drowning in a pond, I realize that she will die unless I pull her out. When I get a solicitation from an aid agency, the relevant information is produced by that same agency whose purpose is to raise money. Experience shows that such information can be unreliable. There is, in short, an *opacity* affecting the beneficiary of the requested aid. As David Schmidtz puts it: "The real world is opaque in interesting ways, morally relevant ways. The opacity not only obscures our responsibilities. It changes them. Real-world morality makes us more responsible for situations we know best and less responsible for situations others know best."[28] The idea here is that uncertainty about whether the aid will be effective undermines any duty to rescue because the causal connection between our giving and a life being saved is diluted. The central purpose of the effective altruism movement is precisely to reduce or eliminate that uncertainty.

Other objections to Singer are difficult to answer. Take the question of moral hazard; giving resources to people may encourage them and others to perpetuate the situations that generated the request for aid. According to Schmidtz: "To whatever extent we take responsibility for other people as well as ourselves, our actions are encouraging people to depend on us rather than on themselves."[29] Those who study this issue agree that the risk of moral hazard is immense,[30] although this objection does not apply to certain forms of aid, especially health-related aid.

Moreover, if we all did what Singer recommends, there would not be enough wealth to help anyone because people would constantly have to divert their efforts from productive endeavors to philanthropy. This is a well-known collective action problem. Singer may reply that if everyone gave some aid, then the demands on each of us would be small. Relatedly, Singer's injunction considers the world *statically*: a successful entrepreneur in the United States has this extra income now, so he should send part of his income to save this person in Africa now. However, we must look at the world *dynamically*. On Singer's view, it would not be enough for the rich person to give some money now. He must permanently be on call to save more lives with the rest of his present and future income. Doing this will prevent the entrepreneur from running his business, quickly deplete his wealth, and soon he would have no more money to give.[31] At the very least, Singer's injunction obligates the entrepreneur to manage his lifetime income so that he will be in a position to maximally help the poor throughout his life. This view is intolerably demanding: the entrepreneur is entitled only to buy a car sufficient for his transportation

[28] David Schmidtz, "Islands in a Sea of Obligation: Limits of the Duty to Rescue," *Law and Philosophy* 19, no. 6 (2000): 686.

[29] Schmidtz, "Islands in a Sea of Obligation," 687.

[30] See Peter Murrell, "The Interactions of Donors, Contractors, and Recipients in the Implementation of Foreign Aid," in Martens, Mummert, Murrell, and Seabright, *The Institutional Economics of Foreign Aid*, 69–108.

[31] Schmidtz, "Islands in a Sea of Obligation," 692–94.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

needs. He cannot buy the Mercedes-Benz he really wants. Maybe Singer would consider recognizing someone's right to buy a Mercedes-Benz a reductio ad absurdum to my point here. All I can say is that our intuitions differ.

Finally, if the main cause of poverty is bad governance, it is odd to require blameless persons in developed countries to pay for the wrongs caused by deficient institutions and inept rulers in other countries. If a government enacts an import-substitution program that impoverishes the population, even in good faith, requiring others to pay for such mistake is unfair. Someone could retort that sometimes we have an obligation to rescue persons wronged by others. Imagine that a parent throws a baby in a pond and I am passing by. I have a duty to rescue the baby, even if I did not have anything to do with his predicament.

I do not believe that the baby-in-the-pond case is relevantly similar to the kleptocrat-who-impoverishes-people case. For one thing, there's nothing the helpless baby can do to survive. In contrast, the political and social predicament of poor societies is the result of millions of choices made by millions of persons throughout history. I am far from blaming the victim, given my claim that the main cause of poverty is bad governance. However, it is still true that the main responsibility for ending bad governance rests with the subjects themselves, a consideration that does not apply to the baby in the pond.[32] The only way to end bad governance is to replace a bad regime with a good one; those mainly responsible for getting rid of the kleptocrats are his victims. Sending aid, unless it is aid aimed at regime change, perversely consolidates bad governance by relieving the pressure on the kleptocrats. Those who insist on aid to relieve poverty tiptoe around the real source of poverty: the local rulers who stand in the way of freedom and prosperity.

Interestingly, the effective altruism movement shares this skepticism about the strong ethic proposed by Singer. Proponents of effective altruism do *not* start with the premise that people ought to give to global charity.[33] According to Ben Sachs, the reason for this omission is that starting with a strong moral obligation of global charity à la Singer may be counterproductive. The obligation is too demanding. If it were included in the effective altruists' manifesto, which tries to entice people of good will to help the global poor, it would likely scare away those donors.[34]

These empirical reasons reinforce the ethical objection to Singer. People have their own projects, their own lives to pursue, and fulfilling a supposed

[32] Different is the case of severe oppression, where citizens are terrified and impotent. In such cases, help may be indicated. See generally, Fernando R. Tesón, *Humanitarian Intervention: An Inquiry into Law and Morality*, 3rd ed. (Adsley-on-Hudson: Transnational Publishers, 2005).

[33] See Ben Sachs, "Demanding the Demanding," in *Effective Altruism*, ed. Greaves and Pummer, 137.

[34] Though Sachs doubts, in "Demanding the Demanding," that positing a strong moral obligation of charity will *necessarily* be counterproductive.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

moral imperative would make them abandon their lives, ceasing to be who they are and renouncing the very projects that define them. *That* is why, I suggest, there is no strong moral duty to provide foreign aid.[35] Effective altruism gets it right, then; there is no strong obligation of global charity. Rather, giving privately to the global poor is an inspiring and noble thing to do, especially when the charity is implemented in a way that interferes only minimally with personal projects, as the effective altruism movement recommends. This does not mean that we should not aid the global poor. Helping the world's less fortunate is a worthy action that reveals good moral character, provided the aid is effective. Also, at least sometimes, a duty of aid stems from past wrongs, as in the case of colonialism.[36]

Can a duty of aid rest on a non-utilitarian conception of global justice? There are at least two ways to argue for such a view. On the mainstream egalitarian view, richer people in rich countries have distributive obligations toward foreigners based on egalitarian or sufficientarian considerations. Such egalitarians differ widely on what those considerations are and on how strong a duty of global aid those considerations entail.[37] I indicate above that we do not have such strong global redistributive duties. However, I do not take a position on these other global justice proposals because I believe that the main tenet of this essay applies, even if some of those proposals turn out to be plausible. Regardless of how much material aid we owe the global poor, the *first* thing we owe them is to set them free from the political impediments that currently prevent them from bettering themselves through trade. Only then can we start judging what additional transfer of resources will be just or effective.

The second way to argue for a strong duty of global transfer relies on issues of *title.* Some claim that the world's resources are owned in common by humanity.[38] On this view, rich countries must transfer resources to the global poor because those resources are partly owned by the global poor. This claim must be taken seriously, if for no other reason than that it has the venerable support of John Locke and Hugo Grotius.[39] The most extreme form of this claim, that the earth, as a matter of property right, belongs *now* to everyone in common, is implausible because it overlooks original appropriation. Even if the globe was *originally* owned by everyone, at some point individuals staked property claims. If original appropriation is possible,

[35] Lomasky and I develop the argument at some length in our *Justice at a Distance*, 31–58, 261–74.

[36] In such cases, Bas van der Vossen and Jason Brennan propose "positive-sum compensation." Bas van der Vossen and Jason Brennan, *In Defense of Openness: Why Global Freedom Is the Humane Solution to Global Poverty* (New York: Oxford University Press, 2018), 112–27.

[37] I discuss briefly a couple of those theories in the next section.

[38] In this sense, see Mathias Risse, *On Global Justice* (Princeton, NJ: Princeton University Press, 2012), 111–15.

[39] See John Locke, *Second Treatise of Government*, in *Locke: Two Treatises of Government*, ed. Peter Laslett (Cambridge, UK: Cambridge University Press, 1988), 286; Hugo Grotius, *On the Law of War and Peace*, trans. Louise Ropes Loomis (New York: Walter J. Black, Inc., 1949), 2.2.2.1.

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then the title over resources changed and there is no longer common ownership.[40] For those resources that were acquired by force or fraud, some principle of restitution may be in order. However, the passage of time often alters originally unjust possessions. All systems of law, including international law, contain a prescription rule that sometimes vests title in an unjust possessor after long use.

Weaker versions of common ownership are more plausible. Mathias Risse, for example, holds that the fact that the Earth was owned in common means only that "all co-owners ought to have an equal opportunity to satisfy basic needs to the extent that this turns on collectively owned resources."[41] I do not need to resolve whether the Earth is co-owned to agree with Risse; his prescription is congenial with the proposal here. The most natural way to recognize the opportunity to satisfy basic needs is to accord each person the right to better themselves through trade, labor, and investment. Removing unjust obstacles to productive behavior is the best way to secure the global poor's ability to engage in voluntary exchanges that cement prosperity.

IV. Material Aid versus Bourgeois Ethics

While material aid may be appropriate or desirable, depending on several contextual factors, the *first* thing we owe the global poor is to lift the obstacles that prevent them from participating fully and freely in the global market as producers and consumers. The goal of any assistance should be to increase *permanently* the standard of living of the global poor. This goal can only be achieved by granting them (i) economic freedom, defined by protection of property rights, private means of production, and free trade in labor and goods,[42] and (ii) political freedom, defined by a panoply of liberal constitutional rights, an independent judiciary, and so forth.

In this essay, I extend Deirdre McCloskey's work on bourgeois ethics to the international domain. According to her, the great enrichment of the world in the past two-hundred years is mainly due to a change in ethical norms and the size of this enrichment is astonishing.[43] The old hierarchical order gave way to a new liberty and dignity enjoyed by commoners. This liberty is the right of all persons to better themselves by trading—in short, liberal capitalism. McCloskey makes this argument for the domestic realm. Emancipation of the commoners from the rigidity of feudal structures occurred within nations, starting in Northwestern Europe. In extending

[40] As Anna Stilz observes; see Anna Stilz, "On Collective Ownership of the Earth," *Ethics & International Affairs* 28, no. 4 (2014): 501–10.

[41] Risse, *On Global Justice*, 111.

[42] Coyne, *Doing Bad by Doing Good*, 5.

[43] "[I]n the two centuries after 1800 the trade-tested goods and services available to the average person in Sweden or Taiwan rose by a *factor* … of 10,000 percent." McCloskey, *Bourgeois Equality*, 11.

her argument to the global domain, I hold that all persons across the globe are entitled to better themselves and prosper through voluntary domestic and global exchanges with others. It follows that the first task incumbent upon each of us is to remove the many obstacles that the poor face. The applicable directive is not "we have a lot, they have little, so let's give them some." The applicable directive is, instead, "let's organize the world into a positive-sum game where the global poor may compete and prosper through free global exchanges." The economic and historical evidence shows that success in the latter will generate more wealth for the poor than success in the former.

V. Ethical Individualism

The bourgeois ethic can be derived from ethical individualism, which may be defined by two principles: the principle of equal importance and the principle of special responsibility.[44] According to the principle of equal importance, "it is important, from an objective point of view, that human lives be successful rather than wasted, and this is equally important, from that objective point of view, for each human life."[45] Under the principle of special responsibility, "though we must all recognize the equal objective importance of the success of a human life, one person has a special and final responsibility for that success—the person whose life it is."[46] Internationally, we owe equal moral concern to people around the globe. Confining equal moral concern to domestic society, as Ronald Dworkin does, makes easy the task of citizens in the United States and similar democracies, for such people live under reasonable institutions where it is more natural to expect decent treatment from their government.

In contrast, the world does not have a government, let alone a reasonable one. Still, our obligation to treat others with moral concern does not depend on particular institutions. There are differences between what equal concern entails when applied to our fellow citizens and what the same principle entails when applied to the distant poor. I accept an attenuated version of Adam Smith's observation that moral sentiment is a function of distance.[47] However, that does not mean that nothing is owed to those outside the confines of our borders; we owe them equal concern and respect. Ethical individualism requires that we remove the obstacles that prevent the global poor from flourishing. Treating all persons with equal concern and respect means making it possible for them to exercise their moral agency—the

[44] Ronald Dworkin, *Sovereign Virtue: The Theory and Practice of Equality* (Cambridge, MA: Harvard University Press, 2000), 5. I think that any ethic that prizes freedom and equal respect, such as Immanuel Kant's, will reach the same result. Dworkin's formulation is particularly apt for my purposes.

[45] Dworkin, *Sovereign Virtue*, 5.

[46] Dworkin, *Sovereign Virtue*, 5.

[47] See Adam Smith, *The Theory of Moral Sentiments*, ed. Kund Kaakonsen (Cambridge, UK: Cambridge University Press, 1978), 47.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

possibility that they build their lives and flourish according to their own lights—by freeing them from those rulers who at present exert an immense power over them.

How can we translate the bourgeois ethics of trade-tested betterment into policy? The answer is not difficult in the abstract. Foreign donors alone cannot lead the economic prosperity of the global poor. To escape poverty, people must operate under institutions that demonstrably facilitate economic development led by *them*, as moral agents and market agents. These are well-known institutions of free government: private property rights, freedom of contract and investment, and political freedom. Free government is not only conducive to material prosperity; it is also a moral imperative because it recognizes all as autonomous agents in charge of their own lives.[48]

I borrow the principle of ethical individualism from Dworkin, but I differ from him in how to interpret that principle. He thinks that the state has a duty to treat everyone with equal dignity and respect, and that the way to do this is to erase the unfair effects of citizens' differing starting points. A redistributive tax policy, he thinks, secures to people the material benefits that would equalize such unfairness and allow them to pursue their life-plans with chances of success.[49] This idea could apply to the world at large by insisting that a redistributive global policy is the best response to demands of equality in the form of equal concern and respect. Treating the global poor with equal concern and respect would involve, on this approach, transferring resources to them. Thomas Pogge, for example, proposes a "Global Resource Dividend." Rich countries would not have full rights over the natural resources in their territories. He envisions that they would be required to share a small part of the value of those resources they decide to use and sell. The proceeds would be used toward ensuring that all human beings can meet their basic needs with dignity.[50] Hillel Steiner proposes a "Global Fund," which consists of a 100 percent tax on natural resources anywhere, on the assumption that natural resources are objects of production for which no one is responsible. Every person owns an equal share of this fund.[51] Both of these proposals assume that the inhabitants of the territories in which resources lay do not own those resources, but that all inhabitants of the world do. For Pogge, "the global poor own an inalienable stake in all limited natural resources."[52] For Steiner, everyone (not just the poor) owns a share of all global resources because "[j]ustice … requires that persons be compensated for all, and only, those elements or proportions of

[48] This is a central idea in Kant's *Doctrine of Right*. See Immanuel Kant, *The Metaphysics of Morals*, in *Kant: Political Writings*, ed. Hans Reiss (Cambridge, UK: Cambridge University Press, 1970), 132–71.

[49] Dworkin, *Sovereign Virtue*, 5–6, 446–52.

[50] See Thomas Pogge, *World Poverty and Human Rights* (Cambridge, UK: Polity, 2002), 202–3.

[51] See Hillel Steiner, "The Global Fund: A Reply to Casal," *Journal of Moral Philosophy* 8, no. 3 (2011): 328–34.

[52] Pogge, *World Poverty*, 202.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

their poverty that are not self-inflicted."[53] These views, then, rely on assumptions about title. Pogge agrees that the states where the resources lay own them in part, but holds that the global poor owns an inalienable share. (Why inalienable, I wonder?) Steiner denies even that; to him, we cannot possibly own anything that comes into our possession by mere luck.

A full discussion of these proposals exceeds the scope of this essay[54] and, as I indicate above, I maintain that political and economic liberalization is the recipe to fight poverty. I will point out only that, apart from issues of effectiveness, these proposals treat the global poor as *passive* beneficiaries of the transfer of resources. Bestowing benefits cannot by itself embody *respect* for the beneficiary, though, since such transfers have at best an indirect relationship with the beneficiary's agency, dignity, or autonomy.[55] The thought behind such an approach is that, thanks to the benefit, the beneficiaries' prospects will be equalized, as it were, and they will eventually be capable of functioning productively. In contrast, the bourgeois ethic sees persons as agents, as masters of their own destinies. Instead of checks, individuals receive the recognition of their agency and the availability of free institutions that allow them to offer their skills in the market to better themselves and their families. The bourgeois ethic treats persons as *active* agents. It emphasizes ethical equality: the equal freedom of every person in the globe to offer their skills and talents in the market. For that reason, the bourgeois ethic is closer than mainstream egalitarian ethics to core notions of dignity and respect by encouraging persons to work, trade, and innovate. This objection to redistribution is not decisive, but it identifies a respect-based reason in favor of my essay's main proposal.

VI. The Empirical Evidence

I have little to add to the massive empirical evidence that liberal capitalism has lifted millions out of poverty. I do not think it is open to serious dispute that liberalization of the global economy, not foreign aid, has been the main engine for the reduction of global poverty. A summary of empirical evidence for the efficacy of these claims includes:

(1) The "Great Enrichment" occurred in the world during a span of about two-hundred years, starting in Northwestern Europe. The pace and volume of that enrichment far exceed economic growth experienced in previous periods in history.[56]

[53] Steiner, "The Global Fund," 329.

[54] I have elsewhere criticized Pogge's views on the causes of global poverty. See Lomasky and Tesón, *Justice at a Distance*, 20–22.

[55] I am not suggesting that giving material aid is necessarily *disrespectful.* I hold that it is at best neutral in that regard.

[56] The evidence is amassed by McCloskey, *Bourgeois Equality*, esp. 37–44.

(2) The correlation between good institutions that allow markets to function, on the one hand, and prosperity, on the other, is undeniable.[57]
(3) That correlation also exists today, as can be seen when comparing the economic performance of nations.[58]

A. What can be done?

Implementing the bourgeois ethic faces difficulties. A basic one is that most of the obstacles that the poor experience result from local bad institutions and policies. Given that, the duty of the global rich to lift obstacles to development seems empty, since there is little the global rich can do short of regime change to reform inefficient, authoritarian, or corrupt rulers. This is a powerful objection, to be sure, but this problem also undermines arguments for material aid, for the reasons discussed above, including that such aid is often diverted or stolen by those same bad rulers (among others). There are also things outsiders can do to help set free the global poor, but before suggesting what those things can be, we must diagnose the problem accurately. Obstacles to prosperity can be sorted into three categories: (i) bad policies in poor countries, (ii) bad policies in rich countries, and (iii) bad international policies.

B. Bad policies in poor countries

By and large, stagnation in the developing world results from bad governance, what Daron Acemoglu and James Robinson call "extractive institutions."[59] Extractive institutions allow a powerful elite to capture the gains from economic interaction, thus preventing the positive-sum game that cements prosperity. In contrast, "inclusive institutions" allow economic exchanges to benefit all segments of society, thus creating prosperity. By "institutions," I mean those that exist in social practice, not merely on paper. Many constitutions read as if they protect everything that is good, but public officials often distort the words of a constitution or, more likely, take advantage of the permissive clauses of the constitution to enact predatory and inefficient policies.

Laws that impoverish people vary. Protectionist laws, for example, retard growth because they rest on a major economic mistake, namely, that erecting trade barriers helps the country that sets them up. The contrary proposition—that countries erecting trade barriers *hurt* themselves—has been

[57] See Vincent Geloso, "The Link between Prosperity and Freedom Is Even Stronger than You Think," *American Institute for Economic Research*, December 6, 2019, https://www.aier.org/article/the-link-between-prosperity-and-freedom-is-even-stronger-than-you-think/.

[58] I consider the empirical issue as settled. For the relevant numbers, see van der Vossen and Brennan, *In Defense of Openness*, 8–16. Even as harsh a critic of capitalism as G. A. Cohen recognizes that capitalism creates wealth. His objection is that capitalism does this by harnessing people's objectionable traits, greed, and fear. See G. A. Cohen, *Why Not Socialism?* (Princeton, NJ: Princeton University Press, 2009), 76–79.

[59] Acemoglu and Robinson, *Why Nations Fail*, 79–83.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

known for more than two-hundred years.[60] Yet, for a variety of reasons, protectionist laws continue to be favored by rulers and interest groups.[61] Similar considerations apply to subsidies, which divert labor and capital toward inefficient industries, thus aborting the creation of new, efficient industries. Protectionist measures go hand in hand with another bad policy: import substitution. Some economists supported this policy after World War II, but specialists have discredited it today.[62] Yet here again, import substitution is alive and well, notwithstanding the serious harm that this policy has inflicted on developing countries.

Corruption—including kleptocracy, as I discuss above—is an especially harmful form of bad governance. Transparency International defines corruption as "the abuse of an entrusted power for private gain."[63] The literature on the relationship between corruption and growth is abundant and yields some surprises.[64] For example, while sometimes corruption can help growth to some degree by providing the "grease" that can lubricate the slow-functioning wheels of government, the negative effect of corruption on growth largely erases any efficiency gains. Corruption has adverse effects on investment, human capital, and political stability.[65] One study estimates that "a one-unit increase in the corruption index reduces the growth rate by 0.545 percentage points."[66] Identifying the causes of corruption is difficult. According to one study, long-established democracies with a free press, a large percentage of women in government, and trade openness tend to be less corrupt.[67]

The lack of an independent judiciary is a frequent feature of stagnant societies. Courts in developing countries have often egregiously failed to protect citizens against a variety of abuses. Human rights activists have detailed the ways in which subservient courts have enabled abuses of power,[68] but those same activists have remained silent on the nefarious role

[60] See Fernando R. Tesón, "Why Free Trade Is Required by Justice," *Social Philosophy & Policy* 29, no. 1 (2012): 126.

[61] Guido Pincione and I discuss those reasons in Guido Pincione and Fernando R. Tesón, *Rational Choice and Political Deliberation: A Theory of Discourse Failure* (New York: Cambridge University Press, 2006), 8–13, 39.

[62] See Douglas Irwin, "The Rise and Fall of Import Substitution" (Working Paper 27919, NBER Working Paper Series, 2020), https://www.nber.org/system/files/working_papers/w27919/w27919.pdf.

[63] "What Is Corruption?" *Transparency International*, https://www.transparency.org/en/what-is-corruption.

[64] For varieties of corrupt behavior, see Susan Rose-Ackerman and Bonnie J. Palifka, *Corruption and Government: Causes, Consequences, and Reform*, 2nd ed. (New York: Cambridge University Press, 2016), 8–9.

[65] See Andrew Hodge, Sriram Shankar, D. S. Prasada Rao, and Alan Duhs, "Exploring the Links between Corruption and Growth," *Review of Development Economics* 15, no. 3 (2011): 474–90.

[66] Pak Hung Mo, "Corruption and Economic Growth," *Journal of Comparative Economics* 29, no. 1 (2001): 66.

[67] Hodge, Shankar, Rao, and Duhs, "Exploring the Links."

[68] See, e.g., the principle of independent judiciary endorsed by the United Nations, "Basic Principles on the Independence of the Judiciary," *United Nations*, September 6, 1985, https://www.ohchr.org/en/professionalinterest/pages/independencejudiciary.aspx.

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of courts in covering for bad governance. Courts often validate extractive economic policies that perpetuate poverty and stagnation, under the assumption that their job is to apply the laws, even bad laws, as they are. Courts routinely fail to enforce property and contract rights, which are essential to economic progress. The irony is that courts in developing countries have rubber-stamped predatory economic policies under the guise of implementing fairness and justice. I do not quarrel with the proposition that courts should be independent and should apply the laws (even bad ones) enacted by the legislature. There are two problems with the judiciary everywhere, not only in developing countries. First, courts are too deferential to vast delegation of economic powers to the executive. Second, and more serious, private property rights and freedom of contract have a secondary status in most legal systems and they seldom trump governmental economic policies, no matter how predatory.[69] Predatory policies, I repeat, are the main cause of poverty and they are, unfortunately, difficult to eradicate.[70]

C. Bad policies in rich countries

There is one sense in which wealthy countries are *not* responsible for global poverty. The claim that some nations are poor because rich nations have stolen from them is largely incorrect. As I note above, the main causes of economic stagnation are local. However, writers and politicians have long blamed rich countries for global poverty. The most conspicuous of such views is the once-fashionable *dependencia* theory, the gist of which is that the world has central societies and peripheral societies, with nations at the center manipulating international relations to sustain the center's domination and supremacy over those at the periphery. Peripheral countries are dependent countries. To end this dependency, peripheral countries must adopt a host of nationalist and protectionist policies to shake off dependency. Some of these policies are nationalization of industries, imposition of tariffs and quotas, and import substitution. It is difficult to overestimate the harm that these bad ideas have inflicted—and continue to inflict—on the global poor.[71] This may be the reason why *dependencia* theory mercifully rests in dusty library shelves. However, the spirit of *dependencia* is alive and well in mainstream global justice scholarship, which by and large blames

[69] Neither national constitutions nor international law give pride of place to *productive rights* of property and contract; therefore, judicial decisions will be predictably biased against the very rights that enable prosperity and growth. I examine the possible reasons for this in Fernando R. Tesón, "International Law, Public Reason, and Productive Rights," in *Economic Liberties and Human Rights*, ed. Jahel Queralt and Bas van der Vossen (New York: Routledge, 2019), 133–50.

[70] Some of these countries are failed states, which are states that are not viable. I see no persuasive argument for these states to continue to exist as sovereign states. Why not establish an international administration over them or make them part of successful states? I will not pursue this idea here, however.

[71] See, e.g., Irwin, "The Rise and Fall of Import Substitution."

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rich countries for global poverty, implicitly exonerating the real culprits, namely, local rulers.[72]

Having said that, rich countries have much to answer for on the issue of global poverty. Wealthy nations should relax immigration controls. While this would not remedy the cause of poverty, there is little doubt that it would help in poverty reduction. The benefits of freer immigration would dwarf any benefits that foreign aid, public or private, could ever bestow. I and Lomasky analyze elsewhere the normative and empirical reasons that support softening borders.[73] Immigration controls violate the right to free movement, interfere unjustly with freedom of contract and property rights, and prevent enormous economic benefits.

Here, I examine the liberalization of immigration under a different lens as a measure that can contribute to the reduction of global poverty. That effect occurs in two ways. First, poverty is largely caused by deficient institutions. If rich countries cannot extend their good institutions to these burdened societies, then it might be a good idea to allow the global poor to migrate to regions of the world with good institutions and thus escape poverty in that way. It is important to stress the nature of the injustice that immigration controls visit on the global poor. Simply put, the poor are blocked by such policies from selling their labor. Bas van der Vossen and Jason Brennan put it well:

> We have an economic system in which everything—financial instruments, money, factories, services—can be globalized and move freely across borders, everything, that is, except poor, unskilled labor. As a result, poor, unskilled laborers are unable to travel in search of opportunities. They are instead forced to sit and wait for opportunity to find them. It is thus no surprise, then, that the only opportunities that find them involve low wages and sweaty conditions. Our immigration laws make the most vulnerable members of the world sitting ducks for exploitation … immigration restrictions ensure that poor, unskilled laborers in the Third World get a bad deal.[74]

While things have improved in some countries, wealthy nations are hostile to immigration. Most national constitutions explicitly or implicitly give the government the power to control borders and thus to exclude aliens for virtually any reason. In the United States, the U.S. Supreme Court has consistently held that the federal government has plenary power to exclude aliens.[75] In the words of the Court:

[72] See the discussion in Lomasky and Tesón, *Justice at a Distance*, 12–24.
[73] Lomasky and Tesón, *Justice at a Distance*, chaps. 4–5.
[74] Van der Vossen and Brennan, *The Case for Openness*, 21 (emphasis in the original).
[75] This doctrine has been strongly criticized by scholars, but it has not been repealed by the Supreme Court. See, e.g., Peter J. Spiro, "Explaining the End of Plenary Power," *Georgetown Immigration Law Journal* 16, no. 2 (2002): 339–64; Ilya Somin, "Yes, Obama's Executive Action Deferring Deportation for Millions of Immigrants Is Constitutional,"

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> That the government of the United States, through the action of the legislative department, can exclude aliens from its territory is a proposition which we do not think open to controversy. Jurisdiction over its own territory to that extent is an incident of every independent nation. It is a part of its independence. If it could not exclude aliens it would be to that extent subject to the control of another power.[76]

This doctrine has eroded in recent years. Many scholars think that the federal government may not implement immigration policies based on race or religion and immigrants on American soil enjoy wider due process protections than before.[77] However, the federal government can freely exclude persons known as economic refugees, that is, those seeking the opportunity to work in the United States. These are precisely the immigrants who the state should welcome, if it is going to recognize the right of the global poor to better themselves though trade.

Second, successful immigrants send money back to their families in their home countries. According to the World Bank, these remittances totaled about $529 billion in 2018.[78] In many countries remittances constitute a sizable percentage of their GNP.[79] Studies have shown a positive correlation between remittances and economic growth in poor countries.[80] A successful immigrant not only helps herself and her family, but she also contributes to global welfare. That is why we should *encourage*, not condemn, the so-called "brain drain," which is the emigration of talented persons from poor countries to wealthy countries. Some recommend that poor countries prohibit or severely restrict the emigration of their educated citizens.[81] This view assumes that the state can manage persons as if they were part of the state's

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Reason Magazine, April 19, 2016, http://reason.com/archives/2016/04/19/yes-obamas-executive-action-deferring-de.

[76] *Chae Chan Ping v. U.S. (Chinese Exclusion Case)*, 130 U.S. 581 (1889), 603–4. This case is rightly derided for validating overtly racist immigration legislation, but the principle behind it remains largely untouched.

[77] See Curtis Bradley and Jack Goldsmith, *Foreign Relations Law: Cases and Materials*, 5th ed. (Frederick, MD: Aspen Publishing, 2017), 155. The debate over former President Donald Trump's executive order turned on whether it was a pretext for religious discrimination, not on the validity of the general power of the government to exclude. See Richard Gonzales, Joel Rose, and Merrit Kennedy, "Trump Travel Ban Blocked Nationwide by Federal Judges in Hawaii, Maryland," *National Public Radio*, https://www.npr.org/sections/thetwo-way/2017/03/15/520171478/trump-travel-ban-faces-court-hearings-by-challengers-today.

[78] "Record High Remittances Sent Globally in 2018," *The World Bank*, April 8, 2019, https://www.worldbank.org/en/news/press-release/2019/04/08/record-high-remittances-sent-globally-in-2018#:~:text=The%20Bank%20estimates%20that%20officiallyof%20%24483%20billion%20in%202017.

[79] "Remittances, Percent of GDP—Country Rankings," *The Global Economy*, https://www.theglobaleconomy.com/rankings/remittances_percent_gdp/. In some Central American countries, the percentage hovers around 20 percent of their GDP.

[80] See, e.g., Bichaka Fayissa and Christian Nash, "The Impact of Remittances on Economic Growth and Development in Africa," *The American Economist* 55, no. 2 (2010): 92–103.

[81] See, e.g., William J. Carrington and Enrica Detragiache, "How Extensive Is the Brain Drain?" *Finance & Development* 36, no. 2 (1999): 46, 49.

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collective resources for the state's own collective goals. Not only is the prohibition of emigration regressive for the poor countries themselves, but of all the bad prescriptions concerning development, this is perhaps the worst in terms of interference with liberty.[82]

All countries, rich and poor, must without exception repeal all forms of protectionism. Protectionism is bad whether enacted by wealthy or poor countries. Wealthy countries tend to be less restrictive on trade than poor countries, but they maintain some long-standing trade restrictions that harm the global poor. One is agricultural subsidies. The United States periodically enacts the Farm Bill, a law that assures farmers that the federal government will buy at an established price their production surplus. The European Union's version of a similar policy is called the Common Agricultural Policy (CAP). The aim of these two pieces of legislation is to keep wealthy, inefficient farmers in business. The global effect of these subsidies is complex and varies from product to product, but specialists estimate that they significantly hurt farmers in the developing word.[83] One clear example is cotton, an important export of farmers in poor countries. When wealthy countries subsidize the cotton industry, that reduces the price of cotton, which reduces export revenue for the exporting poor country, which in turn reduces incentives for production, thus seriously harming poor, cotton-producing communities.[84]

No one knows exactly how the global poor (or anyone else) would perform, if such subsidies were abolished, but predictions aside, subsidies are essentially unjust. They reward the politically powerful and harm everyone else, including the global poor. They are a serious obstacle to the capacity of the global poor to better themselves through trade, and should thus be abolished.

Rich countries should not cooperate with tyranny. International relations are structured in such a way that it is natural for governments to deal with other governments. The presumption is that governments act in good faith in the interest of their subjects, but this presumption should be revised. I mention above how the presumption of sovereignty distorts foreign aid. The world is full of rulers who oppress and exploit their subjects in myriad ways. The few governments where rulers satisfy the presumption should be wary about dealing with other governments that do not satisfy it. Alas, governments in developed nations prioritize immediate gains to be had in

[82] For a full discussion of the morality and economics of the brain-drain phenomenon, see Lomasky and Tesón, *Justice at a Distance*, 121–48.

[83] See Andrew Dorward and Jamie Morrison, "Heroes, Villains, and Victims: Agricultural Subsidies and Their Impacts on Food Security and Poverty Reduction," in *Handbook on the Globalisation of Agriculture*, ed. Guy M. Robinson and Doris A. Carson (Cheltenham, UK: Edward Elgar Publishing, 2015), 194–213.

[84] Julian M. Alston, Daniel A. Sumner, and Henrich Brunke, "Impacts of Reductions in U.S. Cotton Subsidies on West African Cotton Producers," *OXFAM*, June 21, 2007, https://www.oxfamamerica.org/explore/research-publications/impacts-of-reductions-in-us-cotton-subsidies-on-west-african-cotton-producers/.

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dealing with bad regimes. The goal here is not to signal virtue by boycotting bad governments. The goal is to reduce global poverty, so foreign policy should be flexible and tailor diplomacy with this goal in mind. There is no unique action that covers the diversity of international society. Sometimes, boycotts will help the poor; other times, it will hurt them.

D. Bad international policies

A widespread opinion treats the United Nations (U.N.) and other international organizations as vehicles for poverty alleviation. There is reason to be skeptical of this function, however. International law as it stands is not conducive to poverty alleviation. To begin with, international law does not promote freer immigration. This shouldn't surprise us; the same governments, rich and poor, that embrace immigration controls are the ones that create the rules of international law. While some international conventions place limits on the right to exclude, international law generally grants states broad discretion to control borders. In fact, a state is legally free to close its borders altogether.[85] The sovereign power to exclude foreigners recognized by international law remains virtually unchanged.[86]

A central feature of international law—namely, the equal sovereignty of states—functions in practice as a serious impediment to poverty alleviation, including how it prevents foreign aid from reaching the poor. Pogge identifies another way in which international law harms the poor: the borrowing privilege.[87] The international system allows *any* government to borrow immense amount of funds and resources, presumably in the name of their people. This is one reason why ambitious politicians and generals seek power by any means, such as through coups d'état. Subjugating the people under their control provides them with access to vast international funds. The borrowing privilege, then, benefits elites at the expense of poor populations.[88]

Notwithstanding these defects of the international system, many people have placed faith in the United Nations as a vehicle of poverty alleviation. The United Nations has created a program called the "Millennium Development

[85] International case law usually focuses on the treatment of aliens once they are in a state's territory. For example, the 1985 *Abdulaziz* case declared invalid the United Kingdom's exclusion of husbands of lawful immigrants on equality and privacy grounds. It did not challenge the right of the United Kingdom to exclude *everyone* if it so wished. European Court of Human Rights, *Case of Abdulaziz, Cabales, and Balkandali v. The United Kingdom*, Judgment of May 28, 1985, http://hudoc.echr.coe.int/eng#{"dmdocnumber":["695293"],"itemid":["001-57416"]}.

[86] For a fuller discussion, see Fernando R. Tesón, "The Bourgeois Argument for Freer Immigration," in *The Cambridge Handbook of Classical Liberal Thought*, ed. M. Todd Henderson (Cambridge, UK: Cambridge University Press, 2018), 176.

[87] Pogge, *World Poverty*, 29–30, 119–21.

[88] Pogge, *World Poverty*, 29–30, 119–21. To the extent that wealthy countries benefit from despots' borrowing privilege, they are guilty of cooperating with tyranny. The main blame falls, though, I think, on the shoulders of the despots themselves.

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Goals."[89] Many have praised this document as the touchstone for development policy and the U.N. itself has hired an army of economists and statisticians to monitor progress on the fulfillment of those goals. Despite that apparent consensus, there is every reason to be skeptical. The goals stated do not include any that would effectively reduce poverty; for the rest, they abound in vague generalizations. For example, Goal 1 is: "End poverty in all its forms everywhere." Who would disagree with that? The question is *how* we can end poverty. I nowhere find a prescription even close to the liberation of productive forces of the global poor that I suggest here. Goal 16 urges states to "provide access to justice for all and build effective, accountable, and inclusive institutions at all levels." Again, who wouldn't want good institutions and accessible courts? The challenge is to identify *which* institutions are good and *how independent* courts are, which this document refuses to do. A quick perusal of the list shows a glaring absence of the goals of freer immigration and trade, notwithstanding how immigration and trade restrictions hurt the global poor.[90] Most crucially, the goals make no reference to bad governance. This shouldn't surprise us, given that most U.N. members are responsible for the bad policies in question. Economists and statisticians working for the U.N. in good faith to fulfill these goals nonetheless fail to recommend the right policies for growth and poverty reduction. The document prescribes, instead, a combination of resource transfer and *more*, not less, government intervention in the economy. It keeps silent about the one policy that has lifted millions from poverty: liberalization of markets.

VII. Concluding Thought

I do not argue in this essay against foreign aid as such. Rather, I identify the institutional impediments that the global poor suffer in their quest for

[89] U.N. Millennium Development Goals are now called U.N. Sustainable Development Goals; see https://www.globalgoals.org/goals/.

[90] The seventeen U.N. Sustainable Development Goals are: (1) end poverty in all its forms everywhere; (2) end hunger, achieve food security and improved nutrition, and promote sustainable agriculture; (3) ensure healthy lives and promote well-being for all at all ages; (4) ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; (5) achieve gender equality and empower all women and girls; (6) ensure availability and sustainable management of water and sanitation for all; (7) ensure access to affordable, reliable, sustainable, and modern energy for all; (8) promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all; (9) build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation; (10) reduce inequality within and among countries; (11) make cities and human settlements inclusive, safe, resilient, and sustainable; (12) ensure sustainable consumption and production patterns; (13) take urgent action to combat climate change and its impacts; (14) conserve and sustainably use the oceans, seas, and marine resources for sustainable development; (15) protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss; (16) promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels; and (17) strengthen the means of implementation and revitalize the global partnership for sustainable development.

https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press

improvement. The poor are trapped in a vast web of human-made restrictions that, in combination, retard their access to prosperity. The most promising solution to the problem of global poverty is to set every person in the globe free to better themselves through trade. Removing current impediments to freedom has priority over providing material aid. How much transfer of resources would be needed, if populations could not satisfy their basic needs *after* those obstacles have been removed, is a matter for further analysis. As the world stands now, foreign aid is not helping much.

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https://doi.org/10.1017/S0265052523000377 Published online by Cambridge University Press